

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

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

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Nan Pao Resins Chemical Co., Ltd.

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CHENG- HSIEN WU  
Chairman  
March 14, 2024

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, based on our audits and the report of other auditors (see Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is detailed as follows:

### Authenticity of Revenue Recognition

As stated in Notes 4 (n) and 26, the Group's main source of revenue is revenue from the sale of adhesives and coatings. The sales amount of some customers changed significantly in 2023. We considered the materiality of this to the consolidated financial statements as well as the regulations in the auditing standards regarding the presumed significant risk in revenue recognition, and thus deemed the authenticity of revenue recognition of the aforementioned customers as a key audit matter.

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

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

### **Other Matter**

Among the subsidiaries included in the consolidated financial statements of the Group, the financial statements of some of the subsidiaries were not audited by us, but were audited 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. Total assets of these subsidiaries amounted to NT\$5,418,155 thousand and NT\$5,274,657 thousand as of December 31, 2023 and 2022, respectively, accounting for 23% and 21% of the total consolidated assets, respectively. Net sales revenue was NT\$6,261,112 thousand and NT\$5,749,177 thousand, respectively, accounting for 30% and 26% of the consolidated net sales revenue, respectively.

We have also audited the parent company only financial statements of Nan Pao Resins Chemical Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matter that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 14, 2024

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 DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,574,565	19	\$ 3,996,346	16
Financial assets at amortized cost - current (Notes 4, 9, 10, and 36)	627,336	3	352,043	2
Notes receivable (Notes 4 and 11)	343,899	2	310,864	1
Accounts receivable (Notes 4, 11 and 26)	4,056,979	17	4,261,020	17
Accounts receivable - related parties (Notes 4, 11, 26 and 35)	349,908	2	307,095	1
Other receivables (Notes 4 and 11)	88,994	-	97,544	-
Current tax assets (Note 28)	381	-	3,936	-
Inventories (Notes 4 and 12)	2,662,968	11	2,824,543	12
Other current assets (Note 20)	726,547	3	705,671	3
Total current assets	13,431,577	57	12,859,062	52
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	121,929	1	69,536	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,682,112	7	4,206,459	17
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 36)	37,907	-	128,484	1
Investments accounted for using the equity method (Notes 4 and 14)	30,312	-	39,286	-
Property, plant and equipment (Notes 4, 15 and 36)	5,808,353	25	5,507,684	22
Right-of-use assets (Notes 4 and 16)	1,324,936	6	1,179,673	5
Investment properties (Notes 4 and 17)	17,760	-	17,760	-
Goodwill (Notes 4, 18 and 31)	352,208	1	246,575	1
Other intangible assets (Notes 4 and 19)	456,917	2	122,033	1
Deferred tax assets (Notes 4 and 28)	294,970	1	256,284	1
Net defined benefit assets - non-current (Notes 4 and 24)	41,864	-	22,063	-
Other non-current assets (Note 20)	63,551	-	90,884	-
Total non-current assets	10,232,819	43	11,886,721	48
<b>TOTAL</b>	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 21 and 36)	\$ 1,832,918	8	\$ 1,854,293	8
Contract liabilities - current (Notes 4 and 26)	29,380	-	34,241	-
Notes payable (Note 22)	344	-	463	-
Accounts payable (Notes 22 and 35)	2,176,712	9	2,658,505	11
Dividends payable	1,997	-	4,032	-
Other payables (Note 35)	1,355,367	6	1,080,261	4
Current tax liabilities (Note 28)	566,780	2	275,853	1
Lease liabilities - current (Notes 4 and 16)	102,212	-	87,235	-
Current portion of long-term borrowings (Notes 21 and 36)	145,577	1	138,721	1
Other current liabilities (Notes 23 and 35)	181,147	1	202,620	1
Total current liabilities	6,392,434	27	6,336,224	26
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 21 and 36)	894,993	4	1,223,855	5
Deferred tax liabilities (Notes 4 and 28)	1,188,145	5	876,315	3
Lease liabilities - non-current (Notes 4 and 16)	632,576	3	656,265	3
Other non-current liabilities (Note 23)	9,569	-	9,748	-
Total non-current liabilities	2,725,283	12	2,766,183	11
Total liabilities	9,117,717	39	9,102,407	37
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>				
Share capital - ordinary shares	1,205,707	5	1,205,707	5
Capital surplus	2,124,891	9	2,115,333	9
Retained earnings				
Legal reserve	1,565,289	6	1,388,123	6
Special reserve	313,321	1	313,321	1
Unappropriated earnings	7,029,050	30	5,982,451	24
Total retained earnings	8,907,660	37	7,683,895	31
Other equity	938,955	4	3,547,091	14
Total equity attributable to owners of the Company	13,177,213	55	14,552,026	59
<b>NON-CONTROLLING INTERESTS</b>	1,369,466	6	1,091,350	4
Total equity	14,546,679	61	15,643,376	63
<b>TOTAL</b>	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 24,745,783</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 20,581,188	100	\$ 22,004,313	100
OPERATING COSTS (Notes 12, 24, 27 and 35)	<u>14,090,728</u>	<u>68</u>	<u>16,716,776</u>	<u>76</u>
GROSS PROFIT	<u>6,490,460</u>	<u>32</u>	<u>5,287,537</u>	<u>24</u>
OPERATING EXPENSES (Notes 11, 24 and 27)				
Selling and marketing expenses	1,998,296	10	2,031,894	9
General and administrative expenses	978,930	5	898,945	4
Research and development expenses	519,403	2	513,724	3
Expected credit loss	<u>29,449</u>	<u>-</u>	<u>18,599</u>	<u>-</u>
Total operating expenses	<u>3,526,078</u>	<u>17</u>	<u>3,463,162</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>2,964,382</u>	<u>15</u>	<u>1,824,375</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)				
Interest income	70,594	-	34,892	-
Other income	479,677	2	551,926	3
Other gains and losses	(7,657)	-	61,250	-
Finance costs	(104,261)	(1)	(86,315)	-
Share of loss of associates	<u>(8,974)</u>	<u>-</u>	<u>(714)</u>	<u>-</u>
Total non-operating income and expenses	<u>429,379</u>	<u>1</u>	<u>561,039</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	3,393,761	16	2,385,414	11
INCOME TAX EXPENSE (Notes 4 and 28)	<u>827,329</u>	<u>4</u>	<u>522,686</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,566,432</u>	<u>12</u>	<u>1,862,728</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,227	-	38,551	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(2,529,084)	(12)	(2,091,887)	(9)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(236)</u>	<u>-</u>	<u>(7,720)</u>	<u>-</u>
	<u>(2,528,093)</u>	<u>(12)</u>	<u>(2,061,056)</u>	<u>(9)</u>

(Continued)



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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (115,243)	-	\$ 398,275	2
Income tax related to items that may be reclassified subsequently to profit or loss	<u>19,763</u>	<u>-</u>	<u>(76,044)</u>	<u>-</u>
	<u>(95,480)</u>	<u>-</u>	<u>322,231</u>	<u>2</u>
Other comprehensive loss for the year, net of income tax	<u>(2,623,573)</u>	<u>(12)</u>	<u>(1,738,825)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (57,141)</u>	<u>-</u>	<u>\$ 123,903</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,428,215	12	\$ 1,741,459	8
Non-controlling interests	<u>138,217</u>	<u>-</u>	<u>121,269</u>	<u>-</u>
	<u>\$ 2,566,432</u>	<u>12</u>	<u>\$ 1,862,728</u>	<u>8</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (178,663)	(1)	\$ (16,056)	-
Non-controlling interests	<u>121,522</u>	<u>1</u>	<u>139,959</u>	<u>1</u>
	<u>\$ (57,141)</u>	<u>-</u>	<u>\$ 123,903</u>	<u>1</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 20.14</u>		<u>\$ 14.44</u>	
Diluted	<u>\$ 20.08</u>		<u>\$ 14.39</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE AT 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
Appropriation of 2021 earnings (Note 25)											
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	10,852	-	-	-	-	-	-	10,852	(13,352)	(2,500)
Changes in ownership interests in subsidiaries (Note 32)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908
Issuance of employee share options by subsidiaries (Note 30)	-	1,478	-	-	-	-	-	-	1,478	1,447	2,925
Net profit for the year ended December 31, 2022	-	-	-	-	1,741,459	-	-	-	1,741,459	121,269	1,862,728
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	30,196	304,176	(2,091,887)	(1,787,711)	(1,757,515)	18,690	(1,738,825)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,771,655	304,176	(2,091,887)	(1,787,711)	(16,056)	139,959	123,903
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(41,474)	(41,474)
BALANCE AT DECEMBER 31, 2022	1,205,707	2,115,333	1,388,123	313,321	5,982,451	(340,299)	3,887,390	3,547,091	14,552,026	1,091,350	15,643,376
Appropriation of 2022 earnings (Note 25)											
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	(195)	-	-	-	-	-	-	(195)	(122)	(317)
Changes in ownership interests in subsidiaries (Note 32)	-	6,618	-	-	-	-	-	-	6,618	67,628	74,246
Issuance of employee share options by subsidiaries (Note 30)	-	3,135	-	-	-	-	-	-	3,135	3,136	6,271
Net profit for the year ended December 31, 2023	-	-	-	-	2,428,215	-	-	-	2,428,215	138,217	2,566,432
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	1,258	(79,052)	(2,529,084)	(2,608,136)	(2,606,878)	(16,695)	(2,623,573)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,429,473	(79,052)	(2,529,084)	(2,608,136)	(178,663)	121,522	(57,141)
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	85,952	85,952
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,205,707</u>	<u>\$ 2,124,891</u>	<u>\$ 1,565,289</u>	<u>\$ 313,321</u>	<u>\$ 7,029,050</u>	<u>\$ (419,351)</u>	<u>\$ 1,358,306</u>	<u>\$ 938,955</u>	<u>\$ 13,177,213</u>	<u>\$ 1,369,466</u>	<u>\$ 14,546,679</u>

