

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

**Consolidated Financial Statements for the
Three Months Ended December 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries were not reviewed. The total assets of these subsidiaries amounted to NT\$4,676,253 thousand and NT\$4,669,616 thousand as of March 31, 2023 and 2022, respectively, accounting for 20% and 18% of total consolidated assets, respectively. Total liabilities were NT\$1,143,771 thousand and NT\$1,409,419 thousand as of March 31, 2023 and 2022, respectively, accounting for 12% and 16% of total consolidated liabilities, respectively. Comprehensive income was NT\$86,089 thousand and NT\$64,356 thousand as of March 31, 2023 and 2022, respectively, accounting for 112% and 34% of the consolidated comprehensive income, respectively. Furthermore, as disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant investments for using the equity method were not reviewed. Investments accounted for using the equity method were NT\$37,293 thousand as of March 31, 2023, and share of loss for using the equity method was NT\$1,993 thousand as of March 31, 2023.

Qualified Conclusion

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

Among the subsidiaries included in the consolidated financial statements of the Group, the financial statements of NP Australia Pty Ltd. and its subsidiaries were reviewed by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries amounted to NT\$2,183,623 thousand and NT\$1,898,523 thousand as of March 31, 2023 and 2022, respectively, accounting for 9% and 7% of total consolidated assets, respectively. Net sales revenue was NT\$721,984 thousand and NT\$584,736 thousand, respectively, accounting for 16% and 12% of the consolidated net sales revenue, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 10, 2023

Notice to Readers

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

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

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed after Restatement)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,656,154	20	\$ 3,975,268	16	\$ 3,341,482	13
Financial assets at amortized cost - current (Notes 9, 10 and 35)	338,180	2	373,121	2	933,071	4
Notes receivable (Note 11)	262,531	1	310,864	1	273,454	1
Accounts receivable (Notes 11 and 26)	3,626,725	15	4,261,020	17	3,935,639	16
Accounts receivable from related parties (Notes 11, 26 and 34)	293,347	1	307,095	1	362,590	1
Other receivables (Note 11)	93,143	-	97,544	-	124,535	1
Current tax assets	13,468	-	3,936	-	12,525	-
Inventories (Note 12)	2,625,031	11	2,824,543	12	3,238,022	13
Other current assets (Note 20)	706,182	3	705,671	3	603,219	2
Total current assets	<u>12,614,761</u>	<u>53</u>	<u>12,859,062</u>	<u>52</u>	<u>12,824,537</u>	<u>51</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	120,761	1	69,536	-	74,914	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	3,550,660	15	4,206,459	17	5,473,713	22
Financial assets at amortized cost - non-current (Notes 9, 10 and 35)	85,060	-	128,484	1	134,297	-
Investments accounted for using the equity method (Note 14)	37,293	-	39,286	-	-	-
Property, plant and equipment (Notes 15 and 35)	5,580,995	23	5,507,684	22	5,016,045	20
Right-of-use assets (Note 16)	1,145,534	5	1,179,673	5	1,016,480	4
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Note 18)	241,109	1	246,575	1	253,012	1
Other intangible assets (Note 19)	115,341	1	122,033	1	139,709	-
Deferred tax assets	247,971	1	256,284	1	269,236	1
Net defined benefit assets - non-current	30,571	-	22,063	-	-	-
Other non-current assets (Note 20)	97,835	-	90,884	-	144,041	1
Total non-current assets	<u>11,270,890</u>	<u>47</u>	<u>11,886,721</u>	<u>48</u>	<u>12,539,207</u>	<u>49</u>
TOTAL	<u>\$ 23,885,651</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>	<u>\$ 25,363,744</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 35)	\$ 1,831,072	8	\$ 1,854,293	8	\$ 2,118,092	9
Contract liabilities - current (Note 26)	28,025	-	34,241	-	44,056	-
Notes payable (Note 22)	473	-	463	-	5,357	-
Accounts payable (Note 22)	1,850,033	8	2,658,505	11	2,494,547	10
Dividends payable	1,212,141	5	4,032	-	-	-
Other payables (Note 34)	896,665	4	1,080,261	4	828,620	3
Current tax liabilities	310,887	1	275,853	1	183,644	1
Lease liabilities - current (Note 16)	88,427	-	87,235	-	84,589	-
Current portion of long-term borrowings (Notes 21 and 35)	144,608	-	138,721	1	85,336	-
Other current liabilities (Notes 23 and 34)	188,893	1	202,620	1	184,247	1
Total current liabilities	<u>6,551,224</u>	<u>27</u>	<u>6,336,224</u>	<u>26</u>	<u>6,028,488</u>	<u>24</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 21 and 35)	1,189,020	5	1,223,855	5	1,473,663	6
Deferred tax liabilities	926,827	4	876,315	3	789,341	3
Lease liabilities-non-current (Note 16)	630,515	3	656,265	3	488,459	2
Net defined benefit liabilities - non-current	-	-	-	-	47,627	-
Other non-current liabilities (Notes 23 and 36)	10,469	-	9,748	-	61,731	-
Total non-current liabilities	<u>2,756,831</u>	<u>12</u>	<u>2,766,183</u>	<u>11</u>	<u>2,860,821</u>	<u>11</u>
Total liabilities	<u>9,308,055</u>	<u>39</u>	<u>9,102,407</u>	<u>37</u>	<u>8,889,309</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital - ordinary shares	1,205,707	5	1,205,707	5	1,205,707	5
Capital surplus	2,122,173	9	2,115,333	9	2,103,003	8
Retained earnings						
Legal reserve	1,388,123	6	1,388,123	6	1,300,961	5
Special reserve	313,321	1	313,321	1	313,321	1
Unappropriated earnings	5,487,804	23	5,982,451	24	5,767,073	23
Total retained earnings	<u>7,189,248</u>	<u>30</u>	<u>7,683,895</u>	<u>31</u>	<u>7,381,355</u>	<u>29</u>
Other equity	2,878,390	12	3,547,091	14	4,732,571	19
Total equity attributable to owners of the Company	13,395,518	56	14,552,026	59	15,422,636	61
NON-CONTROLLING INTERESTS	<u>1,182,078</u>	<u>5</u>	<u>1,091,350</u>	<u>4</u>	<u>1,051,799</u>	<u>4</u>
Total equity	<u>14,577,596</u>	<u>61</u>	<u>15,643,376</u>	<u>63</u>	<u>16,474,435</u>	<u>65</u>
TOTAL	<u>\$ 23,885,651</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>	<u>\$ 25,363,744</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 10, 2023)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 34)	\$ 4,529,077	100	\$ 4,947,744	100
OPERATING COSTS (Notes 12 and 27)	<u>3,241,906</u>	<u>72</u>	<u>3,849,824</u>	<u>78</u>
GROSS PROFIT	<u>1,287,171</u>	<u>28</u>	<u>1,097,920</u>	<u>22</u>
OPERATING EXPENSES (Note 11, 24, 27 and 34)				
Selling and marketing expenses	445,110	10	452,726	9
General and administrative expenses	224,390	5	212,549	4
Research and development expenses	115,932	2	115,055	3
Estimated credit gain	<u>(895)</u>	<u>-</u>	<u>(4,202)</u>	<u>-</u>
Total operating expenses	<u>784,537</u>	<u>17</u>	<u>776,128</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>502,634</u>	<u>11</u>	<u>321,792</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)				
Interest income	12,919	-	10,773	-
Other income	399,063	9	484,377	10
Other gains and losses	(7,437)	-	40,619	1
Finance costs	(24,779)	(1)	(14,798)	-
Share of loss of associates	<u>(1,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>377,773</u>	<u>8</u>	<u>520,971</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	880,407	19	842,763	17
INCOME TAX EXPENSE (Notes 4 and 28)	<u>140,945</u>	<u>3</u>	<u>67,224</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>739,462</u>	<u>16</u>	<u>775,539</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(658,069)</u>	<u>(14)</u>	<u>(817,301)</u>	<u>(17)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	(7,497)	-	287,151	6
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,658</u>	<u>-</u>	<u>(53,767)</u>	<u>(1)</u>
	<u>(4,839)</u>	<u>-</u>	<u>233,384</u>	<u>5</u>

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Other comprehensive loss for the period, net of income tax	<u>(662,908)</u>	<u>(14)</u>	<u>(583,917)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 76,554</u>	<u>2</u>	<u>\$ 191,622</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 711,061	16	\$ 745,690	15
Non-controlling interests	<u>28,401</u>	<u>-</u>	<u>29,849</u>	<u>1</u>
	<u>\$ 739,462</u>	<u>16</u>	<u>\$ 775,539</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 42,360	1	\$ 143,459	3
Non-controlling interests	<u>34,194</u>	<u>1</u>	<u>48,163</u>	<u>1</u>
	<u>\$ 76,554</u>	<u>2</u>	<u>\$ 191,622</u>	<u>4</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 5.90</u>		<u>\$ 6.18</u>	
Diluted	<u>\$ 5.87</u>		<u>\$ 6.16</u>	

