

Nan Pao Resins Chemical Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Nan Pao Resins Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion and based on our and other independent auditors' reports (see Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our and other independent auditors' reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2022 is detailed as follows:

Authenticity of Revenue Recognition

As stated in Notes 4 (n) and 25 the Company's main source of revenue is revenue from the sale of adhesives, coatings, and construction material. The sales amount of part of customers changed largely or with other specific characteristics in 2022. We considered the materiality of this to the standalone financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the customers as a key audit matter.

The key audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We understood the design of the internal controls related to revenue recognition and tested on a sample basis its operating effectiveness.
2. We selected appropriate samples from the sales receipts of the customers mentioned above, and inspected the sales orders signed by external parties based on the revenue recognition terms, commercial invoices, bill of lading and collections of this customers to check whether the sales actually occurred.

Other Matters

Among the standalone financial statements of the Company, the standalone financial statements of some of the invested companies in using equity method were not audited by us, but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information, is based solely on the report of other auditors. The total amount of investment accounted for using the equity method amounted to NT\$1,716,366 thousand and NT\$1,295,650 thousand as of December 31, 2022 and 2021, respectively, and both accounting for 9% and 6% of total assets, respectively. The comprehensive income in using equity method was NT\$134,332 thousand and NT\$59,100 thousand as of December 31, 2022 and 2021, respectively, accounting for 7% and 6% of total comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with the Standards on Auditing of accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matter that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 27, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone 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 standalone 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 standalone financial statements shall prevail.

NAN PAO RESINS CHEMICAL CO., LTD.

**STANDALONE BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 664,615	4	\$ 473,941	3
Financial assets at amortized cost - current (Notes 4, 9 and 10)	21,078	-	509,655	3
Notes receivable (Notes 4 and 11)	184,664	1	237,855	1
Accounts receivable (Notes 4, 11 and 25)	398,911	2	398,621	2
Accounts receivable - related parties (Notes 4, 11, 25 and 33)	1,155,050	6	878,398	4
Other receivables (Notes 4, 11 and 33)	18,080	-	17,848	-
Inventories (Notes 4 and 12)	579,674	3	677,416	3
Non-current assets held for sale (Notes 4 and 13)	-	-	378,477	2
Other current assets (Note 19)	17,823	-	23,849	-
Total current assets	<u>3,039,895</u>	<u>16</u>	<u>3,596,060</u>	<u>18</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	69,536	1	36,135	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,186,079	22	6,254,904	31
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	14,332	-	13,699	-
Investments accounted for using the equity method (Notes 4 and 14)	8,826,750	46	8,096,299	39
Property, plant and equipment (Notes 4 and 15)	2,662,699	14	2,170,973	11
Right-of-use assets (Notes 4 and 16)	37,124	-	26,151	-
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Other intangible assets (Notes 4 and 18)	26,656	-	24,541	-
Deferred tax assets (Notes 4 and 27)	165,551	1	231,717	1
Net defined benefit assets - non-current (Notes 4 and 23)	31,736	-	-	-
Other non-current assets (Note 19)	48,904	-	58,613	-
Total non-current assets	<u>16,087,127</u>	<u>84</u>	<u>16,930,792</u>	<u>82</u>
TOTAL	<u>\$ 19,127,022</u>	<u>100</u>	<u>\$ 20,526,852</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 1,210,866	6	\$ 1,326,699	6
Contract liabilities - current (Note 25)	5,517	-	14,650	-
Notes payable (Note 21)	317	-	284	-
Accounts payable (Notes 21 and 33)	725,328	4	841,927	4
Other payables (Notes 22 and 33)	490,922	3	416,461	2
Current tax liabilities (Note 27)	224,166	1	135,500	1
Lease liabilities - current (Notes 4 and 16)	10,378	-	6,362	-
Current portion of long-term borrowing (Note 20)	104,318	1	104,800	1
Other current liabilities (Notes 22 and 33)	23,144	-	25,693	-
Total current liabilities	<u>2,794,956</u>	<u>15</u>	<u>2,872,376</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long - term borrowings (Note 20)	885,819	5	1,564,020	8
Deferred tax liabilities (Notes 4 and 27)	865,911	4	752,046	4
Lease liabilities - non-current (Notes 4 and 16)	27,217	-	20,152	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	-	-	38,201	-
Other non-current liabilities	1,093	-	2,210	-
Total non-current liabilities	<u>1,780,040</u>	<u>9</u>	<u>2,376,629</u>	<u>12</u>
Total liabilities	<u>4,574,996</u>	<u>24</u>	<u>5,249,005</u>	<u>26</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital - ordinary shares	1,205,707	6	1,205,707	6
Capital surplus	2,115,333	11	2,101,673	10
Retained earnings				
Legal reserve	1,388,123	7	1,300,961	6
Special reserve	313,321	2	313,321	2
Unappropriated earnings	5,982,451	31	5,021,383	24
Total retained earnings	<u>7,683,895</u>	<u>40</u>	<u>6,635,665</u>	<u>32</u>
Other equity	3,547,091	19	5,334,802	26
Total equity	<u>14,552,026</u>	<u>76</u>	<u>15,277,847</u>	<u>74</u>
TOTAL	<u>\$ 19,127,022</u>	<u>100</u>	<u>\$ 20,526,852</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	\$ 6,212,303	100	\$ 5,359,550	100
OPERATING COSTS (Notes 12, 23 and 33)	<u>4,539,629</u>	<u>73</u>	<u>4,137,788</u>	<u>77</u>
GROSS PROFIT	1,672,674	27	1,221,762	23
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(232,454)	(4)	(119,117)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>119,117</u>	<u>2</u>	<u>183,462</u>	<u>3</u>
REALIZED GROSS PROFIT	<u>1,559,337</u>	<u>25</u>	<u>1,286,107</u>	<u>24</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	533,725	9	457,914	9
General and administrative expenses	307,303	5	288,199	5
Research and development expenses	184,224	3	186,859	4
Estimated credit loss	<u>9,475</u>	<u>-</u>	<u>270</u>	<u>-</u>
Total operating expenses	<u>1,034,727</u>	<u>17</u>	<u>933,242</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>524,610</u>	<u>8</u>	<u>352,865</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 26)				
Interest income	1,962	-	179	-
Other income	487,686	8	77,483	1
Other gains and losses	82,487	1	(1,651)	-
Finance costs	(37,176)	-	(21,816)	-
Share of profit of subsidiaries and associates	<u>947,245</u>	<u>15</u>	<u>588,582</u>	<u>11</u>
Total non-operating income and expenses	<u>1,482,204</u>	<u>24</u>	<u>642,777</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	2,006,814	32	995,642	18
INCOME TAX EXPENSE (Notes 4 and 27)	<u>265,355</u>	<u>4</u>	<u>119,862</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,741,459</u>	<u>28</u>	<u>875,780</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	36,772	1	11,181	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(2,082,312)	(34)	5,124,424	96
Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	(8,796)	-	2,750	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(7,355)	-	(2,236)	-
	<u>(2,061,691)</u>	<u>(33)</u>	<u>5,136,119</u>	<u>96</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	371,345	6	(191,403)	(4)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	8,875	-	(4,419)	-
Income tax relating to items may be reclassified subsequently to profit or loss	(76,044)	(1)	39,164	1
	<u>304,176</u>	<u>5</u>	<u>(156,658)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,757,515)</u>	<u>(28)</u>	<u>4,979,461</u>	<u>93</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (16,056)</u>	<u>-</u>	<u>\$ 5,855,241</u>	<u>109</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 14.44</u>		<u>\$ 7.26</u>	
Diluted	<u>\$ 14.39</u>		<u>\$ 7.24</u>	

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STANDALONE STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Retained Earnings					Other Equity		Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT 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
Appropriation of the 2020 earnings (Note 24)									
Legal reserve	-	-	122,139	-	(122,139)	-	-	-	-
Cash dividends distributed by the Company - \$7 per share	-	-	-	-	(843,995)	-	-	-	(843,995)
Disposal of financial assets at fair value through other comprehensive income (Notes 8 and 24)	-	-	-	-	(14,640)	-	14,640	14,640	-
Net profit for the year ended December 31, 2021	-	-	-	-	875,780	-	-	-	875,780
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	10,477	(156,658)	5,125,642	4,968,984	4,979,461
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	886,257	(156,658)	5,125,642	4,968,984	5,855,241
BALANCE AT DECEMBER 31, 2021	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
Appropriation of the 2021 earnings (Note 24)									
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)
Difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	-	10,852	-	-	-	-	-	-	10,852
Changes in ownership interests in subsidiaries	-	1,330	-	-	-	-	-	-	1,330
Issuance of employee share options by subsidiaries	-	1,478	-	-	-	-	-	-	1,478
Net profit for the year ended December 31, 2022	-	-	-	-	1,741,459	-	-	-	1,741,459
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	30,196	304,176	(2,091,887)	(1,787,711)	(1,757,515)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,771,655	304,176	(2,091,887)	(1,787,711)	(16,056)
BALANCE AT DECEMBER 31, 2022	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026

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

(With Deloitte & Touche audit report dated March 27, 2023)

NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,006,814	\$ 995,642
Adjustments for:		
Depreciation expenses	154,871	148,124
Amortization expenses	7,795	9,828
Estimated credit loss recognized on trade receivables	9,475	270
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	6,599	(11,135)
Finance costs	37,176	21,816
Interest income	(1,962)	(179)
Dividend income	(476,491)	(65,735)
Share of profit of subsidiaries and associates	(947,245)	(588,582)
Net gain on disposal of property, plant and equipment	-	(410)
Gain on disposal of associates	(26,523)	-
Write-downs of inventories	-	59,895
Unrealized gain on the transactions with subsidiaries	232,454	119,117
Realized gain on the transaction with subsidiaries	(119,117)	(183,462)
Changes in operating assets and liabilities		
Notes receivable	53,191	(47,074)
Accounts receivable	(3,882)	11,741
Accounts receivable - related parties	(276,047)	32,358
Other receivables	1,772	(4,692)
Inventories	102,206	(270,465)
Other current assets	8,465	(5,319)
Contract liabilities	(9,133)	8,871
Notes payable	33	(5,615)
Accounts payable	(119,528)	195,080
Other payables	40,268	21,409
Other current liabilities	(2,619)	(4,196)
Net defined benefit plans	(33,165)	(28,116)
Cash generated from operations	645,407	409,171
Interest received	1,962	179
Interest paid	(34,671)	(21,577)
Income tax paid	(79,862)	(176,510)
Net cash generated from operating activities	<u>532,836</u>	<u>211,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(13,487)	(29,878)
Refunded capital of financial assets at fair value through other comprehensive income	-	868
Net decrease of financial assets at amortized cost	488,595	25,458
Purchase of financial assets at fair value through profit or loss	(40,000)	(25,000)

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NAN PAO RESINS CHEMICAL CO., LTD.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisitions of investments accounted for using the equity method	(40,000)	(51,696)
Proceeds from capital reduction of investments accounted for using the equity method	59,000	-
Proceeds from disposal of non-current assets held for sale	405,000	-
Payments for property, plant and equipment	(567,361)	(391,167)
Proceeds from disposal of property, plant and equipment	976	461
Payments for intangible assets	(9,910)	(2,634)
Dividends received	<u>820,529</u>	<u>658,319</u>
Net cash generated from investing activities	<u>1,103,342</u>	<u>184,731</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,187,339	6,340,312
Repayments of short-term borrowings	(8,303,172)	(5,948,787)
Proceeds from long-term borrowings	2,975,000	2,720,000
Repayments of long-term borrowings	(3,654,800)	(2,318,268)
Repayment of the principal portion of lease liabilities	(6,495)	(6,473)
Cash dividends paid	(723,425)	(843,995)
Acquisition of additional interest in subsidiaries	(2,500)	(151,905)
Cash inflows from simple consolidation	<u>82,549</u>	<u>-</u>
Net cash used in financing activities	<u>(1,445,504)</u>	<u>(209,116)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	190,674	186,878
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>473,941</u>	<u>287,063</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 664,615</u>	<u>\$ 473,941</u>

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

(With Deloitte & Touche auditors' report dated March 27, 2023)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved and authorized for issue by the Company’s board of directors on March 27, 2023.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’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 will be 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 were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied

prospectively to transactions that occur on or after January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The 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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, net defined benefit liabilities and net defined benefit assets 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 the 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 the assets or liabilities.