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

(With Deloitte & Touche audit report dated March 14, 2024)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,393,761	\$ 2,385,414
Adjustments for:		
Depreciation expenses	586,801	481,823
Amortization expenses	68,010	28,982
Expected credit loss recognized on trade receivables	29,449	18,599
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(18,327)	6,599
Finance costs	104,261	86,315
Interest income	(70,594)	(34,892)
Dividend income	(390,075)	(477,714)
Compensation cost of employee share options	6,271	2,925
Share of loss of associates	8,974	714
(Gain) loss on disposal of property, plant and equipment	(1,996)	32,545
Gain on disposal of right-of-use assets	-	(1,374)
Gain on disposal of associates	-	(26,523)
Write-down of inventories	16,191	-
Impairment loss recognized on goodwill	2,096	-
Gain on lease modification	(20)	(304)
Changes in operating assets and liabilities		
Notes receivable	(27,055)	(2,207)
Accounts receivable	225,845	(367,800)
Accounts receivable - related parties	(42,912)	15,186
Other receivables	15,223	5,794
Inventories	171,197	255,522
Other current assets	(13,563)	(166,069)
Other non-current assets	(20,283)	(236)
Contract liabilities	(5,604)	(10,718)
Notes payable	(120)	(581)
Accounts payable	(498,061)	(13,649)
Other payables	25,575	146,116
Other current liabilities	(24,082)	(3,104)
Net defined benefit liabilities	(18,478)	(35,694)
Other non-current liabilities	406	(39,123)
Cash generated from operations	3,522,890	2,286,546
Interest received	66,459	41,139
Interest paid	(104,349)	(80,352)
Income tax paid	(356,014)	(330,570)
Net cash generated from operating activities	<u>3,128,986</u>	<u>1,916,763</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(4,738)	(13,487)
Net increase in financial assets at amortized cost	(193,926)	-

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net decrease in financial assets at amortized cost	\$ -	\$ 237,450
Purchase of financial assets at fair value through profit or loss	(34,066)	(40,000)
Acquisition of associates	-	(40,000)
Net cash outflow on acquisition of subsidiaries	(256,004)	-
Proceeds from disposal of non-current assets held for sale	-	405,000
Payments for property, plant and equipment	(557,738)	(874,311)
Proceeds from disposal of property, plant and equipment	7,851	3,338
Increase in refundable deposits	(399)	(2,727)
Payments for intangible assets	(7,425)	(2,048)
Proceeds from disposal of right-of-use assets	-	55,332
Acquisition of right-of-use assets	(135,725)	-
Dividends received	<u>390,075</u>	<u>477,714</u>
Net cash (used in) generated from investing activities	<u>(792,095)</u>	<u>206,261</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	6,449,540	9,803,903
Repayments of short-term borrowings	(6,602,609)	(10,146,397)
Proceeds from long-term borrowings	1,735,373	3,422,589
Repayments of long-term borrowings	(2,056,964)	(4,193,002)
Refund of guarantee deposits received	(539)	(2,179)
Repayment of the principal portion of lease liabilities	(62,764)	(54,320)
Cash dividends paid	(1,264,062)	(760,867)
Changes in non-controlling interests	65,311	11,408
Payments for transaction costs attributable to the issue of ordinary shares	<u>(192)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,736,906)</u>	<u>(1,918,865)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(21,766)</u>	<u>51,226</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>578,219</b>	<b>255,385</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>3,996,346</b></u>	<u><b>3,740,961</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 4,574,565</b></u>	<u><b>\$ 3,996,346</b></u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 14, 2024.

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

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC would not have material impact on the Group's accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

- d. Presentation reclassification

The management of the Group considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate, and therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of \$21,078 thousand and \$509,655 thousand on December 31, 2022 and January 1, 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	<b>Adjustments</b>
Net cash used in investing activities	\$ <u>488,577</u>
Net decrease in cash and cash equivalents	\$ <u>488,577</u>

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **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 assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the assets or liabilities.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

##### **d. Basis of consolidation**

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of 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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items denominated in foreign currencies and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, goods, work in progress, finished goods, semi-finished goods and inventory in transit and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of



completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

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

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

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

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

i. Investment properties

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

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

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

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and

amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

1. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets other than goodwill

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial

assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash

and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

## 2) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## n. Revenue recognition

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

### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of adhesives, coatings, and construction materials. Sales of adhesives, coatings, and construction materials are recognized as revenue when reaching trade terms or after accepting because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

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

### 2) Revenue from the rendering of services

For services in procuring equipment on behalf of customers, the Group does not commit itself to obtain the goods from the suppliers before goods are purchased by the customer and thus does not take on any inventory risk. Consequently, the Group is an agent and its performance obligation is to procure goods on behalf of the customer. The Group recognizes revenue in the net amount of the consideration received or receivable when goods are transferred to the customer, and the Group has no further obligations to the customer.

## o. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

### 1) The Group as lessor

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

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

When a lease includes both land and building elements, the Group assesses the classification of

each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

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

## p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets

are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

q. Government grants

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

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are



expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies adopted by the Group do not involve material accounting judgements and estimation.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 6,803	\$ 8,617
Checking accounts and demand deposits	3,494,434	3,792,758
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	<u>1,073,328</u>	<u>194,971</u>
	<u>\$ 4,574,565</u>	<u>\$ 3,996,346</u>

The market rate intervals of time deposits at the end of the year were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Time deposits	0.63%-6.45%	1.8%-6%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership	<u>\$ 121,929</u>	<u>\$ 69,536</u>

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

	December 31	
	2023	2022
Emerging market shares	\$ 20,296	\$ 13,951
Unlisted shares	<u>1,661,816</u>	<u>4,192,508</u>
	<u>\$ 1,682,112</u>	<u>\$ 4,206,459</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

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 591,251	\$ 316,553
Pledged time deposits (a)	32,281	31,727
Refundable deposits	<u>3,804</u>	<u>3,763</u>
	<u>\$ 627,336</u>	<u>\$ 352,043</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 12 months (a)	\$ 4,327	\$ 92,580
Pledged time deposits (a)	4,827	4,854
Restricted demand deposits	-	2,504
Refundable deposits	<u>28,753</u>	<u>28,546</u>
	<u>\$ 37,907</u>	<u>\$ 128,484</u>

- The ranges of interest rates for time deposits were approximately 0.63%-8.60% and 0.15%-10.40% per annum as of December 31, 2023 and 2022, respectively.
- Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

# 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

	December 31	
	2023	2022
Financial assets at amortized cost - current	\$ 627,336	\$ 352,043
Financial assets at amortized cost - non-current	<u>37,907</u>	<u>128,484</u>
	<u>\$ 665,243</u>	<u>\$ 480,527</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 December 31, 2023 and 2022.

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

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	<u>\$ 343,899</u>	<u>\$ 310,864</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 4,498,986	\$ 4,633,636
Less: Allowance for impairment loss	<u>92,099</u>	<u>65,521</u>
	<u>\$ 4,406,887</u>	<u>\$ 4,568,115</u>
<u>Other receivables</u>		
Gross carrying amount	<u>\$ 88,994</u>	<u>\$ 97,544</u>

## a. Notes receivable

As of December 31, 2023 and 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 days 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 year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

The Group writes off accounts 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 accounts receivable 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.

#### December 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	0.02%-0.34%	0.12%-8%	2%-21%	6%-47%	23%-100%	100%	
Gross carrying amount	\$ 3,746,988	\$ 560,086	\$ 82,277	\$ 47,415	\$ 10,777	\$ 51,443	\$ 4,498,986
Loss allowance (Lifetime ECLs)	<u>(2,600)</u>	<u>(6,826)</u>	<u>(9,161)</u>	<u>(13,974)</u>	<u>(8,095)</u>	<u>(51,443)</u>	<u>(92,099)</u>
Amortized cost	<u>\$ 3,744,388</u>	<u>\$ 553,260</u>	<u>\$ 73,116</u>	<u>\$ 33,441</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 4,406,887</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%	3%-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>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 65,521	\$ 48,770
Net remeasurement of loss allowance	29,449	18,599
Amounts written off	(3,069)	(3,921)
Acquisitions through business combinations	1,510	-
Foreign exchange gains and losses	<u>(1,312)</u>	<u>2,073</u>
Balance at December 31	<u>\$ 92,099</u>	<u>\$ 65,521</u>

## 12. INVENTORIES

	December 31	
	2023	2022
Goods	\$ 162,098	\$ 160,502
Finished goods and semi-finished goods	981,713	1,080,572
Work in progress	125,934	144,397
Raw materials and supplies	1,146,493	1,189,060
Inventory in transit	<u>246,730</u>	<u>250,012</u>
	<u>\$ 2,662,968</u>	<u>\$ 2,824,543</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$14,092,724 thousand and \$16,705,501 thousand, respectively. The cost of goods sold included inventory write-downs of \$16,191 thousand for the year ended December 31, 2023.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2023	2022	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	49.53	50.51	c
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100	
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1	
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	
	Profit Land Ltd.	General investment	73.75	73.75	a
	All Saints Enterprises Ltd.	General investment	54.53	54.53	a
	Ongoing Profits Ltd.	General investment	32.18	32.18	a
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	49	49	b
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark	
			December 31			
			2023	2022		
ITLS International Development Co., Ltd.	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	d	
	FlexUP Technologies Corp.	Trading of chemicals	100	96.87		
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100		
	Nan Pao Resins International Ltd.	Trading of chemicals and related products	100	-	e	
	Nan Pao Resins ( HK ) Ltd.	Production and trading of adhesives	100	-	e	
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	-	f	
	ITLS Holding Pte. Ltd.	General investment	100	100	g	
	Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	-	70		
	PT. ITLS Indonesia	Production and trading of construction materials	100	100		
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100		
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100		
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Production and trading of adhesives	100	100		
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100		
	Profit Land Ltd.	General investment	26.25	26.25	a	
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100		
	All Saints Enterprises Ltd.	General investment	45.47	45.47	a	
	NP Australia Pty Ltd.	General investment	100	100		
	Ongoing Profits Ltd.	General investment	67.82	67.82	a	
	Treasure Wealth (HK) Ltd.	General investment	100	100		
	Goldford Investments Ltd.	General investment	100	100		
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100		
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	-	100	e	
Greatwill Materials (HK) Ltd.	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100		
	Nan Pao Resins ( HK ) Ltd.	Production and trading of adhesives	-	100	e	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58		
	Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	
	Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	
	Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89		
	Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	
	Nan Pao Resins Development Ltd.	Nan Pao Resins Development Ltd.	General investment	100	100	
	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	100	100		
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100		
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100		

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	b
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	
Nan Pao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	90.91	95.24	h
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	100	100	
	Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	70	-	i

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. In February 2023, Prince Pharmaceutical Co., Ltd. processed a cash capital increase, and the Group did not subscribe share proportionately, and in October 2023, Prince Pharmaceutical Co., Ltd. exercised employee share options, resulting in a decrease in shareholding from 50.51% to 49.53% (refer to Note 32).
- d. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, resulting in an increase in shareholding from 96.87% to 100% (refer to Note 32).
- e. The Group acquired the share of Nan Pao Resins International Ltd. and Nan Pao Resins (HK) Ltd. which was held by Nan Pao Group Holdings Ltd. in April 2023, and the shareholding ratio was 100% after acquisition.
- f. The Group invested in and established Nan Pao Materials Resins India Private Limited, and have invested capital in the subsidiary in June 2023.
- g. Aftek Materials Vietnam Co., Ltd. had been liquidated in April 2023.
- h. 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 32).
- i. The Group acquired Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023, and the shareholding ratio was 70% after acquisition (refer to Note 31).



