

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 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 June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six 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\$4,884,303 thousand and NT\$4,078,933 thousand as of June 30, 2022 and 2021, respectively, accounting for 19% and 17% of total consolidated assets, respectively. Total liabilities were NT\$1,383,460 thousand and NT\$1,253,257 thousand as of June 30, 2022 and 2021, respectively, both accounting for 14% of total consolidated liabilities. Comprehensive income or loss was NT\$91,461 thousand income, NT\$14,161 thousand income, NT\$155,817 thousand income and NT\$46,552 thousand income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, respectively, accounting for 32%, 0%, 32% and 1% of the consolidated comprehensive income or loss, 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\$387,902 thousand as of June 30, 2021, and share of profit for using the equity method

was NT\$4,826 thousand and NT\$20,149 thousand for the three months ended June 30, 2021 and for the six months ended June 30, 2021, respectively.

Qualified Conclusion

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and cash flows for the six months ended June 30, 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.

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\$1,921,609 thousand and NT\$1,699,351 thousand as of June 30, 2022 and 2021, respectively, and both accounting for 7% of total consolidated assets. Net operating income was NT\$679,532 thousand, NT\$616,410 thousand, NT\$1,264,268 thousand and NT\$1,136,879 thousand, respectively, and accounting for 12%, 13%, 12% and 13%, respectively of the consolidated net operating income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021.

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
August 10, 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 | June 30, 2022 (Reviewed) | | December 31, 2021 (Audited) | | June 30, 2021 (Reviewed) | |
|--|--------------------------|------------|-----------------------------|------------|--------------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 3,415,814 | 13 | \$ 3,231,306 | 13 | \$ 3,316,091 | 14 |
| Financial assets at amortized cost - current (Notes 9, 10 and 36) | 724,635 | 3 | 1,064,825 | 4 | 941,777 | 4 |
| Notes receivable (Note 11) | 279,250 | 1 | 308,657 | 1 | 261,438 | 1 |
| Accounts receivable (Notes 11 and 27) | 4,210,481 | 16 | 3,746,166 | 15 | 3,556,140 | 15 |
| Accounts receivable from related parties (Notes 11, 27 and 35) | 333,334 | 1 | 322,182 | 1 | 308,436 | 1 |
| Other receivables (Note 11) | 148,007 | 1 | 108,967 | - | 139,368 | 1 |
| Current tax assets | 20,044 | - | 1,910 | - | 10,534 | - |
| Inventories (Note 12) | 3,425,036 | 13 | 2,949,236 | 11 | 2,657,962 | 11 |
| Non-current assets held for sale (Note 13) | - | - | 378,477 | 2 | - | - |
| Other current assets (Note 21) | 681,247 | 3 | 539,602 | 2 | 441,644 | 2 |
| Total current assets | <u>13,237,848</u> | <u>51</u> | <u>12,651,328</u> | <u>49</u> | <u>11,633,390</u> | <u>49</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Note 7) | 68,722 | - | 36,135 | - | - | - |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 5,418,449 | 21 | 6,284,859 | 24 | 4,777,120 | 20 |
| Financial assets at amortized cost - non-current (Notes 9, 10 and 36) | 134,296 | 1 | 127,243 | 1 | 128,009 | 1 |
| Investments accounted for using the equity method (Note 15) | - | - | - | - | 387,902 | 2 |
| Property, plant and equipment (Notes 16 and 36) | 5,229,034 | 20 | 4,931,769 | 19 | 4,808,771 | 20 |
| Right-of-use assets (Note 17) | 1,024,645 | 4 | 1,040,157 | 4 | 1,087,490 | 5 |
| Investment properties (Note 18) | 17,760 | - | 17,760 | - | 17,760 | - |
| Goodwill (Note 19) | 242,422 | 1 | 238,377 | 1 | 243,408 | 1 |
| Other intangible assets (Note 20) | 124,761 | - | 138,482 | 1 | 156,049 | 1 |
| Deferred tax assets | 260,927 | 1 | 346,509 | 1 | 322,071 | 1 |
| Other non-current assets (Note 21) | 150,537 | 1 | 115,016 | - | 99,426 | - |
| Total non-current assets | <u>12,671,553</u> | <u>49</u> | <u>13,276,307</u> | <u>51</u> | <u>12,028,006</u> | <u>51</u> |
| TOTAL | <u>\$ 25,909,401</u> | <u>100</u> | <u>\$ 25,927,635</u> | <u>100</u> | <u>\$ 23,661,396</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 22 and 36) | \$ 2,162,358 | 8 | \$ 2,157,674 | 8 | \$ 1,799,080 | 8 |
| Contract liabilities - current (Note 27) | 34,328 | - | 44,959 | - | 25,327 | - |
| Notes payable (Note 23) | 3,417 | - | 1,036 | - | 11,624 | - |
| Accounts payable (Notes 23 and 35) | 2,654,818 | 10 | 2,590,168 | 10 | 2,260,335 | 9 |
| Payables for dividends | 723,425 | 3 | - | - | 843,995 | 4 |
| Other payables (Note 35) | 895,666 | 3 | 912,530 | 3 | 836,561 | 3 |
| Current tax liabilities | 161,206 | 1 | 178,428 | 1 | 152,168 | 1 |
| Lease liabilities - current (Note 17) | 89,686 | - | 78,256 | - | 75,134 | - |
| Current portion of long-term borrowings (Notes 22 and 36) | 385,899 | 2 | 193,146 | 1 | 142,329 | 1 |
| Other current liabilities (Notes 24 and 35) | 159,884 | 1 | 205,724 | 1 | 209,425 | 1 |
| Total current liabilities | <u>7,270,687</u> | <u>28</u> | <u>6,361,921</u> | <u>24</u> | <u>6,355,978</u> | <u>27</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 22 and 36) | 1,209,204 | 5 | 1,935,075 | 8 | 1,504,127 | 7 |
| Deferred tax liabilities | 835,247 | 3 | 786,425 | 3 | 785,015 | 3 |
| Lease liabilities-non-current (Note 17) | 482,763 | 2 | 471,967 | 2 | 448,814 | 2 |
| Net defined benefit liabilities - non-current | 42,907 | - | 51,816 | - | 76,320 | - |
| Other non-current liabilities (Notes 24 and 37) | 33,729 | - | 50,392 | - | 51,533 | - |
| Total non-current liabilities | <u>2,603,850</u> | <u>10</u> | <u>3,295,675</u> | <u>13</u> | <u>2,865,809</u> | <u>12</u> |
| Total liabilities | <u>9,874,537</u> | <u>38</u> | <u>9,657,596</u> | <u>37</u> | <u>9,221,787</u> | <u>39</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26) | | | | | | |
| Share capital - ordinary shares | 1,205,707 | 5 | 1,205,707 | 5 | 1,205,707 | 5 |
| Capital surplus | 2,103,003 | 8 | 2,101,673 | 8 | 2,101,673 | 9 |
| Retained earnings | | | | | | |
| Legal reserve | 1,388,123 | 6 | 1,300,961 | 5 | 1,300,961 | 6 |
| Special reserve | 313,321 | 1 | 313,321 | 1 | 313,321 | 1 |
| Unappropriated earnings | 5,267,331 | 20 | 5,021,383 | 20 | 4,767,418 | 20 |
| Total retained earnings | <u>6,968,775</u> | <u>27</u> | <u>6,635,665</u> | <u>26</u> | <u>6,381,700</u> | <u>27</u> |
| Other equity | 4,680,054 | 18 | 5,334,802 | 20 | 3,831,614 | 16 |
| Total equity attributable to owners of the Company | 14,957,539 | 58 | 15,277,847 | 59 | 13,520,694 | 57 |
| NON-CONTROLLING INTERESTS | <u>1,077,325</u> | <u>4</u> | <u>992,192</u> | <u>4</u> | <u>918,915</u> | <u>4</u> |
| Total equity | <u>16,034,864</u> | <u>62</u> | <u>16,270,039</u> | <u>63</u> | <u>14,439,609</u> | <u>61</u> |
| TOTAL | <u>\$ 25,909,401</u> | <u>100</u> | <u>\$ 25,927,635</u> | <u>100</u> | <u>\$ 23,661,396</u> | <u>100</u> |

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

(With Deloitte & Touche review report dated August 10, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

| | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--|------------------------------------|------------|------------------|-----------|----------------------------------|------------|------------------|-----------|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 27 and 35) | \$ 5,611,209 | 100 | \$ 4,599,253 | 100 | \$ 10,558,953 | 100 | \$ 8,892,071 | 100 |
| OPERATING COSTS (Notes 12, 28 and 35) | <u>4,327,548</u> | <u>77</u> | <u>3,521,695</u> | <u>76</u> | <u>8,177,372</u> | <u>77</u> | <u>6,681,951</u> | <u>75</u> |
| GROSS PROFIT | <u>1,283,661</u> | <u>23</u> | <u>1,077,558</u> | <u>24</u> | <u>2,381,581</u> | <u>23</u> | <u>2,210,120</u> | <u>25</u> |
| OPERATING EXPENSES (Notes 11 and 28) | | | | | | | | |
| Selling and marketing expenses | 512,493 | 9 | 433,199 | 9 | 965,219 | 9 | 853,979 | 9 |
| General and administrative expenses | 217,111 | 4 | 211,064 | 5 | 429,660 | 4 | 424,430 | 5 |
| Research and development expenses | 133,170 | 2 | 125,637 | 3 | 248,225 | 3 | 246,699 | 3 |
| Expected credit loss (gain) | <u>(214)</u> | <u>-</u> | <u>946</u> | <u>-</u> | <u>(4,416)</u> | <u>-</u> | <u>1,072</u> | <u>-</u> |
| Total operating expenses | <u>862,560</u> | <u>15</u> | <u>770,846</u> | <u>17</u> | <u>1,638,688</u> | <u>16</u> | <u>1,526,180</u> | <u>17</u> |
| PROFIT FROM OPERATIONS | <u>421,101</u> | <u>8</u> | <u>306,712</u> | <u>7</u> | <u>742,893</u> | <u>7</u> | <u>683,940</u> | <u>8</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 15 and 28) | | | | | | | | |
| Interest income | 7,877 | - | 9,576 | - | 18,650 | - | 22,153 | - |
| Other income | 46,603 | 1 | 79,300 | 2 | 530,980 | 5 | 96,090 | 1 |
| Other gains and losses | 20,795 | - | (16,356) | (1) | 61,414 | 1 | (18,979) | - |
| Finance costs | (17,328) | - | (13,338) | - | (32,126) | - | (25,593) | - |
| Share of profit of associates | <u>-</u> | <u>-</u> | <u>4,826</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,149</u> | <u>-</u> |
| Total non-operating income and expenses | <u>57,947</u> | <u>1</u> | <u>64,008</u> | <u>1</u> | <u>578,918</u> | <u>6</u> | <u>93,820</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 479,048 | 9 | 370,720 | 8 | 1,321,811 | 13 | 777,760 | 9 |
| INCOME TAX EXPENSE (Notes 4 and 29) | <u>135,779</u> | <u>3</u> | <u>47,522</u> | <u>1</u> | <u>203,003</u> | <u>2</u> | <u>139,117</u> | <u>2</u> |
| NET PROFIT FOR THE PERIOD | <u>343,269</u> | <u>6</u> | <u>323,198</u> | <u>7</u> | <u>1,118,808</u> | <u>11</u> | <u>638,643</u> | <u>7</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 26 and 29) | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | <u>(55,264)</u> | <u>(1)</u> | <u>2,781,641</u> | <u>61</u> | <u>(872,565)</u> | <u>(8)</u> | <u>3,623,973</u> | <u>41</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

| | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--|------------------------------------|----------|---------------------|------------|----------------------------------|-----------|---------------------|------------|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Exchange differences on translating foreign operations | 1,347 | - | (149,240) | (3) | 288,498 | 3 | (193,836) | (2) |
| Income tax relating to items that may be reclassified subsequently to profit or loss | (687) | - | 27,928 | - | (54,454) | (1) | 35,884 | - |
| | <u>660</u> | <u>-</u> | <u>(121,312)</u> | <u>(3)</u> | <u>234,044</u> | <u>2</u> | <u>(157,952)</u> | <u>(2)</u> |
| Other comprehensive income (loss) for the period, net of income tax | (54,604) | (1) | 2,660,329 | 58 | (638,521) | (6) | 3,466,021 | 39 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | <u>\$ 288,665</u> | <u>5</u> | <u>\$ 2,983,527</u> | <u>65</u> | <u>\$ 480,287</u> | <u>5</u> | <u>\$ 4,104,664</u> | <u>46</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 310,845 | 5 | \$ 317,863 | 7 | \$ 1,056,535 | 10 | \$ 617,652 | 7 |
| Non-controlling interests | <u>32,424</u> | <u>1</u> | <u>5,335</u> | <u>-</u> | <u>62,273</u> | <u>1</u> | <u>20,991</u> | <u>-</u> |
| | <u>\$ 343,269</u> | <u>6</u> | <u>\$ 323,198</u> | <u>7</u> | <u>\$ 1,118,808</u> | <u>11</u> | <u>\$ 638,643</u> | <u>7</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 258,328 | 5 | \$ 2,987,789 | 65 | \$ 401,787 | 4 | \$ 4,098,088 | 46 |
| Non-controlling interests | <u>30,337</u> | <u>-</u> | <u>(4,262)</u> | <u>-</u> | <u>78,500</u> | <u>1</u> | <u>6,576</u> | <u>-</u> |
| | <u>\$ 288,665</u> | <u>5</u> | <u>\$ 2,983,527</u> | <u>65</u> | <u>\$ 480,287</u> | <u>5</u> | <u>\$ 4,104,664</u> | <u>46</u> |
| EARNINGS PER SHARE (Note 30) | | | | | | | | |
| Basic | <u>\$ 2.58</u> | | <u>\$ 2.64</u> | | <u>\$ 8.76</u> | | <u>\$ 5.12</u> | |
| Diluted | <u>\$ 2.58</u> | | <u>\$ 2.63</u> | | <u>\$ 8.74</u> | | <u>\$ 5.11</u> | |