When preparing these standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting standalone financial statements, the functional currencies of its foreign

operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, goods, work in progress, finished goods and semi-finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries/equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone

financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the standalone financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is also a part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's standalone financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. Cost includes

professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating

unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence or joint control over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income,

respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable (including related parties), other receivables, and investments in debt instruments are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of adhesives and coatings. Sales of adhesives and coatings are recognized as revenue when reaching trade terms or after accepting because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade

receivables are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which include fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the

periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH

	<u>December 31</u>	
	2022	2021
Cash on hand	\$ 1,097	\$ 1,053
Checking accounts and demand deposits	<u>663,518</u>	<u>472,888</u>
	<u>\$ 664,615</u>	<u>\$ 473,941</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as a FVTPL		
Non-derivative financial assets		
Limited partnership	<u>\$ 69,536</u>	<u>\$ 36,135</u>

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

	<u>December 31</u>	
	2022	2021
Domestic investments		
Unlisted stocks	<u>\$ 4,186,079</u>	<u>\$ 6,254,904</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 Company's strategy of holding these investments for long-term purposes.

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

In November 2021, the Company acquired the retained shares of FlexUP Technologies Corp., resulting in an increase in shareholding ratio from 7.11% to 96.87%, and obtained the controlling interests. The Company derecognized the original shareholding of 7.11%, which was recognized as financial assets at fair value through other comprehensive income, and transferred the unrealized losses in other equity of \$14,640

thousand into retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Restricted demand deposits (a)	\$ <u>21,078</u>	\$ <u>509,655</u>
<u>Non-current</u>		
Refundable deposits	\$ <u>14,332</u>	\$ <u>13,699</u>

- a. Restricted demand deposits as of December 31, 2022 and 2021 are funds that the Company put into the dedicated bank account in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets at amortized cost - current	\$ 21,078	\$ 509,655
Financial assets at amortized cost - non-current	<u>14,332</u>	<u>13,699</u>
	<u>\$ 35,410</u>	<u>\$ 523,354</u>

The Company 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 Company considers the historical default loss rates, 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 Company did not make any provision for expected credit losses with respect to financial assets at amortized cost as of December 31, 2022 and 2021.

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ <u>184,664</u>	\$ <u>237,855</u>
<u>Accounts receivable (including related parties)</u>		
Amortized cost		
Gross carrying amount	\$ 1,564,011	\$ 1,277,776
Less: Allowance for impairment loss	<u>10,050</u>	<u>757</u>
	<u>\$ 1,553,961</u>	<u>\$ 1,277,019</u>
<u>Other receivables</u>		
Gross carrying amount	<u>\$ 18,080</u>	<u>\$ 17,848</u>

a. Notes receivable

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

b. Accounts receivable (including related parties)

The average credit period of sales of goods was 15 days to 150 days, and no interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 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%	0.2%-1.2%	3%-7%	8%-32%	37%-83%	100%	
Gross carrying amount	\$ 1,237,229	\$ 312,490	\$ 3,247	\$ 934	\$ 813	\$ 9,298	\$ 1,564,011
Loss allowance (Lifetime ECLs)	<u>(35)</u>	<u>(121)</u>	<u>(49)</u>	<u>(216)</u>	<u>(331)</u>	<u>(9,298)</u>	<u>(10,050)</u>
Amortized cost	<u>\$ 1,237,194</u>	<u>\$ 312,369</u>	<u>\$ 3,198</u>	<u>\$ 718</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 1,553,961</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%	0.2%-1.2%	3%-7%	8%-32%	37%-83%	100%	
Gross carrying amount	\$ 1,235,028	\$ 36,424	\$ 5,939	\$ -	\$ -	\$ 385	\$ 1,277,776
Loss allowance (Lifetime ECLs)	<u>(36)</u>	<u>(104)</u>	<u>(232)</u>	<u>-</u>	<u>-</u>	<u>(385)</u>	<u>(757)</u>
Amortized cost	<u>\$ 1,234,992</u>	<u>\$ 36,320</u>	<u>\$ 5,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277,019</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 757	\$ 527
Add: Net remeasurement	9,475	270
Less: Amounts written off	<u>(182)</u>	<u>(40)</u>
Balance at December 31	<u>\$ 10,050</u>	<u>\$ 757</u>

12. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Goods	\$ 4,058	\$ 8,597
Finished goods and semi-finished goods	266,691	294,544
Work in process	38,213	49,297
Raw materials and supplies	<u>270,712</u>	<u>324,978</u>
	<u>\$ 579,674</u>	<u>\$ 677,416</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$4,539,629 thousand and \$4,138,198 thousand, respectively. The cost of goods sold included inventory write-downs of \$59,895 thousand for the years ended December 31, 2021.

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

	<u>Amount</u>
Non-current assets held for sale	<u>\$ 378,477</u>

In November 2021, the board of directors resolved to dispose of the 30% of the shareholdings of the associate, Total Acrylic Polymer Industry (TAPI) Corporation, to the non-related party, SEIKO PMC CORPORATION. The Company expected to complete the procedure within 12 months. 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 standalone balance sheets.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 8,787,464	\$ 8,096,299
Investments in associates	<u>39,286</u>	<u>-</u>
	<u>\$ 8,826,750</u>	<u>\$ 8,096,299</u>

a. Investments in subsidiaries

Name of Subsidiaries	December 31	
	2022	2021
Nan Pao Overseas Holdings Ltd.	\$ 4,197,273	\$ 3,883,200
Fuqing Nan Pao Investment Ltd.	205,806	215,925
Thai Nan Pao Investment Ltd.	180,082	166,634
Nan Pao Resins India Pvt. Ltd.	26,290	26,945
Nan Pao Materials Vietnam Co., Ltd.	1,184,074	926,258
Nan Pao Advanced Materials Vietnam Co., Ltd.	533,699	401,110
Nan Pao Electronic Material Co., Ltd.	-	52,608
Nan Pao Chemical Co., Ltd.	182,125	178,317
ITLS International Development Co., Ltd.	253,385	284,781
Phymed Bio-Tec Co., Ltd.	16,778	20,803
Nan Pao Application Material Co., Ltd.	8,619	8,635
Biorich Biotechnology Co., Ltd.	10,877	8,661
Prince Pharmaceutical Co., Ltd.	365,372	337,334
Nan Pao Advanced Materials Co., Ltd.	10,995	7,392
Progroups Technology Co., Ltd.	-	69,628
PT. Indo Nan Pao Resins Chemical Co., Ltd.	237,621	230,510
All Saints Enterprises Ltd.	214,432	219,589
Ongoing Profits Ltd.	233,246	180,455
Profit Land Ltd.	840,024	800,321
Nan Pao Philippines Export Inc.	14,952	12,579
Nan Pao Fine Materials Co., Ltd.	21,418	13,852
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	752	4,063
FlexUP Technologies Corp.	4,284	4,008
Earnest Wealth Co., Ltd.	<u>45,360</u>	<u>42,691</u>
	<u>\$ 8,787,464</u>	<u>\$ 8,096,299</u>

Proportion of Ownership and Voting Rights

Name of Subsidiaries	December 31	
	2022	2021
Nan Pao Overseas Holdings Ltd.	100%	100%
Fuqing Nan Pao Investment Ltd.	100%	100%
Thai Nan Pao Investment Ltd.	100%	100%
Nan Pao Resins India Pvt. Ltd.	100%	100%
Nan Pao Materials Vietnam Co., Ltd.	100%	100%
Nan Pao Advanced Materials Vietnam Co., Ltd.	100%	100%
Nan Pao Electronic Material Co., Ltd.	-	100%
Nan Pao Chemical Co., Ltd.	100%	100%
ITLS International Development Co., Ltd.	100%	100%
Phymed Bio-Tec Co., Ltd.	100%	100%
Nan Pao Application Material Co, Ltd.	100%	100%
Biorich Biotechnology Co., Ltd.	57%	57%
Prince Pharmaceutical Co., Ltd.	51%	51%
Nan Pao Advanced Materials Co., Ltd.	70%	70%
Progroups Technology Co., Ltd	-	92%
PT. Indo Nan Pao Resins Chemical Co., Ltd.	49%	49%
All Saints Enterprises Ltd.	55%	55%
Ongoing Profits Ltd.	32%	32%
Profit Land Ltd.	74%	74%
Nan Pao Philippines Export Inc.	100%	100%
Nan Pao Fine Materials Co., Ltd.	55%	55%
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	100%	100%
FlexUP Technologies Corp.	97%	97%
Earnest Wealth Co., Ltd.	51%	51%

The Company summarily merge its subsidiaries, Nan Pao Electronic Materials Co., Ltd. and Progroups Technology Co., Ltd., which were approved by the Company's board of directors on November 9, 2022. The base date of the simplified merger was December 31, 2022. The Company was the surviving company and Nan Pao Electronic Materials Co., Ltd. and Progroups Technology Co., Ltd. was the dissolved company. The company completed the amendment registration in February 2023.