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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Investments in associates		
Associates that are not individually material	\$ <u>30,312</u>	\$ <u>39,286</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
The Group's share of:		
Total net loss and comprehensive income (loss) for the year	\$ <u>(8,974)</u>	\$ <u>(714)</u>

#### 15. PROPERTY, PLANT AND EQUIPMENT

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

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

Refer to Table 11 for the detailed information of changes in property, plant and equipment.

Impairment assessment was not performed for the years ended December 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 36.

#### 16. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land (Note)	\$ 851,891	\$ 675,456
Buildings	426,454	459,620
Machinery	-	75
Transportation equipment	43,492	41,454
Miscellaneous equipment	<u>3,099</u>	<u>3,068</u>
	<u>\$ 1,324,936</u>	<u>\$ 1,179,673</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	\$ 198,980	\$ 256,510
Depreciation charge for right-of-use assets		
Land	\$ 21,829	\$ 19,115
Buildings	61,953	52,352
Machinery	4	103
Transportation equipment	18,413	15,175
Miscellaneous equipment	858	567
	<u>\$ 103,057</u>	<u>\$ 87,312</u>

Note: The land use rights of subsidiaries in Vietnam pledged as collateral for bank borrowings are set out in Note 36.

Except for the aforementioned additions and recognized depreciation, there was no significant sublease or impairment of right-of-use assets of the Group for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	\$ 102,212	\$ 87,235
Non-current	\$ 632,576	\$ 656,265

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%
Machinery	0.76%-2%	0.76%-2%
Transportation equipment	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%

c. Material leasing activities and terms

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 38,162	\$ 58,398
Expenses relating to low-value asset leases	\$ 2,523	\$ 2,148
Total cash outflow for leases	\$ 121,994	\$ 129,957

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

## 17. INVESTMENT PROPERTIES

### Land

Balance at December 31, 2023 and 2022 \$ 17,760

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2023 and 2022. 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.

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

## 18. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balance at January 1	\$ 249,679	\$ 241,175
Additional amounts recognized from business combinations that occurred during the year (Note 31)	108,642	-
Effects of foreign currency exchange differences	(914)	8,504
Balance at December 31	\$ 357,407	\$ 249,679
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 3,104	\$ 2,798
Impairment losses recognized	2,096	-
Effects of foreign currency exchange differences	(1)	306
Balance at December 31	\$ 5,199	\$ 3,104
Carrying amount at December 31	\$ 352,208	\$ 246,575

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 the recoverable amount. The value-in-use was estimated based on the Group's financial projections of cash flow for the future years, to reflect the specific risk of related cash generating units.

Due to the production capacity efficiency of the subsidiaries of the Group was not as good as expected, the Group assessed recoverable amount of goodwill at December 31, 2023, and goodwill impairment losses of \$2,096 thousand were recognized and presented in other gains and losses.

The recoverable amount was determined based on a value-in-use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period , and calculated by using the weighted average cost of capital ratio. The assumptions was based on the past operating conditions of the cash-generating unit and management's expectations of the market.

## 19. OTHER INTANGIBLE ASSETS

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 122,158	\$ -	\$ 23,195	\$ 129,136	\$ 274,489
Additions	-	-	-	7,425	7,425
Acquisitions through business combinations	119,870	100,336	128,748	53,705	402,659
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	1,280	1,280
Effects of foreign currency exchange differences	(1,936)	(2,359)	(2,861)	(1,145)	(8,301)
Balance at December 31, 2023	<u>\$ 240,092</u>	<u>\$ 97,977</u>	<u>\$ 149,082</u>	<u>\$ 189,464</u>	<u>\$ 676,615</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	16,950	6,666	19,381	25,013	68,010
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	263	263
Effects of foreign currency exchange differences	488	(134)	(285)	(163)	(94)
Balance at December 31, 2023	<u>\$ 83,360</u>	<u>\$ 6,532</u>	<u>\$ 22,722</u>	<u>\$ 107,084</u>	<u>\$ 219,698</u>
Carrying amount at December 31, 2023	<u>\$ 156,732</u>	<u>\$ 91,445</u>	<u>\$ 126,360</u>	<u>\$ 82,380</u>	<u>\$ 456,917</u>

(Continued)

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 117,759	\$ -	\$ 22,359	\$ 117,018	\$ 257,136
Additions	-	-	-	10,381	10,381
Effects of foreign currency exchange differences	4,399	-	836	1,737	6,972
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at December 31, 2022	<u>\$ 122,158</u>	<u>\$ -</u>	<u>\$ 23,195</u>	<u>\$ 129,136</u>	<u>\$ 274,489</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 52,408	\$ -	\$ 1,287	\$ 64,959	\$ 118,654
Amortization expenses	11,467	-	2,274	15,241	28,982
Effects of foreign currency exchange differences	2,047	-	65	2,708	4,820
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at December 31, 2022	<u>\$ 65,922</u>	<u>\$ -</u>	<u>\$ 3,626</u>	<u>\$ 82,908</u>	<u>\$ 152,456</u>
Carrying amount at December 31, 2022	<u>\$ 56,236</u>	<u>\$ -</u>	<u>\$ 19,569</u>	<u>\$ 46,228</u>	<u>\$ 122,033</u>

(Concluded)

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

Client relationships	9-12years
Non-patented technology	10years
Trademark	5-10years
Others	2-15years

## 20. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Input tax	\$ 254,349	\$ 254,824
Prepayments	106,313	105,116
Prepaid expenses	80,279	72,447
Overpaid tax retained for offsetting the future tax payable	261,288	242,511
Others	<u>24,318</u>	<u>30,773</u>
	<u>\$ 726,547</u>	<u>\$ 705,671</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-Current</u>		
Prepayments for equipment	\$ 36,327	\$ 83,943
Others	<u>27,224</u>	<u>6,941</u>
	<u>\$ 63,551</u>	<u>\$ 90,884</u>
		(Concluded)

## 21. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loans (Note 36)	\$ 71,185	\$ 30,000
Unsecured bank loans	<u>1,761,733</u>	<u>1,824,293</u>
	<u>\$ 1,832,918</u>	<u>\$ 1,854,293</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loans	2.02%-3.85%	1.9%
Unsecured bank loans	1.60%-6.78%	1.45%-5.69%

### b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loans (1)	\$ 299,492	\$ 330,921
Unsecured bank loans (2)	<u>741,078</u>	<u>1,031,655</u>
	1,040,570	1,362,576
Less: Current portion	<u>145,577</u>	<u>138,721</u>
	<u>\$ 894,993</u>	<u>\$ 1,223,855</u>

- 1) As of December 31, 2023 and 2022, the range of weighted average effective interest rates of the bank borrowings secured by the Group's freehold land, buildings, and deposit certificates (see Note 36), was 2.203%-2.308% and 1.95%-2.06% per annum, respectively. Long-term borrowings mentioned above will expire in June 2035, and payments of interest and principal are made on schedule.
- 2) As of December 31, 2023 and 2022, the range of weighted average effective interest rates of credit bank loans was 1.15%-4.5% and 1.03%-4.5% 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes Payable</u>		
Operating	\$ <u>344</u>	\$ <u>463</u>
<u>Accounts Payable</u>		
Operating	\$ <u>2,176,712</u>	\$ <u>2,658,505</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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Other liabilities		
Refund liabilities	\$ 153,080	\$ 172,906
Others	<u>28,067</u>	<u>29,714</u>
	<u>\$ 181,147</u>	<u>\$ 202,620</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 2,092	\$ 2,677
Others	<u>7,477</u>	<u>7,071</u>
	<u>\$ 9,569</u>	<u>\$ 9,748</u>

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

The Group's subsidiaries in China and other regions are members of a state-managed retirement benefit plan operated by each government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contribute amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The employees of the Group's subsidiaries in Indonesia are members of a state-managed retirement benefit plan operated by the government of Indonesia. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 309,091	\$ 339,876
Fair value of plan assets	<u>(350,955)</u>	<u>(361,939)</u>
Net defined benefit assets	<u>\$ (41,864)</u>	<u>\$ (22,063)</u>

Movements in net defined benefit assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 382,247</u>	<u>\$ (330,431)</u>	<u>\$ 51,816</u>
Service cost			
Past service cost and gain on settlements	(5,427)	-	(5,427)
Current service cost	3,911	-	3,911
Net interest expense (income)	<u>3,808</u>	<u>(2,338)</u>	<u>1,470</u>
Recognized in profit or loss	<u>2,292</u>	<u>(2,338)</u>	<u>(46)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,269)	(26,269)
Actuarial gain - changes in financial assumptions	(14,379)	-	(14,379)
Actuarial loss - experience adjustments	2,588	-	2,588
Actuarial gain - others	<u>(491)</u>	<u>-</u>	<u>(491)</u>
Recognized in other comprehensive income	<u>(12,282)</u>	<u>(26,269)</u>	<u>(38,551)</u>