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

(With Deloitte & Touche review report dated May 10, 2023)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

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

	Equity Attributable to Owners of the Company						Exchange Differences on Translating the Financial Statement of Foreign Operations	Other Equity	Total Other Equity	Total	Non-controlling Interests	Total Equity
	Retained Earnings					Unappropriated Earnings						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2023	\$ 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	\$ 1,091,350	\$ 15,643,376	
Appropriation of the 2022 earnings (Note 25)												
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)	
Changes in ownership interests in subsidiaries (Note 31)	-	6,044	-	-	-	-	-	-	6,044	58,156	64,200	
Issuance of employee share options by subsidiaries (Note 30)	-	796	-	-	-	-	-	-	796	788	1,584	
Net profit for the three months ended March 31, 2023	-	-	-	-	711,061	-	-	-	711,061	28,401	739,462	
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	(10,632)	(658,069)	(668,701)	(668,701)	5,793	(662,908)	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	711,061	(10,632)	(658,069)	(668,701)	42,360	34,194	76,554	
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(2,410)	(2,410)	
BALANCE, MARCH 31, 2023	\$ 1,205,707	\$ 2,122,173	\$ 1,388,123	\$ 313,321	\$ 5,487,804	\$ (350,931)	\$ 3,229,321	\$ 2,878,390	\$ 13,395,518	\$ 1,182,078	\$ 14,577,596	
BALANCE, JANUARY 1, 2022	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 5,021,383	\$ (644,475)	\$ 5,979,277	\$ 5,334,802	\$ 15,277,847	\$ 992,192	\$ 16,270,039	
Changes in ownership interests in subsidiaries (Note 31)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908	
Net profit for the three months ended March 31, 2022	-	-	-	-	745,690	-	-	-	745,690	29,849	775,539	
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	215,070	(817,301)	(602,231)	(602,231)	18,314	(583,917)	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	745,690	215,070	(817,301)	(602,231)	143,459	48,163	191,622	
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(1,134)	(1,134)	
BALANCE, March 31, 2022	\$ 1,205,707	\$ 2,103,003	\$ 1,300,961	\$ 313,321	\$ 5,767,073	\$ (429,405)	\$ 5,161,976	\$ 4,732,571	\$ 15,422,636	\$ 1,051,799	\$ 16,474,435	

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

(With Deloitte & Touche report dated May 10, 2023)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 880,407	\$ 842,763
Adjustments for:		
Depreciation expenses	141,896	114,216
Amortization expenses	6,944	7,417
Estimated credit loss reversed on trade receivables	(895)	(4,202)
(Gain) loss on fair value changes of financial assets at fair value through profit or loss	(16,225)	1,221
Finance costs	24,779	14,798
Interest income	(12,919)	(10,773)
Dividend income	(385,724)	(475,639)
Compensation cost of employee share options	1,584	-
Share of loss of associates	1,993	-
(Gain) loss on disposal of property, plant and equipment	(211)	30,115
Gain on disposal of right-of-use assets	-	(1,374)
Gain on disposal of subsidiaries	-	(26,523)
Gain on lease modification	(3)	(14)
Changes in operating assets and liabilities		
Notes receivable	48,333	35,203
Accounts receivable	629,431	(58,084)
Accounts receivable from related parties	13,649	(40,408)
Other receivables	6,572	(13,150)
Inventories	190,067	(203,219)
Other current assets	(511)	(63,617)
Other non-current assets	551	(106)
Contract liabilities	(6,216)	(903)
Notes payable	11	4,295
Accounts payables	(800,865)	(163,617)
Other payables	(229,329)	(75,378)
Other current liabilities	(13,727)	(21,477)
Net defined benefit liabilities	(8,508)	(4,189)
Other non-current liabilities	1,005	12,118
Cash generated from (used in) operations	472,089	(100,527)
Interest received	10,756	8,782
Interest paid	(27,033)	(14,102)
Income tax paid	(53,960)	(46,201)
Net cash generated from (used in) operating activities	<u>401,852</u>	<u>(152,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(2,270)	(6,155)
Net decrease of financial assets at amortized cost	78,509	144,766
Purchase of financial assets at fair value through profit or loss	(35,000)	(40,000)
Proceeds from disposal of non-current assets held for sale	-	405,000
Payments for property, plant and equipment	(161,536)	(184,720)
Proceeds from disposal of property, plant and equipment	633	2,199
Increase in refundable deposits	(556)	-
Decrease in refundable deposits	-	1,477

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NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2023	2022
Payments for intangible assets	(838)	-
Proceeds from disposal of right-of-use assets	-	55,332
Dividends received	<u>385,724</u>	<u>475,639</u>
Net cash generated from investing activities	<u>264,666</u>	<u>853,538</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,554,754	2,331,376
Repayments of short-term borrowings	(1,667,132)	(2,441,688)
Proceeds from long-term borrowings	376,843	557,039
Repayments of long-term borrowings	(405,838)	(1,091,113)
Refund of guarantee deposits received	(284)	(908)
Repayment of the principal portion of lease liabilities	(16,048)	(13,614)
Cash dividends paid	-	(1,134)
Changes in non-controlling equity	<u>64,200</u>	<u>13,908</u>
Net cash used in financing activities	<u>(93,505)</u>	<u>(646,134)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>107,873</u>	<u>54,820</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	680,886	110,176
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,975,268</u>	<u>3,231,306</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,656,154</u>	<u>\$ 3,341,482</u>

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

(With Deloitte & Touche review report dated May 10, 2023)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issued by the Company's board of directors on May 10, 2023.

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

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), amendments to the Interpretations 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 Group's accounting policies:

- b. 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.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATIONS

a. Statement of compliance

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

b. Basis of preparation

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

c. Basis of consolidation

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

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

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

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

attributed to the owners of the Company.

See Note 13, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income Tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 9,389	\$ 8,617	\$ 6,764
Checking accounts and demand deposits	3,436,270	3,771,680	3,151,452
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>1,210,495</u>	<u>194,971</u>	<u>183,266</u>
	<u>\$ 4,656,154</u>	<u>\$ 3,975,268</u>	<u>\$ 3,341,482</u>

The market rate intervals of time deposits were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	1.8% - 6.35%	1.8% - 6%	0.56% - 6%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - non-current</u>			
Non-derivative financial assets			
Limited partnership	\$ 120,761	\$ 69,536	\$ 74,914

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

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investments			
Emerging market stocks	\$ 18,972	\$ 13,951	\$ -
Unlisted stocks	<u>3,531,688</u>	<u>4,192,508</u>	<u>5,473,713</u>
	<u>\$ 3,550,660</u>	<u>\$ 4,206,459</u>	<u>\$ 5,473,713</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 303,445	\$ 316,553	\$ 487,496
Pledged time deposits (a)	30,746	31,727	33,873
Restricted demand deposits (b)	-	21,078	407,242
Refundable deposits	<u>3,989</u>	<u>3,763</u>	<u>4,460</u>
	<u>\$ 338,180</u>	<u>\$ 373,121</u>	<u>\$ 933,071</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 12 months (a)	\$ 48,741	\$ 92,580	\$ 103,670
Pledged time deposits (a)	4,875	4,854	4,863
Restricted demand deposits	2,516	2,504	2,560
Refundable deposits	<u>28,928</u>	<u>28,546</u>	<u>23,204</u>
	<u>\$ 85,060</u>	<u>\$ 128,484</u>	<u>\$ 134,297</u>

- a. The ranges of interest rates for time deposits were approximately 0.20% - 10.35%, 0.15% - 10.40% and 0.15% - 5.85% per annum as of March 31, 2023, December 31 and March 31, 2022, respectively.
- b. Restricted demand deposits as of December 31 and March 31, 2022 are funds that the Group put into the dedicated bank account in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- d. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2023	December 31, 2022	March 31, 2022
Financial asset at amortized cost - current	\$ 338,180	\$ 373,121	\$ 933,071
Financial asset at amortized cost - non-current	<u>85,060</u>	<u>128,484</u>	<u>134,297</u>
	<u>\$ 423,240</u>	<u>\$ 501,605</u>	<u>\$ 1,067,368</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of March 31, 2023, December 31, 2022 and March 31, 2022.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable - operating</u>			
At amortized cost			
Notes receivable - operating	<u>\$ 262,531</u>	<u>\$ 310,864</u>	<u>\$ 273,454</u>
<u>Accounts receivable (including related parties)</u>			
Amortized cost			
Gross carrying amount	\$ 3,984,810	\$ 4,633,636	\$ 4,342,492
Less: Allowance for impairment loss	<u>64,738</u>	<u>65,521</u>	<u>44,263</u>
	<u>\$ 3,920,072</u>	<u>\$ 4,568,115</u>	<u>\$ 4,298,229</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables			
Gross carrying amount	\$ <u>93,143</u>	\$ <u>97,544</u>	\$ <u>124,535</u> (Concluded)

a. Notes receivable

As of March 31, 2023, December 31, 2022 and March 31, 2022, the notes receivable analyzed by the Group based on the past due days were not overdue, and the Group 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 to 180 days, and no interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the expected credit losses by reference to the past default experience of debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The Group distinguished customer segments based on the historical credit loss in different regions or individual loss patterns, and determines the expected credit loss rate by reference to past due days of accounts receivable.