	Amount
Assets	
Cash	\$ 82,549
Accounts receivable	6,488
Other receivables	2,004
Inventories	4,464
Other current assets	2,438
Property, plant and equipment	39,734
Right-of-use assets	16,439
Deferred tax assets	235
Refundable deposits	650
	<u>155,001</u>

(Continued)

	Amount
Liabilities	
Accounts payable	\$ 2,928
Tax liabilities	40
Other payables	7,436
Lease liabilities	16,524
Other liabilities	<u>70</u>
	<u>26,998</u>
Net assets	<u>\$ 128,003</u> (Concluded)

Refer to Note 36 for details of the indirect investments in subsidiaries.

b. Investment in associates

	<u>December 31</u>	
	2022	2021
Investments in associates		
Associates that are not individually material	\$ <u>39,286</u>	\$ <u>-</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
The Company's share of:		
Net income and total comprehensive income (loss) for the year	\$ <u>(714)</u>	\$ <u>33,224</u>

- 1) The Company has significant influence on the Company due to the Company acquired 25.93% of the shares of Perfect & Outstanding Technology Inc. for a total of \$40,000 thousand in cash in August and December 2022.
- 2) The Company reclassified investments accounted for using the equity method to non-current assets held for sale in December 2021. Refer to Note 13.

15. PROPERTY, PLANT AND EQUIPMENT

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

Leasehold improvements	3 - 15 years
Buildings	2 - 55 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 year ended December 31, 2022 and 2021 as there were no indications of impairment.

As of December 31, 2022 and 2021, all of the Company's property, plant and equipment were not pledged as collateral.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	Buildings	Machinery	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 43,485	\$ 341	\$ 43,826
Acquired by summary consolidation	20,351	263	20,614
Additions	1,052	-	1,052
Disposition	<u>(1,916)</u>	<u>(462)</u>	<u>(2,378)</u>
Balance at December 31, 2022	<u>\$ 62,972</u>	<u>\$ 142</u>	<u>\$ 63,114</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2022	\$ 17,389	\$ 286	\$ 17,675
Acquired by summary consolidation	3,988	187	4,175
Depreciation expenses	6,462	56	6,518
Disposition	<u>(1,916)</u>	<u>(462)</u>	<u>(2,378)</u>
Balance at December 31, 2022	<u>\$ 25,923</u>	<u>\$ 67</u>	<u>\$ 25,990</u>
Carrying amount at December 31, 2022, net	<u>\$ 37,049</u>	<u>\$ 75</u>	<u>\$ 37,124</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 42,956	\$ 341	\$ 43,297
Additions	<u>529</u>	<u>-</u>	<u>529</u>
Balance at December 31, 2021	<u>\$ 43,485</u>	<u>\$ 341</u>	<u>\$ 43,826</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2021	\$ 10,926	\$ 191	\$ 11,117
Depreciation expenses	<u>6,463</u>	<u>95</u>	<u>6,558</u>
Balance at December 31, 2021	<u>\$ 17,389</u>	<u>\$ 286</u>	<u>\$ 17,675</u>
Carrying amount at December 31, 2021, net	<u>\$ 26,096</u>	<u>\$ 55</u>	<u>\$ 26,151</u>

b. Lease liabilities

	December 31, 2022	December 31, 2021
<u>Carrying amounts</u>		
Current	\$ 10,378	\$ 6,362
Non-current	<u>\$ 27,217</u>	<u>\$ 20,152</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	0.77% - 1.14%	0.77% - 1.05%
Machinery	0.76%	1.05%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 126	\$ 1,209
Expenses relating to low-value asset leases	\$ 1,709	\$ 613
Total cash outflow for leases	<u>\$ 8,578</u>	<u>\$ 8,605</u>

The Company leases buildings and equipment under leases which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

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

Investment properties measured at fair value were both \$78,764 thousand for the years ended December 31, 2022 and 2021. For investment properties not valued by any independent valuer, the Company's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Company's investment properties.

These investment properties were not pledged as collateral.

18. OTHER INTANGIBLE ASSETS

	Computer Software	Others	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 49,086	\$ 22,300	\$ 71,386
Additions	9,910	-	9,910
Disposition	<u>(729)</u>	<u>-</u>	<u>(729)</u>
Balance at December 31, 2022	<u>\$ 58,267</u>	<u>\$ 22,300</u>	<u>\$ 80,567</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 40,402	\$ 6,443	\$ 46,845
Amortization expenses	5,565	2,230	7,795
Disposition	<u>(729)</u>	<u>-</u>	<u>(729)</u>
Balance at December 31, 2022	<u>\$ 45,238</u>	<u>\$ 8,673</u>	<u>\$ 53,911</u>
Carrying amount at December 31, 2022, net	<u>\$ 13,029</u>	<u>\$ 13,627</u>	<u>\$ 26,656</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 44,006	\$ 22,300	\$ 66,306
Additions	<u>5,080</u>	<u>-</u>	<u>5,080</u>
Balance at December 31, 2021	<u>\$ 49,086</u>	<u>\$ 22,300</u>	<u>\$ 71,386</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 32,804	\$ 4,213	\$ 37,017
Amortization expenses	<u>7,598</u>	<u>2,230</u>	<u>9,828</u>
Balance at December 31, 2021	<u>\$ 40,402</u>	<u>\$ 6,443</u>	<u>\$ 46,845</u>
Carrying amount at December 31, 2021, net	<u>\$ 8,684</u>	<u>\$ 15,857</u>	<u>\$ 24,541</u>

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

Computer software	2 - 5 years
Others	10 years

19. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Prepaid expenses	\$ 14,335	\$ 17,002
Prepayments	1,815	4,916
Others	<u>1,673</u>	<u>1,931</u>
	<u>\$ 17,823</u>	<u>\$ 23,849</u>
<u>Non-Current</u>		
Prepayments for equipment	<u>\$ 48,904</u>	<u>\$ 58,613</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Unsecured borrowings</u>		
Unsecured bank loans	<u>\$ 1,210,866</u>	<u>\$ 1,326,699</u>

Annual interest rates of short-term borrowings were as follows:

	<u>December 31</u>	
	2022	2021
Unsecured bank loans	1.45% - 1.90%	0.72% - 1.27%

b. Long-term borrowings

	<u>December 31</u>	
	2022	2021
Unsecured bank loans (Note)	\$ 990,137	\$ 1,668,820
Decrease: Current portion of long-term borrowings	<u>104,318</u>	<u>104,800</u>
	<u>\$ 885,819</u>	<u>\$ 1,564,020</u>

Note: As of December 31, 2022 and 2021, the range of weighted average effective interest rates of unsecured bank loans was 1.03%- 1.85% and 0.38%-0.8% per annum, respectively. Long-term borrowings mentioned above will expire in March 2025, and payments of interest and principal are made on schedule.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes Payable</u>		
Operating	\$ <u>317</u>	\$ <u>284</u>
<u>Accounts Payable</u>		
Operating	\$ <u>725,328</u>	\$ <u>841,927</u>

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

22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Other payables		
Payables for salaries and bonuses	\$ 193,050	\$ 165,694
Payables for compensation of employees	52,000	36,960
Payables for purchases of equipment	42,161	17,910
Payables for annual leave	24,674	22,947
Payables for remuneration of directors	22,000	17,600
Payables for repair expenses	16,025	16,786
Payables for export and import expenses	11,986	15,420
Payables for hydro and gas	11,369	9,845
Payables for professional service fees	11,025	7,762
Payables for commission	10,852	24,204
Payables for labor and health insurance	9,731	4,561
Payables for shipping expenses	7,768	6,550
Others	<u>78,281</u>	<u>70,222</u>
	<u>\$ 490,922</u>	<u>\$ 416,461</u>
Other liabilities		
Refund liabilities	\$ 20,509	\$ 23,310
Others	<u>2,635</u>	<u>2,383</u>
	<u>\$ 23,144</u>	<u>\$ 25,693</u>

23 RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 319,949	\$ 359,179
Fair value of plan assets	<u>(351,685)</u>	<u>(320,978)</u>
Net defined benefit liabilities (assets)	<u>\$ (31,736)</u>	<u>\$ 38,201</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	\$ 404,102	\$ (326,604)	\$ 77,498
Service cost			
Past service cost	(128)	-	(128)
Current service cost	3,155	-	3,155
Net interest expense (income)	<u>1,181</u>	<u>(979)</u>	<u>202</u>
Recognized in profit or loss	<u>4,208</u>	<u>(979)</u>	<u>3,229</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,765)	(4,765)
Actuarial gain - changes in financial assumptions	(11,959)	-	(11,959)
Actuarial loss - changes in demographic assumptions	624	-	624
Actuarial loss - experience adjustments	<u>4,919</u>	<u>-</u>	<u>4,919</u>
Recognized in other comprehensive income	<u>(6,416)</u>	<u>(4,765)</u>	<u>(11,181)</u>
Contributions from the employer	<u>-</u>	<u>(22,872)</u>	<u>(22,872)</u>
Benefits paid	<u>(42,715)</u>	<u>34,242</u>	<u>(8,473)</u>
Balance at December 31, 2021	<u>359,179</u>	<u>(320,978)</u>	<u>38,201</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Past service cost	\$ (1,832)	\$ -	\$ (1,832)
Current service cost	2,029	-	2,029
Net interest expense (income)	<u>2,479</u>	<u>(2,278)</u>	<u>201</u>
Recognized in profit or loss	<u>2,676</u>	<u>(2,278)</u>	<u>398</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,528)	(25,528)
Actuarial gain - changes in financial assumptions	(13,762)	-	(13,762)
Actuarial gain - changes in demographic assumptions	(1)	-	(1)
Actuarial loss - experience adjustments	<u>2,519</u>	<u>-</u>	<u>2,519</u>
Recognized in other comprehensive income	<u>(11,244)</u>	<u>(25,528)</u>	<u>(36,772)</u>
Contributions from the employer	<u>-</u>	<u>(21,534)</u>	<u>(21,534)</u>
Benefits paid	<u>(30,662)</u>	<u>18,633</u>	<u>(12,029)</u>
Balance at December 31, 2022	<u>\$ 319,949</u>	<u>\$ (351,685)</u>	<u>\$ (31,736)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 200	\$ 1,930
Selling and marketing expenses	70	266
General and administrative expenses	57	645
Research and development expenses	<u>71</u>	<u>388</u>
	<u>\$ 398</u>	<u>\$ 3,229</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rates	1.25%	0.7%
Expected rates of salary increase	2.5%	2.5%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (5,937)	\$ (7,272)
0.25% decrease	\$ 6,109	\$ 7,495
Expected rates of salary increase		
0.25% increase	\$ 6,019	\$ 7,343
0.25% decrease	\$ (5,879)	\$ (7,163)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 18,437	\$ 19,065
Average duration of the defined benefit obligation	7 years	8 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,571	120,571
Shares issued	\$ 1,205,707	\$ 1,205,707

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<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
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	10,854	2
Employee share options	44,083	44,083
Expired employee share options	135	135
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (2)	<u>20,057</u>	<u>17,249</u>
	<u>\$ 2,115,333</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 26-g.

The Company is in a period of stable growth. In order to cope with the future operational expansion plan, the total amount of dividends distributed should not be less than 10% of the year's remaining profit. 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.