(Concluded)

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

(With Deloitte & Touche review report dated August 10, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (Reviewed, Not Audited) (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | | | | | |
|---|--|-----------------|---------------|-----------------|-------------------------|--|---|--------------------|---------------|--------------|---------------------------|--------------|
| | Retained Earnings | | | | | Other Equity | | | | | Non-controlling Interests | Total Equity |
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total Other Equity | Total | | | |
| BALANCE, JANUARY 1, 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 | |
| Appropriations of 2021 earnings (Note 26) | | | | | | | | | | | | |
| Legal reserve | - | - | 87,162 | - | (87,162) | - | - | - | - | - | - | |
| Cash dividends distributed by Company - \$6 per share | - | - | - | - | (723,425) | - | - | - | (723,425) | - | (723,425) | |
| Net profit for six months ended June 30, 2022 | - | - | - | - | 1,056,535 | - | - | - | 1,056,535 | 62,273 | 1,118,808 | |
| Other comprehensive loss for the six months ended June 30, 2022, net of income tax | - | - | - | - | - | 217,817 | (872,565) | (654,748) | (654,748) | 16,227 | (638,521) | |
| Total comprehensive income (loss) for the six months ended June 30, 2022 | - | - | - | - | 1,056,535 | 217,817 | (872,565) | (654,748) | 401,787 | 78,500 | 480,287 | |
| Changes in percentage of ownership interests in subsidiaries (Note 32) | - | 1,330 | - | - | - | - | - | - | 1,330 | (1,330) | - | |
| Increase in non-controlling interests (Note 26) | - | - | - | - | - | - | - | - | - | 7,963 | 7,963 | |
| BALANCE, JUNE 30, 2022 | \$ 1,205,707 | \$ 2,103,003 | \$ 1,388,123 | \$ 313,321 | \$ 5,267,331 | \$ (426,658) | \$ 5,106,712 | \$ 4,680,054 | \$ 14,957,539 | \$ 1,077,325 | \$ 16,034,864 | |
| BALANCE, JANUARY 1, 2021 | \$ 1,205,707 | \$ 2,101,673 | \$ 1,178,822 | \$ 313,321 | \$ 5,115,900 | \$ (487,817) | \$ 838,995 | \$ 351,178 | \$ 10,266,601 | \$ 929,683 | \$ 11,196,284 | |
| Appropriations of 2020 earnings (Note 26) | | | | | | | | | | | | |
| Legal reserve | - | - | 122,139 | - | (122,139) | - | - | - | - | - | - | |
| Cash dividends distributed by Company -\$7 per share | - | - | - | - | (843,995) | - | - | - | (843,995) | - | (843,995) | |
| Net profit for the six months ended June 30, 2021 | - | - | - | - | 617,652 | - | - | - | 617,652 | 20,991 | 638,643 | |
| Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax | - | - | - | - | - | (143,537) | 3,623,973 | 3,480,436 | 3,480,436 | (14,415) | 3,466,021 | |
| Total comprehensive income (loss) for the six months ended June 30, 2021 | - | - | - | - | 617,652 | (143,537) | 3,623,973 | 3,480,436 | 4,098,088 | 6,576 | 4,104,664 | |
| Decrease in non-controlling interests (Note 26) | - | - | - | - | - | - | - | - | - | (17,344) | (17,344) | |
| BALANCE, JUNE 30, 2021 | \$ 1,205,707 | \$ 2,101,673 | \$ 1,300,961 | \$ 313,321 | \$ 4,767,418 | \$ (631,354) | \$ 4,462,968 | \$ 3,831,614 | \$ 13,520,694 | \$ 918,915 | \$ 14,439,609 | |

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

(With Deloitte & Touche review report dated August 10, 2022)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | Six Months Ended June 30 | |
|--|---------------------------------|------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 1,321,811 | \$ 777,760 |
| Adjustments for: | | |
| Depreciation expenses | 232,206 | 220,247 |
| Amortization expenses | 14,946 | 14,088 |
| Expected credit loss (reversed) / recognized on trade receivables | (4,416) | 1,072 |
| Loss on financial assets at fair value through profit or loss | 7,413 | - |
| Finance costs | 32,126 | 25,593 |
| Interest income | (18,650) | (22,153) |
| Dividend income | (477,367) | (65,564) |
| Share of (gain) of associates | - | (20,149) |
| Loss / (gain) on disposal of property, plant and equipment | 29,997 | (404) |
| (Gain) on disposal of right-of-use assets | (1,374) | - |
| (Gain) on disposal of subsidiaries | (26,523) | - |
| Write downs of inventories | - | 36,008 |
| (Gain) on lease modification | (26) | (2) |
| Changes in operating assets and liabilities | | |
| Notes receivable | 29,407 | 30,517 |
| Accounts receivable | (333,622) | (302,623) |
| Accounts receivable from related parties | (11,152) | (19,871) |
| Other receivables | (42,981) | 8,108 |
| Inventories | (381,834) | (530,151) |
| Other current assets | (141,645) | (56,826) |
| Other non-current assets | (1,185) | (821) |
| Contract liabilities | (10,631) | (5,254) |
| Notes payable | 2,381 | (2,624) |
| Accounts payables | 2,209 | 13,608 |
| Other payables | (5,122) | (27,928) |
| Other current liabilities | (45,839) | 2,798 |
| Net defined benefit liabilities | (8,909) | (19,381) |
| Other non-current liabilities | (15,813) | (889) |
| Cash generated from operations | 145,407 | 55,159 |
| Interest received | 23,072 | 25,294 |
| Interest paid | (30,661) | (23,919) |
| Income tax paid | (158,409) | (229,884) |
| Net cash used in operating activities | <u>(20,591)</u> | <u>(173,350)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | (6,155) | (22,581) |
| Decrease in financial assets at amortized cost | 359,198 | 335,894 |
| 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 | (502,852) | (328,327) |
| Proceeds from disposal of property, plant and equipment | 2,934 | 7,997 |
| (Increase) in refundable deposits | - | (3,134) |

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | <u>Six Months Ended June 30</u> | |
|--|---------------------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Decrease in refundable deposits | 697 | - |
| Payments for intangible assets | (281) | (2,872) |
| Proceeds from disposal of right-of use assets | 55,332 | - |
| Dividends received | <u>477,367</u> | <u>65,564</u> |
| Net cash generated from (used in) investing activities | <u>751,240</u> | <u>(150,727)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 4,757,206 | 3,898,362 |
| Repayments of short-term borrowings | (4,781,667) | (3,424,334) |
| Proceeds from long-term borrowings | 1,714,282 | 1,059,594 |
| Repayments of long-term borrowings | (2,251,606) | (1,141,003) |
| Refund of guarantee deposits received | (1,467) | (115) |
| Repayment of the principal portion of lease liabilities | (30,592) | (29,312) |
| Payment of cash dividends | (5,945) | (17,344) |
| Change in non-controlling interests | <u>13,908</u> | <u>-</u> |
| Net cash generated from (used in) financing activities | <u>(585,881)</u> | <u>345,848</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>39,740</u> | <u>(26,917)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 184,508 | (5,146) |
| 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>\$ 3,415,814</u> | <u>\$ 3,316,091</u> |

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

(With Deloitte & Touche review report dated August 10, 2022)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 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 August 10, 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).

The initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

| New IFRSs | Effective Date Announced by IASB |
|---|-------------------------------------|
| Amendments to IAS 1 “Disclosure of Accounting Policies” | January 1, 2023 (Note 1) |
| Amendments to IAS 8 “Definition of Accounting Estimates” | January 1, 2023 (Note 2) |
| Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” | January 1, 2023 (Note 3) |

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

Note 2: 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 3: 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.

- c. 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 |

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

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|--------------------------|------------------------------|--------------------------|
| Cash on hand | \$ 8,432 | \$ 6,742 | \$ 8,684 |
| Checking accounts and demand deposits | 3,298,961 | 3,038,582 | 3,106,960 |
| Cash equivalents (investments with original maturities within 3 months) | | | |
| Time deposits | <u>108,421</u> | <u>185,982</u> | <u>200,447</u> |
| | <u>\$ 3,415,814</u> | <u>\$ 3,231,306</u> | <u>\$ 3,316,091</u> |

The market rate intervals of time deposits were as follows:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---------------|--------------------------|------------------------------|--------------------------|
| Time deposits | 0.81%-5.35% | 1.6%-8.25% | 0.56%-2.9% |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|--------------------------|------------------------------|--------------------------|
| Financial assets at FVTPL -non-current | | | |
| Non-derivative financial assets | | | |
| Limited partnership | <u>\$ 68,722</u> | <u>\$ 36,135</u> | <u>\$ -</u> |

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|----------------------|--------------------------|------------------------------|--------------------------|
| Domestic investments | | | |
| Unlisted stock | <u>\$ 5,418,449</u> | <u>\$ 6,284,859</u> | <u>\$ 4,777,120</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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Time deposits with original maturities of more than 3 months (a) | \$ 484,970 | \$ 530,245 | \$ 560,410 |
| Pledged time deposits (a) | 32,905 | 20,775 | 4,240 |
| Restricted demand deposits (b) | 202,982 | 509,655 | 373,958 |
| Refundable deposits | <u>3,778</u> | <u>4,150</u> | <u>3,169</u> |
| | <u>\$ 724,635</u> | <u>\$ 1,064,825</u> | <u>\$ 941,777</u> |
| <u>Non-current</u> | | | |
| Time deposits with original maturities of more than 12 months (a) | \$ 101,992 | \$ 95,599 | \$ 94,835 |
| Pledged time deposits (a) | 4,783 | 4,489 | 5,557 |
| Restricted demand deposits | 2,514 | 2,468 | 2,449 |
| Refundable deposits | <u>25,007</u> | <u>24,687</u> | <u>25,168</u> |
| | <u>\$ 134,296</u> | <u>\$ 127,243</u> | <u>\$ 128,009</u> |

- a. The ranges of interest rates for time deposits were approximately 0.15% - 5.85%, 0.15% - 8.25% and 0.15% - 8.25% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- b. Restricted demand deposits as of June 30, 2022, December 31, 2021 and June 30, 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.

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|------------------------------|-------------------|----------------------|---------------------|
| Amortized cost - current | \$ 724,635 | \$ 1,064,825 | \$ 941,777 |
| Amortized cost - non-current | <u>134,296</u> | <u>127,243</u> | <u>128,009</u> |
| | <u>\$ 858,931</u> | <u>\$ 1,192,068</u> | <u>\$ 1,069,786</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 June 30, 2022, December 31, 2021 and June 30, 2021.

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|---------------------|----------------------|---------------------|
| <u>Notes receivable - operating</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 279,250 | \$ 308,657 | \$ 261,438 |
| <u>Accounts receivable (including related parties)</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 4,587,148 | \$ 4,117,118 | \$ 3,911,547 |
| Less: Allowance for impairment loss | <u>43,333</u> | <u>48,770</u> | <u>46,971</u> |
| | <u>\$ 4,543,815</u> | <u>\$ 4,068,348</u> | <u>\$ 3,864,576</u> |
| Other receivables | | | |
| Others | <u>\$ 148,007</u> | <u>\$ 108,967</u> | <u>\$ 139,368</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, and the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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 June 30, 2022, December 31, 2021, and June 30, 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.