The Group 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 Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

March 31, 2023

	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%-0.31%	0.2%-6.73%	3%-31%	8%-67%	31.97%-100%	100%	
Gross carrying amount	\$ 3,339,868	\$ 512,845	\$ 58,305	\$ 28,983	\$ 8,429	\$ 36,380	\$ 3,984,810
Loss allowance (Lifetime ECLs)	<u>(2,822)</u>	<u>(8,204)</u>	<u>(4,128)</u>	<u>(8,039)</u>	<u>(5,165)</u>	<u>(36,380)</u>	<u>(64,738)</u>
Amortized cost	<u>\$ 3,337,046</u>	<u>\$ 504,641</u>	<u>\$ 54,177</u>	<u>\$ 20,944</u>	<u>\$ 3,264</u>	<u>\$ -</u>	<u>\$ 3,920,072</u>

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%-0.13%	0.2%-5%	2.94%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,791,219	\$ 664,242	\$ 89,029	\$ 47,041	\$ 7,523	\$ 34,582	\$ 4,633,636
Loss allowance (Lifetime ECLs)	<u>(2,389)</u>	<u>(5,392)</u>	<u>(7,168)</u>	<u>(10,464)</u>	<u>(5,526)</u>	<u>(34,582)</u>	<u>(65,521)</u>
Amortized cost	<u>\$ 3,788,830</u>	<u>\$ 658,850</u>	<u>\$ 81,861</u>	<u>\$ 36,577</u>	<u>\$ 1,997</u>	<u>\$ -</u>	<u>\$ 4,568,115</u>

March 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%-0.1%	0.2%-5.0%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,654,786	\$ 605,806	\$ 37,741	\$ 10,837	\$ 6,106	\$ 27,216	\$ 4,342,492
Loss allowance (Lifetime ECLs)	<u>(1,532)</u>	<u>(5,222)</u>	<u>(2,356)</u>	<u>(2,871)</u>	<u>(5,066)</u>	<u>(27,216)</u>	<u>(44,263)</u>
Amortized cost	<u>\$ 3,653,254</u>	<u>\$ 600,584</u>	<u>\$ 35,385</u>	<u>\$ 7,966</u>	<u>\$ 1,040</u>	<u>\$ -</u>	<u>\$ 4,298,229</u>

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

	For the Three Months Ended	
	2023	2022
Balance at January 1	\$ 65,521	\$ 48,770
Net reversal of loss allowance	(895)	(4,202)
Amounts written off	(117)	(1,508)
Foreign exchange gains and losses	<u>229</u>	<u>1,203</u>
Balance at March 31	<u>\$ 64,738</u>	<u>\$ 44,263</u>

12. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Goods	\$ 132,504	\$ 160,502	\$ 131,072
Finished goods and semi-finished goods	1,053,213	1,080,572	1,194,899
Work in process	112,858	144,397	121,919
Raw materials and supplies	1,150,200	1,189,060	1,538,297
Inventory in transit	<u>176,256</u>	<u>250,012</u>	<u>251,835</u>
	<u>\$ 2,625,031</u>	<u>\$ 2,824,543</u>	<u>\$ 3,238,022</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was \$3,242,117 thousand and \$3,840,979 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	100	k
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	k
	Nan Pao Electronic Material Co., Ltd.	Production and trading of electronic materials	-	-	100	c, k
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	50.1	50.51	50.51	d, k

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100	100	k
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1	57.1	k
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	k
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	55	k
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	k
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	k
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	k
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	100	
	Profit Land Ltd.	General investment	73.75	73.75	73.75	a
	All Saints Enterprises Ltd.	General investment	54.53	54.53	54.53	a
	Ongoing Profits Ltd.	General investment	32.18	32.18	32.18	a
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	49	49	49	b, k
	Progroups Technology Co., Ltd	Trading of water-based PU resin	-	-	91.99	c, k
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	k
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	51.11	k
	FlexUP Technologies Corp.	Production and trading of polyimide materials	96.87	96.87	96.87	k
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	100	e, k
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	100	
	Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	70	70	70	k
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	k
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	k
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	k
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100	100	
Earnest Wealth Co., Ltd.	Apex polytech Co., Ltd.	Production and trading of adhesives	100	100	100	k
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	67.68	f
	Profit Land Ltd.	General investment	26.25	26.25	26.25	a
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	45.47	a
	NP Australia Pty. Ltd.	General investment	100	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	67.82	a
	Treasure Wealth (HK) Ltd.	General investment	100	100	100	
	Goldford Investments Ltd.	General investment	100	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	100	k
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	100	100	

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
	Nanpao Advanced Investment Co., Ltd.	General investment	100	100	100	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	100	100	100	
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	88.03	f
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesives	100	100	100	
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	100	
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	100	
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	18.5	b, k
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	k
Nanpao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	100	
	Nantong Nanpao Resins Materials Co., Ltd.	Production and trading of adhesives	-	-	100	g
	Nan Pao Resins (Yunan) Co., Ltd.	Production and trading of adhesives	-	-	100	h
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	90.91	95.24	95.24	i
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	100	100	-	j

(Concluded)

- Direct and indirect shareholdings totaled 100%.
- Direct and indirect shareholdings totaled 67.5%.
- The Group short-form 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 short-form 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.

- d. In February 2023, Prince Pharmaceutical Co., Ltd. processed a cash capital increase, The Group did not subscribe share proportionat, and Prince Pharmaceutical Co., Ltd. executed employees of Prince Pharmaceutical Company executed stock options, resulting in a decrease in shareholding from 50.51% to 50.1% (refer to Notes 30 and 31).
- e. In February 2023, Nan Pao Resins Chemical (Bangladesh) Co., Ltd. processed a cash capital increase, which was subscribed by the Group, in shareholding has not changed.
- f. The Group 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 of Foshan Nan Pao Advanced Materials Co., Ltd. to external shareholder, resulting in an 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 Group.
- g. Nantong Nan Pao Resins Materials Co., Ltd. had been liquidated in December 2022.
- h. Nan Pao Resins (Yunan) Co., Ltd. had been liquidated in June 2022.
- i. In January 2022, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 100% to 95.24%. And In February 2023, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 95.24% to 90.91%. (Refer to Note 31).
- j. The Group invested in and established Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. in China in August 2022. In November 2022, the group have invested capital in the subsidiary.
- k. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in associates			
Associates that are not individually material	\$ 37,293	\$ 39,286	\$ -

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

	For the Three Months Ended March 31	
	2023	2022
The Group’s share of:		
Total net loss and comprehensive income for the period	\$ (1,993)	\$ -

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	4 - 20 years
Buildings	2 - 60 years
Machinery	2 - 30 years
Transportation equipment	2 - 20 years
Miscellaneous equipment	2 - 20 years

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

No impairment assessment was performed for the three months ended March 31, 2023 and 2022 as there were no indications of impairment.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 35.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 668,160	\$ 675,456	\$ 668,104
Buildings	434,626	459,620	308,095
Machinery	-	75	142
Transportation equipment	39,938	41,454	36,962
Miscellaneous equipment	<u>2,810</u>	<u>3,068</u>	<u>3,177</u>
	<u>\$ 1,145,534</u>	<u>\$ 1,179,673</u>	<u>\$ 1,016,480</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 4,287</u>	<u>\$ 12,911</u>
Depreciation charge for right-of-use assets			
Land		\$ 5,340	\$ 4,647
Buildings		15,369	10,519
Machinery		-	35
Transportation equipment		4,261	3,445
Miscellaneous equipment		<u>414</u>	<u>82</u>
		<u>\$ 25,384</u>	<u>\$ 18,728</u>

Except for the additions and depreciation expense above, there was no significant sublease or impairment of the right-of-use assets of the Group from January 1 to March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	\$ 88,427	\$ 87,235	\$ 84,589
Non-current	<u>\$ 630,515</u>	<u>\$ 656,265</u>	<u>\$ 488,459</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.56%	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%	0.77%-5.37%
Machinery	0.76%-2%	0.76%-2%	1.05%-2%
Transportation equipment	1.3%-5.37%	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%	5.37%-11.2%

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

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

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 9,534	\$ 11,993
Expenses relating to low-value asset leases	<u>\$ 547</u>	<u>\$ 530</u>
Total cash outflow for leases	<u>\$ 25,367</u>	<u>\$ 29,181</u>

17. INVESTMENT PROPERTIES

	Land
Balance at March 31, 2023, December 31, 2022 and March 31, 2022	<u>\$ 17,760</u>

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2022 and 2021. For-investment properties not valued by any independent valuer the Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties. Furthermore, management of the Group had assessed and determined that there were no significant changes in the fair value as of March 31, 2023 and 2022, as compared to that as of December 31, 2022 and 2021.