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Contributions from the employer	\$ -	\$ (21,534)	\$ (21,534)
Benefits paid	(32,424)	18,633	(13,791)
Exchange differences on foreign plans	43	-	43
Balance at December 31, 2022	<u>339,876</u>	<u>(361,939)</u>	<u>(22,063)</u>
Service cost			
Past service cost and gain on settlements	(1,310)	-	(1,310)
Current service cost	3,807	-	3,807
Net interest expense (income)	<u>5,076</u>	<u>(4,593)</u>	<u>483</u>
Recognized in profit or loss	<u>7,573</u>	<u>(4,593)</u>	<u>2,980</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,043)	(3,043)
Actuarial loss - changes in financial assumptions	1,343	-	1,343
Actuarial loss - experience adjustments	18	-	18
Actuarial loss - others	<u>455</u>	<u>-</u>	<u>455</u>
Recognized in other comprehensive income	<u>1,816</u>	<u>(3,043)</u>	<u>(1,227)</u>
Contributions from the employer	-	(15,749)	(15,749)
Benefits paid	<u>(40,077)</u>	<u>34,369</u>	<u>(5,708)</u>
Exchange differences on foreign plans	<u>(97)</u>	<u>-</u>	<u>(97)</u>
Balance at December 31, 2023	<u>\$ 309,091</u>	<u>\$ (350,955)</u>	<u>\$ (41,864)</u> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 1,130	\$ 93
Selling and marketing expenses	1,073	(131)
General and administrative expenses	843	(65)
Research and development expenses	<u>(66)</u>	<u>57</u>
	<u>\$ 2,980</u>	<u>\$ (46)</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.2%-6.74%	1.25%-7.5%
Expected rates of salary increase	2%-10%	1.5%-10%

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates		
0.25% increase	\$ (6,959)	\$ (7,572)
0.25% decrease	\$ 7,588	\$ 8,154
Expected rates of salary increase		
0.25% increase	\$ 7,485	\$ 8,046
0.25% decrease	\$ (6,916)	\$ (7,520)

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plans for the next year	\$ 16,956	\$ 18,437
Average duration of the defined benefit obligation	7 to 13.78 years	7 to 16.4 years

## 25. EQUITY

### a. Share capital

#### Ordinary shares

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

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

### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,659	10,854
Employee share options	44,083	44,083
Expired employee share options	135	135
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	29,810	20,057
	<u>\$ 2,124,891</u>	<u>\$ 2,115,333</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

Proposal for profit distribution or offsetting of losses of the Company 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, when the Company distributed profit, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve

10% of the remaining profit (This shall not apply if the accumulated legal reserve has reached the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 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 distributed as cash dividends or stock dividends, and the issuance of cash dividends takes precedence over the payment of stock dividends. In principle, stock dividends are limited to 80% of the total dividends distributed.

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

The special reserve is appropriated and reversed by the Company under the Rules.

The appropriations of earnings for 2022 and 2021, which were resolved by the board of directors in March 2023 and resolved in the shareholders' meetings in June 2022, respectively, were as follows:

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

The appropriation of earnings for 2023, which was proposed by the Company's board of directors in March 2024, was as follows:

	<b>Appropriation of earnings</b>	<b>Dividends per share (NT\$)</b>
Legal reserve	\$ 242,947	
Cash dividends	1,808,562	\$ 15

The above appropriation for cash dividends has been resolved by the Company's board of directors and the rest are pending the resolution of the shareholder meeting scheduled to be held in June 2024.

d. Special reserve

On the initial application of IFRS Accounting Standards, 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 the translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (340,299)	\$ (644,475)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(79,052)</u>	<u>304,176</u>
Balance at December 31	<u>\$ (419,351)</u>	<u>\$ (340,299)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,887,390	\$ 5,979,277
Recognized for the year		
Unrealized loss - equity instruments	<u>(2,529,084)</u>	<u>(2,091,887)</u>
Balance at December 31	<u>\$ 1,358,306</u>	<u>\$ 3,887,390</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,091,350	\$ 992,192
Share in profit for the year	138,217	121,269
Other comprehensive income or loss during the year		
Exchange differences on the translation of the financial statements of foreign operations	(16,428)	18,055
Remeasurement of defined benefit plans	(337)	797
Related income tax	70	(162)
Changes in ownership interests in subsidiaries (Note 32)	67,506	(774)
Issuance of employee share options by subsidiaries (Note 30)	3,136	1,447
Repatriation of share capital from liquidation of subsidiaries	(8,810)	-
Dividend payout from subsidiaries	(56,319)	(41,474)
Non-controlling interests arising from acquisition of subsidiaries (Note 31)	<u>151,081</u>	<u>-</u>
Balance at December 31	<u>\$ 1,369,466</u>	<u>\$ 1,091,350</u>

## 26. REVENUE

- a. Please refer to Note 40 for disaggregation of revenue.
- b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	<u>\$ 4,498,986</u>	<u>\$ 4,633,636</u>	<u>\$ 4,117,118</u>
Contract liabilities - current			
Sale of goods	<u>\$ 29,380</u>	<u>\$ 34,241</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	<u>\$ 70,594</u>	<u>\$ 34,892</u>

- b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividend income	\$ 390,075	\$ 477,714
Reversal of litigation reserve	-	15,199
Grant income	53,179	11,604
Rental income	1,678	2,134
Others	<u>34,745</u>	<u>45,275</u>
	<u>\$ 479,677</u>	<u>\$ 551,926</u>

- c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange (losses) gains	\$ (10,582)	\$ 71,780
Gain on disposal of associates	-	26,523
Gain on disposal of right-of-use assets (Note)	-	1,374
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	18,327	(6,599)
Loss on disposal of property, plant and equipment (Note)	-	(21,270)
Impairment loss recognized on goodwill	(2,096)	-
Others	<u>(13,306)</u>	<u>(10,558)</u>
	<u>\$ (7,657)</u>	<u>\$ 61,250</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 85,716	\$ 71,224
Interest on lease liabilities	<u>18,545</u>	<u>15,091</u>
	<u>\$ 104,261</u>	<u>\$ 86,315</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 398,654	\$ 343,555
Operating expenses	<u>188,147</u>	<u>138,268</u>
	<u>\$ 586,801</u>	<u>\$ 481,823</u>
An analysis of amortization by function		
Operating costs	\$ 1,321	\$ 1,020
Operating expenses	<u>66,689</u>	<u>27,962</u>
	<u>\$ 68,010</u>	<u>\$ 28,982</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits		
Salaries	\$ 2,217,561	\$ 2,150,696
Labor and health insurance	166,824	143,851
Others	<u>174,236</u>	<u>170,843</u>
	<u>2,558,621</u>	<u>2,465,390</u>
Post-employment benefits		
Defined contribution plans	120,781	107,038
Defined benefit plans (see Note 24)	<u>2,980</u>	<u>(46)</u>
	<u>123,761</u>	<u>106,992</u>
	<u>\$ 2,682,382</u>	<u>\$ 2,572,382</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 977,191	\$ 930,399
Operating expenses	<u>1,705,191</u>	<u>1,641,983</u>
	<u>\$ 2,682,382</u>	<u>\$ 2,572,382</u>

g. Compensation of employees

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors in March 2024 and 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	2.25%	2.5%
Remuneration of directors	0.95%	1.06%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 67,600	\$ 52,000
Remuneration of directors	28,600	22,000

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 compensation of employees 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 compensation of employees and remuneration of directors recognized in the consolidated financial statements, are as shown below:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Compensation of employees</b>	<b>Remuneration of directors</b>	<b>Compensation of employees</b>	<b>Remuneration of directors</b>
Amounts approved in the board of directors' meeting	\$ 52,000	\$ 22,000	\$ 36,960	\$ 16,000
Amounts recognized in the annual financial statements	<u>52,000</u>	<u>22,000</u>	<u>36,960</u>	<u>17,600</u>
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 compensation of employees 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 271,240	\$ 383,203
Foreign exchange losses	<u>(281,822)</u>	<u>(311,423)</u>
	<u>\$ (10,582)</u>	<u>\$ 71,780</u>

## 28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 663,392	\$ 462,518
Income tax on unappropriated earnings	10,388	57
Adjustments for prior years	<u>(28,884)</u>	<u>(38,656)</u>
	<u>644,896</u>	<u>423,919</u>
Deferred tax		
In respect of the current year	<u>182,433</u>	<u>98,767</u>
	<u>\$ 827,329</u>	<u>\$ 522,686</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 3,393,761</u>	<u>\$ 2,385,414</u>
Income tax expense calculated at the statutory rate	\$ 1,000,610	\$ 690,299
Non-deductible expenses in determining taxable income	2,728	3,374
Tax-exempt income	(78,015)	(95,298)
Temporary differences	(26,532)	23,538
Permanent differences	(9,965)	(25,092)
Income tax on unappropriated earnings	10,388	57
Adjustments for prior years	(28,884)	(38,656)
Tax relief	(44,241)	(35,536)
Repatriation of overseas funds	<u>1,240</u>	<u>-</u>
	<u>\$ 827,329</u>	<u>\$ 522,686</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 19,763	\$ (76,044)
Remeasurement of defined benefit plans	(236)	(7,720)
	<u>\$ 19,527</u>	<u>\$ (83,764)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	\$ 381	\$ 3,936
Current tax liabilities		
Income tax payable	\$ 566,780	\$ 275,853