June 30, 2022

| | Not Past Due | 1 to 90 Days | 91 to 180 Days | 181 to 270 Days | 271 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|-------------------|------------------|-----------------|-----------------|-----------------|---------------------|
| Expected credit loss rate | 0.01%-0.1% | 0.2%-5.0% | 3%-31% | 8%-67% | 37%-100% | 100% | |
| Gross carrying amount | \$ 3,906,947 | \$ 571,109 | \$ 66,284 | \$ 11,769 | \$ 4,881 | \$ 26,158 | \$ 4,587,148 |
| Loss allowance (Lifetime ECLs) | <u>(1,816)</u> | <u>(4,842)</u> | <u>(4,065)</u> | <u>(3,317)</u> | <u>(3,135)</u> | <u>(26,158)</u> | <u>(43,333)</u> |
| Amortized cost | <u>\$ 3,905,131</u> | <u>\$ 566,267</u> | <u>\$ 62,219</u> | <u>\$ 8,452</u> | <u>\$ 1,746</u> | <u>\$ -</u> | <u>\$ 4,543,815</u> |

December 31, 2021

| | Not Past Due | 1 to 90 Days | 91 to 180 Days | 181 to 270 Days | 271 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|-------------------|------------------|-----------------|-----------------|-----------------|---------------------|
| Expected credit loss rate | 0.01%-0.35% | 0.2%-6.2% | 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) | <u>(1,494)</u> | <u>(5,471)</u> | <u>(4,695)</u> | <u>(4,203)</u> | <u>(3,829)</u> | <u>(29,078)</u> | <u>(48,770)</u> |
| 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> |

June 30, 2021

| | Not Past Due | 1 to 90 Days | 91 to 180 Days | 181 to 270 Days | 271 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|-------------------|------------------|-----------------|-----------------|-----------------|---------------------|
| Expected credit loss rate | 0.01%-0.35% | 0.2%-6.2% | 3%-31% | 8%-67% | 37%-100% | 100% | |
| Gross carrying amount | \$ 3,289,050 | \$ 529,541 | \$ 47,172 | \$ 8,633 | \$ 5,893 | \$ 31,258 | \$ 3,911,547 |
| Loss allowance (Lifetime ECLs) | <u>(1,520)</u> | <u>(5,533)</u> | <u>(3,553)</u> | <u>(2,077)</u> | <u>(3,030)</u> | <u>(31,258)</u> | <u>(46,971)</u> |
| Amortized cost | <u>\$ 3,287,530</u> | <u>\$ 524,008</u> | <u>\$ 43,619</u> | <u>\$ 6,556</u> | <u>\$ 2,863</u> | <u>\$ -</u> | <u>\$ 3,864,576</u> |

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

| | For the Six Months Ended June 30 | |
|-----------------------------------|-------------------------------------|------------------|
| | 2022 | 2021 |
| Balance at January 1 | \$ 48,770 | \$ 47,676 |
| Net remeasurement | (4,416) | 1,072 |
| Less: Amounts written off | (2,479) | (661) |
| Foreign exchange gains and losses | <u>1,458</u> | <u>(1,116)</u> |
| Balance at June 30 | <u>\$ 43,333</u> | <u>\$ 46,971</u> |

12. INVENTORIES

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|---------------------|----------------------|---------------------|
| Goods | \$ 161,331 | \$ 104,741 | \$ 118,664 |
| Finished goods and semi-finished goods | 1,188,939 | 1,057,813 | 1,022,539 |
| Work-in-process | 183,249 | 152,851 | 114,041 |
| Raw materials and supplies | 1,533,667 | 1,226,211 | 1,170,369 |
| Inventory in transit | <u>357,850</u> | <u>407,620</u> | <u>232,349</u> |
| | <u>\$ 3,425,036</u> | <u>\$ 2,949,236</u> | <u>\$ 2,657,962</u> |

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 was \$4,327,666 thousand, \$3,522,266 thousand, \$8,168,645 thousand and \$6,682,355 thousand, respectively. The cost of goods sold included inventory write-downs of \$0 thousand, \$19,431 thousand, \$0 thousand and \$36,008 thousand, respectively.

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 |
|-----------------------------------|--|--|-----------------------------|-------------------|---------------|--------|
| | | | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
| Nan Pao Resins Chemical Co., Ltd. | Nan Pao Chemical Company Ltd. | Trading of chemical substances | 100 | 100 | 100 | i |
| | Nan Pao Application Material Co., Ltd. | Trading of chemical substances | 100 | 100 | 100 | i |
| | Nan Pao Electronic Material Company | Production and trading of electronic materials | 100 | 100 | 100 | i |
| | ITLS International Development Co., Ltd. | Trading of construction materials and chemical substances | 100 | 100 | 100 | |
| | Prince Pharmaceutical Co., Ltd. | Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food | 50.51 | 50.51 | 50.51 | i |
| | PHYMED BIO-TEC CO., LTD. | R&D and trading of health food | 100 | 100 | 100 | i |
| | Biorich Biotechnology Co., Ltd. | R&D, production, and trading of new high protein business and health food | 57.1 | 57.1 | 57.1 | i |
| | Nan Pao Advanced Materials Co., Ltd. | Trading of adhesives and chemicals | 70 | 70 | 70 | i |
| | Nan Pao Fine Materials Co., Ltd. | Production and trading of adhesives and chemicals | 55 | 55 | 55 | i |
| | Fuqing Nan Pao Investment Ltd. | General investment | 100 | 100 | 100 | |
| | Thai Nan Pao Investments Ltd. | General investment | 100 | 100 | 100 | |
| | Nan Pao Resins India Pvt Ltd. | Trading of adhesives | 100 | 100 | 100 | i |
| | Nan Pao Materials Vietnam Co., Ltd. | Production and trading of adhesives and chemicals | 100 | 100 | 100 | |
| | Nan Pao Advanced Materials Vietnam Co., Ltd. | Production and trading of adhesives and chemicals | 100 | 100 | 100 | i |
| | Nan Pao Overseas Holdings Ltd. | General investment | 100 | 100 | 100 | |
| | Profit Land Ltd. | General investment | 73.75 | 73.75 | 73.75 | a |
| | All Saints Enterprises Ltd. | General investment | 54.53 | 54.53 | 54.53 | a |
| | Ongoing Profits Ltd. | General investment | 32.18 | 32.18 | 32.18 | a |
| | PT. Indo Nan Pao Resins Chemical Co., Ltd. | Production and trading of adhesives | 49 | 49 | 49 | b, i |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Remark |
|--|--|--|-----------------------------|-------------------|---------------|--------|
| | | | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
| | Progroups Technology Co., Ltd | Trading of water-based PU resin | 91.99 | 91.99 | 91.99 | i |
| | Nan Pao Philippines Export Inc. | Trading of adhesives | 100 | 100 | 100 | i |
| | Earnest Wealth Co., Ltd. | General investment | 51.11 | 51.11 | - | d, i |
| | FlexUP Technologies Corp. | Production and trading of polyimide materials | 96.87 | 96.87 | 7.11 | e, i |
| | Nan Pao Resins Chemical (Bangladesh) Co., Ltd. | Trading of adhesives | 100 | 100 | - | f, i |
| 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 | i |
| ITLS Holding Pte. Ltd. | PT. ITLS Indonesia | Production and trading of construction materials | 100 | 100 | 100 | i |
| | ITLS Vietnam Co., Ltd. | Production and trading of construction materials | 100 | 100 | 100 | i |
| 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 Investments Ltd. | Thai Nanpao Resins Chemical Co., Ltd. | Production and trading of adhesives | 100 | 100 | 100 | i |
| Nan Pao Overseas Holdings Ltd. | Nan Pao Group Holdings Ltd. | General investment | 100 | 100 | 100 | |
| Earnest Wealth Co., Ltd. | Apex polytech Co., Ltd. | Production and trading of adhesives | 100 | 100 | - | d,i |
| Nan Pao Group Holdings Ltd. | Greatwill Materials (HK) Ltd. | General investment | 67.68 | 67.68 | 67.68 | |
| | Profit Land Ltd. | General investment | 26.25 | 26.25 | 26.25 | a |
| | Nan Pao Resins (Holdings) Ltd. | General investment | 100 | 100 | 100 | |
| | All Saints Enterprises Ltd. | General investment | 45.47 | 45.47 | 45.47 | a |
| | NP Australia Pty Ltd. | General investment | 100 | 100 | 100 | |
| | Ongoing Profits Ltd. | General investment | 67.82 | 67.82 | 67.82 | a |
| | Treasure Wealth (HK) Ltd. | General investment | 100 | 100 | 100 | |
| | Goldford Investments Ltd. | General investment | 100 | 100 | 100 | |
| | Nan Pao Resins Chemical Philippines, Inc. | Trading of adhesives | 100 | 100 | 100 | i |
| | Nan Pao Resins International Ltd. | Trading of chemical substances and related products | 100 | 100 | 100 | |
| | Nan Pao 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 (Fo Shan) Co., Ltd. | Production and trading of adhesives | 100 | 100 | 100 | |
| Nan Pao Resins (Fo Shan) Co., Ltd. | Goaden Nan Pao Material Technology Co., Ltd. | Trading of footwear materials | 51 | 51 | 51 | |
| | Foshan Nan Pao Advanced Materials Co., Ltd. | Production and trading of adhesives | 0.89 | 0.89 | 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 (Dong-Guan) Co., Ltd. | Processing of adhesive products | 100 | 100 | 100 | |
| Nan Pao Resins Development Ltd. | Dongguan Jia Chin Electronics Co., Ltd. | Production and trading of coatings and advanced 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 | |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Remark |
|---------------------------------------|--|--|-----------------------------|-------------------|---------------|--------|
| | | | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
| NP Australia Pty Ltd. | RLA Polymers Pty Ltd. | Production and trading of construction materials and chemical substances | 100 | 100 | 100 | |
| RLA Polymers Pty Ltd. | RLA Polymers (M) SDN BHD | Production and trading of construction materials and chemical substances | 100 | 100 | 100 | |
| Ongoing Profits Ltd. | Rising Sun Associates Ltd. | General investment | 100 | 100 | 100 | |
| Rising Sun Associates Ltd. | Nan Pao Resins (Vietnam) Enterprise Ltd. | Production and trading of adhesives and coatings | 100 | 100 | 100 | |
| Goldford Investments Ltd. | PT. Indo Nan Pao Resins Chemical | Production and trading of adhesives | 18.5 | 18.5 | 18.5 | b, i |
| Treasure Wealth (HK) Ltd. | Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd. | Production and trading of coatings | 50 | 50 | 50 | i |
| Nan Pao Advanced Investment Co., Ltd. | Nan Pao (Kunshan) E-commerce Ltd. | Agency of online business and general merchandise | 100 | 100 | 100 | |
| | Nantong Nan Pao Resins Materials Co., Ltd. | Production and trading business of adhesives | 100 | 100 | 100 | |
| | Nan Pao Resins (Yunan) Co., Ltd. | Production and trading business of adhesives | - | 100 | 100 | h |
| | Nan Pao New Material (Huaian) Co., Ltd. | Production and trading business of carbon fiber | 95.24 | 100 | 100 | g |
| | Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd. | Production and trading business 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. Nan Pao Resins (Yunan) Co., Ltd. had been liquidated in June 2022.
- i. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|----------------------------------|----------------------------------|-----------------------------|
| Investments in associates | | | |
| Associates that are not individually material | \$ <u> </u> - | \$ <u> </u> - | \$ <u> 387,902</u> |

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

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|---------------------------|-------------------------------------|----------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| The Group's share of: | | | | |
| Total net income and comprehensive income for the year | \$ <u> </u> - | \$ <u> 4,826</u> | \$ <u> </u> - | \$ <u> 20,149</u> |

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 - 30 years |
| Transportation equipment | 2 - 20 years |
| Miscellaneous equipment | 2 - 20 years |

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

No impairment assessment was performed for the six months ended June 30, 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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 | |
|--|---|------------------------------|---|------------------|
| <u>Carrying amounts</u> | | | | |
| Land (Note) | \$ 672,947 | \$ 709,038 | \$ 759,104 | |
| Buildings | 311,344 | 298,960 | 294,003 | |
| Machinery | 107 | 178 | 107 | |
| Transportation equipment | 38,098 | 28,709 | 33,278 | |
| Miscellaneous equipment | <u>2,149</u> | <u>3,272</u> | <u>998</u> | |
| | <u>\$ 1,024,645</u> | <u>\$ 1,040,157</u> | <u>\$ 1,087,490</u> | |
| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Additions to right-of-use assets | | | <u>\$ 45,763</u> | <u>\$ 13,671</u> |
| Depreciation charge for right-of-use assets | | | | |
| Land | \$ 4,907 | \$ 5,291 | \$ 9,554 | \$ 10,631 |
| Buildings | 11,646 | 10,047 | 22,165 | 21,545 |
| Machinery | 36 | 36 | 71 | 71 |
| Transportation equipment | 3,773 | 3,754 | 7,218 | 7,482 |
| Miscellaneous equipment | <u>127</u> | <u>278</u> | <u>209</u> | <u>543</u> |
| | <u>\$ 20,489</u> | <u>\$ 19,406</u> | <u>\$ 39,217</u> | <u>\$ 40,272</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 six months ended June 30, 2022 and 2021.

b. Lease liabilities

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|-------------------------|--------------------------|------------------------------|--------------------------|
| <u>Carrying amounts</u> | | | |
| Current | <u>\$ 89,686</u> | <u>\$ 78,256</u> | <u>\$ 75,134</u> |
| Non-current | <u>\$ 482,763</u> | <u>\$ 471,967</u> | <u>\$ 448,814</u> |

Range of discount rate for lease liabilities was as follows:

| | June 30, 2022 | December 31, 2021 | June 30, 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 June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|-----------|-------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Expenses relating to short-term leases | \$ 14,331 | \$ 12,925 | \$ 26,324 | \$ 23,791 |
| Expenses relating to low-value asset leases | \$ 526 | \$ 148 | \$ 1,056 | \$ 521 |
| Total cash outflow for leases | | | \$ 64,323 | \$ 60,172 |