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

18. GOODWILL

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Cost</u>			
Balance at January 1	\$ 246,575	\$ 238,377	\$ 238,377
Effect of foreign currency exchange differences, net	<u>(5,466)</u>	<u>8,198</u>	<u>14,635</u>
Balance at March 31 and December 31	<u>\$ 241,109</u>	<u>\$ 246,575</u>	<u>\$ 253,012</u>

The Group carried out impairment testing on the recoverable amount of goodwill at the end of the year, using the value-in-use as the basis for calculation of recoverable amount. The value-in-use was estimated based on the Group's future financial projections of cash flow for the future years, to reflect the specific risk of related cash generating units.

No impairment loss was recognized as of March 31, 2023 and 2022.

19. OTHER INTANGIBLE ASSETS

	Client Relationships	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 122,158	\$ 71,715	\$ 80,616	\$ 274,489
Additions	-	1,790	-	1,790
Transfers from property, plant and equipment	-	1,017	-	1,017
Effect of foreign currency exchange differences, net	<u>(2,933)</u>	<u>15</u>	<u>(1,246)</u>	<u>(4,164)</u>
Balance at March 31, 2023	<u>\$ 119,225</u>	<u>\$ 74,537</u>	<u>\$ 79,370</u>	<u>\$ 273,132</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 65,922	\$ 54,659	\$ 31,875	\$ 152,456
Amortization expenses	2,452	1,805	2,687	6,944
Effect of foreign currency exchange differences, net	<u>(1,638)</u>	<u>7</u>	<u>22</u>	<u>(1,609)</u>
Balance at March 31, 2023	<u>\$ 66,736</u>	<u>\$ 56,471</u>	<u>\$ 34,584</u>	<u>\$ 157,791</u>
Carrying amount at January 1, 2023, net	<u>\$ 56,236</u>	<u>\$ 17,056</u>	<u>\$ 48,741</u>	<u>\$ 122,033</u>
Carrying amount at March 31, 2023, net	<u>\$ 52,489</u>	<u>\$ 18,066</u>	<u>\$ 44,786</u>	<u>\$ 115,341</u>

(Continued)

	Client Relationships	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 117,759	\$ 61,168	\$ 78,209	\$ 257,136
Effect of foreign currency exchange differences, net	7,857	222	3,932	12,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2022	<u>\$ 125,616</u>	<u>\$ 61,390</u>	<u>\$ 82,141</u>	<u>\$ 269,147</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 52,408	\$ 47,778	\$ 18,468	\$ 118,654
Amortization expenses	1,322	1,664	4,431	7,417
Effect of foreign currency exchange differences, net	3,573	132	(338)	3,367
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2022	<u>\$ 57,303</u>	<u>\$ 49,574</u>	<u>\$ 22,561</u>	<u>\$ 129,438</u>
Carrying amount at March 31, 2022, net	<u>\$ 68,313</u>	<u>\$ 11,816</u>	<u>\$ 59,580</u>	<u>\$ 139,709</u>

(Concluded)

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

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

20. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Input tax	\$ 256,677	\$ 254,824	\$ 347,284
Prepayments	92,953	105,116	99,607
Prepaid expenses	94,920	72,447	98,776
Overpaid tax retained for offsetting the future tax payable	257,294	242,511	38,791
Others	4,338	30,773	18,761
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 706,182</u>	<u>\$ 705,671</u>	<u>\$ 603,219</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 91,445	\$ 83,943	\$ 137,230
Others	6,390	6,941	6,811
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 97,835</u>	<u>\$ 90,884</u>	<u>\$ 144,041</u>

21. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured bank loans (Note 35)	\$ 96,468	\$ 30,000	\$ 97,637
Unsecured bank loans	<u>1,734,604</u>	<u>1,824,293</u>	<u>2,020,455</u>
	<u>\$ 1,831,072</u>	<u>\$ 1,854,293</u>	<u>\$ 2,118,092</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Secured bank loans	1.895%-3.75%	1.9%	1.27%-3.82%
Unsecured bank loans	1.6%-6.12%	1.45%-5.69%	0.555%-4.45%

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured bank loans (1)	\$ 323,194	\$ 330,921	\$ 354,064
Unsecured bank loans (2)	<u>1,010,434</u>	<u>1,031,655</u>	<u>1,204,935</u>
	1,333,628	1,362,576	1,558,999
Decrease: current portion of long-term borrowings	<u>144,608</u>	<u>138,721</u>	<u>85,336</u>
	<u>\$ 1,189,020</u>	<u>\$ 1,223,855</u>	<u>\$ 1,473,663</u>

- 1) As of March 31, 2023, December 31, 2022 and March 31, 2022, the ranges of weighted average effective interest rates of the bank borrowings secured by the Group's freehold land, buildings and deposit certificates (see Note 35), were 2.08% - 2.18%, 1.95% - 2.06% and 1.255% - 1.35% per annum, respectively. Long-term borrowings mentioned above will expire before June 2035, and payments of interest and principal are made on schedule.
- 2) As of March 31, 2023, December 31, 2022 and March 31, 2022, the ranges of weighted average effective interest rates of credit bank loans were 1.15% - 4.5%, 1.03% - 4.5% and 0.64% - 4.55% per annum, respectively. Long-term borrowings mentioned above will expire in March 2025, and payments of interest and principal are made on schedule.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes payable</u>			
Operating	\$ <u>473</u>	\$ <u>463</u>	\$ <u>5,357</u>
<u>Accounts payable</u>			
Operating	\$ <u>1,850,033</u>	\$ <u>2,658,505</u>	\$ <u>2,494,547</u>

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

23. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 145,705	\$ 172,906	\$ 118,675
Others	<u>43,188</u>	<u>29,714</u>	<u>65,572</u>
	\$ <u>188,893</u>	\$ <u>202,620</u>	\$ <u>184,247</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 2,393	\$ 2,677	\$ 3,419
Others	<u>8,076</u>	<u>7,071</u>	<u>58,312</u>
	\$ <u>10,469</u>	\$ <u>9,748</u>	\$ <u>61,731</u>

24. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$528 thousand and \$1,308 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>	<u>120,570</u>
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	10,854	10,854	2
Employee share options	44,083	44,083	44,083
Expired employee share options	135	135	135
<u>May only be used to offset a deficit</u>			
Changes in ownership interests in subsidiaries (2)	<u>26,897</u>	<u>20,057</u>	<u>18,579</u>
	<u>\$ 2,122,173</u>	<u>\$ 2,115,333</u>	<u>\$ 2,103,003</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, where 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 27-g.

The Company is in a period of stable growth. In order to cope with the future operational expansion plan, the total amount of dividends distributed should not be less than 10% of the year's remaining profit. The profit can be as of 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 2022 and 2021 which proposed by the board of directors in March 2023 and resolved in the shareholders' meetings in June 2022, respectively, were as follows:

	Appropriations of earnings		Dividends per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 177,166	\$ 87,162		
Cash dividends	1,205,708	723,425	\$ 10	\$ 6

The above cash dividends have been resolved by the board of directors on March 27, 2023 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 Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (340,299)	\$ (644,475)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(10,632)</u>	<u>215,070</u>
Balance at March 31	<u>\$ (350,931)</u>	<u>\$ (429,405)</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 3,887,390	\$ 5,979,277
Recognized for the year		
Unrealized loss - equity instruments	<u>(658,069)</u>	<u>(817,301)</u>
Balance at March 31	<u>\$ 3,229,321</u>	<u>\$ 5,161,976</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 1,091,350	\$ 992,192
Share in profit for the period	28,401	29,849
Other comprehensive income or loss during the period		
Exchange differences on translating the financial statements of foreign operations	5,793	18,314
Changes in ownership interests in subsidiaries (Note 31)	58,156	12,578
Issuance of employee share options by subsidiaries (Note 30)	788	-
Dividend payout from subsidiaries	<u>(2,410)</u>	<u>(1,134)</u>
Balance at March 31	<u>\$ 1,182,078</u>	<u>\$ 1,051,799</u>

26. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2023	2022
Adhesives	\$ 3,140,988	\$ 3,600,862
Construction materials	833,988	725,027
Coatings	325,195	372,577
Others	<u>228,906</u>	<u>249,278</u>
	<u>\$ 4,529,077</u>	<u>\$ 4,947,744</u>

b. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Accounts receivable (including related parties)	<u>\$ 3,984,810</u>	<u>\$ 4,633,636</u>	<u>\$ 4,342,492</u>	<u>\$ 4,117,118</u>
Contract liabilities - current				
Sale of goods	<u>\$ 28,025</u>	<u>\$ 34,241</u>	<u>\$ 44,056</u>	<u>\$ 44,959</u>