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Acquisitions through Business Combinations</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred Tax Assets</u>						
Temporary differences						
Exchange differences on translating the financial statements of foreign operations	\$ 85,074	\$ -	\$ 19,763	\$ -	\$ -	\$ 104,837
Defined benefit obligations	3,880	344	(236)	-	(173)	3,815
Write-downs of inventories	34,586	2,127	-	-	(119)	36,594
Allowance for impairment loss	10,252	2,680	-	-	(205)	12,727
Payables for annual leave	5,056	(309)	-	-	-	4,747
Unrealized gross profit	46,491	12,905	-	-	-	59,396
Others	31,701	18,913	-	145	290	51,049
	217,040	36,660	19,527	145	(207)	273,165
Carryforwards	39,244	(17,484)	-	-	45	21,805
	<u>\$ 256,284</u>	<u>\$ 19,176</u>	<u>\$ 19,527</u>	<u>\$ 145</u>	<u>(\$ 162)</u>	<u>\$ 294,970</u>
<u>Deferred Tax Liabilities</u>						
Temporary differences						
Foreign investment income	\$ 630,415	\$ 207,872	\$ -	\$ -	\$ (43)	\$ 838,244
Defined benefit obligations	6,347	3,616	-	-	-	9,963
Provision for land appreciation tax	235,087	-	-	-	-	235,087
Others	4,466	(9,879)	-	113,142	(2,878)	104,851
	<u>\$ 876,315</u>	<u>\$ 201,609</u>	<u>\$ -</u>	<u>\$ 113,142</u>	<u>\$ (2,921)</u>	<u>\$ 1,188,145</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	\$ 161,118	\$ -	\$ (76,044)	\$ -	\$ 85,074
Defined benefit obligations	11,445	(208)	(7,720)	363	3,880
Write-downs of inventories	42,507	(8,195)	-	274	34,586
Allowance for impairment loss	4,042	6,015	-	195	10,252
Payables for annual leave	4,875	340	-	(159)	5,056
Unrealized gross profit	23,823	22,668	-	-	46,491
Others	49,338	(19,019)	-	1,382	31,701
	297,148	1,601	(83,764)	2,055	217,040
Carryforwards	49,361	(11,689)	-	1,572	39,244
	<u>\$ 346,509</u>	<u>\$ (10,088)</u>	<u>\$ (83,764)</u>	<u>\$ 3,627</u>	<u>\$ 256,284</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign investment income	\$ 522,521	\$ 107,864	\$ -	\$ 30	\$ 630,415
Defined benefit obligations	-	6,347	-	-	6,347
Provision for land appreciation tax	235,087	-	-	-	235,087
Others	28,817	(25,532)	-	1,181	4,466
	<u>\$ 786,425</u>	<u>\$ 88,679</u>	<u>\$ -</u>	<u>\$ 1,211</u>	<u>\$ 876,315</u>

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

As of December 31, 2023 and 2022, the taxable temporary differences related to the investment of subsidiaries and unrecognized deferred income tax liabilities were both of \$202,248 thousand.

- f. Unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
\$ 1,686	2024
33,149	2025
74,990	2026
144,287	2027
65,533	2028
25,148	2029
26,914	2030
6,349	2031
3,629	2032
3,455	2033
<u>195,988</u>	Note
<u>\$ 581,128</u>	

Note: Unused loss carryforwards of certain subsidiaries have no expiry years in accordance with local regulations.

g. Income tax assessments

The income tax returns of domestic subsidiary Prince Pharmaceutical Co., Ltd. through 2020 have been assessed by the tax authorities. The income tax returns of the Company and 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 were as follows:

Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the Company	\$ <u>2,428,215</u>	\$ <u>1,741,459</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>328</u>	<u>456</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,899</u>	<u>121,027</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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 Prince Pharmaceutical Co., Ltd. Except for cash capital increase reserved for employee stock options, the options granted are exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	2,000	\$ 24.85	-	\$ -
Options granted	-	-	2,000	25
Options exercised	(412)	24.85	-	-
Balance at December 31	<u>1,588</u>	<u>24.85</u>	<u>2,000</u>	<u>25</u>
Options exercisable, end of the year	<u>188</u>	-	<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:

	<b>September 2022</b>	<b>October 2022</b>
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 life. Expected life of the options shall be in accordance with the regulations of each 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.

The exercise price of the share options of Prince Pharmaceutical Co., Ltd. was \$25 in 2023, and the exercise price was adjusted due to the cash dividends issued in 2023. As of December 31, 2023, the exercise price was \$24.85.

Compensation costs recognized were \$6,271 thousand and \$2,925 thousand for the years ended December 31, 2023 and 2022, respectively.

### 31. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Changshu Yu Bo Polymer Materials Co., Ltd.	Epoxy resin production and sales	April 21, 2023	70.00%	<u>\$ 461,164</u>

The Group acquired Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023. The purpose of the acquisition was to expand the business and strengthen the product portfolio.

#### b. Consideration transferred in the total amount of \$461,164 thousand.

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

	Amount
Current assets	
Cash and cash equivalents	\$ 51,439
Accounts receivable and other receivables	88,310
Inventories	44,673
Other current assets	7,313
Non-current assets	
Property, plant and equipment	217,528
Right-of-use assets	75,857
Other intangible assets	402,659
Deferred tax assets	145
Other non-current assets	89
Current liabilities	
Short-term borrowings	(136,285)
Accounts payable and other payables	(128,790)
Current tax liabilities	(2,841)
Other current liabilities	(3,352)
Non-current liabilities	
Deferred tax liabilities	<u>(113,142)</u>
	<u>\$ 503,603</u>

#### d. Non-controlling interests

The non-controlling interest of Changshu Yu Bo Polymer Materials Co., Ltd. recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$151,081 thousand. This fair value was estimated by applying adjustment for market price and the lack of control or lack of marketability that market participants would consider.

e. Goodwill recognized on acquisitions

	<b>Amount</b>
Consideration transferred	\$ 461,164
Add: Non-controlling interests	151,081
Less: Fair value of identifiable net assets acquired	<u>(503,603)</u>
Goodwill recognized on acquisitions	<u>\$ 108,642</u>

The goodwill recognized in the acquisition of Changshu Yu Bo Polymer Materials Co., Ltd. mainly represents the control premium included in the cost of the combination.

f. Net cash outflow on acquisition of subsidiaries

	<b>Amount</b>
Consideration paid in cash	\$ 461,164
Less: Cash and cash equivalents acquired	(51,439)
Less: Other payables	<u>(153,721)</u>
	<u>\$ 256,004</u>

g. Impact of acquisitions on the results of the Group

Had the Company concluded the acquisition at the beginning of 2023, the Group's consolidated revenue and profit for the year ended December 31, 2023 would have been as follows:

	<b>For The Year Ended December 31, 2023</b>
Revenue	<u>\$ 20,632,881</u>
Profit	<u>\$ 2,561,472</u>

This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

### 32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2023

	<b>Nan Pao New Materials (Huaian) Co., Ltd. (a)</b>	<b>Prince Pharmaceutical Co., Ltd. (b)</b>	<b>FlexUP Technologies Corp. (c)</b>
Consideration received (paid)	\$ 15,117	\$ 59,321	\$ (317)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	(10,539)	(57,089)	122
	<hr/>	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ 4,578</u>	<u>\$ 2,232</u>	<u>\$ (195)</u>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ -	\$ (195)
Capital surplus - changes in percentage of ownership interests in subsidiaries	4,578	2,232	-
	<hr/>	<hr/>	<hr/>
	<u>\$ 4,578</u>	<u>\$ 2,232</u>	<u>\$ (195)</u>

For the year ended December 31, 2022

	<b>Nan Pao New Materials (Huaian) Co., Ltd. (a)</b>	<b>Progroups Technology Co., Ltd. (d)</b>	<b>Nan Pao Group Holdings Ltd. (e)</b>
Consideration received (paid)	\$ 13,908	\$ (2,500)	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	(12,578)	5,591	7,761
	<hr/>	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ 1,330</u>	<u>\$ 3,091</u>	<u>\$ 7,761</u>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ 3,091	\$ 7,761
Capital surplus - changes in percentage of ownership interests in subsidiaries	1,330	-	-
	<hr/>	<hr/>	<hr/>
	<u>\$ 1,330</u>	<u>\$ 3,091</u>	<u>\$ 7,761</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%. In addition, Prince Pharmaceutical Co., Ltd. exercised 412 thousand employee share options in October 2023, decreasing the shareholding ratio from 50.10% to 49.53%.
- c. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, and the shareholding ratio was increased from 96.87% to 100% after acquisition.
- d. The Group acquired minority shareholdings of Progroups Technology Co., Ltd. in September 2022, resulting in an increase in the shareholding ratio from 91.99% to 100%.
- e. 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 to external shareholder of Foshan Nan Pao Advanced Materials Co., Ltd., resulting in a decrease in the shareholding ratio from 88.03% to 59.58%. The amount received and paid for the transaction is the same, and the change has not affected the shareholding ratio of Foshan Nan Pao Advanced Materials Co., Ltd. by the Group.

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

### **33. CAPITAL MANAGEMENT**

The Group has to maintain large capital for plants and equipment expansion, therefore the Group manages its capital to ensure that entities in the Group will have sufficient financial resources and operating plans to fund its working capital needs, capital asset purchases, stock dividends and other business requirements associated with its existing operations.

### **34. FINANCIAL INSTRUMENTS**

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

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

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ -	\$ -	\$ 121,929	\$ 121,929
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Emerging market shares	\$ 20,296	\$ -	\$ -	\$ 20,296
Unlisted shares	-	-	1,661,816	1,661,816
	<u>\$ 20,296</u>	<u>\$ -</u>	<u>\$ 1,661,816</u>	<u>\$ 1,682,112</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>				
Investments 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>

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

Financial assets at FVTPL

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 69,536	\$ 36,135
Recognized in profit or loss (included in other gains and losses)	18,327	(6,599)
Purchases	35,000	40,000
Capital reduction	(934)	-
Balance at December 31	<u>\$ 121,929</u>	<u>\$ 69,536</u>

### Financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 4,192,508	\$ 6,284,859
Recognized in other comprehensive loss (included in unrealized valuation loss on financial assets at FVTOCI)	(2,530,692)	(2,091,887)
Purchases	-	13,487
Transfers out of Level 3	-	(13,951)
Balance at December 31	<u>\$ 1,661,816</u>	<u>\$ 4,192,508</u>

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

- a) The market approach is used to estimate the fair values of some of the 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) The asset approach is used to estimate the fair values of some of the unlisted shares, and the fair values are determined by assessing the total value of individual assets and liabilities covered by the valuation target, in order to reflect the overall value of the business or equity.
- c) Limited partnership are valued on the basis of their net worth.

### c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 10,079,588	\$ 9,453,396
Financial assets at FVTPL - Mandatorily classified as at FVTPL	121,929	69,536
Financial assets at FVTOCI - Equity instruments	1,682,112	4,206,459

### Financial liabilities

Amortized cost (2)	6,408,003	6,958,775
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion of long-term borrowings) and refund of guarantee deposits (included in non-current liabilities).

### d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, notes receivable, accounts receivable, notes payable, 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 year are set out in Note 38.

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

	<b>USD Impact</b>			
	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
Profit or loss	\$	9,520	\$	16,889 i
	<b>VND Impact</b>			
	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
Profit or loss	\$	9,414	\$	4,322 ii

i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the year. The Group's sensitivity to foreign currency decreased during the current year mainly due to the increase of other payables 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 year. The Group's sensitivity to foreign currency increased during the current year mainly due to the increase of time deposits in VND.