18. INVESTMENT PROPERTIES

Land

Balance at June 30, 2022, December 31, 2021 and June 30, 2021 \$ 17,760

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 June 30, 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

| | June 30, 2022 | December 31, 2021 | June 30, 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 | 4,045 | (18,935) | (9,542) |
| Balance at June 30 and December 31 | <u>\$ 242,422</u> | <u>\$ 238,377</u> | <u>\$ 243,408</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 for the six months ended June 30, 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 |
| Additions | - | 281 | - | 281 |
| Effect of foreign currency exchange differences, net | 2,171 | 164 | 1,466 | 3,801 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at June 30, 2022 | <u>\$ 119,930</u> | <u>\$ 61,613</u> | <u>\$ 79,675</u> | <u>\$ 261,218</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2022 | \$ 52,408 | \$ 47,778 | \$ 18,468 | \$ 118,654 |
| Amortization expenses | 6,215 | 3,262 | 5,469 | 14,946 |
| Effect of foreign currency exchange differences | 906 | 116 | 1,835 | 2,857 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at June 30, 2022 | <u>\$ 59,529</u> | <u>\$ 51,156</u> | <u>\$ 25,772</u> | <u>\$ 136,457</u> |
| Carrying amount at December 31, 2021 and January 1, 2022, net | <u>\$ 65,351</u> | <u>\$ 13,390</u> | <u>\$ 59,741</u> | <u>\$ 138,482</u> |
| Carrying amount at June 30, 2022, net | <u>\$ 60,401</u> | <u>\$ 10,457</u> | <u>\$ 53,903</u> | <u>\$ 124,761</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2021 | \$ 73,313 | \$ 53,447 | \$ 37,153 | \$ 163,913 |
| Additions | - | 2,713 | 159 | 2,872 |
| Acquisition from business combination (Note 31) | 45,590 | - | 54,274 | 99,864 |
| Reclassifications | 9,225 | - | (9,344) | (119) |
| Effect of foreign currency exchange differences, net | (5,327) | (76) | (2,054) | (7,457) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at June 30, 2021 | <u>\$ 122,801</u> | <u>\$ 56,084</u> | <u>\$ 80,188</u> | <u>\$ 259,073</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2021 | \$ 46,520 | \$ 38,959 | \$ 5,055 | \$ 90,534 |
| Amortization expenses | 5,627 | 4,324 | 4,137 | 14,088 |
| Reclassifications | 348 | - | (467) | (119) |
| Effect of foreign currency exchange differences | (2,360) | (50) | 931 | (1,479) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at June 30, 2021 | <u>\$ 50,135</u> | <u>\$ 43,233</u> | <u>\$ 9,656</u> | <u>\$ 103,024</u> |
| Carrying amount at June 30, 2021, net | <u>\$ 72,666</u> | <u>\$ 12,851</u> | <u>\$ 70,532</u> | <u>\$ 156,049</u> |

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

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

21. OTHER ASSETS

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Input tax | \$ 246,699 | \$ 299,665 | \$ 228,005 |
| Prepayments | 140,259 | 121,663 | 80,466 |
| Prepaid expenses | 84,282 | 70,902 | 89,633 |
| Overpaid tax retained for offsetting the future tax payable | 190,635 | 34,287 | 28,255 |
| Others | <u>19,372</u> | <u>13,085</u> | <u>15,285</u> |
| | <u>\$ 681,247</u> | <u>\$ 539,602</u> | <u>\$ 441,644</u> |
| <u>Non-current</u> | | | |
| Prepayments for equipment | \$ 142,647 | \$ 108,311 | \$ 93,335 |
| Others | <u>7,890</u> | <u>6,705</u> | <u>6,091</u> |
| | <u>\$ 150,537</u> | <u>\$ 115,016</u> | <u>\$ 99,426</u> |

22. BORROWINGS

a. Short-term borrowings

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|------------------------------|---------------------|----------------------|---------------------|
| Secured bank loans (Note 36) | \$ 96,424 | \$ 97,843 | \$ 113,243 |
| Unsecured bank loans | <u>2,065,934</u> | <u>2,059,831</u> | <u>1,685,837</u> |
| | <u>\$ 2,162,358</u> | <u>\$ 2,157,674</u> | <u>\$ 1,799,080</u> |

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|----------------------|------------------|----------------------|------------------|
| Secured bank loans | 1.65%-3.82% | 1.27%-4.9% | 1.27%-3.25% |
| Unsecured bank loans | 0.58%-4.45% | 0.72%-4.9% | 0.69%-4.25% |

b. Long-term borrowings

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|---------------------|----------------------|---------------------|
| Secured bank loans (1) | \$ 346,396 | \$ 362,062 | \$ 357,040 |
| Unsecured bank loans (2) | <u>1,248,707</u> | <u>1,766,159</u> | <u>1,289,416</u> |
| | 1,595,103 | 2,128,221 | 1,646,456 |
| Decrease: current portion of long-term borrowings | <u>385,899</u> | <u>193,146</u> | <u>142,329</u> |
| | <u>\$ 1,209,204</u> | <u>\$ 1,935,075</u> | <u>\$ 1,504,127</u> |

- 1) As of June 30, 2022, December 31, 2021 and June 30, 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 1.505%-1.7%, 1.255%-1.35% and 1.063%-2.102% 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 June 30, 2022, December 31, 2021 and June 30, 2021, the ranges of weighted average effective interest rates of unsecured bank loans were 0.775%-4.55%, 0.38%-4.45% and 0.38%-4.25% 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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|-------------------------|---------------------|----------------------|---------------------|
| <u>Notes payable</u> | | | |
| Operating | <u>\$ 3,417</u> | <u>\$ 1,036</u> | <u>\$ 11,624</u> |
| <u>Accounts payable</u> | | | |
| Operating | <u>\$ 2,654,818</u> | <u>\$ 2,590,168</u> | <u>\$ 2,260,335</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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--------------------|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Other liabilities | | | |
| Refund liabilities | \$ 142,728 | \$ 138,571 | \$ 142,709 |
| Others | <u>17,156</u> | <u>67,153</u> | <u>66,716</u> |
| | <u>\$ 159,884</u> | <u>\$ 205,724</u> | <u>\$ 209,425</u> |

(Continued)

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--------------------|--------------------------|------------------------------|---------------------------------|
| <u>Non-current</u> | | | |
| Other liabilities | | | |
| Guarantee deposit | \$ 3,348 | \$ 4,198 | \$ 3,730 |
| Others | <u>30,381</u> | <u>46,194</u> | <u>47,803</u> |
| | <u>\$ 33,729</u> | <u>\$ 50,392</u> | <u>\$ 51,533</u> (Concluded) |

25. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were \$1,001 thousand, \$1,784 thousand, \$2,309 thousand and \$3,588 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

| | June 30, 2022 | December 31, 2021 | June 30, 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

| | June 30, 2022 | December 31, 2021 | June 30, 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

The shareholders of the Company held their regular meeting on June 23, 2022, resolving the amendments to the Company's Articles of Incorporation (the "Articles") in the shareholders' meeting. The amendments explicitly stipulate the proposal for profit distribution or offsetting losses that should be made at the end of each quarter of the fiscal year. The profit distribution in cash shall be resolved by the board of directors in accordance with Article 228-1 and Article 240-5 of the Company Act which should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles after the amendments, when the Company distributed profit, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (This shall not apply if the accumulated legal reserve has reached the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 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. The profit can be distributed as cash dividends or stock dividends, and the issuance of cash dividends takes precedence over the payment of stock dividends. In principle, stock dividends are

limited to 80% of the total dividends distributed.

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

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

The appropriations of earnings for 2021 and 2020 that had been resolved in the shareholders' meetings in June 2022 and 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 |

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 Six Months Ended June 30 | |
|--|---|---------------------|
| | 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>217,817</u> | <u>(143,537)</u> |
| Balance at June 30 | <u>\$ (426,658)</u> | <u>\$ (631,354)</u> |

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

| | For the Six Months Ended June 30 | |
|--------------------------------------|---|---------------------|
| | 2022 | 2021 |
| Balance at January 1 | \$ 5,979,277 | \$ 838,995 |
| Recognized for the year | | |
| Unrealized loss - equity instruments | <u>(872,565)</u> | <u>3,623,973</u> |
| Balance at June 30 | <u>\$ 5,106,712</u> | <u>\$ 4,462,968</u> |

f. Non-controlling interests

| | For the Six Months Ended June 30 | |
|--|---|-------------------|
| | 2022 | 2021 |
| Balance at January 1 | \$ 992,192 | \$ 929,683 |
| Share in profit for the period | 62,273 | 20,991 |
| Other comprehensive income or loss during the period | | |
| Exchange differences on translating the financial statements of foreign operations | 16,227 | (14,415) |
| Issuance of ordinary shares for cash from subsidiaries | 13,908 | - |
| Changes in percentage of ownership interests in subsidiaries (Note 32) | (1,330) | - |
| Dividend payout from subsidiaries | <u>(5,945)</u> | <u>(17,344)</u> |
| Balance at June 30 | <u>\$ 1,077,325</u> | <u>\$ 918,915</u> |

27. REVENUE

a. Disaggregation of revenue

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|------------------------|---|---------------------|---|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adhesives | \$ 4,086,677 | \$ 3,241,150 | \$ 7,687,539 | \$ 6,314,233 |
| Construction materials | 806,899 | 721,624 | 1,531,926 | 1,352,732 |
| Coatings | 440,992 | 473,514 | 813,569 | 890,829 |
| Others | <u>276,641</u> | <u>162,965</u> | <u>525,919</u> | <u>334,277</u> |
| | <u>\$ 5,611,209</u> | <u>\$ 4,599,253</u> | <u>\$10,558,953</u> | <u>\$ 8,892,071</u> |

b. Contract balances

| | June 30, 2022 | December 31, 2021 | June 30, 2021 | January 1, 2021 |
|---|--------------------------|------------------------------|--------------------------|----------------------------|
| Accounts receivable (including from related parties) | <u>\$ 4,587,148</u> | <u>\$ 4,117,118</u> | <u>\$ 3,911,547</u> | <u>\$ 3,671,006</u> |
| Contract liabilities - current Sale of goods | <u>\$ 34,328</u> | <u>\$ 44,959</u> | <u>\$ 25,327</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 June 30 | | For the Six Months Ended June 30 | |
|---------------|---------------------------------------|----------|-------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Bank deposits | \$ 7,877 | \$ 9,576 | \$ 18,650 | \$ 22,153 |

b. Other income

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|------------------------------|---------------------------------------|------------------|-------------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Dividends income | \$ 1,728 | \$ 65,564 | \$ 477,367 | \$ 65,564 |
| Lawsuit preparation reversal | 15,199 | - | 15,199 | - |
| Grant income | 4,286 | 7,102 | 7,683 | 13,860 |
| Rental income | 554 | 387 | 930 | 758 |
| Other | 24,836 | 6,247 | 29,801 | 15,908 |
| | <u>\$ 46,603</u> | <u>\$ 79,300</u> | <u>\$ 530,980</u> | <u>\$ 96,090</u> |

c. Other gains and losses

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|--------------------|-------------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net foreign exchange gains (losses) | \$ 30,085 | \$ (15,353) | \$ 66,018 | \$ (16,767) |
| Gain on disposal of associates interests | - | - | 26,523 | - |
| Gain on disposal of right-of-use assets (Note) | - | - | 1,374 | - |
| Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL | (6,192) | - | (7,413) | - |
| Loss on disposal of property, plant and equipment (Note) | - | - | (21,270) | - |
| Others | (3,098) | (1,003) | (3,818) | (2,212) |
| | <u>\$ 20,795</u> | <u>\$ (16,356)</u> | <u>\$ 61,414</u> | <u>\$ (18,979)</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 June 30 | | For the Six Months Ended June 30 | |
|-------------------------------|---|------------------|---|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest on bank loans | \$ 13,931 | \$ 10,069 | \$ 25,685 | \$ 19,045 |
| Interest on lease liabilities | <u>3,397</u> | <u>3,269</u> | <u>6,441</u> | <u>6,548</u> |
| | <u>\$ 17,328</u> | <u>\$ 13,338</u> | <u>\$ 32,126</u> | <u>\$ 25,593</u> |

e. Depreciation and amortization

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---|-------------------|---|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 89,198 | \$ 83,818 | \$ 176,006 | \$ 164,914 |
| Operating expenses | <u>28,792</u> | <u>27,423</u> | <u>56,200</u> | <u>55,333</u> |
| | <u>\$ 117,990</u> | <u>\$ 111,241</u> | <u>\$ 232,206</u> | <u>\$ 220,247</u> |
| An analysis of amortization by function | | | | |
| Operating costs | \$ 292 | \$ 255 | \$ 584 | \$ 477 |
| Operating expenses | <u>7,237</u> | <u>8,750</u> | <u>14,362</u> | <u>13,611</u> |
| | <u>\$ 7,529</u> | <u>\$ 9,005</u> | <u>\$ 14,946</u> | <u>\$ 14,088</u> |

f. Employee benefits expense

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---|-------------------|---|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Short-term employee benefits | | | | |
| Salaries | \$ 527,345 | \$ 504,114 | \$ 1,030,153 | \$ 965,795 |
| Labor and health insurance | 33,841 | 31,100 | 69,119 | 63,195 |
| Others | <u>40,492</u> | <u>40,172</u> | <u>80,097</u> | <u>80,304</u> |
| | <u>601,678</u> | <u>575,386</u> | <u>1,179,369</u> | <u>1,109,294</u> |
| Post-employment benefits | | | | |
| Defined contribution plans | 26,512 | 28,156 | 52,758 | 54,869 |
| Defined benefit plans (Note 25) | <u>1,001</u> | <u>1,784</u> | <u>2,309</u> | <u>3,588</u> |
| | <u>27,513</u> | <u>29,940</u> | <u>55,067</u> | <u>58,457</u> |
| | <u>\$ 629,191</u> | <u>\$ 605,326</u> | <u>\$ 1,234,436</u> | <u>\$ 1,167,751</u> |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 228,536 | \$ 218,578 | \$ 454,103 | \$ 419,189 |
| Operating expenses | <u>400,655</u> | <u>386,748</u> | <u>780,333</u> | <u>748,562</u> |
| | <u>\$ 629,191</u> | <u>\$ 605,326</u> | <u>\$ 1,234,436</u> | <u>\$ 1,167,751</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 June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

| | For the Six Months Ended June 30 | |
|---------------------------|---|-------------|
| | 2022 | 2021 |
| Employees' compensation | 2.29% | 3.00% |
| Remuneration of directors | 0.86% | 1.46% |