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

27. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	<u>\$ 12,919</u>	<u>\$ 10,773</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Dividend income	\$ 385,724	\$ 475,639
Grant income	6,649	3,397
Rental income	479	376
Other income	<u>6,211</u>	<u>4,965</u>
	<u>\$ 399,063</u>	<u>\$ 484,377</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Net foreign exchange (losses) gains	\$ (20,576)	\$ 35,933
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	16,225	(1,221)
Gain on disposal of associates interests	-	26,523
Gain on disposal of right-of-use assets (Note)	-	1,374
Loss on disposal of property, plant and equipment (Note)	-	(21,270)
Others	<u>(3,086)</u>	<u>(720)</u>
	<u>\$ (7,437)</u>	<u>\$ 40,619</u>

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

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 20,196	\$ 11,754
Interest on lease liabilities	<u>4,583</u>	<u>3,044</u>
	<u>\$ 24,779</u>	<u>\$ 14,798</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function	\$ 97,411	\$ 86,808
Operating costs	<u>44,485</u>	<u>27,408</u>
Operating expenses	<u>\$ 141,896</u>	<u>\$ 114,216</u>
An analysis of amortization by function		
Operating costs	\$ 291	\$ 292
Operating expenses	<u>6,653</u>	<u>7,125</u>
	<u>\$ 6,944</u>	<u>\$ 7,417</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 518,243	\$ 502,808
Labor and health insurance	42,157	35,278
Others	<u>39,505</u>	<u>39,605</u>
	<u>599,905</u>	<u>577,691</u>
Post-employment benefits		
Defined contribution plans	28,165	26,246
Defined benefit plans (Note 24)	<u>528</u>	<u>1,308</u>
	<u>28,693</u>	<u>27,554</u>
	<u>\$ 628,598</u>	<u>\$ 605,245</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 224,652	\$ 225,567
Operating expenses	<u>403,946</u>	<u>379,678</u>
	<u>\$ 628,598</u>	<u>\$ 605,245</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2023 and 2022, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	2%	2.1%
Remuneration of directors	0.68%	0.65%

Amount

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	\$ 16,242	\$ 16,670
Remuneration of directors	5,500	5,100

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 that were resolved by the board of directors in March 2023 and 2022, respectively, and the amounts of employees' compensation and remuneration of directors recognized in the consolidated financial

statements, are as shown below:

	For the Year Ended December 31			
	2022		2021	
	Employees' compensation	Remuneration of directors	Employees' compensation	Remuneration of directors
The Board of Directors resolves the allocation amount	\$ 52,000	\$ 22,000	\$ 36,960	\$ 16,000
Amounts recognized in the annual financial statements	52,000	22,000	36,960	17,600
Differences	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,600)</u>

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

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gains	\$ 53,633	\$ 73,510
Foreign exchange losses	<u>(74,209)</u>	<u>(37,577)</u>
	<u>\$ (20,576)</u>	<u>\$ 35,933</u>

28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 78,440	\$ 80,669
Adjustment for prior years	<u>1,022</u>	<u>(39,867)</u>
	79,462	40,802
Deferred tax		
In respect of the current year	<u>61,483</u>	<u>26,422</u>
	<u>\$ 140,945</u>	<u>\$ 67,224</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ <u>2,658</u>	\$ <u>(53,767)</u>

c. Income tax assessments

The income tax returns of the Company and domestic subsidiaries Prince Pharmaceutical Co., Ltd. through 2020 have been assessed by the tax authorities. The income tax returns of other domestic subsidiaries through 2021 have been assessed by the tax authorities.

29. EARNINGS PER SHARE

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

Net profit for the year

	For the Three Months Ended March 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ <u>711,061</u>	\$ <u>745,690</u>

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

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary share:		
Employees' compensation or bonuses issued to employees	<u>468</u>	<u>392</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>121,039</u>	<u>120,963</u>

If the Group offered to settle the compensation or bonus paid to employees in cash or shares, that the Group assumed the entire amount of the compensation or bonus 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.

30. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company's subsidiary, Prince Pharmaceutical Co., Ltd. were granted 2,000 units of share options in September 2022 and 300 units of share options in October 2022 (cash capital increase reserved for employee stock options). Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. Except for cash capital increase reserved for employee stock options, the options are exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options (except for cash capital increase reserved for employee stock options) was as follows:

	For the Three Months Ended March 31, 2023	
	Numbers of Options (In Thousand)	Weighted- average Exercise Price (NT\$)
<u>Employee share options</u>		
Balance at January 1 and March 31	<u>2,000</u>	\$ 25
Options exercisable, at March 31	<u>-</u>	-

Options granted in September and October 2022 are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	September 2022	October 2022
Grant-date share price (NT\$)	\$ 32.5	\$ 34.42
Exercise price (NT\$)	\$ 25	\$ 30
Expected volatility	34.85%-42.95%	44.77%
Expected life (in years)	3 years and one month	0.09 years
Risk-free interest rate	1.31%-1.41%	1.11%

Expected volatility is based on the volatility of stock returns over the expected duration. The duration of the options shall be in accordance with the regulations of issuance by Prince Pharmaceutical Co., Ltd. The risk-free interest rate is based on the government yield rates of the bonds provided by the TPEX. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

Compensation costs recognized was \$1,584 thousand for the three months ended March 31, 2023.

31. EQUITY TRANSACTIONS WITH NON – CONTROLLING INTERESTS

March 31, 2023

	Nan Pao New Materials (Huaian) Co., Ltd.(a)	Prince Pharmaceutical Co., Ltd.(b)
Consideration received	\$ 15,117	\$ 49,083
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(10,539)	(47,617)
	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ 4,578</u>	<u>\$ 1,466</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in ownership interests in subsidiaries	<u>\$ 4,578</u>	<u>\$ 1,466</u>

March 31, 2022

	Nan Pao New Materials (Huaian) Co., Ltd. (a)
Consideration received	\$ 13,908
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(12,578)
	<hr/>
Differences recognized from equity transactions	<u>\$ 1,330</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in ownership interests in subsidiaries	<u>\$ 1,330</u>

- a. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of RMB \$3,380 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 95.24% to 90.91%. In January 2022, the Group did not subscribe the issuance of ordinary shares in the amount of RMB\$ 3,184 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 95.24%.
- b. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%.

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

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will have sufficient financial resources and operating plans to fund its working capital needs, capital asset purchases, research and development expenses, debt service requirements, stock dividends and other business requirements associated with its existing operations.

33. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ _____ -	\$ _____ -	\$ 120,761	\$ 120,761
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Emerging market shares	\$ 18,972	\$ -	\$ -	\$ 18,972
Unlisted shares	_____ -	_____ -	3,531,688	3,531,688
	<u>\$ 18,792</u>	<u>\$ -</u>	<u>\$ 3,531,688</u>	<u>\$ 3,550,660</u>

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				
Emerging market shares	\$ 13,951	\$ -	\$ -	\$ 13,951
Unlisted shares	_____ -	_____ -	4,192,508	4,192,508
	<u>\$ 13,951</u>	<u>\$ -</u>	<u>\$ 4,192,508</u>	<u>\$ 4,206,459</u>

March 31, 2022

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

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

Financial assets at FVTPL

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 69,536	\$ 36,135
Recognized in profit or loss	16,225	(1,221)
Purchases	<u>35,000</u>	<u>40,000</u>
Balance at March 31	<u>\$ 120,761</u>	<u>\$ 74,914</u>

Financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 4,192,508	\$ 6,284,859
Recognized in other comprehensive loss (included in unrealized valuation gain or loss on financial assets at FVTOCI)	(660,820)	(817,301)
Purchase	<u>-</u>	<u>6,155</u>
Balance at March 31	<u>\$ 3,531,688</u>	<u>\$ 5,473,713</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 net value of company.
- b) Limited partnerships are valued on the basis of their net worth.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial asset at amortized cost (1)	\$ 9,355,140	\$ 9,453,396	\$ 9,105,068
Financial asset at FVTPL - Mandatorily classified as at FVTPL	120,761	69,536	74,914
Financial asset at FVTOCI	3,550,660	4,206,459	5,473,713

Financial liabilities

Amortized cost (2)	5,914,264	6,958,775	7,009,034
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables, long-term borrowings (including current portion of long-term borrowings) and refund of guarantee deposits (non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group'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 Group 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 Group 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 Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	USD Impact		
	For the Three Months Ended		
	March 31		
	2023	2022	
Profit or loss	\$ 18,993	\$ 6,324	(i)

	VND Impact		
	For the Three Months Ended		
	March 31		
	2023	2022	
Profit or loss	\$ 6,246	\$ 5,199	(ii)

i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the period. The Group's sensitivity to foreign currency increased during the current year mainly due to the decrease of borrowings for purchasing materials in USD.

ii. This was mainly attributable to the exposure on outstanding foreign monetary items in VND that were not hedged at the end of the period. The Group's sensitivity to foreign currency was not changed significantly during the current year.

b) Interest rate risk

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,631,219	\$ 672,994	\$ 840,832
Financial liabilities	1,817,499	1,741,126	654,997
Cash flow interest rate risk			
Financial assets	2,878,054	3,392,013	3,333,947
Financial liabilities	2,066,143	2,219,243	3,595,142

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by NT\$1,291 thousand and NT\$2,247 thousand, respectively; which was mainly a result of variable-rate borrowings.

c) Other price risk

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group 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 Group are all creditworthy business organizations, there is no anticipated material credit risk. The Group also continues to evaluate the financial status of clients for accounts receivable.