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 year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,738,571	\$ 672,994
Financial liabilities	2,035,444	1,741,126
Cash flow interest rate risk		
Financial assets	3,253,873	3,392,013
Financial liabilities	1,572,832	2,219,243

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 year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by \$3,932 thousand and \$5,548 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 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 year, 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:

	December 31			
	2023		2022	
	Amount	%	Amount	%
Group A	\$ 340,684	8	\$ 306,996	7

### 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 year.

December 31, 2023

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,687,500	\$ 2,092	\$ -
Lease liabilities	120,452	296,224	447,853
Fixed interest rate liabilities	1,311,015	8,334	-
Variable interest rate liabilities	<u>696,186</u>	<u>738,434</u>	<u>204,261</u>
	<u>\$ 5,815,153</u>	<u>\$ 1,045,084</u>	<u>\$ 652,114</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>Over 21 Years</b>
Lease liabilities	<u>\$ 120,452</u>	<u>\$ 296,224</u>	<u>\$ 268,668</u>	<u>\$ 82,246</u>	<u>\$ 96,939</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,916,167	\$ 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:

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

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

b) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 2,613,186	\$ 2,962,893
Amount unused	<u>8,401,212</u>	<u>7,768,040</u>
	<u>\$ 11,014,398</u>	<u>\$ 10,730,933</u>
Secured bank overdraft facilities:		
Amount used	\$ 405,258	\$ 394,189
Amount unused	<u>632,915</u>	<u>336,666</u>
	<u>\$ 1,038,173</u>	<u>\$ 730,855</u>

### 35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	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
Yu Po Chemical Co., Ltd.	Other related party

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Investors with significant influence	\$ 1,224,164	\$ 1,317,473
The Group is an executive of the Company	15	7
Other related party	<u>14,665</u>	<u>375</u>
	<u>\$ 1,238,844</u>	<u>\$ 1,317,855</u>

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

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Other related party	<u>\$ 5,985</u>	<u>\$ -</u>

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



d. Receivables from related parties

Line Item	Related Party Category / Name	December 31	
		2023	2022
Accounts receivable - related parties	Investors with significant influence		
	Pou Chen Corporation and Subsidiaries	\$ 340,684	\$ 306,996
	The Group is an executive of the Company	16	-
	Other related party	<u>9,208</u>	<u>99</u>
		<u>\$ 349,908</u>	<u>\$ 307,095</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Other related party	<u>\$ 4,500</u>	<u>\$ -</u>
Other payables	Investors with significant influence	<u>\$ -</u>	<u>\$ 130</u>

The outstanding accounts payable to related parties are unsecured.

f. Refund liabilities

Line Item	Related Party Category / Name	December 31	
		2023	2022
Refund liabilities (included in other current liabilities)	Investors with significant influence		
	Pou Chen Corporation and Subsidiaries	<u>\$ 71,539</u>	<u>\$ 68,033</u>

g. Lease arrangements - the Group is lessee

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Lease expense	Other related party	<u>\$ 1,829</u>	<u>\$ 1,752</u>

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

h. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 79,650	\$ 61,722
Post-employment benefits	<u>14,831</u>	<u>7,338</u>
	<u>\$ 94,481</u>	<u>\$ 69,060</u>

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

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment, net	\$ 658,677	\$ 662,903
Pledged deposits (classified as financial assets at amortized cost)	37,108	36,581
Right-of-use assets	<u>4,686</u>	<u>-</u>
	<u>\$ 700,471</u>	<u>\$ 699,484</u>

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$141,263 thousand and \$139,120 thousand, respectively.
- b. Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Acquisition of property, plant and equipment	\$ 42,151	\$ 175,383
Acquisition of raw materials	<u>75,454</u>	<u>50,787</u>
	<u>\$ 117,605</u>	<u>\$ 226,170</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.

### 38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$	53,459	30.71 \$ 1,641,471
			(USD:NTD)
USD		6,677	7.0827 205,024
			(USD:CNY)
USD		12,211	15,508 374,947
			(USD:IDR)
USD		7,783	7.8149 238,991
			(USD:HKD)
VND		973,097,805	0.000041 1,229,739
			(VND:USD)
(Continued)			

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 26,352	30.72 (USD:NTD)	\$ 809,409
USD	2,438	7.0827 (USD:CNY)	74,859
USD	7,480	7.815 (USD:HKD)	229,681
USD	10,733	15,508 (USD:IDR)	329,567
USD	2,099	4.6323 (USD:MYR)	64,920
VND	227,648,607	0.000041 (VND:USD)	288,335
			(Concluded)

December 31, 2022

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

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:

For the Year Ended December 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.155(USD:NTD)	\$ (22,577)	29.805(USD:NTD)	\$ (30,894)
NTD	1(NTD:NTD)	(1,463)	1(NTD:NTD)	75,171
CNY	4.396(CNY:NTD)	2,640	4.422(CNY:NTD)	28,944
SGD	23.20(SGD:NTD)	(24)	21.62(SGD:NTD)	(10)
AUD	20.69(AUD:NTD)	(432)	20.67(AUD:NTD)	(9,552)
IDR	0.00205(IDR:NTD)	1,084	0.00201(IDR:NTD)	11,930
VND	0.0013(VND:NTD)	7,489	0.0013(VND:NTD)	(4,242)
Others		<u>2,701</u>		<u>433</u>
		<u>\$ (10,582)</u>		<u>\$ 71,780</u>

### 39. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

#### 40. SEGMENT INFORMATION

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

a. 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 year ended December 31, 2023</u>							
Revenue							
Revenue from external customers	\$ 3,787,685	\$ 5,964,084	\$ 5,486,284	\$ 3,098,026	\$ 2,245,109	\$ -	\$ 20,581,188
Inter-segment revenue	<u>3,673,643</u>	<u>788,255</u>	<u>1,186,668</u>	<u>1,367</u>	<u>33,224</u>	<u>(5,683,157)</u>	<u>-</u>
Total revenue	<u>\$ 7,461,328</u>	<u>\$ 6,752,339</u>	<u>\$ 6,672,952</u>	<u>\$ 3,099,393</u>	<u>\$ 2,278,333</u>	<u>\$ (5,683,157)</u>	<u>\$ 20,581,188</u>
Segment income	\$ 1,241,974	\$ 386,093	\$ 970,306	\$ 172,006	\$ 270,940	\$ (76,937)	\$ 2,964,382
Interest income							70,594
Other income							479,677
Other gains and losses							(7,657)
Finance costs							(104,261)
Share of loss of associates accounted for using the equity method							(8,974)
Profit before tax							<u>\$ 3,393,761</u>

(Continued)

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-Off	Total
For the year ended December 31, 2022							
Revenue							
Revenue from external customers	\$ 4,009,332	\$ 6,712,384	\$ 6,463,712	\$ 2,708,562	\$ 2,110,323	\$ -	\$ 22,004,313
Inter-segment revenue	<u>3,583,035</u>	<u>1,188,069</u>	<u>748,014</u>	<u>4,157</u>	<u>48,063</u>	<u>(5,571,338)</u>	<u>-</u>
Total revenue	\$ <u>7,592,367</u>	\$ <u>7,900,453</u>	\$ <u>7,211,726</u>	\$ <u>2,712,719</u>	\$ <u>2,158,386</u>	\$ <u>(5,571,338)</u>	\$ <u>22,004,313</u>
Segment income	\$ <u>737,466</u>	\$ <u>287,547</u>	\$ <u>687,642</u>	\$ <u>11,400</u>	\$ <u>183,643</u>	\$ <u>(83,323)</u>	\$ 1,824,375
Interest income							34,892
Other income							551,926
Other gains and losses							61,250
Finance costs							(86,315)
Share of loss of associates accounted for using the equity method							(714)
Profit before tax							\$ 2,385,414

(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.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Adhesives	\$ 14,502,300	\$ 16,067,488
Construction materials	3,551,678	3,257,154
Coatings	1,456,431	1,654,275
Others	<u>1,070,779</u>	<u>1,025,396</u>
	<u>\$ 20,581,188</u>	<u>\$ 22,004,313</u>

c. Geographical information

The Group operates in three principal geographical areas - Taiwan (ROC), China and Southeast Asia.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Asia	\$ 14,048,980	\$ 15,748,577
Oceania	3,096,596	2,707,164
Taiwan	2,950,418	3,023,490
Europe	302,455	298,927
America	96,575	114,453
Africa	<u>86,164</u>	<u>111,702</u>
	<u>\$ 20,581,188</u>	<u>\$ 22,004,313</u>

	<b>Non-current Assets</b>	
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Taiwan	\$ 4,064,967	\$ 3,994,306
Mainland China	1,582,068	744,500
Southeast Asia	1,388,677	1,408,814
Australia	<u>1,018,325</u>	<u>1,056,275</u>
	<u>\$ 8,054,037</u>	<u>\$ 7,203,895</u>

Non-current assets exclude financial instruments (excluding investments accounted for using the equity method), net defined benefit assets and deferred tax assets.

d. Information on major customers

No other single customers contributed 10% or more to the Group's revenue for both 2023 and 2022.



TABLE 1

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMEBR 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the period	Ending Balance	Actual Amount Borrowed	Interest Rate(%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related party	Yes	\$ 680,925	\$ 644,805	\$ 644,805	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,768,248	\$ 4,768,248

Note 1: Foreign currency above is translated into NTD at the exchange rates of the end of the month.

Note 2: The aggregate limit for borrowers is 40% of the Company’s net value as stated in the financial statements. The upper limits for each borrower are:  
1. For individual entity having business relationship with the Company, shall not exceed the total transaction amount between the parties during the period in 12 months prior to the time or the aggregate limit aforementioned.  
2. For individual entity having borrow needs short-term financing, shall not exceed the 20% of the Company’s net value.

Note 3: Subsidiaries engage in financing provided to others with the same limit as the parent company, but the net value is based on the lender’s net value.

Note 4: Both the aggregate limit and upper limit for each borrower between foreign subsidiaries held 100% by the Company directly or indirectly shall not exceed the lender’s net value.