Amount

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---------------------------|---|-------------|---|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Employees' compensation | \$ 10,500 | \$ 10,500 | \$ 27,170 | \$ 21,000 |
| Remuneration of directors | 5,100 | 5,100 | 10,200 | 10,200 |

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 June 30 | | For the Six Months Ended June 30 | |
|-------------------------|---|--------------------|---|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Foreign exchange gains | \$ 110,028 | \$ 35,534 | \$ 183,538 | \$ 82,239 |
| Foreign exchange losses | <u>(79,943)</u> | <u>(50,887)</u> | <u>(117,520)</u> | <u>(99,006)</u> |
| | <u>\$ 30,085</u> | <u>\$ (15,353)</u> | <u>\$ 66,018</u> | <u>\$ (16,767)</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 June 30 | | For the Six Months Ended June 30 | |
|--------------------------------|---|------------------|---|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Current tax | | | | |
| In respect of the current year | \$ 79,228 | \$ 77,014 | \$ 159,897 | \$ 145,943 |
| Adjustments for prior year | <u>3,023</u> | <u>(4,334)</u> | <u>(36,844)</u> | <u>(31,746)</u> |
| | <u>82,251</u> | <u>72,680</u> | <u>123,053</u> | <u>114,197</u> |
| Deferred tax | | | | |
| In respect of the current year | <u>53,528</u> | <u>(25,158)</u> | <u>79,950</u> | <u>24,920</u> |
| | <u>\$ 135,779</u> | <u>\$ 47,522</u> | <u>\$ 203,003</u> | <u>\$ 139,117</u> |

b. Income tax recognized in other comprehensive income

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|-----------------------------------|---|------------------|---|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| <u>Deferred tax</u> | | | | |
| In respect of the current year | | | | |
| Translation of foreign operations | <u>\$ (687)</u> | <u>\$ 27,928</u> | <u>\$ (54,454)</u> | <u>\$ 35,884</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 June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Profit for the year attributable to owners of the Company | <u>\$ 310,845</u> | <u>\$ 317,863</u> | <u>\$ 1,056,535</u> | <u>\$ 617,652</u> |

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

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 120,571 | 120,571 | 120,571 | 120,571 |
| Effect of potentially dilutive ordinary share: | | | | |
| Employees' compensation or bonuses issued to employees | <u>79</u> | <u>67</u> | <u>336</u> | <u>254</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>120,650</u> | <u>120,638</u> | <u>120,907</u> | <u>120,825</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

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.

b. Consideration transferred

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

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

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS - JUNE 30, 2022

| | Nan Pao New Materials (Huaian) Co., Ltd. |
|--|---|
| Cash consideration paid | \$ 13,908 |
| The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests | <u>(12,578)</u> |
| 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

June 30, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Limited partnership | \$ <u> -</u> | \$ <u> -</u> | \$ <u> 68,722</u> | \$ <u> 68,722</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investment in equity instruments | | | | |
| Unlisted shares | \$ <u> -</u> | \$ <u> -</u> | \$ <u>5,418,449</u> | \$ <u>5,418,449</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> |

June 30, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| <u>Financial assets at FVTOCI</u> | | | | |
| Unlisted shares | \$ <u> -</u> | \$ <u> -</u> | \$ <u>4,777,120</u> | \$ <u>4,777,120</u> |

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

Financial assets at FVTPL

| | |
|------------------------------|--|
| | For the Six Months Ended June 30 2022 |
| Balance at January 1 | \$ 36,135 |
| Recognized in profit or loss | (7,413) |
| Purchase | <u>40,000</u> |
| Balance at June 30 | <u>\$ 68,722</u> |

Financial assets at FVTOCI

| | For the Six Months Ended June 30 | |
|---|---|---------------------|
| | 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) | (872,565) | 3,623,973 |
| Purchases | <u>6,155</u> | <u>43,880</u> |
| Balance at June 30 | <u>\$ 5,418,449</u> | <u>\$ 4,777,120</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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|----------------------|------------------------------|----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at amortized cost (1) | \$ 9,245,817 | \$ 8,909,346 | \$ 8,651,259 |
| Financial asset at FVTPL - Mandatorily classified as at FVTPL | 68,722 | 36,135 | - |
| Financial assets at FVTOCI | 5,418,449 | 6,284,859 | 4,777,120 |
| <u>Financial liabilities</u> | | | |
| Amortized cost (2) | 7,314,710 | 7,793,827 | 6,557,786 |

- 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 Six Months Ended | | |
| | June 30 | | |
| | 2022 | 2021 | |
| Profit or loss | \$ 7,417 | \$ 8,668 | (i) |
| | VND Impact | | |
| | For the Six Months Ended | | |
| | June 30 | | |
| | 2022 | 2021 | |
| Profit or loss | \$ 5,340 | \$ 6,818 | (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 foreign monetary items in VND 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.

b) Interest rate risk

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

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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|-------------------------------|--------------------------|------------------------------|--------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 761,856 | \$ 865,927 | \$ 893,826 |
| Financial liabilities | 572,449 | 550,223 | 523,948 |
| Cash flow interest rate risk | | | |
| Financial assets | 3,169,257 | 3,371,404 | 3,249,302 |
| Financial liabilities | 3,757,461 | 4,285,895 | 3,445,536 |

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 six months ended June 30, 2022 and 2021 would have decreased/increased by \$4,697 thousand and \$4,307 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>June 30, 2022</u> | | <u>December 31, 2021</u> | | <u>June 30, 2021</u> | |
|---------|----------------------|---|--------------------------|---|----------------------|---|
| | Amount | % | Amount | % | Amount | % |
| Group A | <u>\$ 333,334</u> | 7 | <u>\$ 322,182</u> | 8 | <u>\$ 308,436</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 includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed 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.

June 30, 2022

| | Less than 1 Year | 1-5 Years | Over 5 Years |
|---|-----------------------------|---------------------|---------------------|
| <u>Non-derivative financial liabilities</u> | | | |
| Non-interest bearing liabilities | \$ 4,420,054 | \$ 3,348 | \$ - |
| Lease liabilities | 102,238 | 200,136 | 385,580 |
| Fixed interest rate liabilities | 86,374 | 1,597 | - |
| Variable interest rate liabilities | <u>2,485,763</u> | <u>1,019,590</u> | <u>242,601</u> |
| | <u>\$ 7,094,429</u> | <u>\$ 1,224,671</u> | <u>\$ 628,181</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>\$ 102,238</u> | <u>\$ 200,136</u> | <u>\$ 160,736</u> | <u>\$ 126,070</u> | <u>\$ 98,774</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> |

June 30, 2021

| | Less than 1 Year | 1-5 Years | Over 5 Years |
|---|-----------------------------|---------------------|---------------------|
| <u>Non-derivative financial liabilities</u> | | | |
| Non-interest bearing liabilities | \$ 4,095,224 | \$ 3,730 | \$ - |
| Lease liabilities | 87,149 | 169,313 | 368,417 |
| Fixed interest rate liabilities | 54,490 | - | - |
| Variable interest rate liabilities | <u>1,897,981</u> | <u>1,293,444</u> | <u>259,546</u> |
| | <u>\$ 6,134,844</u> | <u>\$ 1,466,487</u> | <u>\$ 627,963</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>\$ 87,149</u> | <u>\$ 169,313</u> | <u>\$ 157,425</u> | <u>\$ 157,757</u> | <u>\$ 53,235</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

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|--------------------------|------------------------------|--------------------------|
| Unsecured bank overdraft facilities, reviewed annually and payable on demand | | | |
| Amount used | \$ 3,433,926 | \$ 3,935,385 | \$ 3,037,957 |
| Amount unused | <u>6,529,917</u> | <u>5,560,540</u> | <u>5,953,845</u> |
| | <u>\$ 9,963,843</u> | <u>\$ 9,495,925</u> | <u>\$ 8,991,802</u> |
| Secured bank overdraft facilities: | | | |
| Amount used | \$ 472,420 | \$ 479,854 | \$ 537,201 |
| Amount unused | <u>269,791</u> | <u>257,302</u> | <u>238,842</u> |
| | <u>\$ 742,211</u> | <u>\$ 737,156</u> | <u>\$ 776,043</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 June 30 | | For the Six Months Ended June 30 | |
|--------------------------------------|---|-------------------|---|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Investors with significant influence | <u>\$ 311,561</u> | <u>\$ 284,634</u> | <u>\$ 659,135</u> | <u>\$ 548,282</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 June 30 | | For the Six Months Ended June 30 | |
|-------------------------------|---|-----------------|---|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Associate | <u>\$ -</u> | <u>\$ 2,079</u> | <u>\$ -</u> | <u>\$ 2,644</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 | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|--------------------------------------|--------------------------|------------------------------|--------------------------|
| Accounts receivable from related parties | Investors with significant influence | <u>\$ 333,334</u> | <u>\$ 322,182</u> | <u>\$ 308,436</u> |

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

| Line Item | Related Party Category | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|------------------|--------------------------------------|--------------------------|------------------------------|--------------------------|
| Accounts payable | Associate | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50</u> |
| Other payables | Investors with significant influence | <u>\$ 131</u> | <u>\$ 129</u> | <u>\$ 127</u> |

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

| Line Item | Related Party Category / Name | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---------------------------|---|--------------------------|------------------------------|--------------------------|
| Other current liabilities | Investors with significant influence Pou Chen Corporation and Subsidiaries | <u>\$ 60,157</u> | <u>\$ 62,274</u> | <u>\$ 74,982</u> |

g. Lease arrangements - the Group is lessee - for the six months ended June 30, 2022

| Line Item | Related Party Category | Amount |
|------------------|-------------------------------|---------------|
| Lease expense | Other related party | <u>\$ 838</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 Ended June 30 | | For the Six Months Ended June 30 | |
|------------------------------|---|------------------|---|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Short-term employee benefits | \$ 13,559 | \$ 14,428 | \$ 27,749 | \$ 28,629 |
| Post-employment benefits | <u>402</u> | <u>501</u> | <u>800</u> | <u>932</u> |
| | <u>\$ 13,961</u> | <u>\$ 14,929</u> | <u>\$ 28,549</u> | <u>\$ 29,561</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 were provided as collateral for tariff, letters of credit, and long-term or short-term bank borrowings:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|-------------------|----------------------|-------------------|
| Property, plant and equipment, net | \$ 707,966 | \$ 675,459 | \$ 684,422 |
| Pledged deposit (recognized as financial assets at amortized cost) | <u>37,688</u> | <u>25,264</u> | <u>9,797</u> |
| | <u>\$ 745,654</u> | <u>\$ 700,723</u> | <u>\$ 694,219</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 June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

- a. As of June 30, 2022, December 31, 2021 and June 30, 2021, the unused letters of credit of the Group for purchasing raw materials and equipment were \$147,241 thousand, \$127,133 thousand and \$126,852 thousand, respectively.
- b. Unrecognized commitments were as follows:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|-------------------|----------------------|-------------------|
| Acquisition of property, plant and equipment | \$ 400,098 | \$ 357,452 | \$ 507,307 |
| Acquisition of raw material | <u>94,399</u> | <u>84,066</u> | <u>71,896</u> |
| | <u>\$ 494,497</u> | <u>\$ 441,518</u> | <u>\$ 579,203</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 and equipment in the plant. Based on the aforementioned litigation, He Kui Chemical

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

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)