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Group A	<u>\$ 293,203</u>	7	<u>\$ 306,996</u>	7	<u>\$ 362,590</u>	8

3) Liquidity risk

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

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

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

The following tables details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause 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 reporting period.

March 31, 2023

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 4,105,017	\$ 2,393	\$ -
Lease liabilities	105,547	268,305	480,352
Fixed interest rate liabilities	1,116,511	-	-
Variable interest rate liabilities	<u>888,768</u>	<u>1,029,418</u>	<u>225,768</u>
	<u>\$ 6,215,843</u>	<u>\$ 1,300,116</u>	<u>\$ 706,120</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 105,547</u>	<u>\$ 268,305</u>	<u>\$ 277,158</u>	<u>\$ 103,503</u>	<u>\$ 99,691</u>

December 31, 2022

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,916,167	\$ 2,677	\$ -
Lease liabilities	105,095	276,694	503,420
Fixed interest rate liabilities	961,047	52,768	-
Variable interest rate liabilities	<u>1,058,155</u>	<u>1,002,140</u>	<u>233,650</u>
	<u>\$ 6,040,464</u>	<u>\$ 1,334,279</u>	<u>\$ 737,070</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 105,095</u>	<u>\$ 276,694</u>	<u>\$ 290,077</u>	<u>\$ 112,735</u>	<u>\$ 100,608</u>

March 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

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

b) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank overdraft facilities reviewed annually and payable at call:			
Amount used	\$ 2,835,457	\$ 2,962,893	\$ 3,375,949
Amount unused	<u>7,732,184</u>	<u>7,768,040</u>	<u>6,568,867</u>
	<u>\$ 10,567,641</u>	<u>\$ 10,730,933</u>	<u>\$ 9,944,816</u>
Secured bank overdraft facilities:			
Amount used	\$ 452,394	\$ 394,189	\$ 477,554
Amount unused	<u>270,769</u>	<u>336,666</u>	<u>266,741</u>
	<u>\$ 723,163</u>	<u>\$ 730,855</u>	<u>\$ 744,295</u>

34. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Name of Related Party	Related Party Category
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
Shenglin Investment Co., Ltd.	Other related party
Kang Ming Senior High School, Tainan	Other related party
Nan Pao Resins Private Welfare Charity Foundation	Other related party

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Investors with significant influence	\$ 288,080	\$ 347,574
Other related party	<u>80</u>	<u>60</u>
	<u>\$ 288,160</u>	<u>\$ 347,634</u>

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

c. Receivables from related parties

Line Item	Related Party Category / Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable from related parties	Investors with significant influence	\$ 293,203	\$ 306,996	\$ 362,590
	Other related party	<u>144</u>	<u>99</u>	<u>-</u>
		<u>\$ 293,347</u>	<u>\$ 307,095</u>	<u>\$ 362,590</u>

The outstanding accounts receivable from related parties are unsecured.

d. Payables to related parties

Line Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Other payables	Investors with significant influence	\$ 131	\$ 130	\$ 133
	Other related party	<u>-</u>	<u>-</u>	<u>160</u>
		<u>\$ 131</u>	<u>\$ 130</u>	<u>\$ 293</u>

The outstanding accounts payable to related parties are unsecured.

e. Others - refund liabilities

Line Item	Related Party Category / Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities (Other current liabilities)	Investors with significant influence			
	Pou Chen Corporation and Subsidiaries	<u>\$ 20,684</u>	<u>\$ 68,033</u>	<u>\$ 50,855</u>

f. Lease arrangements - the Group is lessee

Line Item	Related Party Category / Name	For the Three Months End March 31	
		2023	2022
Lease expense	Other related party	<u>\$ 457</u>	<u>\$ 381</u>

The Group leased the buildings from related parties, and the rental is based on similar asset's market rates and fixed lease payments are paid monthly.

g. Compensation of key management personnel

	For the Three Months End March 31	
	2023	2022
Short-term employee benefits	\$ 16,883	\$ 14,190
Post-employment benefits	<u>4,600</u>	<u>398</u>
	<u>\$ 21,483</u>	<u>\$ 14,588</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment, net	\$ 658,516	\$ 662,903	\$ 684,422
Pledged time deposits (Financial assets at measured amortized cost)	<u>35,621</u>	<u>36,581</u>	<u>38,736</u>
	<u>\$ 694,137</u>	<u>\$ 699,484</u>	<u>\$ 723,158</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

- a. As of March 31, 2023, December 31, 2022 and March 31, 2022, the unused letters of credit of the Group for purchasing raw materials and equipment were \$118,641 thousand, \$139,120 thousand and \$174,477 thousand, respectively.
- b. Unrecognized commitments are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ 258,672	\$ 175,383	\$ 372,467
Acquisition of raw material	<u>31,003</u>	<u>50,787</u>	<u>30,382</u>
	<u>\$ 289,675</u>	<u>\$ 226,170</u>	<u>\$ 402,849</u>

- c. Material Lawsuits

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

Based on the ruling of the Changhua District Court, He Kui Chemical Company argued for ownership of machinery equipment in the plant. Based on the aforementioned litigation, He Kui Chemical Company filed for an indemnity lawsuit against Nan Pao Chemical Co., Ltd. for damage caused by use of machinery equipment, and sought for indemnity of \$53,102 thousand. Nevertheless, the amount that He Kui Chemical Company claimed for was based on the purchase price of machinery equipment, and

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

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,114	30.45 (USD:NTD)	\$ 1,647,777
USD	11,867	6.8717 (USD:CNY)	361,351
USD	10,347	15,000 (USD:IDR)	315,065
USD	572	7.8423 (USD:HKD)	17,391
VND	670,959,051	0.000042 (VND:USD)	864,199
<u>Financial liabilities</u>			
Monetary items			
USD	3,782	30.46 (USD:NTD)	115,168
USD	677	6.8717 (USD:CNY)	20,603
USD	597	7.85 (USD:HKD)	18,184
USD	6,618	15,000 (USD:IDR)	201,502
USD	2,942	4.2944 (USD:MYR)	86,778
VND	186,274,818	0.000042 (VND:USD)	239,583

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,277	30.71 (USD:NTD)	\$ 1,605,417
USD	9,648	6.9646 (USD:CNY)	296,299
USD	11,329	15,510 (USD:IDR)	347,916
USD	4,241	7.7985 (USD:HKD)	130,232
VND	558,891,739	0.000042 (VND:USD)	725,123

Financial liabilities

Monetary items			
USD	4,573	30.68 (USD:NTD)	140,317
USD	3,088	6.9646 (USD:CNY)	94,841
USD	4,218	7.7984 (USD:HKD)	129,524
USD	7,850	15,510 (USD:IDR)	241,081
USD	2,849	4.2911 (USD:MYR)	85,176
VND	227,738,121	0.000042 (VND:USD)	292,901

March 31, 2022

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

(Continued)

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

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

Functional Currency	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	30.395 (USD:NTD)	\$ (1,510)	27.994 (USD:NTD)	\$ (104)
NTD	1 (NTD:NTD)	(11,109)	1 (NTD:NTD)	33,174
CNY	4.441 (CNY:NTD)	(6,005)	4.406 (CNY:NTD)	(1,334)
SGD	22.81 (SGD:NTD)	(13)	20.72 (SGD:NTD)	-
AUD	20.80 (AUD:NTD)	224	20.27 (AUD:NTD)	1,930
IDR	0.00200 (IDR:NTD)	(2,727)	0.00196 (IDR:NTD)	2,562
VND	0.001291 (VND:NTD)	(1,422)	0.001230 (VND:NTD)	597
Others		<u>1,986</u>		<u>(892)</u>
		<u>\$ (20,576)</u>		<u>\$ 35,933</u>