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

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings in June 2022 and July 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends per share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	\$ 87,162	\$ 122,139		
Cash dividends	723,425	843,995	\$ 6	\$ 7

The appropriation of earnings for 2022 which had been proposed by the Company's board of directors in March 2023 was as follows:

	Appropriation of Earnings	Dividends per share (NT\$)
Legal reserve	\$ 177,166	
Cash dividends	1,205,708	\$ 10

The above cash dividends have been resolved by the board of directors and the rest are pending the resolution of the shareholder meeting scheduled to be held in June 2023.

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 Year Ended December 31	
	2022	2021
Balance at January 1	\$ (644,475)	\$ (487,817)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	295,301	(152,239)
Share from subsidiaries accounted for using the equity method	<u>8,875</u>	<u>(4,419)</u>
Balance at December 31	<u>\$ (340,299)</u>	<u>\$ (644,475)</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 5,979,277	\$ 838,995
Recognized for the year		
Unrealized gain (loss) - equity instruments	(2,082,312)	5,124,424
Share from subsidiaries accounted for using the equity method	(9,575)	1,218
Other comprehensive income (loss) for the year	(2,091,887)	5,125,642
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	14,640
Balance at December 31	<u>\$ 3,887,390</u>	<u>\$ 5,979,277</u>

25. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Adhesives	\$ 5,162,363	\$ 4,258,025
Paint	579,253	675,866
Others	470,687	425,659
	<u>\$ 6,212,303</u>	<u>\$ 5,359,550</u>

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties)	<u>\$ 1,564,011</u>	<u>\$ 1,277,776</u>	<u>\$ 1,321,915</u>
Contract liabilities - current			
Sale of goods	<u>\$ 5,517</u>	<u>\$ 14,650</u>	<u>\$ 5,779</u>

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

26. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	<u>\$ 1,962</u>	<u>\$ 179</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 476,491	\$ 65,735
Grant income	-	1,156
Rental income	1,488	1,409
Other income	<u>9,707</u>	<u>9,183</u>
	<u>\$ 487,686</u>	<u>\$ 77,483</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain (loss)	\$ 62,726	\$ (12,778)
Fair value changes of financial assets mandatorily classified as at FVTPL	(6,599)	11,135
Gain on disposal of associates	26,523	-
Others	<u>(163)</u>	<u>(8)</u>
	<u>\$ 82,487</u>	<u>\$ (1,651)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 36,928	\$ 21,506
Interest on lease liabilities	<u>248</u>	<u>310</u>
	<u>\$ 37,176</u>	<u>\$ 21,816</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 125,843	\$ 115,898
Operating expenses	<u>29,028</u>	<u>32,226</u>
	<u>\$ 154,871</u>	<u>\$ 148,124</u>
An analysis of amortization by function		
Operating costs	\$ 420	\$ 373
Operating expenses	<u>7,375</u>	<u>9,455</u>
	<u>\$ 7,795</u>	<u>\$ 9,828</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salaries	\$ 783,911	\$ 706,822
Labor and health insurance	59,702	58,852
Others	<u>50,560</u>	<u>47,335</u>
	<u>894,173</u>	<u>813,009</u>
Post-employment benefits		
Defined contribution plans	22,224	21,542
Defined benefit plans (Note 23)	<u>398</u>	<u>3,229</u>
	<u>22,622</u>	<u>24,771</u>
	<u>\$ 916,795</u>	<u>\$ 837,780</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 281,200	\$ 277,351
Operating expenses	<u>635,595</u>	<u>560,429</u>
	<u>\$ 916,795</u>	<u>\$ 837,780</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. The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors in March 2023 and 2022, respectively, are as follows:

1) Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	2.5%	3.5%
Remuneration of directors	1.06%	1.5%

2) Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 52,000	\$ 36,960
Remuneration of directors	22,000	16,000

If there is a change in the amounts after the annual standalone 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 standalone 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	<u>36,960</u>	<u>17,600</u>	<u>42,000</u>	<u>20,000</u>
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 Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 206,208	\$ 46,866
Foreign exchange losses	<u>(143,482)</u>	<u>(59,644)</u>
	<u>\$ 62,726</u>	<u>\$ (12,778)</u>

27. INCOME TAXES

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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 207,863	\$ 109,347
Adjustments for prior years	(39,375)	(25,883)
Repatriation of overseas funds	<u>-</u>	<u>41,976</u>
	<u>168,488</u>	<u>125,440</u>
Deferred tax		
In respect of the current year	96,867	5,722
Adjustments for prior years	<u>-</u>	<u>(11,300)</u>
	<u>96,867</u>	<u>(5,578)</u>
	<u>\$ 265,355</u>	<u>\$ 119,862</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	\$ 2,006,814	\$ 995,642
Income tax expense calculated at the statutory rate	\$ 401,363	\$ 199,128
Non-deductible expenses in determining taxable income	13,710	22,180
Unrecognizable income in determining taxable income	(15,045)	(9,140)
Tax-exempt income	(95,298)	(13,147)
Adjustments for prior year	(39,375)	(37,183)
Repatriation of overseas funds	-	41,976
Temporary differences	-	(83,952)
	<u>\$ 265,355</u>	<u>\$ 119,862</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (76,044)	\$ 39,164
Remeasurement of defined benefit plans	(7,355)	(2,236)
	<u>\$ (83,399)</u>	<u>\$ 36,928</u>

c. Current tax liabilities

	December 31	
	2022	2021
Income tax payable	\$ 224,166	\$ 135,500

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Loss	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Write-downs of inventories	\$ 29,729	\$ (7,507)	\$ -	\$ 22,222
Refund liabilities	4,662	(560)	-	4,102
Payables for annual leave	4,589	346	-	4,935
Defined benefit obligations	7,641	(286)	(7,355)	-
Unrealized gross profit	23,823	22,667	-	46,490

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Loss	Closing Balance
Exchange differences on translating the financial statements of foreign operations	\$ 161,118	\$ -	\$ (76,044)	\$ 85,074
Others	155	2,573	-	2,728
	<u>\$ 231,717</u>	<u>\$ 17,233</u>	<u>\$ (83,399)</u>	<u>\$ 165,551</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 520,277	\$ 107,518	\$ -	\$ 627,795
Provision for land appreciation tax	231,769	-	-	231,769
Defined benefit obligations	-	6,347	-	6,347
	<u>\$ 752,046</u>	<u>\$ 113,865</u>	<u>\$ -</u>	<u>\$ 865,911</u>

(Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Write-downs of inventories	\$ 17,750	\$ 11,979	\$ -	\$ 29,729
Refund liabilities	5,575	(913)	-	4,662
Payables for annual leave	4,384	205	-	4,589
Defined benefit obligations	15,500	(5,623)	(2,236)	7,641
Unrealized gross profit	36,692	(12,869)	-	23,823
Exchange differences on translating the financial statements of foreign operations	121,954	-	39,164	161,118
Others	3,534	(3,379)	-	155
	<u>\$ 205,389</u>	<u>\$ (10,600)</u>	<u>\$ 36,928</u>	<u>\$ 231,717</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 536,455	\$ (16,178)	\$ -	\$ 520,277
Provision for land appreciation tax	231,769	-	-	231,769
	<u>\$ 768,224</u>	<u>\$ (16,178)</u>	<u>\$ -</u>	<u>\$ 752,046</u>

- e. Amount of temporary differences related to investment and unrecognized deferred income tax liabilities

As of December 31, 2022 and 2021, the taxable temporary differences related to the investment of subsidiaries and unrecognized deferred income tax liabilities are both of \$202,248 thousand.

- f. Income tax assessments

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

28. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit for the year of the Company	<u>\$ 1,741,459</u>	<u>\$ 875,780</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	<u>456</u>	<u>319</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>121,027</u>	<u>120,890</u>

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

29. ACQUISITION OF SUBSIDIARIES

The Company acquired a subsidiary that constitutes a business of Axis Manufacture Pty Ltd. and Gripset Industries Pty Ltd. with obtained control in March 2021. Then, the Company acquired the control of Earnest Wealth Co., Ltd. with its subsidiaries and FlexUP Technologies Corp. in November and December 2021. Refer to Note 32 "Business Combinations" of consolidated financial reports in 2022.

30. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARY INVESTMENTS – NOT AFFECT CONTROL

- In January 2022, the Company 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 Company acquired minority shareholdings of Progroups Technology Co., Ltd. in September 2022, resulting in an increase in the shareholding ratio from 91.99% to 100%.
- The Company repurchased and retired 32.32% shareholdings of Greatwill Materials (HK) Ltd. in September 2022, resulting in an increase in Nan Pao Group Holdings Ltd.'s shareholding ratio from 67.68% to 100%. In addition, Greatwill Materials (HK) Ltd. transferred 28.45% shareholdings to external shareholder of Foshan Nan Pao Advanced Materials Co., Ltd., resulting in a decrease in the

shareholding ratio from 88.03% to 59.58%. The amount received and paid for the transaction is the same, and the change have not affect the shareholding ratio of Foshan Nan Pao Advanced Materials Co., Ltd. by the Company.

The above a. to c. transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. Refer to Note 33 of the consolidated financial report in 2022 of the Company for related information.

31. CAPITAL RISK MANAGEMENT

The Company requires significant amounts of capital to build and expand its production facilities and equipment.

Therefore, the Company manages its capital to ensure that the Company 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.

32. FINANCIAL INSTRUMENTS

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

The Company 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

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ -	\$ -	\$ 69,536	\$ 69,536
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ -	\$ -	\$ 4,186,079	\$ 4,186,079

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ -	\$ -	\$ 36,135	\$ 36,135
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Unlisted shares	\$ -	\$ -	\$ 6,254,904	\$ 6,254,904

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

Financial assets at FVTPL

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 36,135	\$ -
Recognized in profit or loss (included in unrealized valuation gain or loss on financial assets at FVTPL)	(6,599)	11,135
Purchases	<u>40,000</u>	<u>25,000</u>
Balance at December 31	<u>\$ 69,536</u>	<u>\$ 36,135</u>

Financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 6,254,904	\$ 1,080,530
Recognized in other comprehensive income (loss) (included in unrealized valuation gain or loss on financial assets at FVTOCI)	(2,082,312)	5,124,424
Purchases	13,487	51,178
Reclassification	-	(360)
Proceeds from capital reduction	<u>-</u>	<u>(868)</u>
Balance at December 31	<u>\$ 4,186,079</u>	<u>\$ 6,254,904</u>

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

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

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial asset at amortized cost (1)	\$ 2,456,730	\$ 2,530,017
Financial asset at FVTPL - mandatorily classified as at FVTPL	69,536	36,135
Financial asset at FVTOCI - investment in equity instruments	4,186,079	6,254,904
<u>Financial liabilities</u>		
Amortized cost (2)	3,417,570	4,254,191

- 1) The balances include financial assets at amortized cost, which comprise cash, 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 and long-term borrowings (including current portion of long-term borrowings).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that 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 Company are reviewed by the board of directors based on relevant regulations and the internal control system. The Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company'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 price (see (c) below).