June 30, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|------------------|-------------------------|-----------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 55,190 | 29.72 (USD:NTD) | \$ 1,640,247 |
| USD | 7,897 | 6.7114 (USD:CNY) | 234,710 |
| USD | 10,734 | 15,010 (USD:IDR) | 319,019 |
| USD | 5,206 | 7.8455 (USD:HKD) | 154,702 |
| VND | 707,386,892 | 0.00004319 (VND:USD) | 907,989 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 35,032 | 29.71 (USD:NTD) | 1,040,821 |
| USD | 3,231 | 6.706 (USD:CNY) | 95,966 |
| USD | 4,815 | 7.8458 (USD:HKD) | 143,096 |
| USD | 7,761 | 15,010 (USD:IDR) | 230,644 |

(Continued)

| | Foreign Currency | Exchange Rate | Carrying Amount |
|-----|-------------------------|-------------------------|------------------------|
| USD | \$ 3,325 | 4.3063 (USD:MYR) | \$ 96,493 |
| VND | 290,477,775 | 0.00004332 (VND:USD) | 373,985 |
| | | | (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:CNY) | 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:CNY) | 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 |

June 30, 2021

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|------------------|-----------------------|-----------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 59,394 | 27.86 (USD:NTD) | \$ 1,654,718 |
| USD | 6,808 | 6.4601 (USD:CNY) | 189,682 |
| USD | 7,151 | 14,435 (USD:IDR) | 199,226 |
| USD | 6,099 | 7.7671 (USD:HKD) | 169,922 |
| VND | 820,208,853 | 0.000043 (VND:USD) | 988,701 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 30,081 | 27.87 (USD:NTD) | 838,225 |
| USD | 2,969 | 6.4601 (USD:CNY) | 82,720 |
| USD | 5,900 | 7.7669 (USD:HKD) | 164,366 |
| USD | 6,000 | 14,435 (USD:IDR) | 167,163 |
| USD | 3,385 | 4.1528 (USD:MYR) | 94,278 |
| VND | 252,702,504 | 0.000044 (VND:USD) | 306,902 |

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 June 30, 2022 | | For the Three Months Ended June 30, 2021 | |
|---------------------|---|---------------------------|---|---------------------------|
| | Exchange Rate | Net Foreign Exchange Gain | Exchange Rate | Net Foreign Exchange Gain |
| USD | 29.456 (USD:NTD) | \$ (2,380) | 27.978 (USD:NTD) | \$ 3,091 |
| NTD | 1 (NTD:NTD) | 26,386 | 1 (NTD:NTD) | (13,911) |
| CNY | 4.446 (CNY:NTD) | 11,239 | 4.332 (CNY:NTD) | (2,773) |
| SGD | 21.38 (SGD:NTD) | 34 | 21.00 (SGD:NTD) | (1) |
| AUD | 21.03 (AUD:NTD) | (8,629) | 21.54 (AUD:NTD) | (2,428) |

(Continued)

| Functional Currency | For the Three Months Ended June 30, 2022 | | For the Three Months Ended June 30, 2021 | |
|------------------------|---|------------------------------|---|-----------------------------------|
| | Exchange Rate | Net Foreign Exchange Gain | Exchange Rate | Net Foreign Exchange Gain |
| IDR | 0.00202 (IDR:NTD) | \$ 3,217 | 0.00197 (IDR:NTD) | \$ 352 |
| VND | 0.00128 (VND:NTD) | 950 | 0.00121 (VND:NTD) | 34 |
| Others | | (732) | | 283 |
| | | <u>\$ 30,085</u> | | <u>\$ (15,353)</u> (Concluded) |

| Functional Currency | For the Six Months Ended June 30, 2022 | | For the Six Months Ended June 30, 2021 | |
|------------------------|---|------------------------------|---|------------------------------|
| | Exchange Rate | Net Foreign Exchange Gain | Exchange Rate | Net Foreign Exchange Gain |
| USD | 28.725 (USD:NTD) | \$ (2,484) | 28.172 (USD:NTD) | \$ 6,862 |
| NTD | 1 (NTD:NTD) | 59,560 | 1 (NTD:NTD) | (15,981) |
| CNY | 4.426 (CNY:NTD) | 9,905 | 4.354 (CNY:NTD) | (5,196) |
| SGD | 21.05 (SGD:NTD) | 34 | 21.15 (SGD:NTD) | 21 |
| AUD | 20.65 (AUD:NTD) | (6,699) | 21.73 (AUD:NTD) | (4,937) |
| IDR | 0.00199 (IDR:NTD) | 5,779 | 0.00199 (IDR:NTD) | 1,211 |
| VND | 0.001253 (VND:NTD) | 1,547 | 0.0012 (VND:NTD) | 105 |
| Others | | (1,624) | | 1,148 |
| | | <u>\$ 66,018</u> | | <u>\$ (16,767)</u> |

39. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
- 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (Table 1)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisitions of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposals of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on 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 investee, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment 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 six months ended</u> | | | | | | | |
| <u>June 30, 2022</u> | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | \$ 2,022,559 | \$ 3,215,498 | \$ 3,057,492 | \$ 1,264,268 | \$ 999,136 | \$ - | \$10,558,953 |
| Inter segment revenues | <u>1,762,439</u> | <u>623,487</u> | <u>333,815</u> | <u>3,505</u> | <u>23,030</u> | <u>(2,746,276)</u> | <u>-</u> |
| Total revenue | <u>\$ 3,784,998</u> | <u>\$ 3,838,985</u> | <u>\$ 3,391,307</u> | <u>\$ 1,267,773</u> | <u>\$ 1,022,166</u> | <u>\$(2,746,276)</u> | <u>\$10,558,953</u> |
| Segment income | <u>\$ 306,817</u> | <u>\$ 111,250</u> | <u>\$ 245,759</u> | <u>\$ 16,363</u> | <u>\$ 81,379</u> | <u>\$(18,675)</u> | \$ 742,893 |
| Interest revenue | | | | | | | 18,650 |
| Other income | | | | | | | 530,980 |
| Other gains and losses | | | | | | | 61,414 |
| Finance costs | | | | | | | <u>(32,126)</u> |
| Profit before tax | | | | | | | <u>\$ 1,321,811</u> |
| <u>For the six months ended</u> | | | | | | | |
| <u>June 30, 2021</u> | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | \$ 1,736,727 | \$ 2,980,970 | \$ 2,283,835 | \$ 1,136,737 | \$ 753,802 | \$ - | \$ 8,892,071 |
| Intersegment revenues | <u>1,294,287</u> | <u>609,399</u> | <u>288,425</u> | <u>3,927</u> | <u>27,639</u> | <u>(2,223,677)</u> | <u>-</u> |
| Total revenue | <u>\$ 3,031,014</u> | <u>\$ 3,590,369</u> | <u>\$ 2,572,260</u> | <u>\$ 1,140,664</u> | <u>\$ 781,441</u> | <u>\$(2,223,677)</u> | <u>\$ 8,892,071</u> |
| Segment income | <u>\$ 205,441</u> | <u>\$ 87,162</u> | <u>\$ 207,384</u> | <u>\$ 58,588</u> | <u>\$ 58,104</u> | <u>\$ 67,291</u> | \$ 683,940 |
| Interest revenue | | | | | | | 22,153 |
| Other income | | | | | | | 96,090 |
| Other gains and losses | | | | | | | (18,979) |
| Finance costs | | | | | | | (25,593) |
| Share of profit of associates accounted for using the equity method | | | | | | | 20,149 |
| Profit before tax | | | | | | | <u>\$ 777,760</u> |

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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 (Note 1) | | | | | | | | | | |
| 0 | Nan Pao Resins Chemical Co., Ltd. | Nan Pao Philippines Export, Inc | 2 | \$ 2,991,508 | \$ 14,860 | \$ 14,860 | \$ - | \$ - | 0.1 | \$ 7,478,770 | Y | N | N |
| | | Nan Pao Resins Chemical Philippines Inc. | 2 | 2,991,508 | 29,720 | 29,720 | - | - | 0.2 | 7,478,770 | Y | N | N |
| | | Nan Pao Group Holdings Ltd. | 2 | 2,991,508 | 59,440 | 59,440 | 10,402 | - | 0.4 | 7,478,770 | Y | N | N |
| | | RLA Polymers (M) Sdn. Bhd. | 2 | 2,991,508 | 89,160 | 74,300 | - | - | 0.5 | 7,478,770 | Y | N | N |
| | | RLA Polymers Pty Ltd. | 2 | 2,991,508 | 237,760 | 237,760 | 122,700 | - | 1.59 | 7,478,770 | Y | N | N |
| | | RLA Polymers (M) Sdn. Bhd | 2 | 2,991,508 | 118,880 | 118,880 | 78,525 | - | 0.79 | 7,478,770 | Y | N | N |
| | | Nan Pao New Materials (Huaian) Co., Ltd. | 2 | 2,991,508 | 135,180 | 133,170 | 8,249 | - | 0.89 | 7,478,770 | Y | N | Y |
| | | Nan Pao Fine Materials Co., Ltd. | 2 | 2,991,508 | 20,000 | 20,000 | 10,000 | - | 0.13 | 7,478,770 | Y | N | N |
| | | Nan Pao New Materials (Huaian) Co., Ltd. | 2 | 2,991,508 | 225,300 | 221,950 | 1,775 | - | 1.48 | 7,478,770 | Y | N | Y |
| | | Nan Pao New Materials (Huaian) Co., Ltd. | 2 | 2,991,508 | 90,120 | 88,780 | 26,521 | - | 0.59 | 7,478,770 | Y | N | Y |
| | | Nan Pao Fine Materials Co., Ltd. | 2 | 2,991,508 | 30,000 | 30,000 | 10,000 | - | 0.2 | 7,478,770 | Y | N | N |
| | | RLA Polymers Pty Ltd. | 2 | 2,991,508 | 214,200 | 204,500 | 204,500 | - | 1.37 | 7,478,770 | Y | N | N |

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

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

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 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 | June 30, 2022 | | | | Note |
|-----------------------------------|--|---------------------------------------|---|------------------|---------------------|------------------|---------------------|------|
| | | | | Number of Shares | Number of Shares | Number of Shares | Number of Shares | |
| Nan Pao Resins Chemical Co., Ltd. | CDIB -Innolux Limited Partnership | None | Financial assets at fair value through profit or loss -non-current | - | \$ 68,722 | 9 | \$ 68,722 | |
| | Dairen Chemical Corp. - publicly owned company | None | Financial assets at fair value through other comprehensive income - non-current | 6,515,606 | \$ 5,354,453 | 2 | \$ 5,354,453 | |
| | Hua Chi Venture Capital Co., Ltd. - privately-issued equity | " | " | 7,895 | 1,729 | 1 | 1,729 | |
| | 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 | 13,404 | 16 | 13,404 | |
| | | | | | <u>\$ 5,388,494</u> | | <u>\$ 5,388,494</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.

TABLE 3

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 SIX MONTHS ENDED JUNE 30, 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 | \$ 736,772 | 24 | Payment within 90 days | Similar to general transactions | Similar to general transactions | \$ 553,242 | 31 | |
| | PT Indo Nan Pao Resins Chemical Co., Ltd. | Subsidiary | Sale | 241,261 | 8 | Payment within 90 days | Similar to general transactions | Similar to general transactions | 136,536 | 8 | |
| | Nan Pao Resins (HK) Limited | Subsidiary | Sale | 100,192 | 3 | Telegraphic transfer within 90 days | Similar to general transactions | Similar to general transactions | 44,054 | 2 | |
| | Nan Pao Materials Vietnam Co., Ltd. | Subsidiary | Sale | 174,041 | 6 | Payment within 90 days | Similar to general transactions | Similar to general transactions | 177,033 | 10 | |
| | Nan Pao Advanced Materials Vietnam Co., Ltd. | Subsidiary | Sale | 131,114 | 4 | Payment within 90 days | Similar to general transactions | Similar to general transactions | 136,220 | 8 | |
| | Nan Pao Resins (Foshan) Co., Ltd. | Subsidiary | Sale | 146,162 | 5 | Payment within 90 days | Similar to general transactions | Similar to general transactions | 92,843 | 5 | |
| | Nan Pao Resins (Vietnam) Enterprise Ltd. | Nan Pao Resins International Ltd. | Same ultimate Parent Company | Sale | 116,709 | 7 | Payment within 90 days | Similar to general transactions | Similar to general transactions | 59,923 | 8 |
| Nan Pao Resins International Ltd. | Pou Chen Corporation and Subsidiaries | Investors with significant influence | Sale | 197,904 | 100 | Payment within 60 days | Similar to general transactions | Similar to general transactions | 76,507 | 99 | |
| PT Indo Nan Pao Resins Chemical Co., Ltd. | Pou Chen Corporation and Subsidiaries | Investors with significant influence | Sale | 224,741 | 31 | Telegraphic transfer within 90 days | Similar to general transactions | Similar to general transactions | 162,229 | 42 | |