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

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

39. SEGMENT INFORMATION

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

Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the Three Months Ended</u>							
<u>March 31, 2023</u>							
Revenue							
Revenue from external customers	\$ 855,177	\$ 1,183,607	\$ 1,237,378	\$ 721,984	\$ 530,931	\$ -	\$ 4,529,077
Inter segment revenue	<u>647,467</u>	<u>153,072</u>	<u>191,568</u>	<u>418</u>	<u>13,421</u>	<u>(1,005,946)</u>	<u>-</u>
Total revenue	<u>\$ 1,502,644</u>	<u>\$ 1,336,679</u>	<u>\$ 1,428,946</u>	<u>\$ 722,402</u>	<u>\$ 544,352</u>	<u>\$ (1,005,946)</u>	<u>\$ 4,529,077</u>
Segment income	<u>\$ 131,147</u>	<u>\$ 50,286</u>	<u>\$ 200,061</u>	<u>\$ 13,298</u>	<u>\$ 57,756</u>	<u>\$ 50,086</u>	\$ 502,634
Interest income							12,919
Other income							399,063
Other gains and losses							(7,437)
Finance costs							(24,779)
Share of loss of associates accounted for using the equity method							(1,993)
Profit before tax							<u>\$ 880,407</u>
<u>For the Three Months Ended</u>							
<u>March 31, 2022</u>							
Revenue							
Revenue from external customers	\$ 990,756	\$ 1,516,916	\$ 1,355,508	\$ 583,429	\$ 501,135	\$ -	\$ 4,947,744
Inter segment revenue	<u>843,276</u>	<u>239,251</u>	<u>154,911</u>	<u>1,307</u>	<u>16,043</u>	<u>(1,254,788)</u>	<u>-</u>
Total revenue	<u>\$ 1,834,032</u>	<u>\$ 1,756,167</u>	<u>\$ 1,510,419</u>	<u>\$ 584,736</u>	<u>\$ 517,178</u>	<u>\$ (1,254,788)</u>	<u>\$ 4,947,744</u>
Segment income	<u>\$ 139,571</u>	<u>\$ 32,082</u>	<u>\$ 99,703</u>	<u>\$ 1,524</u>	<u>\$ 47,107</u>	<u>\$ 1,805</u>	\$ 321,792
Interest income							10,773
Other income							484,377
Other gains and losses							40,619
Finance costs							(14,798)
Profit before tax							<u>\$ 842,763</u>

(Concluded)

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

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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	\$ 2,679,104	\$ 15,355	\$ 15,225	\$ -	\$ -	0.11	\$ 6,697,759	Y	N	N
		Nan Pao Resins Chemical Philippines Inc.	2	2,679,104	30,710	30,450	-	-	0.23	6,697,759	Y	N	N
		Nan Pao Group Holdings Ltd.	2	2,679,104	61,420	60,900	-	-	0.45	6,697,759	Y	N	N
		RLA Polymers (M) Sdn. Bhd.	2	2,679,104	61,420	60,900	-	-	0.45	6,697,759	Y	N	N
		RLA Polymers (M) Sdn. Bhd	2	2,679,104	122,840	121,800	73,483	-	0.91	6,697,759	Y	N	N
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,679,104	88,900	88,620	-	-	0.66	6,697,759	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,679,104	222,250	221,550	1,506	-	1.65	6,697,759	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,679,104	88,900	88,620	21,792	-	0.66	6,697,759	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,679,104	133,350	132,930	2,811	-	0.99	6,697,759	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,679,104	20,000	20,000	-	-	0.15	6,697,759	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,679,104	20,000	20,000	-	-	0.15	6,697,759	Y	N	N
		RLA Polymers Pty Ltd.	2	2,679,104	211,300	203,300	203,300	-	1.52	6,697,759	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

MARCH 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nan Pao Resins Chemical Co., Ltd.	CDIB -Innolux Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	\$ 120,761	9	\$ 120,761	
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	\$ 3,499,932	2	\$ 3,499,932	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,780	1	1,780	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	1,734	13	1,734	
	Revivegen Environmental Technology Co., Ltd. - emerging stock	"	"	495,368	18,972	1	18,972	
	Contact Organics Pty Ltd- privately - issued equity	"	"	2,902	7,862	17	7,862	
					\$ 3,530,280		\$ 3,530,280	
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.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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	\$ 230,223	19	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 317,289	26	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	135,744	11	Payment within 90 days	Similar to general transactions	Similar to general transactions	100,673	8	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	112,045	29	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	143,510	35	

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2023

(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	\$ 317,289	2.24	\$ -	-	\$ 35,754	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	100,673	4.84	-	-	13,259	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	143,510	3.13	-	-	33,055	347

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

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			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	\$ 181,352	\$ 534	\$ (773)	
	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	8,624	5	5	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	Trading of construction materials and chemical substances	696,000	696,000	24,600,000	100	259,089	1,673	6,079	
	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	365,600	324,683	18,131,198	50.1	409,293	917	465	
	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	16,106	(672)	(672)	
	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	12,704	3,199	1,826	
	Nan Pao Advanced Materials Co.,Ltd.	No. 521, Zhongshan Rd., Xigang Dist, Tainan City	Trading of adhesives and chemicals	3,500	3,500	350,000	70	5,453	117	82	
	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	24,013	9,587	2,596	
	FlexUP Technologies Corp.	5F., No. 5, Ln. 569, Bo'ai St., Zhubei City, Hsinchu County	Production and trading of polyimide materials	19,546	19,546	16,352,173	96.87	4,246	(40)	(38)	
	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	40,000	2,500,000	25.93	37,293	(5,499)	(1,993)	
	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	209,881	2,974	2,974	
	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	180,661	(165)	(165)	
	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	26,805	637	637	
	Nan Pao Materials Vietnam Co., Ltd.	LotA4, A5, A10, A11 Daden Industrial Park, Thu Dau Mot City, Binh Duong Province, Vietnam	Production and trading of adhesives and chemicals	685,094	685,094	-	100	1,219,500	51,465	59,172	
	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	550,249	28,687	16,134	
	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	2,386,015	78,056,502	100	4,305,816	78,707	86,160	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	885,143	39,923	28,661	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	215,843	705	385	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	264,840	94,150	30,002	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	265,938	39,459	19,335	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	16,290	669	669	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No, 42 5 th floors, Lake drive Road, Sector 7, Ulltara, Dhaka	Trading of adhesives	5,694	4,193	125,000	100	986	(1,227)	(1,227)	
	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	45,459	336	172	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	Blk 1049, Eunos Avenue 6, #01-132, Singapore 409628	General investment	502,822	502,822	22,064,549	100	88,688	(1,088)		
	Aftek Materials Vietnam Co., Ltd.	No. 16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	49,172	49,172	-	70	20,593	(608)		
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	138,852	138,852	10,000	100	210,091	2,975		
				(USD 4,560,000)	(USD 4,560,000)						

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	\$ 169,875 (USD 5,578,821)	\$ 169,875 (USD 5,578,821)	21,197,000	100	\$ 132,722	\$ (339)		
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	65,468 (USD 2,150,000)	65,468 (USD 2,150,000)	-	100	64,979	337		
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, KY1-1205 Cayman Islands.	General investment	2,376,820 (USD 78,056,502)	2,376,820 (USD 78,056,502)	78,056,502	100	4,385,352	78,721		
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	77,088 (USD 2,531,620)	77,088 (USD 2,531,620)	2,437,109	100	13,912	(508)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	132,564 (USD 4,353,487)	132,564 (USD 4,353,487)	-	100	71,480	(516)		
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	38,367 (USD 1,260,000)	38,367 (USD 1,260,000)	7,172	100	507,540	15,425		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	57,478 (USD 1,887,627)	57,478 (USD 1,887,627)	350,000	26.25	317,879	39,923	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	641,097 (USD 21,054,073)	641,097 (USD 21,054,073)	10,000	100	334,542	(29,703)		
	All Saints Enterprises Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	162,392 (USD 5,333,075)	162,392 (USD 5,333,075)	4,547,451	45.47	179,981	705	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	614,258 (AUD 30,214,354)	614,258 (AUD 30,214,354)	30,214,354	100	833,141	5,658		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	116,831 (USD 3,836,817)	116,831 (USD 3,836,817)	3,287,546	67.82	633,348	94,150	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	140,375 (USD 4,610,000)	140,375 (USD 4,610,000)	4,610	100	174,600	(141)		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	17,808 (USD 584,844)	17,808 (USD 584,844)	486,000	100	111,227	7,314		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogevo Village, Antipolo City, Philippines	Trading of adhesives	6,395 (USD 210,000)	6,395 (USD 210,000)	9,000	100	83,581	3,079		
	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	776 (HKD 200,000)	776 (HKD 200,000)	1,000	100	6,804	(1,085)		
	Nan Pao Resins (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	408,030 (USD 13,400,000)	529,830 (USD 17,400,000)	13,400,000	100	363,753	24,339		
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	243,600 (USD 8,000,000)	243,600 (USD 8,000,000)	10,000	100	1,201,544	39,924		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	168,696 (USD 5,540,100)	168,696 (USD 5,540,100)	20,240	100	169,964	(33,532)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	91,350 (USD 3,000,000)	91,350 (USD 3,000,000)	3,000	100	157,338	3,840		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	304,500 (USD 10,000,000)	304,500 (USD 10,000,000)	10,000	100	391,705	742		
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	433,727 (AUD 21,334,344)	433,727 (AUD 21,334,344)	16,552,080	100	715,615	6,146		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	147,608 (USD 4,847,546)	147,608 (USD 4,847,546)	3,000,000	100	932,370	94,151		
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	139,766 (USD 4,590,000)	139,766 (USD 4,590,000)	-	50	166,107	(283)		
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	2,112 (IDR 1,040,625,000)	2,112 (IDR 1,040,625,000)	1,040,625	18.5	110,700	39,459	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	103,780 (USD 3,408,217)	103,780 (USD 3,408,217)	-	100	929,716	94,153		
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	121,407 (AUD 5,971,801)	121,407 (AUD 5,971,801)	18,415,500	100	192,642	3,083		