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

a) Foreign currency risk

The Company entered into foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 35.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollar (NTD, 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 and other equity associated with the NTD weakening 1% against the relevant currency. For a 1% strengthening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit (loss)	\$ 13,891	\$ 6,867

This was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts

receivable and payables and borrowings in USD that were not hedged at the end of the year. The Company's sensitivity to foreign currency increased during the current year mainly due to the borrowings for purchasing materials in USD and decrease in accounts payable.

b) Interest rate risk

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

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 14,332	\$ 13,699
Financial liabilities	587,595	26,514
Cash flow interest rate risk		
Financial assets	648,289	449,050
Financial liabilities	1,651,003	2,995,519

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$4,128 thousand and \$7,489 thousand, respectively, which was mainly a result of variable-rate borrowings.

c) Other price risk

The Company 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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

Because the customer base of the Company is large and unrelated with each other, the concentration of credit risk is not high.

As of December 31, 2022 and 2021, the maximum amount of credit risk that the Company provides endorsements / guarantees is \$217,348 thousand and \$252,025 thousand, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company'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 Company's working capital and the credit line which the Company 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' details the Company'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 Company can be required to pay. The tables includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were 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 were 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 year.

December 31, 2022

	Less than 1 Year	1 - 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 1,216,567	\$ -	\$ -
Lease liabilities	10,787	27,190	476
Fixed interest rate	503,939	51,182	-
Variable interest rate liabilities	821,606	856,897	-
Financial guarantee contracts	<u>217,348</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,770,247</u>	<u>\$ 935,269</u>	<u>\$ 476</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years
Lease liabilities	<u>\$ 10,787</u>	<u>\$ 27,190</u>	<u>\$ 476</u>

December 31, 2021

	Less than 1 Year	1 - 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 1,258,672	\$ -	\$ -
Lease liabilities	6,653	17,226	3,333
Variable interest rate liabilities	1,436,976	1,585,235	-
Financial guarantee contracts	<u>252,025</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,954,326</u>	<u>\$ 1,602,461</u>	<u>\$ 3,333</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years
Lease liabilities	<u>\$ 6,653</u>	<u>\$ 17,226</u>	<u>\$ 3,333</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 year.

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable at call:		
Amount used	\$ 2,334,792	\$ 3,115,040
Amount unused	<u>5,483,714</u>	<u>3,869,741</u>
	<u>\$ 7,818,506</u>	<u>\$ 6,984,781</u>

33. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Name of Related Party	Related Party Category
Nan Pao Chemical Co. Ltd.	Subsidiary
Nan Pao Fine Materials Co., Ltd.	Subsidiary
ITLS International Development Co., Ltd.	Subsidiary
Nan Pao Philippiness Export Inc.	Subsidiary
Phymed Bio-Tec Co., Ltd.	Subsidiary
Biorich Biotechnology Co., Ltd.	Subsidiary
Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Fuqing Nan Pao Resins Co., Ltd.	Subsidiary
Nan Pao New Materials (Huaian) Co., Ltd.	Subsidiary
Thai Nanpao Resins Chemical Co., Ltd.	Subsidiary
Nan Pao Materials Vietnam Co., Ltd.	Subsidiary
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary
Foshan Nan Pao Advanced Materials Co., Ltd.	Subsidiary
Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary
Foshan Nan Pao Cheng Hung Advanced Materials Technology Co., Ltd.	Subsidiary
Nan Pao Resins (HK) Limited	Subsidiary
Dongguan Jia Chin Electronics Co., Ltd.	Subsidiary
Nan Pao Resins (China) Co., Ltd.	Subsidiary
Nan Pao Advanced Material Vietnam Co., Ltd.	Subsidiary
RLA Polymers Pty. Ltd.	Subsidiary
Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary
Nan Pao Group Holdings Ltd.	Subsidiary
Nan Pao Resins Chemical Philippines, Inc.	Subsidiary
Nan Pao Resins International Ltd.	Subsidiary
RLA Polymers (M) SDN BHD	Subsidiary
Prince Pharmaceutical Co., Ltd.	Subsidiary
Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Subsidiary
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
Apogee Optocom Co., Ltd.	Other related party
Kang Ming Senior High School, Tainan	Other related party
Nan Pao Resins Private Social Welfare Charity Foundation	Other related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiary		
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 1,496,339	\$ 1,038,355
PT. Indo Nan Pao Resins Chemical Co., Ltd.	439,901	388,591
Others	1,364,669	1,006,826
Investors with significant influence	53,522	37,390
Other related party	94	-
	<u>\$ 3,354,525</u>	<u>\$ 2,471,162</u>

The sales prices were not significantly different from those with third parties. The credit term is 45 days to 90 days, which is not significantly different from that for non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	\$ 66,760	\$ 100,478
Associate	-	2,994
	<u>\$ 66,760</u>	<u>\$ 103,472</u>

There were no comparable purchase prices of similar products with third parties. The purchase prices were not significantly different from those with third parties. The payment term is 30 days to 90 days, which is not significantly different from that for non-affiliates.

d. Receivables from related parties (Excluding loans to related parties)

Line Item	Related Party Category / Name	December 31	
		2022	2021
Accounts receivable - related party	Subsidiary		
	Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 503,276	\$ 347,247
	Nan Pao Advanced Material Vietnam Co., Ltd.	176,307	78,517
	Nan Pao Materials Vietnam Co., Ltd.	133,358	99,402
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	123,868	124,559
	Others	207,112	221,763
	Investors with significant influence	11,030	6,910
	Other related party	99	-
		<u>\$ 1,155,050</u>	<u>\$ 878,398</u>
Other receivables	Subsidiary	<u>\$ 205</u>	<u>\$ 270</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2022	2021
Accounts payable	Subsidiary	\$ <u>18,167</u>	\$ <u>22,030</u>
Other payables	Subsidiary	\$ <u>1,159</u>	\$ <u>519</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	December 31	
		2022	2021
Refund liabilities (Other current liabilities)	Investors with significant influence Pou Chen Corporation and Subsidiaries	\$ <u>4,121</u>	\$ <u>1,823</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2022	2021
Subsidiary		
Amount endorsed	\$ <u>1,069,005</u>	\$ <u>1,197,280</u>
Amount utilized	\$ <u>217,348</u>	\$ <u>252,025</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 63,664	\$ 55,541
Post-employment benefits	<u>7,338</u>	<u>2,118</u>
	\$ <u>71,002</u>	\$ <u>57,659</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.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$132,695 thousand and \$117,310 thousand, respectively.
- b. Unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 114,091	\$ 352,666

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of in the Company 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 currency)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,200	30.71	\$ 1,418,812
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	236,188	30.71	7,253,324
IDR	134,768,050	0.00198	266,841
VND	431,537,461	0.00130	561,549
<u>Financial liabilities</u>			
Monetary items			
USD	973	30.71	29,751

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,801	27.68	\$ 1,378,522
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	235,141	27.68	6,508,702
IDR	121,105,893	0.00198	239,790
VND	338,144,575	0.00121	410,664
<u>Financial liabilities</u>			
Monetary items			
USD	24,992	27.68	691,792

Note: The difference between the amounts of investments accounted for using equity method is the unrealized gross profit.

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805 (USD:NTD)	\$ 61,567	28.009(USD:NTD)	\$ (13,109)
Others		<u>1,159</u>		<u>331</u>
		<u>\$ 62,726</u>		<u>\$ (12,778)</u>

36. 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 or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
- b. Information on invests (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 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 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - 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 year 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 year 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)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 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 (Notes 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	\$ 2,910,405	\$ 16,108	\$ 15,355	\$ -	\$ -	0.11	\$ 7,276,013	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	2,910,405	32,215	30,710	-	-	0.21	7,276,013	Y	N	N
		Nan Pao Group Holdings Ltd.	2	2,910,405	64,430	61,420	-	-	0.42	7,276,013	Y	N	N
		RLA Polymers (M) Sdn. Bhd.	2	2,910,405	96,645	61,420	-	-	0.42	7,276,013	Y	N	N
		RLA Polymers Pty Ltd.	2	2,910,405	257,720	-	-	-	-	7,276,013	Y	N	N
		RLA Polymers (M) Sdn. Bhd	2	2,910,405	128,860	122,840	74,054	-	0.84	7,276,013	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,910,405	135,180	132,240	1,467	-	0.91	7,276,013	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,910,405	225,300	220,400	1,762	-	1.51	7,276,013	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,910,405	90,120	88,160	25,915	-	0.61	7,276,013	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,910,405	135,180	88,160	-	-	0.61	7,276,013	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,910,405	30,000	20,000	-	-	0.14	7,276,013	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,910,405	20,000	20,000	10,000	-	0.14	7,276,013	Y	N	N
		RLA Polymers Pty Ltd.	2	2,910,405	214,200	208,300	104,150	-	1.43	7,276,013	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
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 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	-	\$ 69,536	9	\$ 69,536	
Nan Pao Resins Chemical Co., Ltd.	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	10,424,970	\$ 4,161,054	2	\$ 4,161,054	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,478	1	1,478	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	1,734	13	1,734	
	Revivegen Environmental Technology Co., Ltd. - emerging stock	"	"	422,126	13,951	2	13,951	
	Contact Organics Pty Ltd - privately-issued equity	"	"	2,902	7,862	17	7,862	
					\$ 4,186,079		\$ 4,186,079	
Nan Pao Chemical Company Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	1,148,015	\$ 20,380	10	\$ 20,380	

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**

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Nan Pao Resins Chemical Co., Ltd.	Plant Engineering	Note	\$ 814,682	Monthly payment, after reviewing the construction progress	Hong Kung construction Company etc	-	-	-	\$ -	In-house commissioned, not suitable	R&D and Administrative Buildings	-	

Note : The board of directors, which approved the proposal to engage others to build a factory on its own land on May 18, 2010, signed a contract with the contractors on June 14, 2019.