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
JUNE 30, 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 | \$ 553,242 | 3.27 | \$ - | Not applicable | \$ 34,668 | \$ - |
| | PT. Indo Nan Pao Resins Chemical Co., Ltd. | Subsidiary | 136,536 | 3.7 | - | Not applicable | 8,234 | - |
| | Nan Pao Materials Vietnam Co., Ltd. | Subsidiary | 177,033 | 2.52 | - | Not applicable | - | - |
| | Nan Pao Advanced Materials Vietnam Co., Ltd. | Subsidiary | 136,220 | 2.44 | - | Not applicable | 488 | - |
| PT. Indo Nan Pao Resins Chemical Co., Ltd. | Pou Chen Corporation and Subsidiaries | Investors with significant influence | 162,229 | 2.7 | - | Not applicable | 44,191 | 515 |

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 SIX MONTHS ENDED JUNE 30, 2022

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

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of June 30, 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 | \$ 193,477 | \$ 15,161 | \$ 15,161 | |
| | 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 | 8,624 | (10) | (10) | |
| | 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 | 53,558 | 950 | 950 | |
| | 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 | 302,132 | 9,702 | 9,913 | |
| | 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 | 356,738 | 38,418 | 19,405 | |
| | 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 | 18,812 | (1,991) | (1,991) | |
| | 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 | 10,498 | 3,217 | 1,837 | |
| | Nan Pao Advanced Materials Co.,Ltd. | No. 521, Zhongshan Rd., Xigang Dist, Tainan City | Trading of adhesives and chemicals | 3,500 | 3,500 | 350,000 | 70 | 6,837 | 2,987 | 2,091 | |
| | 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 | 65,671 | (4,302) | (3,957) | |
| | 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 | 13,750,000 | 55 | 16,942 | 5,212 | 6,016 | |
| | 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 | 4,481 | 488 | 473 | |
| | 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 | 231,325 | 10,633 | 10,633 | |
| | 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 | 172,332 | 1,335 | 1,335 | |
| | 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 | 27,194 | (193) | (193) | |
| | Nan Pao Materials Vietnam Co., Ltd. | LotA4, A5, A10, A11 Daden Industrial Park, Thu Dau Mot City, Binh Duong Province, Vietnam | Production and trading of adhesives and chemicals | 685,094 | 685,094 | - | 100 | 1,039,548 | 50,441 | 50,421 | |
| | 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 | 454,609 | 36,585 | 36,585 | |
| | Nan Pao Overseas Holdings Ltd. | Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands | General investment | 2,071,057 | 2,363,585 | 78,056,502 | 100 | 4,115,414 | 112,854 | 108,062 | |
| | Profit Land Ltd. | Equity Trust Chambers, P.O. Box 3269, Apia, Samoa | General investment | 186,588 | 186,588 | 983,333 | 73.75 | 874,880 | 84,535 | 60,346 | 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 | 218,131 | (10,415) | (5,679) | Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares |
| | Ongoing Profits Ltd. | Visra 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 | 242,345 | 135,476 | 43,352 | 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 | 247,489 | 57,786 | 28,315 | 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 | 12,829 | 517 | 517 | |
| | 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 | 125,000 | 100 | 2,677 | (1,378) | (1,378) | |
| | Earnest Wealth Co., Ltd. | Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa | General investment | 42,958 | 42,958 | 920,000 | 51.11 | 44,298 | 18 | 9 | |
| ITLS International Development Co., Ltd. | ITLS Holding Pte. Ltd. | Blk 1049, Eunos Avenue 6, #01-132, Singapore 409628 | General investment | 502,822 | 545,462 | 22,064,549 | 100 | 93,792 | (919) | | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of June 30, 2022 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 1) | Note |
|--------------------------------|---|--|--|-------------------------------|-------------------------------|---------------------|-------|-----------------|-----------------------------------|---|------|
| | | | | Ending Balance | Beginning Balance | Number of Shares | % | Carrying Amount | | | |
| | 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 | \$ 21,802 | \$ (10,268) | | |
| 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 | 135,523 (USD 4,560,000) | 135,523 (USD 4,560,000) | 10,000 | 100 | 231,839 | 10,633 | | |
| 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 | 165,803 (USD 5,578,821) | 165,803 (USD 5,578,821) | 21,197,000 | 100 | 126,170 | 1,320 | | |
| 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 | 63,898 (USD 2,150,000) | 63,898 (USD 2,150,000) | - | 100 | 62,540 | (55) | | |
| 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 | 2,319,839 (USD 78,056,502) | 2,319,839 (USD 78,056,502) | 78,056,502 | 100 | 4,196,029 | 122,861 | | |
| 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 | 75,240 (USD 2,531,620) | 75,240 (USD 2,531,620) | 2,437,109 | 100 | 18,050 | 895 | | |
| | ITLS Vietnam Co., Ltd. | No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province | Production and trading of construction materials | 129,386 (USD 4,353,487) | 129,386 (USD 4,353,487) | - | 100 | 72,472 | (1,620) | | |
| 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 | 37,447 (USD 1,260,000) | 37,447 (USD 1,260,000) | 7,172 | 67.68 | 467,732 | 44,065 | | |
| | Profit Land Ltd. | Equity Trust Chambers, P.O. Box 3269, Apia, Samoa | General investment | 56,100 (USD 1,887,627) | 56,100 (USD 1,887,627) | 350,000 | 26.25 | 315,784 | 84,535 | 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 | 625,727 (USD 21,054,073) | 625,727 (USD 21,054,073) | 10,000 | 100 | 350,852 | 15,091 | | |
| | All Saints Enterprises Ltd. | Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands | General investment | 158,499 (USD 5,333,075) | 158,499 (USD 5,333,075) | 4,547,451 | 45.47 | 181,890 | (10,415) | 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 | 617,884 (AUD 30,214,354) | 617,884 (AUD 30,214,354) | 30,214,354 | 100 | 834,031 | 22,432 | | |
| | Ongoing Profits Ltd. | Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. | General investment | 114,030 (USD 3,836,817) | 114,030 (USD 3,836,817) | 3,287,546 | 67.82 | 559,741 | 135,476 | 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 | 137,009 (USD 4,610,000) | 137,009 (USD 4,610,000) | 4,610 | 100 | 173,647 | 3,542 | | |
| | Goldford Investments Ltd. | Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands | General investment | 17,382 (USD 584,844) | 17,382 (USD 584,844) | 486,000 | 100 | 101,719 | 10,690 | | |
| | Nan Pao Resins Chemical Philippines, Inc. | Road 22 Phase 11, Cogege Village, Antipolo City, Philippines | Trading of adhesives | 6,241 (USD 210,000) | 6,241 (USD 210,000) | 9,000 | 100 | 73,230 | 3,196 | | |
| | 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 | 758 (HKD 200,000) | 758 (HKD 200,000) | 1,000 | 100 | 18,001 | (3,334) | | |
| | Nan Pao Resins (HK) Limited | Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong | Trading of adhesives | 517,128 (USD 17,400,000) | 517,128 (USD 17,400,000) | 17,400,000 | 100 | 453,845 | (13,568) | | |
| 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 | 237,760 (USD 8,000,000) | 237,760 (USD 8,000,000) | 10,000 | 100 | 1,193,798 | 84,532 | | |
| Nan Pao Resins (Holdings) Ltd. | Eastlion Enterprises Ltd. | P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands | General investment | 164,652 (USD 5,540,100) | 164,652 (USD 5,540,100) | 20,240 | 100 | 198,538 | 8,149 | | |
| | Nan Pao Resins Development Ltd. | P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands | General investment | 89,160 (USD 3,000,000) | 89,160 (USD 3,000,000) | 3,000 | 100 | 145,238 | 6,950 | | |
| All Saints Enterprises Ltd. | Great Mount Enterprises Ltd. | Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong | General investment | 297,200 (USD 10,000,000) | 297,200 (USD 10,000,000) | 10,000 | 100 | 395,923 | (10,416) | | |
| 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 | 436,287 (AUD 21,334,344) | 436,287 (AUD 21,334,344) | 16,552,080 | 100 | 474,934 | 53,339 | | |
| Ongoing Profits Ltd. | Rising Sun Associates Ltd. | Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. | General investment | 144,069 (USD 4,847,546) | 144,069 (USD 4,847,546) | 3,000,000 | 100 | 823,788 | 135,478 | | |
| 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 | 136,415 (USD 4,590,000) | 136,415 (USD 4,590,000) | - | 50 | 172,732 | 7,084 | | |
| 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 | 101,170 | 57,786 | 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 | 101,292 (USD 3,408,217) | 101,292 (USD 3,408,217) | - | 100 | 761,673 | 135,548 | | |
| 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 | 122,123 (AUD 5,971,801) | 122,123 (AUD 5,971,801) | 18,415,500 | 100 | 169,556 | 2,186 | | |

(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.

TABLE 6

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2022 (Note 4) | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of June 30, 2022 | Accumulated Repatriation of Investment Income as of June 30, 2022 |
|--|---|--------------------------------|---|---|---------------------|--------|--|--------------------------------------|--|---------------------------------------|--|---|
| | | | | | Outward | Inward | | | | | | |
| Nan Pao Resins (China) Co., Ltd. | Production and trading of adhesives and coatings | \$ 297,200 (USD 10,000,000) | (2) Great Mount Enterprises Ltd. | \$ 320,677 (USD 10,789,932) | \$ - | \$ - | \$ 320,677 (USD 10,789,932) | \$ (10,416) | 100 | \$ (10,416) (2)B. | \$ 395,972 | \$ - |
| Fuqing Nan Pao Resins Co., Ltd. | Production and trading of adhesives | 135,523 (USD 4,560,000) | (2) Wealth Castle Development Ltd. | 148,303 (USD 4,990,000) | - | - | 148,303 (USD 4,990,000) | 10,739 | 100 | 10,739 (2)B. | 231,218 | 164,643 |
| Nan Pao Resins (Dongguan) Co., Ltd. | Processing of adhesive products | 80,244 (USD 2,700,000) | (2) Eastlion Enterprises Ltd. | 75,544 (USD 2,541,860) | - | - | 75,544 (USD 2,541,860) | 9,844 | 100 | (9,844) (2)B. | 148,768 | - |
| Dongguan Jiaqin Electronics Co., Ltd. | Production and trading of coatings and advanced resin | 89,160 (USD 3,000,000) | (2) Nan Pao Resins Development Ltd. | 91,082 (USD 3,064,683) | - | - | 91,082 (USD 3,064,683) | 6,950 | 100 | 6,950 (2)B. | 145,221 | - |
| Foshan Nan Pao Advanced Materials Co., Ltd. | Production and trading of adhesives | 50,135 (USD 1,686,900) | (2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd. | - | - | - | - | 52,129 | 60.47 | 31,522 (2)B. | 458,605 | - |
| Nan Pao Resins (Foshan) Co., Ltd. | Production and trading of adhesives | 237,760 (USD 8,000,000) | (2) Giant Profit Development Ltd. | 231,448 (USD 7,787,627) | - | - | 231,448 (USD 7,787,627) | 84,533 | 100 | 84,533 (2)B. | 1,104,249 | 331,702 |
| Goaden Nan Pao Material Technology Co., Ltd. | Trading of footwear materials | 22,195 (RMB 5,000,000) | (3) Nan Pao Resins (Foshan) Co., Ltd. | - | - | - | - | 768 | 51 | 391 (2)B. | 16,479 | - |
| 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. | 11,888 (USD 400,000) | - | - | 11,888 (USD 400,000) | - | - | - | - | - |
| Nanpao Advanced Investment Co., Ltd. | General investment | 876,740 (USD 29,500,000) | (2) Nan Pao Group Holdings Ltd. | 876,740 (USD 2,950,000) | - | - | 876,740 (USD 2,950,000) | (39,737) | 100 | (39,737) (2)B. | 771,282 | - |
| Nan Pao (Kunshan) Electronic Commerce Co., Ltd. | Agency of online business and general merchandise | 44,580 (USD 1,500,000) | (3) Nanpao Advanced Investment Co., Ltd. | - | - | - | - | 118 | 100 | 118 (2)B. | 4,468 | - |
| Nantong Nanpao Resins Materials Co., Ltd. | Production and trading of adhesives | 163,460 (USD 5,500,000) | (3) Nanpao Advanced Investment Co., Ltd. | - | - | - | - | 2,958 | 100 | 2,958 (2)B. | 163,092 | - |
| Nan Pao Resins (Yunan) Co., Ltd. | Production and trading of adhesives | - | (3) Nanpao Advanced Investment Co., Ltd. | - | - | - | - | (19,083) | - | (19,083) (2)B. | - | - |
| Nan Pao New Materials (Huaian) Co., Ltd. | Production and trading of carbon fiber | 312,060 (USD 10,500,000) | (3) Nan Pao Advanced Investment Co., Ltd. | - | - | - | - | (19,977) | 95.24 | (19,300) (2)B. | 241,519 | - |
| Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd. | Production and trading of adhesives and chemical substances | 23,776 (USD 800,000) | (3) Nanpao Advanced Investment Co., Ltd. | - | - | - | - | (2,559) | 100 | (2,559) (2)B. | 18,797 | - |

| Accumulated Outward Remittance for Investments in Mainland China as of June 30, 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) |
|---|--|---|
| \$ 1,755,682 (USD 59,074,102) | \$ 3,130,541 (USD 105,334,490) | \$ 8,974,523 |

Note 1: The methods of investment in mainland China are divided into the following three categories (indicate the category number):
(1) Direct investment in mainland China.
(2) Investment in mainland China through companies in a third region (please specify investee company in third region).
(3) Other methods

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

Note 3: The Company's investment limit in mainland China is calculated as follows:
\$14,957,539 × 60% = \$8,974,523

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$29.72 at the end of the period.
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.439 at the end of the period.