**TABLE 2**

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

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMEBR 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 Group Holdings Ltd.	2	\$ 2,635,443	\$ 64,850	\$ 30,705	\$ -	\$ -	0.23	\$ 6,588,607	Y	N	N
		Nan Pao Resins Chemical Philippines, Inc.	2	2,635,443	32,425	30,705	-	-	0.23	6,588,607	Y	N	N
		Nan Pao Philippines Export Inc.	2	2,635,443	16,213	15,353	7,062	-	0.12	6,588,607	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,635,443	64,850	61,410	-	-	0.47	6,588,607	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,635,443	129,700	122,820	54,427	-	0.93	6,588,607	Y	N	N
		RLA Polymers Pty Ltd.	2	2,635,443	211,300	-	-	-	-	6,588,607	Y	N	N
		Nan Pao Advanced Investment Co., Ltd.	2	2,635,443	176,880	173,080	-	-	1.31	6,588,607	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,635,443	222,250	216,350	1,038	-	1.64	6,588,607	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,635,443	88,900	86,540	32,922	-	0.66	6,588,607	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,635,443	133,350	108,175	16,481	-	0.82	6,588,607	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,635,443	88,900	86,540	8,345	-	0.66	6,588,607	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,635,443	92,862	90,867	4,695	-	0.69	6,588,607	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,635,443	92,862	90,867	28,454	-	0.69	6,588,607	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,635,443	92,862	90,867	2,730	-	0.69	6,588,607	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,635,443	20,000	20,000	-	-	0.15	6,588,607	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,635,443	20,000	20,000	-	-	0.15	6,588,607	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.

**TABLE 3****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 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	December 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	-	<u>\$ 121,929</u>	9	<u>\$ 121,929</u>	
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	\$ 1,639,075	2	\$ 1,639,075	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,987	1	1,987	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	877,208	3,534	8	3,534	
	Revivegen Co., Ltd. - emerging stock	"	"	570,107	20,296	1	20,296	
	Contact Organics Pty Ltd - privately-issued equity	"	"	2,902	-	17	-	
					<u>\$ 1,664,892</u>		<u>\$ 1,664,892</u>	
Nan Pao Chemical Co., Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	1,249,915	<u>\$ 17,220</u>	10	<u>\$ 17,220</u>	

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

Note 2: Please refer to Tables 6 and 7 for information on investments in subsidiaries and associates.

**TABLE 4****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMEBR 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	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	Sales	\$ 1,344,177	23	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 549,086	32	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sales	649,323	11	Payment within 90 days	Similar to general transactions	Similar to general transactions	217,252	13	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sales	470,649	8	Payment within 90 days	Similar to general transactions	Similar to general transactions	122,029	7	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sales	317,841	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	77,468	5	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	201,422	3	Payment within 90 days	Similar to general transactions	Similar to general transactions	59,298	3	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing Revenue	261,265	100	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	81,487	100	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sales	377,117	42	Payment within 90 days	Similar to general transactions	Similar to general transactions	172,979	62	
Nan Pao Resins (Foshan) Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	129,996	7	Payment within 45 days	Similar to general transactions	Similar to general transactions	30,653	6	
	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	105,047	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	33,662	7	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	436,351	25	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	174,941	37	
Nan Pao Resins (Vietnam) Enterprise Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	329,450	10	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	65,137	9	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Same ultimate Parent Company	Sales	227,202	11	Payment within 90 days	Similar to general transactions	Similar to general transactions	78,248	14	
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	190,716	10	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	45,081	8	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Same ultimate Parent Company	Sales	132,143	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	52,034	10	

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

**TABLE 5**

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMEBR 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	\$ 549,086	2.55	\$ -	Not applicable	\$ 236,554	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	217,252	3.81	-	Not applicable	119,474	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	122,029	3.69	-	Not applicable	41,238	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	174,941	2.64	-	Not applicable	77,804	97
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	172,979	4.22	-	Not applicable	83,113	-

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

TABLE 6

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

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMEBR 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 December 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 Co., Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 186,742	\$ 7,776	\$ 7,776	
	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	8,640	21	21	
	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	261,409	16,159	20,564	
	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	49.53	416,610	15,309	7,631	
	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	13,896	(2,882)	(2,882)	
	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	15,030	8,644	4,936	
	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	11,108	8,195	5,737	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	30,565	49,152	17,155	
	FlexUP Technologies Corp.	No. 10, Ln. 99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	39,863	19,546	18,880,000	100	31,908	16,118	7,502	
	Perfect & Outstanding Technology Inc.	No.320-17 and 18, Xiaoxinying, Xiaoxin Vil., Shanhua Dist., Tainan City	Production and trading of renewable energy	40,000	40,000	2,500,000	22.9	30,312	(27,192)	(8,974)	
	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	229,243	27,326	27,326	
	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	183,783	1,879	1,879	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri(W), Mumbai 400053, India	Trading of adhesives	42,299	16,499	6,200,000	100	49,307	(835)	(835)	
	Nan Pao Materials Resins India Private Limited	ROOM No.6, FLAT NO.3-D, FRONT BLOCK, 188 P H ROAD, Kilpauk, Perambur Purasawalkam, Chennai-600010, Tamil Nadu, India	Trading of adhesives	30,750	-	8,076,000	100	28,018	(1,839)	(1,839)	
	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	1,446,069	296,435	287,087	
	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	676,151	161,136	161,136	
	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	4,661,123	551,180	565,250	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	866,792	271,209	199,643	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	206,339	(8,463)	(4,615)	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	272,038	397,875	128,763	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	44,754	39,276	5,390,000	49	234,814	200,511	98,250	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	16,680	1,237	1,237	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No, 42 5 <sup>th</sup> floors, Lake drive Road, Sector 7, Ulttara, Dhaka	Trading of adhesives	13,571	4,193	284,425	100	4,615	(5,309)	(5,309)	
	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	45,461	2,000	1,023	
	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	6,804	-	1,000	100	9,340	1,367	2,479	
	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	363,753	-	13,400,000	100	307,518	(32,399)	(60,110)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	8 Boon Lay Way, #09-14, 8 @ Tradehub 21, Singapore 609964	General investment	\$ 502,822	\$ 502,822	22,064,549	100	\$ 85,312	\$ (2,481)		
	Atek 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	-	-	-	(576)		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	140,015 (USD 4,560,000)	140,015 (USD 4,560,000)	10,000	100	228,494	27,508		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	171,298 (USD 5,578,821)	171,298 (USD 5,578,821)	21,197,000	100	133,676	(37)		
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Lot T29-15A Street 7, Protrade International Industrial Park, An Tay Commune, Ben Cat Town, Binh Duong, Vietnam.	Production and trading of adhesives	66,016 (USD 2,150,000)	66,016 (USD 2,150,000)	-	100	64,999	2,029		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KYI-1205 Cayman Islands	General investment	2,396,725 (USD 78,056,502)	2,396,725 (USD 78,056,502)	78,056,502	100	4,768,248	551,158		
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	77,733 (USD 2,531,620)	77,733 (USD 2,531,620)	2,437,109	100	13,620	(468)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	133,674 (USD 4,353,487)	133,674 (USD 4,353,487)	-	100	68,587	(1,702)		
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	38,688 (USD 1,260,000)	38,688 (USD 1,260,000)	7,172	100	544,665	64,358		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	57,690 (USD 1,887,627)	57,690 (USD 1,887,627)	350,000	26.25	313,713	271,209		Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Nan Pao Resins (Holdings) Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	646,465 (USD 21,054,073)	646,465 (USD 21,054,073)	10,000	100	401,382	44,310		
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	163,752 (USD 5,333,075)	163,752 (USD 5,333,075)	4,547,451	45.47	172,056	(8,463)		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	633,897 (AUD 30,214,354)	633,897 (AUD 30,214,354)	30,214,354	100	941,163	97,405		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	117,809 (USD 3,836,817)	117,809 (USD 3,836,817)	3,287,546	67.82	673,497	397,875		Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Treasure Wealth (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	141,550 (USD 4,610,000)	141,550 (USD 4,610,000)	4,610	100	167,885	801		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	17,958 (USD 584,844)	17,958 (USD 584,844)	486,000	100	127,026	32,351		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,448 (USD 210,000)	6,448 (USD 210,000)	9,000	100	90,438	10,894		
	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	-	786 (HKD 200,000)	-	-	-	1,367		Shares were fully resold during the period to Nan Pao Resins Chemical Co., Ltd.
	Nan Pao Resins (HK) Limited	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	-	534,267 (USD 17,400,000)	-	-	-	(32,399)		Shares were fully resold during the period to Nan Pao Resins Chemical Co., Ltd.
Profit Land Ltd.	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	245,640 (USD 8,000,000)	245,640 (USD 8,000,000)	10,000	100	1,185,363	270,978		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	170,109 (USD 5,540,100)	170,109 (USD 5,540,100)	20,240	100	225,571	25,617		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	92,115 (USD 3,000,000)	92,115 (USD 3,000,000)	3,000	100	168,427	18,618		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	307,050 (USD 10,000,000)	307,050 (USD 10,000,000)	10,000	100	374,237	(8,430)		
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	447,595 (AUD 21,334,344)	447,595 (AUD 21,334,344)	16,552,080	100	822,548	100,526		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	148,844 (USD 4,847,546)	148,844 (USD 4,847,546)	3,000,000	100	991,624	397,946		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Kcn Nhon Trach II, Xa Hiep Phuoc, Huyen Nhon Trach, Tinh Dong Nai, Vietnam	Production and trading of coatings	\$ 140,936 (USD 4,590,000)	\$ 140,936 (USD 4,590,000)	-	50	\$ 159,187	\$ 1,607		Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares
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	4,029 (IDR 2,035,000,000)	2,060 (IDR 1,040,625,000)	2,035,000	18.5	115,082	200,512		
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	104,649 (USD 3,408,217)	104,649 (USD 3,408,217)	-	100	988,921	397,919		
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	125,288 (AUD 5,971,801)	125,288 (AUD 5,971,801)	18,415,500	100	192,667	8,559		

(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.