TABLE 4

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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	Sale	\$ 1,496,339	24	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 503,276	29	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	439,901	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	123,868	7	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sale	320,221	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	133,358	8	
	Nan Pao Resins (HK) Limited	Subsidiary	Sale	171,883	3	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	45,106	3	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sale	294,606	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	81,613	5	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sale	306,907	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	176,307	10	
	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sale	237,380	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	57,494	8
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	131,969	4	Payment within 45-105 days	Similar to general transactions	Similar to general transactions	27,905	4	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing Revenue	336,431	100	Payment within 90 days	No comparable produce sales for comparison	No third-party transaction for comparison	83,142	100	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sale	160,806	8	Payment within 90 days	Similar to general transactions	Similar to general transactions	35,470	8	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Same ultimate Parent Company	Sale	108,058	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	67,264	15	
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sale	132,226	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	29,003	5	
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	129,501	6	Payment within 45 days	Similar to general transactions	Similar to general transactions	26,751	5	
Nan Pao Resins International Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	399,381	100	Payment within 60 days	Similar to general transactions	Similar to general transactions	63,516	99	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sale	424,271	28	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	143,811	34	

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
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	\$ 503,276	3.52	\$ -	Not applicable	\$ 271,023	\$ -
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	133,358	2.75	-	Not applicable	80,683	-
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	176,307	2.41	-	Not applicable	65,392	-
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	123,868	3.54	-	Not applicable	41,724	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	143,811	2.82	-	Not applicable	71,915	465

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

TABLE 6

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Company Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 182,125	\$ 13,383	\$ 13,383	
	Nan Pao Application Material Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	60,000	60,000	200,000	100	8,619	(16)	(16)	
	Nan Pao Electronic Materials Co., Ltd.	No.510, Zhongshan Rd., Xigang Dist, Tainan City	Production and trading of electronic materials	-	63,540	-	-	-	-	(2,444)	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	Trading of construction materials and chemical substances	696,000	755,000	24,600,000	100	253,385	19,974	19,124	
	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	365,372	51,553	26,040	
	Phymed Bio-tec Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	R&D and trading of health food	34,000	34,000	2,400,000	100	16,778	(4,025)	(4,025)	
	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	10,877	3,882	2,216	
	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	10,995	8,926	6,249	
	Progroups Technology Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of waterborne PU resin	-	70,814	-	-	-	-	6,654	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., 4 Neighborhood, Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	21,418	16,154	10,493	
	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	19,546	21,094	16,352,173	96.87	4,284	(229)	276	
	Perfect & Outstanding Technology Inc.	No.320-17 and 18, Xiaoxinying, Xiaoxin Vil., Shanhua Dist., Tainan City 741012, Taiwan (R.O.C.)	Production and trading of renewable energy	40,000	-	2,500,000	25.93	39,286	(15,224)	(714)	
	Fuqing Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,699	166,699	4,990,000	100	205,806	21,656	21,656	
	Thai Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	169,909	169,909	5,282,000	100	180,082	762	762	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	26,290	(763)	(763)	
	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	1,184,074	157,048	153,419	
	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	533,699	119,148	119,148	
	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	2,386,015	2,363,585	78,056,502	100	4,197,273	258,315	251,160	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	840,024	229,071	168,203	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	143,375	143,375	5,452,549	54.53	214,432	(15,690)	(8,556)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	233,246	313,469	99,979	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	237,621	133,448	90	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	14,952	2,360	2,360	
	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	752	(3,173)	(3,173)	
	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	45,360	832	424	
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	89,579	(6,802)		
	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	21,066	(11,042)		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	\$ 140,038 (USD 4,560,000)	\$ 140,038 (USD 4,560,000)	10,000	100	\$ 206,051	\$ 21,741		
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	171,326 (USD 5,578,821)	171,326 (USD 5,578,821)	21,197,000	100	132,585	726		
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	66,027 (USD 2,150,000)	66,027 (USD 2,150,000)	-	100	64,775	1,064		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road Grand Cayman, KYI-1205 Cayman Islands	General investment	2,397,115 (USD 78,056,502)	2,397,115 (USD 78,056,502)	78,056,502	100	4,315,542	258,410		
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	77,746 (USD 2,531,620)	77,746 (USD 2,531,620)	2,437,109	100	14,072	(3,134)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	133,696 (USD 4,353,487)	133,696 (USD 4,353,487)	-	100	72,150	(3,332)		
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	38,695 (USD 1,260,000)	38,695 (USD 1,260,000)	7,172	100	489,785	65,701		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	57,969 (USD 1,887,627)	57,969 (USD 1,887,627)	350,000	26.25	305,953	229,071	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	646,571 (USD 21,054,073)	646,571 (USD 21,054,073)	10,000	100	363,143	26,813		
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	163,779 (USD 5,333,075)	163,779 (USD 5,333,075)	4,547,451	45.47	178,805	(15,690)	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	629,365 (AUD 30,214,354)	629,365 (AUD 30,214,354)	30,214,354	100	845,980	16,037		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	117,829 (USD 3,836,817)	117,829 (USD 3,836,817)	3,287,546	67.82	574,242	313,469	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	141,573 (USD 4,610,000)	141,573 (USD 4,610,000)	4,610	100	175,213	2,318		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	17,961 (USD 584,844)	17,961 (USD 584,844)	486,000	100	101,263	19,949		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,449 (USD 210,000)	6,449 (USD 210,000)	9,000	100	78,182	6,628		
	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	788 (HKD 200,000)	788 (HKD 200,000)	1,000	100	8,009	1,420		
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	534,354 (USD 17,400,000)	534,354 (USD 17,400,000)	17,400,000	100	465,108	(17,819)		
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	245,680 (USD 8,000,000)	245,680 (USD 8,000,000)	10,000	100	1,156,027	229,055		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	170,136 (USD 5,540,100)	170,136 (USD 5,540,100)	20,240	100	203,077	11,688		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	92,130 (USD 3,000,000)	92,130 (USD 3,000,000)	3,000	100	152,754	15,134		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	307,100 (USD 10,000,000)	307,100 (USD 10,000,000)	10,000	100	389,046	(15,649)		
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	444,394 (AUD 21,334,344)	444,394 (AUD 21,334,344)	16,552,080	100	725,072	19,129		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	148,868 (USD 4,847,546)	148,868 (USD 4,847,546)	3,000,000	100	845,204	313,554		
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	140,959 (USD 4,590,000)	140,959 (USD 4,590,000)	-	50	166,648	4,356		
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	100,746	133,447	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	104,666 (USD 3,408,217)	104,666 (USD 3,408,217)	-	100	842,526	313,711		
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	124,393 (AUD 5,971,801)	124,393 (AUD 5,971,801)	18,415,500	100	192,293	11,554		

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.

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 307,100 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 331,359 (USD 10,789,932)	\$ -	\$ -	\$ 331,359 (USD 10,789,932)	\$ (15,649)	100	\$ (15,649) (2)B.	\$ 388,911	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	140,038 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	153,243 (USD 4,990,000)	-	-	153,243 (USD 4,990,000)	21,923	100	21,923 (2)B.	205,481	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	82,917 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	78,061 (USD 2,541,860)	-	-	78,061 (USD 2,541,860)	15,184	100	15,184 (2)B.	153,438	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	92,130 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	94,116 (USD 3,064,683)	-	-	94,116 (USD 3,064,683)	15,134	100	15,134 (2)B.	152,737	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	51,805 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	113,177	60.47	68,437 (2)B.	493,340	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	245,680 (USD 8,000,000)	(2) Giant Profit Development Ltd.	239,158 (USD 7,787,627)	-	-	239,158 (USD 7,787,627)	229,057	100	229,057 (2)B.	1,155,012	507,830
Foshan Nan Pao Cheng Hung Advanced Material Technology Co., Ltd.	Trading of footwear materials	22,040 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	737	51	376 (2)B.	13,244	-
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.	12,284 (USD 400,000)	-	-	12,284 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	905,945 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	905,945 (USD 29,500,000)	-	-	905,945 (USD 29,500,000)	(79,247)	100	(79,247) (2)B.	728,738	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	46,065 (USD 1,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	1,204	100	1,204 (2)B.	5,528	-
Nantong Nanpao Resins Materials Co., Ltd. (Note 6)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	5,698	-	5,698 (2)B.	-	-
Nan Pao Resins (Yunan) Co., Ltd. (Note 7)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(19,094)	-	(19,094) (2)B.	-	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	322,455 (USD 10,500,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(58,542)	95.24	(56,028) (2)B.	203,983	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	24,568 (USD 800,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(5,981)	100	(5,981) (2)B.	15,316	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	151,194 (USD 4,923,267)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(132)	100	(132) (2)B.	154,199	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,814,166 (USD 59,074,102)	\$ 3,234,822 (USD 105,334,490)	\$ 8,731,216

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:
\$14,552,026 × 60% = \$8,731,216

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$30.71 at the end of the period.
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.408 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: Nantong Nan Pao Resins Materials Co., Ltd. had been liquidated in December 2022.

Note 7: Nan Pao Resins (Yunan) Co., Ltd. had been liquidated 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 YEAR ENDED DECEMBER 31, 2022

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

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (294,606)	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 81,613	5	\$ 21,246
	Dongguan Jiaqin Electronics Co., Ltd.	Subsidiary	Sales	(33,485)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	3,293	-	967
Foshan Nan Pao Advanced Materials Co., Ltd.	Greatwill Material (HK) Ltd.	Same ultimate Parent Company	Sales	(29,034)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	-	-	-
	Nan Pao Resins India Pvt Ltd.	Same ultimate Parent Company	Sales	(21,856)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	1,828	-	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(70,099)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	16,847	2	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing Revenue	(336,431)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	83,142	100	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(132,226)	(6)	Payment within 90 days	Similar to general transactions	Similar to general transactions	29,003	5	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(21,980)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	4,168	1	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	(129,501)	(6)	Payment within 45 days	Similar to general transactions	Similar to general transactions	26,751	5	-
Fuqing Nan Pao Resins Co., Limited	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(93,284)	(18)	Payment within 90 days	Similar to general transactions	Similar to general transactions	21,138	19	-

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

TABLE 9**NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding-Feng Investment Co., Ltd	11,118,947	9.22%
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.	7,828,068	6.49%

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 YEAR ENDED DECEMBER 31, 2022**
(In Thousands of New Taiwan Dollars)

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost								
Balance at January 1, 2021	\$ 970,170	\$ 16,098	\$ 451,567	\$ 1,114,877	\$ 113,087	\$ 551,078	\$ 233,572	\$ 3,450,449
Additions	-	5,637	2,649	37,570	6,775	53,227	266,686	372,544
Disposals	-	-	-	(10,953)	(4,835)	(7,488)	-	(23,276)
Balance at December 31, 2021	<u>\$ 970,170</u>	<u>\$ 21,735</u>	<u>\$ 454,216</u>	<u>\$ 1,141,494</u>	<u>\$ 115,027</u>	<u>\$ 596,817</u>	<u>\$ 500,258</u>	<u>\$ 3,799,717</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 6,333	\$ 249,095	\$ 765,057	\$ 80,527	\$ 409,391	\$ -	\$ 1,510,403
Depreciation	-	1,666	11,495	76,574	9,676	42,155	-	141,566
Disposals	-	-	-	(10,953)	(4,835)	(7,437)	-	(23,225)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 7,999</u>	<u>\$ 260,590</u>	<u>\$ 830,678</u>	<u>\$ 85,368</u>	<u>\$ 444,109</u>	<u>\$ -</u>	<u>\$ 1,628,744</u>
Carrying amount at December 31, 2021 and January 1, 2021	<u>\$ 970,170</u>	<u>\$ 13,736</u>	<u>\$ 193,626</u>	<u>\$ 310,816</u>	<u>\$ 29,659</u>	<u>\$ 152,708</u>	<u>\$ 500,258</u>	<u>\$ 2,170,973</u>
Cost								
Balance at January 1, 2022	\$ 970,170	\$ 21,735	\$ 454,216	\$ 1,141,494	\$ 115,027	\$ 596,817	\$ 500,258	\$ 3,799,717
Acquired by summary consolidation	-	-	693	41,365	1,476	16,863	-	60,397
Additions	-	2,428	826,558	89,514	270	112,313	(429,762)	601,321
Disposals	-	-	(82)	(23,427)	(103)	(9,449)	-	(33,061)
Balance at December 31, 2022	<u>\$ 970,170</u>	<u>\$ 24,163</u>	<u>\$ 1,281,385</u>	<u>\$ 1,248,946</u>	<u>\$ 116,670</u>	<u>\$ 716,544</u>	<u>\$ 70,496</u>	<u>\$ 4,428,374</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 7,999	\$ 260,590	\$ 830,678	\$ 85,368	\$ 444,109	\$ -	\$ 1,628,744
Acquired by summary consolidation	-	-	142	15,795	525	4,201	-	20,663
Depreciation	-	2,200	12,458	80,878	8,554	44,263	-	148,353
Disposals	-	-	(82)	(22,452)	(103)	(9,448)	-	(32,085)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 10,199</u>	<u>\$ 273,108</u>	<u>\$ 904,899</u>	<u>\$ 94,344</u>	<u>\$ 483,125</u>	<u>\$ -</u>	<u>\$ 1,765,675</u>
Carrying amount at December 31, 2022	<u>\$ 970,170</u>	<u>\$ 13,964</u>	<u>\$ 1,008,277</u>	<u>\$ 344,047</u>	<u>\$ 22,326</u>	<u>\$ 233,419</u>	<u>\$ 70,496</u>	<u>\$ 2,662,699</u>