Note 5: Gangyi Electronic (Dongguan) Co., Ltd. has completed its liquidation procedures in October 2017, but its share proceeds have not been remitted to Taiwan; hence, it has not been deducted from the investment amount authorized by the Investment Commission, MOEA.
Note 6: Nan Pao Resins (Yunan) Co., Ltd. has already completed its liquidation procedures in June 2022.

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 SIX MONTHS ENDED JUNE 30, 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 | \$ (146,162) | (5) | Payment within 90 days | Similar to general transactions | Similar to general transactions | \$ 92,843 | 5 | \$ 9,724 |
| Foshan Nan Pao Advanced Materials Co., Ltd. | Greatwill Material (HK) Ltd. | Same ultimate Parent Company | Sales | (29,017) | (3) | Payment within 90 days | Similar to general transactions | Similar to general transactions | - | - | - |
| | Nan Pao Resins (Foshan) Co., Ltd. | Same ultimate Parent Company | Sales | (37,730) | (3) | Payment within 90 days | Similar to general transactions | Similar to general transactions | 19,819 | 3 | - |
| | Nan Pao Resins India Pvt Ltd. | Same ultimate Parent Company | Sales | (12,003) | (1) | Payment within 90 days | Similar to general transactions | Similar to general transactions | 10,805 | 2 | - |
| Nan Pao Resins (Dongguan) Co., Ltd. | Nan Pao Resins (HK) Limited | Same ultimate Parent Company | Processing Revenue | (170,822) | (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 | (68,065) | (6) | Payment within 90 days | Similar to general transactions | Similar to general transactions | 44,149 | 8 | - |
| | Nan Pao Resins (China) Co., Ltd. | Same ultimate Parent Company | Sales | (13,712) | (1) | Payment within 90 days | Similar to general transactions | Similar to general transactions | 7,040 | 1 | - |
| | Pou Chen Corporation and Subsidiaries | Investors with significant influence | Sales | (59,621) | (5) | Payment within 45 days | Similar to general transactions | Similar to general transactions | 30,316 | 5 | - |
| Fuqing Nan Pao Resins Co., Limited | Nan Pao Resins (China) Co., Ltd. | Same ultimate Parent Company | Sales | (46,193) | (18) | Payment within 90 days | Similar to general transactions | Similar to general transactions | 26,401 | 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 SIX MONTHS ENDED JUNE 30, 2022
(Amounts in Thousands of New Taiwan Dollars)

| No. | Investee Company | Counterparty | Relationship (Note 1) | Transaction Details | | |
|-----|---|--|--------------------------|---|----------------|----------------------------|
| | | | | Financial Statement Accounts | Amount(Note 2) | % of Total Sales or Assets |
| 0 | Nan Pao Resins Chemical Co., Ltd. | Nan Pao Resins (Vietnam) Enterprise Ltd. | 1 | Accounts receivable - related parties | \$ 553,242 | 2 |
| | | | | Sales revenue | 736,772 | 7 |
| | | Nan Pao Resins (Foshan) Co., Ltd. | 1 | Accounts receivable - related parties | 92,843 | - |
| | | | | Sales revenue | 146,162 | 1 |
| | | PT. Indo Nan Pao Resins Chemical Co., Ltd. | 1 | Accounts receivable - related parties | 136,536 | 1 |
| | | | | Sales revenue | 241,261 | 2 |
| | | Nan Pao Resins (HK) Limited | 1 | Accounts receivable - related parties | 44,054 | - |
| | | | | Sales revenue | 100,192 | 1 |
| | | Nan Pao Materials Vietnam Co., Ltd. | 1 | Accounts receivable - related parties | 177,033 | 1 |
| | | | | Sales revenue | 174,041 | 2 |
| 1 | Nan Pao Resins (Vietnam) Enterprise Ltd. | ITLS International Development Co., Ltd. | 1 | Accounts receivable - related parties | 20,002 | - |
| | | | | Sales revenue | 52,518 | - |
| | | Nan Pao Advanced Materials Vietnam Co., Ltd | 1 | Accounts receivable - related parties | 136,220 | - |
| | | | | Sales revenue | 131,114 | - |
| | | Nan Pao Advanced Materials Co., Ltd | 1 | Accounts receivable - related parties | 15,022 | 1 |
| | | | | Sales revenue | 21,802 | 1 |
| | | Dongguan Jia Chin Electronics Co., Ltd. | 1 | Accounts receivable - related parties | 14,521 | - |
| | | | | Sales revenue | 21,289 | - |
| | | PT Indo Nan Pao Resins Chemical Co., Ltd. | 3 | Accounts receivable - related parties | 26,024 | - |
| | | | | Sales revenue | 33,668 | - |
| 2 | Foshan Nan Pao Advanced Materials Co., Ltd. | Nan Pao Resins International Ltd. | 3 | Accounts receivable - related parties | 59,923 | - |
| | | | | Sales revenue | 116,709 | 1 |
| | | Nan Pao Resins (HK) Limited | 3 | Accounts payable - related parties | 25,258 | - |
| | | | | Purchase | 29,600 | - |
| | | ITLS International Development Co., Ltd. | 3 | Purchase | 14,652 | - |
| | | | | Sales revenue | 29,017 | - |
| | | Greatwill Materials (HK) Ltd. | 3 | Accounts receivable - related parties | 19,819 | - |
| | | | | Sales revenue | 37,730 | - |
| | | Nan Pao Resins India Pvt Ltd. | 3 | Accounts receivable - related parties | 12,003 | - |
| | | | | Sales revenue | 12,003 | - |
| 3 | Nan Pao Resins (Foshan) Co., Ltd. | Fuqing Nan Pao Resins Co., Ltd. | 3 | Accounts receivable - related parties | 44,149 | - |
| | | | | Sales revenue | 68,065 | 1 |
| | | | | Purchase | 18,341 | - |
| | | Nan Pao Resins (China) Co., Ltd. | 3 | Sales revenue | 13,712 | - |
| | | | | Other accounts payables - related parties | 88,566 | - |
| | | Giant Profit Development Ltd. | 3 | Other accounts payables - related parties | 110,514 | - |
| | | Nan Pao Resins (Dongguan) Co., Ltd. | 3 | Processing fee | 170,822 | 2 |
| | | | | | | |
| | | PT Indo Nan Pao Resins Chemical Co., Ltd. | 3 | Sales revenue | 46,380 | - |
| | | | | Accounts receivable - related parties | 38,044 | - |
| 4 | Nan Pao Resins (HK) Limited | Nan Pao Advanced Materials Vietnam Co., Ltd. | 3 | Accounts receivable - related parties | 19,617 | - |
| | | | | Sales revenue | 28,558 | - |
| | | Nan Pao Materials Vietnam Co., Ltd. | 3 | Accounts receivable - related parties | 38,276 | - |
| | | | | Sales revenue | 44,263 | - |
| | | Nan Pao Philippines Export Inc. | 3 | Accounts receivable - related parties | 23,960 | - |
| | | | | Sales revenue | 31,959 | - |
| | | Nan Pao Resins (China) Co., Ltd. | 3 | Accounts payable - related parties | 26,401 | - |
| | | | | Purchase | 46,193 | - |
| | | | | | | |
| | | | | | | |
| 5 | Nan Pao Resins (China) Co., Ltd. | Fuqing Nan Pao Resins Co., Ltd. | 3 | Accounts payable - related parties | 26,401 | - |
| | | | | Purchase | 46,193 | - |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 6 | Nan Pao Materials Vietnam Co., Ltd. | PT. Indo Nan Pao Resins Chemical Co., Ltd. | 3 | Accounts receivable - related parties | 30,670 | - |
| | | | | Sales revenue | 40,863 | - |
| | | Nan Pao Advanced Materials Vietnam Co., Ltd. | 3 | Accounts receivable - related parties | 53,428 | - |
| | | | | Sales revenue | 46,945 | - |
| | | ITLS International Development Co., Ltd. | 3 | Accounts payable - related parties | 27,656 | - |
| | | | | Purchase | 43,785 | - |
| | | Nan Pao Resins International Ltd. | 3 | Accounts receivable - related parties | 48,319 | - |
| | | | | Sales revenue | 85,009 | 1 |
| | | | | | | |
| | | | | | | |
| 7 | PT. Indo NanPaoResins Chemical Co., Ltd. | Nan Pao Fine Materials Co., Ltd. | 3 | Purchase | 14,862 | - |
| | | | | | | |

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****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

| Name of Major Shareholder | Shares | |
|--------------------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Ding-Feng Investment Co., Ltd | 11,095,947 | 9.20% |
| 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. | 7,823,068 | 6.48% |

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 trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2022**
(In Thousands of New Taiwan Dollars)

| | Land | Land Improvement | Buildings | Machinery and equipment | Transporation equipment | Miscellaneous equipment | Construction in progress | Total |
|--|---------------------|------------------|---------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------|
| Cost | | | | | | | | |
| 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 | - | - | 4,256 | 73,281 | 2,628 | 41,365 | 334,201 | 455,731 |
| Disposals | - | - | - | (27,824) | (1,672) | (4,423) | (21,386) | (55,305) |
| Effects of foreign currency exchange differences | 143 | - | 63,099 | 50,658 | 4,458 | 5,351 | 2,157 | 125,866 |
| Balance at June 30, 2022 | <u>\$ 1,184,749</u> | <u>\$ 22,507</u> | <u>\$ 2,505,515</u> | <u>\$ 3,085,219</u> | <u>\$ 253,199</u> | <u>\$ 1,066,538</u> | <u>\$ 931,695</u> | <u>\$ 9,049,422</u> |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ 8,148 | \$ 853,757 | \$ 1,910,496 | \$ 173,425 | \$ 645,535 | \$ - | \$ 3,591,361 |
| Depreciation | - | 1,090 | 34,848 | 101,713 | 10,334 | 45,004 | - | 192,989 |
| Disposals | - | - | - | (16,436) | (1,589) | (4,349) | - | (22,374) |
| Effects of foreign currency exchange differences | - | - | 21,032 | 31,143 | 2,784 | 3,453 | - | 58,412 |
| Balance at June 30, 2022 | <u>\$ -</u> | <u>\$ 9,238</u> | <u>\$ 909,637</u> | <u>\$ 2,026,916</u> | <u>\$ 184,954</u> | <u>\$ 689,643</u> | <u>\$ -</u> | <u>\$ 3,820,388</u> |
| Carrying amount 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> |
| Carrying amount at June 30, 2022 | <u>\$ 1,184,749</u> | <u>\$ 13,269</u> | <u>\$ 1,595,878</u> | <u>\$ 1,058,303</u> | <u>\$ 68,245</u> | <u>\$ 376,895</u> | <u>\$ 931,695</u> | <u>\$ 5,229,034</u> |
| Cost | | | | | | | | |
| 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 | - | - | 7,659 | 309,748 | 10,285 | 58,371 | 135,564 | 521,627 |
| Acquisitions from business combination | - | - | - | 1,303 | - | - | - | 1,303 |
| Disposals | - | - | - | (26,488) | (5,740) | (2,677) | - | (34,905) |
| Effects of foreign currency exchange differences | (948) | (39) | (33,627) | (37,651) | (3,201) | (4,283) | (4,299) | (84,048) |
| Balance at June 30, 2021 | <u>\$ 1,185,070</u> | <u>\$ 16,851</u> | <u>\$ 2,424,242</u> | <u>\$ 2,989,459</u> | <u>\$ 241,952</u> | <u>\$ 977,541</u> | <u>\$ 461,776</u> | <u>\$ 8,296,891</u> |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ 6,451 | \$ 798,230 | \$ 1,828,522 | \$ 164,667 | \$ 579,664 | \$ - | 3,377,534 |
| Depreciation | - | 751 | 34,552 | 95,237 | 10,332 | 39,103 | - | 179,975 |
| Disposals | - | - | - | (19,367) | (5,293) | (2,652) | - | (27,312) |
| Effects of foreign currency exchange differences | - | (6) | (12,596) | (24,509) | (2,232) | (2,734) | - | (42,077) |
| Balance at June 30, 2021 | <u>\$ -</u> | <u>\$ 7,196</u> | <u>\$ 820,186</u> | <u>\$ 1,879,883</u> | <u>\$ 167,474</u> | <u>\$ 613,381</u> | <u>\$ -</u> | <u>\$ 3,488,120</u> |
| Carrying amount at June 30, 2021 | <u>\$ 1,185,070</u> | <u>\$ 9,655</u> | <u>\$ 1,604,056</u> | <u>\$ 1,109,576</u> | <u>\$ 74,478</u> | <u>\$ 364,160</u> | <u>\$ 461,776</u> | <u>\$ 4,808,771</u> |