TABLE 7

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMEBR 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 December 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 December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 307,050 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 331,305 (USD 10,789,932)	\$ -	\$ -	\$ 331,305 (USD 10,789,932)	\$ (8,425)	100	\$ (8,425) (2)B.	\$ 374,107	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	140,015 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	153,218 (USD 4,990,000)	-	-	153,218 (USD 4,990,000)	27,653	100	27,653 (2)B.	228,069	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	82,904 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	78,048 (USD 2,541,860)	-	-	78,048 (USD 2,541,860)	28,793	100	28,793 (2)B.	179,070	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	92,115 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	94,101 (USD 3,064,683)	-	-	94,101 (USD 3,064,683)	18,618	100	18,618 (2)B.	168,410	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	104,045 (RMB 24,000,000)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	109,126	60.47	65,988 (2)B.	549,709	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	245,640 (USD 8,000,000)	(2) Giant Profit Development Ltd.	239,119 (USD 7,787,627)	-	-	239,119 (USD 7,787,627)	270,970	100	270,970 (2)B.	1,184,340	726,104
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	21,676 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	293	51	149 (2)B.	12,062	-
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.	12,282 (USD 400,000)	-	-	12,282 (USD 400,000)	-	-	-	-	-
Nan Pao Advanced Investment Co., Ltd.	General investment	905,798 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	905,798 (USD 29,500,000)	-	-	905,798 (USD 29,500,000)	(47,763)	100	(47,763) (2)B.	674,068	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	46,058 (USD 1,500,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(110)	100	(110) (2)B.	5,327	-
Nantong Nanpao Resins Materials Co., Ltd. (Note 6)	Production and trading of adhesives	-	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao Resins (Yunan) Co., Ltd. (Note 7)	Production and trading of adhesives	-	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	337,754 (USD 10,999,965)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(26,925)	90.91	(24,680) (2)B.	180,766	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	24,564 (USD 800,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(2,519)	100	(2,519) (2)B.	12,590	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	151,169 (USD 4,923,267)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(3,155)	100	(3,155) (2)B.	148,511	-
Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	175,937 (USD 5,729,900)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	7,684	70	(12,963) (2)B.	437,615	-

Accumulated Outward Remittance for Investments in Mainland China as of December 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)
\$ 1,813,870 (USD 59,074,102)	\$ 2,886,469 (USD 94,006,490)	\$ 7,906,328

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:  
\$13,177,213×60% = \$7,906,328

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$30.705 at the end of the period.  
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.327 at the end of the period.

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

Note 6: Nantong Nan Pao Resins Materials Co., Ltd. had been liquidated in December 2022. 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.

**TABLE 8**

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMEBR 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchases/Sales	Amount (Note)	% to Total	Payment Terms			Unit Price	Payment Terms	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (201,422)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 59,298	3	\$ 14,005
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing Revenue	(261,265)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	81,487	100	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins India Pvt Ltd.	Same ultimate Parent Company	Sales	(26,054)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	5,380	1	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(53,547)	(2)	Payment within 90 days	Similar to general transactions	Similar to general transactions	16,039	2	-
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Same ultimate Parent Company	Sales	(14,771)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	4,377	1	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(105,047)	(6)	Payment within 90 days	Similar to general transactions	Similar to general transactions	33,662	7	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(12,684)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	4,056	1	-
Fuqing Nan Pao Resins Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	(129,996)	(7)	Payment within 45 days	Similar to general transactions	Similar to general transactions	30,653	6	-
	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(57,123)	(14)	Payment within 90 days	Similar to general transactions	Similar to general transactions	9,731	10	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(35,491)	(9)	Payment within 90 days	Similar to general transactions	Similar to general transactions	10,039	10	-

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

**TABLE 9**

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMEBR 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	\$ 549,086		2
				Sales revenue	1,344,177	Calculated based on general transaction prices, telegraphic transfer within 90 days	7
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	59,298		-
				Sales revenue	201,422	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	217,252		1
				Sales revenue	649,323	Calculated based on general transaction prices, telegraphic transfer within 90 days	3
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	122,029		1
				Sales revenue	470,649	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	21,167		-
				Sales revenue	77,209	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	77,468		-
				Sales revenue	317,841	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins (HK) Ltd.	1	Accounts receivable - related parties	24,704		-
				Sales revenue	84,191	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	21,531		-
				Sales revenue	69,322	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Prince Pharmaceutical Co., Ltd.	1	Purchases	18,761	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Chemical Co., Ltd.	1	Purchases	15,383	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins Chemical Philippines, Inc.	1	Sales revenue	12,360	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Dongguan Jiaqin Electronics Co., Ltd.	1	Sales revenue	12,786	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Thai Nan Pao Investment Ltd.	1	Sales revenue	16,063	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Group Holdings Ltd.	1	Other payables - related parties	644,805		3
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	23,754		-
				Sales revenue	85,891	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (HK) Ltd.	3	Sales revenue	14,467	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	21,901		-
2	Nan Pao Resins (Foshan) Co., Ltd.			Sales revenue	50,701	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	18,068		-
				Sales revenue	18,332	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	33,662		-
				Sales revenue	105,047	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
				Purchases	35,491	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (China) Co., Ltd.	3	Sales revenue	12,684	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (Dongguan) Co., Ltd.	3	Other payables - related parties	81,487		-
				Processing fee	261,265	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	17,653	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	37,307	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Purchases	74,113	Calculated based on general transaction prices, telegraphic transfer within 90 days	-

(Continued)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
		Nan Pao Resins ( Vietnam ) Enterprise Ltd.	3	Sales revenue	\$ 26,768	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Philippines Export Inc.	3	Sales revenue	25,175	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
4	Nan Pao Resins (China) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Purchases	57,123	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-
5	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	52,034		-
				Sales revenue	132,143	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins ( HK ) Ltd.	3	Purchases	42,256	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	13,171	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	14,169		-
				Accounts receivable - related parties	43,688		-
				Sales revenue	74,599	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Chemical Co., Ltd.	3	Purchases	58,929	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Fine Materials Co., Ltd.	3	Accounts payable - related parties	46,547		-
				Purchases	96,670	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins ( Vietnam ) Enterprise Ltd.	3	Accounts receivable - related parties	78,248		-
				Sales revenue	227,202	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	30,706		-
				Sales revenue	62,940	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	30,769		-
				Sales revenue	31,220	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		FlexUP Technologies Corp.	3	Purchases	67,347	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Accounts payable - related parties	14,417		-
6	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Nan Pao Fine Materials Co., Ltd.	3	Purchases	85,197	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins ( HK ) Ltd.	3	Accounts payable - related parties	30,219		-
				Purchases	17,977	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
7	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins India Pvt Ltd.	3	Sales revenue	26,054	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	16,039		-
				Sales revenue	53,547	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	14,771	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Accounts receivable - related parties	172,979		1
8	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Sales revenue	377,117	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
9	RLA Polymers Pty Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	3	Purchases	15,303	Calculated based on general transaction prices, telegraphic transfer within 90 days	-

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

(1) Parent Company to Subsidiaries.

(2) Subsidiaries to Parent Company.

(3) Between Subsidiaries.

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

(Concluded)

**TABLE 10****NAN PAO RESINS CHEMICAL CO., LTD.****II INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 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%
Chuan-De Investment Co., Ltd.	10,065,298	8.34%
Yue Dean Technology Corporation	9,851,000	8.17%
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 the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the 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.

**TABLE 11****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMEBR 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
Acquisitions through business combinations	-	-	181,658	36,334	2,193	21,255	-	241,440
Additions	-	1,364	211,606	328,865	20,583	137,051	(101,371)	598,098
Disposals	-	-	(11,096)	(13,770)	(10,167)	(16,277)	-	(51,310)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	<u>89</u>	<u>(43)</u>	<u>(22,102)</u>	<u>(16,438)</u>	<u>(2,214)</u>	<u>(3,379)</u>	<u>(328)</u>	<u>(44,415)</u>
Balance at December 31, 2023	<u>\$ 1,185,389</u>	<u>\$ 26,256</u>	<u>\$ 3,725,688</u>	<u>\$ 3,637,838</u>	<u>\$ 277,876</u>	<u>\$ 1,340,966</u>	<u>\$ 32,397</u>	<u>\$ 10,226,410</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
Acquisitions through business combinations	-	-	12,254	6,134	738	4,786	-	23,912
Depreciation expenses	-	2,689	110,804	230,439	23,573	116,239	-	483,744
Disposals	-	-	(7,339)	(12,977)	(9,579)	(15,560)	-	(45,455)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	<u>-</u>	<u>(3)</u>	<u>(7,068)</u>	<u>(9,468)</u>	<u>(1,382)</u>	<u>(2,153)</u>	<u>-</u>	<u>(20,074)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 13,064</u>	<u>\$ 1,063,203</u>	<u>\$ 2,301,491</u>	<u>\$ 209,810</u>	<u>\$ 830,489</u>	<u>\$ -</u>	<u>\$ 4,418,057</u>
Carrying amount at December 31, 2023	<u>\$ 1,185,389</u>	<u>\$ 13,192</u>	<u>\$ 2,662,485</u>	<u>\$ 1,336,347</u>	<u>\$ 68,066</u>	<u>\$ 510,477</u>	<u>\$ 32,397</u>	<u>\$ 5,808,353</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	-	2,428	836,154	331,064	13,349	189,014	(465,035)	906,974
Disposals	-	-	(1,179)	(87,289)	(4,032)	(16,643)	(21,398)	(130,541)
Reclassification	-	-	-	-	4,103	-	-	4,103
Effects of foreign currency exchange differences	<u>694</u>	<u>-</u>	<u>92,487</u>	<u>69,968</u>	<u>6,276</u>	<u>6,980</u>	<u>3,806</u>	<u>180,211</u>
Balance at December 31, 2022	<u>\$ 1,185,300</u>	<u>\$ 24,935</u>	<u>\$ 3,365,622</u>	<u>\$ 3,302,847</u>	<u>\$ 267,481</u>	<u>\$ 1,203,596</u>	<u>\$ 134,096</u>	<u>\$ 9,483,877</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 expenses	-	2,230	71,281	206,191	21,031	93,778	-	394,511
Disposals	-	-	(806)	(73,557)	(3,842)	(16,453)	-	(94,658)
Reclassification	-	-	-	-	1,836	-	-	1,836
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>30,320</u>	<u>44,233</u>	<u>4,010</u>	<u>4,580</u>	<u>-</u>	<u>83,143</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 10,378</u>	<u>\$ 954,552</u>	<u>\$ 2,087,363</u>	<u>\$ 196,460</u>	<u>\$ 727,440</u>	<u>\$ -</u>	<u>\$ 3,976,193</u>
Carrying amount at December 31, 2022	<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>