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STATEMENT 1

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CASH

DECEMBER 31, 2022

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

Item	Amount
Cash on hand	\$ 1,097
Deposits	
Demand deposits	424,514
Check deposits	15,229
Foreign currency deposits (Note)	<u>223,775</u>
	<u>\$ 664,615</u>

Note: Including US\$6,989,448.23, JPY\$50,219.83, AUD\$25,035.12, EUR\$57,250.84, HKD\$580,804.76, RMB\$1,006,173.59 and GBP\$0.3
(US \$1=NT \$30.71, JPY 1=NT\$0.2324, AUD 1=NT\$20.83, EUR 1=NT\$32.72, HKD 1=NT\$3.9380, RMB 1=NT\$4.4080 and GBP 1=NT\$37.09)

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Investee Company	Balance at January 1, 2022		Additions		Reductions (Note)		Balance at December 31, 2022		Collateral
	Shares	Amount	Shares/Units	Amount	Shares	Amount	Shares	Fair Value	
Limited Partnership									
CDIB - Innolux Limited Partnership	-	\$ <u>36,135</u>	-	\$ <u>40,000</u>	-	\$ <u>6,599</u>	-	\$ <u>69,536</u>	None

Note : The decrease in the year is due to the valuation adjustments.

STATEMENT 3

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Unrelated parties	
Customer A	\$ 18,770
Customer B	12,589
Customer C	11,498
Customer D	10,285
Others (Note)	<u>131,522</u>
	<u>\$ 184,664</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Unrelated parties	
Customer A	\$ 48,753
Customer B	24,624
Others (Note)	<u>335,584</u>
	408,961
Less: Allowance for impairment loss	<u>10,050</u>
	<u>\$ 398,911</u>
Related parties	
Nan Pao Resins (Vietnam) Enterprise Ltd.	\$ 503,276
Nan Pao Advanced Material Vietnam Co., Ltd.	176,307
Nan Pao Material Vietnam Co., Ltd.	133,358
PT Indo Nan Pao Resins Chemical Co., Ltd.	123,868
Nan Pao Resins (Foshan) Co., Ltd.	81,613
Others (Note)	<u>136,628</u>
	<u>\$ 1,155,050</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 5

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

	Description	Amount
Item		
Tax refund receivable - Business tax	Business tax refund	\$ 17,662
Other receivable - related parties	Endorsements / guarantees fee	205
Others	Freight forwarding, etc.	<u>213</u>
		<u>\$ 18,080</u>

STATEMENT 6**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price
Merchandise	\$ 4,058	\$ 5,182
Finished goods and semi-finished goods	266,691	382,708
Work-in-process	38,213	72,521
Raw materials	260,683	261,904
Supplies	<u>10,029</u>	<u>10,029</u>
	<u>\$ 579,674</u>	<u>\$ 732,344</u>

Note: Market price is meant net realizable value.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Investee Company	Balance at January 1, 2022		Additions (Reductions)		Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Balance at December 31, 2022		Fair Value	Note	Collateral
	Shares	Amount	Shares/Units	Amount		Shares	Amount			
Emerging market shares										
Revivegen Environmental Technology Co., Ltd.	422,126	\$ 16,556	-	\$ -	\$ (2,605)	422,126	\$ 13,951	\$ 13,951	Note 3	None
Publicly owned company										
Dairen Chemical Corp.	6,515,606	6,226,769	3,909,364	-	(2,065,715)	10,424,970	4,161,054	4,161,054	Note 1	None
Unlisted shares										
Hua Chi Venture Capital Co., Ltd.	7,895	1,978	-	-	(500)	7,895	1,478	1,478	Note 2	None
Opulence Optronics Co., Ltd.	1,754,417	2,352	-	-	(618)	1,754,417	1,734	1,734	Note 1	None
Contact Organics Pty Ltd.	2,312	<u>7,249</u>	590	<u>13,487</u>	<u>(12,874)</u>	2,902	<u>7,862</u>	<u>7,862</u>	Note 1	None
		<u>\$ 6,254,904</u>		<u>\$ 13,487</u>	<u>\$(2,082,312)</u>		<u>\$ 4,186,079</u>	<u>\$ 4,186,079</u>		

Note 1: Fair value is based on market value method used by the appraiser.

Note 2: Fair value is based on the investee company's most recent net asset value.

Note 3: Fair value is based on the average transaction price of the asset.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2022		Additions (Reductions)		Note	Gain (loss) on Investments	Cumulative Translation Adjustment	Adjustments in other comprehensive income (loss)	Balance, December 31, 2022				
	Shares	Amount	Shares/Units	Amount					Shares	Proportion of Ownership (%)	Amount	Fair Value	Collateral
Investment accounted for using the equity method													
Nan Pao Overseas Holdings Ltd. (foreign company)	78,056,502	\$ 3,883,200	-	\$ (111,706)	Note 1	\$ 251,160	\$ 174,548	\$ 71	78,056,502	100	\$ 4,197,273	\$ 4,321,162	None
Fuqing Nan Pao Investment Ltd. (foreign company)	4,990,000	215,925	-	(35,028)	Note 2	21,656	3,253	-	4,990,000	100	205,806	206,139	None
Thai Nan Pao Investment Ltd. (foreign company)	5,282,000	166,634	-	(888)	Note 3	762	13,574	-	5,282,000	100	180,082	181,087	None
Nan Pao Resins India Pvt. Ltd. (foreign company)	3,000,000	26,945	-	-		(763)	108	-	3,000,000	100	26,290	26,290	None
Nan Pao Materials Vietnam Co., Ltd. (foreign company)	-	926,258	-	(3,128)	Note 3	153,419	107,525	-	-	100	1,184,074	1,203,283	None
Nan Pao Advanced Materials Vietnam Co., Ltd. (foreign company)	-	401,110	-	(18,296)	Note 3	119,148	31,737	-	-	100	533,699	561,549	None
Nan Pao Electronic Material Co. (unlisted company)	4,000,000	52,608	(4,000,000)	(50,164)	Note 4	(2,444)	-	-	-	-	-	-	None
Nan Pao Chemical Co. Ltd. (unlisted company)	15,000,000	178,317	-	-		13,383	-	(9,575)	15,000,000	100	182,125	182,125	None
ITLS International Development Co., Ltd. (unlisted company)	30,500,000	284,781	(5,900,000)	(59,395)	Note 5	19,124	8,875	-	24,600,000	100	253,385	259,926	None
Phymed Bio-Tec Co., Ltd. (unlisted company)	2,400,000	20,803	-	-		(4,025)	-	-	2,400,000	100	16,778	16,778	None
Nan Pao Application Material Co. (unlisted company)	200,000	8,635	-	-		(16)	-	-	200,000	100	8,619	8,619	None
Biorich Biotechnology Co., Ltd. (unlisted company)	391,462	8,661	-	-		2,216	-	-	391,462	57.1	10,877	10,877	None
Prince Pharmaceutical Co., Ltd. (unlisted company)	16,767,305	337,334	-	1,478	Note 6	26,040	-	520	16,767,305	50.51	365,372	365,435	None
Nan Pao Advanced Materials Co., Ltd. (unlisted company)	350,000	7,392	-	(2,646)	Note 7	6,249	-	-	350,000	70	10,995	10,995	None
Progroup Technology Co., Ltd (unlisted company)	459,950	69,628	(459,950)	(76,282)	Note 8	6,654	-	-	-	-	-	-	None
PT. Indo Nan Pao Resins Chemical Co., Ltd. (foreign company)	2,756,250	230,510	-	(57,329)	Note 9	65,390	(1,138)	188	2,756,250	49	237,621	266,841	None
All Saints Enterprises Ltd. (foreign company)	5,452,549	219,589	-	-		(8,556)	3,399	-	5,452,549	54.53	214,432	214,432	None
Ongoing Profits Ltd. (foreign company)	1,560,000	180,455	-	(72,071)	Note 10	99,979	24,883	-	1,560,000	32.18	233,246	272,473	None
Profit Land Ltd. (foreign company)	983,333	800,321	-	(139,617)	Note 11	168,203	11,117	-	983,333	73.75	840,024	859,581	None
Perfect & Outstanding Technology Inc. (unlisted company)	-	-	2,500,000	40,000	Note 12	(714)	-	-	2,500,000	25.93	39,286	39,286	None
Nan Pao Philippines Export Inc. (foreign company)	25,750,000	12,579	-	(219)	Note 3	2,360	232	-	25,750,000	100	14,952	15,171	None
Nan Pao Fine Materials Co., Ltd. (unlisted company)	1,375,000	13,852	-	(2,927)	Note 7	10,493	-	-	1,375,000	55	21,418	22,960	None
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	125,000	4,063	-	-		(3,173)	(138)	-	125,000	100	752	752	None
FlexUP Technologies Corp.	16,352,173	4,008	-	-		276	-	-	16,352,173	96.87	4,284	4,284	None
Earnest Wealth Co., Ltd.	920,000	42,691	-	-		424	2,245	-	920,000	51.11	45,360	45,360	None
		<u>\$ 8,096,299</u>		<u>\$ (588,218)</u>		<u>\$ 947,245</u>	<u>\$ 380,220</u>	<u>\$ (8,796)</u>			<u>\$ 8,826,750</u>	<u>\$ 9,095,405</u>	

Note 1: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (73,182)
Capital surplus increase - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	9,091
Adjustments of unrealized gain on downstream transactions	(47,615)
	<u>\$ (111,706)</u>

Note 2: The details of increase (decrease) were as follows:

Cash dividends paid	\$ (35,332)
Adjustments of realized gain on transactions	304
	<u>\$ (35,028)</u>