(Concluded)

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

Note 2: Please refer to Table 7 for information on investees in mainland China.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE THREE MONTHS ENDED MARCH 31, 2023 (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, 2023 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 304,500 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 328,553 (USD 10,789,932)	\$ -	\$ -	\$ 328,553 (USD 10,789,932)	\$ 742	100	\$ 742 (2)B.	\$ 391,572	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	138,852 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	151,946 (USD 4,990,000)	-	-	151,945 (USD 4,990,000)	3,010	100	3,010 (2)B.	209,564	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	82,215 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	77,400 (USD 2,541,860)	-	-	77,400 (USD 2,541,860)	(32,698)	100	(32,698) (2)B.	121,581	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	91,350 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	93,320 (USD 3,064,683)	-	-	93,320 (USD 3,064,683)	3,840	100	3,840 (2)B.	157,321	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	51,366 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	25,913	60.47	15,670 (2)B.	511,406	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	243,600 (USD 8,000,000)	(2) Giant Profit Development Ltd.	237,133 (USD 7,787,627)	-	-	237,133 (USD 7,787,627)	39,925	100	39,925 (2)B.	1,200,539	507,830
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	22,155 (RMB 5,000,000)	(3) Nan Pao Resins (Fo Shan) Co., Ltd.	-	-	-	-	121	51	62 (2)B.	13,371	-
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.	12,180 (USD 400,000)	-	-	12,180 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	898,275 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	898,275 (USD 29,500,000)	-	-	898,275 (USD 29,500,000)	(13,858)	100	(13,858) (2)B.	723,014	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	45,675 (USD 1,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(44)	100	(44) (2)B.	5,511	-
Nantong Nanpao Resins Materials Co., Ltd. (Note 6)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao Resins (Yunan) Co., Ltd. (Note 7)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	334,949 (USD 10,999,965)	(2) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(10,367)	90.91	(9,629) (2)B.	199,885	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	24,360 (USD 800,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(1,086)	100	(1,086) (2)B.	14,309	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	149,913 (USD 4,923,267)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	30	100	30 (2)B.	154,991	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023 (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)
\$ 1,798,806 (USD 59,074,102)	\$ 3,207,435 (USD 105,334,490)	\$ 8,037,311

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:
\$13,395,518 × 60% = \$8,037,311

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$30.45 at the end of the period.
Relevant amounts are calculated based on the exchange rate of RMB 1 = NT\$4.431 at the end of the period.

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

Note 6: Nantong Nan Pao Resins Materials Co., Ltd. had been liquidated in December 2022, 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 7: Nan Pao Resins (Yunan) Co., Ltd. had been liquidated in June 2022, but its share proceeds have not been remitted to Taiwan; hence, it has not been deducted from the investment amount authorized by the Investment Commission, MOEA.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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	\$ (13,200)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 13,334	1	\$ 4,443
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing revenue	(40,541)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	40,438	100	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(20,696)	(6)	Payment within 90 days	Similar to general transactions	Similar to general transactions	23,317	6	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	(25,115)	(7)	Payment within 45 days	Similar to general transactions	Similar to general transactions	23,234	6	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(12,906)	(17)	Payment within 90 days	Similar to general transactions	Similar to general transactions	14,550	17	-

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023 (Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details				
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets	
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	\$ 317,289	Calculated based on general transaction prices, telegraphic transfer within 90 days	1	
				Sales revenue	230,223		5	
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	13,334		-	
				Sales revenue	13,200		-	
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	100,673		-	
				Sales revenue	135,744		3	
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	104,486		-	
1	Nan Pao Resins (Vietnam) Enterprise Ltd.			Sales revenue	89,431	Calculated based on general transaction prices, telegraphic transfer within 90 days	2	
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	19,175		-	
				Sales revenue	18,202		-	
		Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	154,474		1	
				Sales revenue	65,656		1	
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	36,421		1	
				Sales revenue	23,215		1	
2	Nan Pao Resins (Foshan) Co., Ltd.	Nan Pao Resins (HK) Limited	3	Accounts receivable - related parties	14,225	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
				Sales revenue	14,200		-	
		Nan Pao Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	19,659		-	
3	Nan Pao Resins (HK) Ltd.			Purchase	17,581	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	23,317		-	
4	Nan Pao Resins (China) Co., Ltd.			Sales revenue	20,696	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Other accounts payable - related parties	40,438		-	
				Processing fee	40,541		1	
							No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	15,013		-	
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	72,436		-	
				Purchase	72,305		-	
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	13,679	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
				Purchase	13,654		-	
		Nan Pao Philippines Export Inc.	3	Accounts receivable - related parties	16,989		-	
6	PT. Indo NanPao Resins Chemical Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Accounts payable - related parties	14,550	No prices for similar products available for comparison, telegraphic transfer within 90 days	-	
				Purchase	12,906		-	
5	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	34,762	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
				Sales revenue	26,059		1	
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	47,039		-	
				Sales revenue	15,848		-	
6	PT. Indo NanPao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	3	Accounts payable - related parties	12,793	Calculated based on general transaction prices, telegraphic transfer within 90 days	-	
				Purchase	12,783		-	
				Accounts payable - related parties	23,397		-	
				Purchase	23,399		-	

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

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

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

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

March 31, 2023

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Additions	-	1,218	71,772	17,734	7,003	48,158	55,351	201,236
Disposals	-	-	-	(2,765)	(3,959)	(1,986)	-	(8,710)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	37	38	(4,802)	(8,748)	176	(570)	(1,452)	(15,321)
Balance at March 31, 2023	<u>\$ 1,185,337</u>	<u>\$ 26,191</u>	<u>\$ 3,432,592</u>	<u>\$ 3,309,068</u>	<u>\$ 270,701</u>	<u>\$ 1,247,918</u>	<u>\$ 187,995</u>	<u>\$ 9,659,802</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 10,378	\$ 954,552	\$ 2,087,363	\$ 196,460	\$ 727,440	\$ -	\$ 3,976,193
Depreciation	-	669	26,372	55,451	5,539	28,481	-	116,512
Disposals	-	-	-	(2,366)	(3,959)	(1,963)	-	(8,288)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	-	5	(352)	(5,078)	120	(42)	-	(5,347)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 11,052</u>	<u>\$ 980,572</u>	<u>\$ 2,135,370</u>	<u>\$ 198,160</u>	<u>\$ 753,653</u>	<u>\$ -</u>	<u>\$ 4,078,807</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 1,185,300</u>	<u>\$ 14,557</u>	<u>\$ 2,411,070</u>	<u>\$ 1,215,484</u>	<u>\$ 71,021</u>	<u>\$ 476,156</u>	<u>\$ 134,096</u>	<u>\$ 5,507,684</u>
Carrying amount at March 31, 2023	<u>\$ 1,185,337</u>	<u>\$ 15,139</u>	<u>\$ 2,452,020</u>	<u>\$ 1,173,698</u>	<u>\$ 72,541</u>	<u>\$ 494,265</u>	<u>\$ 187,995</u>	<u>\$ 5,580,995</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,184,606	\$ 22,507	\$ 2,438,160	\$ 2,989,104	\$ 247,785	\$ 1,024,245	\$ 616,723	\$ 8,523,130
Additions	-	-	521	30,217	1,076	20,498	95,146	147,458
Disposals	-	-	-	(19,470)	(1,491)	(1,474)	(21,270)	(43,705)
Effect of foreign currency exchange differences	355	-	45,659	63,575	4,182	7,610	7,407	128,788
Balance at March 31, 2022	<u>\$ 1,184,961</u>	<u>\$ 22,507</u>	<u>\$ 2,484,340</u>	<u>\$ 3,063,426</u>	<u>\$ 251,552</u>	<u>\$ 1,050,879</u>	<u>\$ 698,006</u>	<u>\$ 8,755,671</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 8,148	\$ 853,757	\$ 1,910,496	\$ 173,425	\$ 645,535	\$ -	\$ 3,591,361
Depreciation	-	545	17,282	50,191	5,161	22,309	-	95,488
Disposals	-	-	-	(8,456)	(1,491)	(1,444)	-	(11,391)
Effects of foreign currency exchange differences	-	1	18,463	38,201	2,734	4,769	-	64,168
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 8,694</u>	<u>\$ 889,502</u>	<u>\$ 1,990,432</u>	<u>\$ 179,829</u>	<u>\$ 671,169</u>	<u>\$ -</u>	<u>\$ 3,739,626</u>
Carrying amount at March 31, 2022	<u>\$ 1,184,961</u>	<u>\$ 13,813</u>	<u>\$ 1,594,838</u>	<u>\$ 1,072,994</u>	<u>\$ 71,723</u>	<u>\$ 379,710</u>	<u>\$ 698,006</u>	<u>\$ 5,016,045</u>