Note 3: Adjustments of unrealized gain on downstream transactions

Note 4: The details of increase (decrease) were as follows:

Cash dividends paid	\$	(4,034)
Simple consolidation of investments accounted for using the equity method		<u>(46,130)</u>
	\$	<u>(50,164)</u>

Note 5: The details of increase (decrease) were as follows:

Proceeds from capital reduction	\$	(59,000)
Adjustments of unrealized gain on downstream transactions		<u>(395)</u>
	\$	<u>(59,395)</u>

Note 6: Capital surplus increase - issuance of employee share options by subsidiaries

Note 7: Cash dividends paid

Note 8: The details of increase (decrease) were as follows:

Addition of investments	\$	2,500
Capital surplus increase - changes in ownership interests in subsidiaries		3,091
Simple consolidation of investments accounted for using the equity method		<u>(81,873)</u>
	\$	<u>(76,282)</u>

Note 9: The details of increase (decrease) were as follows:

Cash dividends paid	\$	(37,388)
Adjustments of unrealized gain on downstream transactions		<u>(19,941)</u>
	\$	<u>(57,329)</u>

Note 10: The details of increase (decrease) were as follows:

Cash dividends paid	\$	(58,635)
Adjustments of unrealized gain on downstream transactions		<u>(13,436)</u>
	\$	<u>(72,071)</u>

Note 11: The details of increase (decrease) were as follows:

Cash dividends paid	\$	(129,894)
Adjustments of unrealized gain on downstream transactions		<u>(9,723)</u>
	\$	<u>(139,617)</u>

Note 12: Addition of investments

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

	Maturity Date	Interest rate (%)	Balance	Credit Line	Collateral
Borrowings of unsecured loans					
HSBC Bank	2022.10-2023.01	1.63	\$ 340,000	\$ 767,750	None
Land Bank	2022.12-2023.03	1.90	100,000	300,000	None
First Commercial Bank	2022.12-2023.01	1.88	866	130,000	None
Yuanta Bank	2022.12-2023.03	1.45	500,000	500,000	None
Mega International Commercial Bank	2022.11-2023.02	1.68	70,000	200,000	None
Mizuho Bank	2022.11-2023.05	1.57	<u>200,000</u>	767,750	None
			<u>\$ 1,210,866</u>		

STATEMENT 10

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Sheheng Jann Develop Limited Company	\$ 250
Chongren Vegetarian Restaurant	<u>67</u>
	<u>\$ 317</u>

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Dairen Chemical Corp.	\$ 70,599
Others (Note)	<u>654,729</u>
	<u>\$ 725,328</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

NAN PAO RESINS CHEMICAL CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

		Contract Period and Repayment Method	Interest rate (%)	Current	Balance, December 31,2022 Over 1 Year	Total	Collateral
Borrowings of unsecured loans							
DBS Bank		2022.12-2024.12, repaid in the due date with revolving basis within the quota	1.83	\$ -	\$ 125,000	\$ 125,000	None
CTBC Bank		2022.09-2024.09, repaid in the due date with revolving basis within the quota	1.64	-	150,000	150,000	None
E. Sun Commercial Bank		2022.04-2024.04, repaid in the due date with revolving basis within the quota	1.75	-	100,000	100,000	None
Taipei Fubon Bank		2022.12-2024.12, repaid in the due date with revolving basis within the quota	1.85	-	50,000	50,000	None
Mizuho Bank		2022.12-2024.12, repaid in the due date with revolving basis within the quota	1.68-1.85	-	250,000	250,000	None
Mega International Commercial Bank		2022.11-2024.11, repaid in the due date with revolving basis within the quota	1.74	-	100,000	100,000	None
E.Sun Commercial Bank		2019.11 – 2024.11, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022	1.03	19,166	17,393	36,559	None
CTBC Bank		2019.11 – 2024.11, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022	1.03	20,000	18,158	38,158	None
CTBC Bank		2019.12 – 2024.12, not with revolving basis within the quota, monthly repays the principal portion of the borrowings since January 2023	1.03	25,005	24,765	49,770	None
Taipei Fubon Bank		2019.12 – 2024.12 not with revolving basis within the quota, monthly repays the principal portion of the borrowings since December 2022	1.04	18,432	18,247	36,679	None
Taipei Fubon Bank		2020.03 – 2025.03 not with revolving basis within the quota, monthly repays the principal portion of the borrowings since March 2023	1.04	21,715	32,256	53,971	None
				<u>\$ 104,318</u>	<u>\$ 885,819</u>	<u>\$ 990,137</u>	

STATEMENT 13**NAN PAO RESINS CHEMICAL CO., LTD.****STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Name	Description	Leasing Period	Discount Rates (%)	End of year balance
Buildings	Taipei Office	2019.09.11-2024.09.10	1.05	\$ 4,671
Buildings	Taoyuan Office	2021.02.01-2023.01.31	0.77	22
Buildings	Taichung Office	2022.09.30-2025.09.29	1.72	966
Buildings	Kaohsiung Office	2020.10.25-2025.10.24	0.81	1,049
Buildings	Guiren Factory	2018.03.01-2028.02.28	1.05	14,363
Buildings	Xinying Factory	2022.02.28-2026.12.31	1.14	16,449
Machinery and Equipment	Cushion air cushion manufacturing machine	2021.08.01-2024.07.31	0.76	<u>75</u>
				<u>\$ 37,595</u>

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Quantities (Ton)	Amount
Adhesives	53,784	\$ 5,254,929
Paint	5,583	593,654
Others (Note)	-	<u>471,887</u>
		6,320,470
Less : Sales returns		13,776
Sales discounts		<u>94,391</u>
Net operating revenue		<u>\$ 6,212,303</u>

Note: The amount of individual category included in others does not exceed 10% of the account balance.

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise, beginning of year	\$ 8,597
Add: Merchandise purchased	111,376
Less: Merchandise, end of year	4,058
Others	<u>357</u>
Cost of commodity transaction	<u>115,558</u>
Raw materials, beginning of year	312,829
Add: Raw material purchased	3,394,598
Less: Raw materials, end of year	260,683
Raw materials costs of sales	265,911
Others	<u>9,196</u>
Raw material consumption	<u>3,171,637</u>
Supplies beginning of year	12,149
Add: Supplies purchased	247,919
Less: Supplies, end of year	10,029
Supplies costs of sales	1,533
Others	<u>1,139</u>
Supplies consumption	<u>247,367</u>
Direct labor	147,591
Manufacturing expenses	<u>566,387</u>
Cost input during the year	4,132,982
Add: Work-in-process, beginning of year	49,297
Finished goods and semi-finished goods reworked	1,122,523
Less: Work-in-process, end of year	<u>38,213</u>
Manufacturing cost	5,266,589
Add: Semi-finished goods, beginning of year	35,816
Less: Semi-finished goods, end of year	36,122
Semi-finished goods used	702,892
Others	<u>3,280</u>
Finished goods costs	4,560,111
Add: Finished goods, beginning of year	258,728
Less: Finished goods, end of year	230,569
Finished goods used	419,631
Others	<u>17,829</u>
Finished goods costs of sales	<u>4,150,810</u>
Subtotal	4,266,368
Costs from sale of raw materials and supplies	267,444
Revenue from sale of scraps	(1,627)
Loss from physical count and disposal	<u>7,444</u>
The cost of inventories	<u>4,539,629</u>
Operating Costs	<u>\$ 4,539,629</u>

NAN PAO RESINS CHEMICAL CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Estimated credit loss	Total
Payroll expense	\$ 254,776	\$ 175,912	\$ 119,100	\$ -	\$ 549,788
Shipping expense	38,743	160	288	-	39,191
Depreciation	4,987	12,935	11,106	-	29,028
Export and import expense	91,881	-	-	-	91,881
Remuneration of director	-	20,400	-	-	20,400
Labor and health insurance expense	13,344	11,621	10,369	-	35,334
Professional service fee	5,158	29,601	1,747	-	36,506
Estimated credit loss (gain)	-	-	-	9,475	9,475
Others	<u>124,836</u>	<u>56,674</u>	<u>41,614</u>	<u>-</u>	<u>223,124</u>
Total	<u>\$ 533,725</u>	<u>\$ 307,303</u>	<u>\$ 184,224</u>	<u>\$ 9,475</u>	<u>\$ 1,034,727</u>

NAN PAO RESINS CHEMICAL CO., LTD.

**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Average Labor Cost and Average Salary and Bonus)

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 234,123	\$ 549,788	\$ 783,911	\$ 229,617	\$ 477,205	\$ 706,822
Labor and health insurance	24,368	35,334	59,702	23,991	34,861	58,852
Post-employment benefits	8,153	14,469	22,622	9,556	15,215	24,771
Remuneration of directors	-	20,400	20,400	-	17,600	17,600
Others	14,556	15,604	30,160	14,187	15,548	29,735
	<u>\$ 281,200</u>	<u>\$ 635,595</u>	<u>\$ 916,795</u>	<u>\$ 277,351</u>	<u>\$ 560,429</u>	<u>\$ 837,780</u>
Depreciation	\$ 125,843	\$ 29,028	\$ 154,871	\$ 115,898	\$ 32,226	\$ 148,124
Amortization	420	7,375	7,795	373	9,455	9,828

Note 1: For the years ended December 31, 2022 and 2021, there were 803 and 806 employees in the Company, respectively. In addition, the Company had 4 non-employee directors for the years then ended.

Note 2: Companies whose stocks have been listed on TWSE or traded over the counter in Taipei Exchange should additionally disclose the following information:

- a. Average labor cost for the years ended December 31, 2022 and 2021 were NT\$1,122 thousand and NT\$1,023 thousand, respectively.
- b. Average salary and bonuses for the years ended December 31, 2022 and 2021 were NT\$981 thousand and NT\$881 thousand, respectively.
- c. The average salary and bonuses increased by 11% year-over-year.

Note 3: The Company has established audit committee with no supervisor.

Note 4: Remuneration policy was as follows:

- a. According to the Company's Article No.17, when the directors of the Company do business, it was authorized to the board of directors that they determine the remuneration based on their devoted time and contribution to the Company's operations with not exceeding the highest level (industry standard) of the Company's compensation police. In addition, according to the Company's Article No.25, if the Company makes a profit in the year, the board of directors could decide no more than 3% of the profit as director's remuneration.
- b. According to the Company's Article No.23, the Company's managers process business based on the orders of the board of directors, and their compensation is determined with the Article 29 of "Company Act". The compensation is based on their performance and contribution to the Company's operations with market standard.
- c. For the directors and managers listed above, the policies, regulations, standards and structures of salary, and remuneration all are approved by the Salary and Compensation Committee in accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".
- d. Employee benefits include basic fixed salary, bonus and compensation of employees. It is determined by their performance, contribution, the market value of their duty and considering the future operation risk of the Company. It is positively related to business performance of the Company. According to the Company's Article, if the Company makes a profit in the year, the Company accrued employees' compensation at rates of 2% to 6%.

