

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. Total assets of these non-significant subsidiaries were NT\$6,225,165 thousand and NT\$4,676,253 thousand as of March 31, 2024 and 2023, respectively, representing 25% and 20% of the consolidated total assets, respectively. Total liabilities of these subsidiaries were NT\$1,368,410 thousand and NT\$1,143,771 thousand as of March 31, 2024 and 2023, respectively, representing 12% and 12% of the consolidated total liabilities, respectively. The amounts of comprehensive income of these subsidiaries were NT\$115,111 thousand and NT\$86,089 thousand for the three months ended March 31, 2024 and 2023, respectively, representing 13% and 112% of the consolidated total comprehensive income, respectively, and the information of these subsidiaries disclosed in the notes to the consolidated financial statements was based on the financial statements that were not reviewed to prepare. Furthermore, as disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant investments for using the equity method were not reviewed. Investments accounted for using the equity method were NT\$28,273 thousand and NT\$37,293 thousand as of March 31, 2024 and 2023, respectively, and share of loss for using

the equity method were NT\$2,039 thousand and NT\$1,993 thousand for the three months ended March 31, 2024 and 2023, respectively.

Qualified Conclusion

Based on our and others reviews (see Other Matter), except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

Among the subsidiaries included in the consolidated financial statements of the Group, some subsidiaries were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts and related information included for these subsidiaries, is based solely on the report of other auditors. The total assets of these subsidiaries were NT\$2,206,877 thousand and NT\$2,183,623 thousand as of March 31, 2024 and 2023, respectively, representing 9% and 9% of the consolidated total assets, respectively. The amounts of operating revenue were NT\$698,706 thousand and NT\$721,984 thousand for the three months ended March 31, 2024 and 2023, respectively, representing 14% and 16% of the consolidated operating revenue, respectively.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 9, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,825,983	23	\$ 4,574,565	19	\$ 4,656,154	20
Financial assets at amortized cost - current (Notes 9, 10 and 35)	681,198	3	627,336	3	338,180	2
Notes receivable (Note 11)	434,673	2	343,899	2	262,531	1
Accounts receivable (Notes 11 and 26)	3,931,526	16	4,056,979	17	3,626,725	15
Accounts receivable from related parties (Notes 11, 26 and 34)	372,073	2	349,908	2	293,347	1
Other receivables (Note 11)	96,275	-	88,994	-	93,143	-
Current tax assets	23,524	-	381	-	13,468	-
Inventories (Note 12)	2,750,971	11	2,662,968	11	2,625,031	11
Other current assets (Note 20)	<u>786,475</u>	<u>3</u>	<u>726,547</u>	<u>3</u>	<u>706,182</u>	<u>3</u>
Total current assets	<u>14,902,698</u>	<u>60</u>	<u>13,431,577</u>	<u>57</u>	<u>12,614,761</u>	<u>53</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	127,195	1	121,929	1	120,761	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,582,827	6	1,682,112	7	3,550,660	15
Financial assets at amortized cost - non-current (Notes 9, 10 and 35)	35,662	-	37,907	-	85,060	-
Investments accounted for using the equity method (Note 14)	28,273	-	30,312	-	37,293	-
Property, plant and equipment (Notes 15 and 35)	5,800,404	23	5,808,353	25	5,580,995	23
Right-of-use assets (Notes 16 and 35)	1,345,795	5	1,324,936	6	1,145,534	5
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Note 18)	354,735	2	352,208	1	241,109	1
Other intangible assets (Note 19)	447,675	2	456,917	2	115,341	1
Deferred tax assets	231,051	1	294,970	1	247,971	1
Net defined benefit assets - non-current	43,947	-	41,864	-	30,571	-
Other non-current assets (Note 20)	<u>92,392</u>	<u>-</u>	<u>63,551</u>	<u>-</u>	<u>97,835</u>	<u>-</u>
Total non-current assets	<u>10,107,716</u>	<u>40</u>	<u>10,232,819</u>	<u>43</u>	<u>11,270,890</u>	<u>47</u>
TOTAL	<u>\$ 25,010,414</u>	<u>100</u>	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 23,885,651</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 35)	\$ 2,059,741	8	\$ 1,832,918	8	\$ 1,831,072	8
Contract liabilities - current (Note 26)	30,510	-	29,380	-	28,025	-
Notes payable (Note 22)	935	-	344	-	473	-
Accounts payable (Notes 22 and 34)	2,101,708	8	2,176,712	9	1,850,033	8
Dividends payable	1,817,443	7	1,997	-	1,212,141	5
Other payables (Note 34)	1,039,093	4	1,355,367	6	896,665	4
Current tax liabilities	635,663	3	566,780	2	310,887	1
Lease liabilities - current (Note 16)	110,522	-	102,212	-	88,427	-
Current portion of long-term borrowings (Notes 21 and 35)	131,300	1	145,577	1	144,608	-
Other current liabilities (Notes 23 and 34)	<u>176,005</u>	<u>1</u>	<u>181,147</u>	<u>1</u>	<u>188,893</u>	<u>1</u>
Total current liabilities	<u>8,102,920</u>	<u>32</u>	<u>6,392,434</u>	<u>27</u>	<u>6,551,224</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 21 and 35)	1,377,354	5	894,993	4	1,189,020	5
Deferred tax liabilities	1,241,445	5	1,188,145	5	926,827	4
Lease liabilities - non-current (Note 16)	627,344	3	632,576	3	630,515	3
Other non-current liabilities (Note 23)	<u>8,990</u>	<u>-</u>	<u>9,569</u>	<u>-</u>	<u>10,469</u>	<u>-</u>
Total non-current liabilities	<u>3,255,133</u>	<u>13</u>	<u>2,725,283</u>	<u>12</u>	<u>2,756,831</u>	<u>12</u>
Total liabilities	<u>11,358,053</u>	<u>45</u>	<u>9,117,717</u>	<u>39</u>	<u>9,308,055</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital - ordinary shares	<u>1,205,707</u>	<u>5</u>	<u>1,205,707</u>	<u>5</u>	<u>1,205,707</u>	<u>5</u>
Capital surplus	<u>2,125,141</u>	<u>9</u>	<u>2,124,891</u>	<u>9</u>	<u>2,122,173</u>	<u>9</u>
Retained earnings						
Legal reserve	1,565,289	6	1,565,289	6	1,388,123	6
Special reserve	313,321	1	313,321	1	313,321	1
Unappropriated earnings	<u>5,926,775</u>	<u>24</u>	<u>7,029,050</u>	<u>30</u>	<u>5,487,804</u>	<u>23</u>
Total retained earnings	<u>7,805,385</u>	<u>31</u>	<u>8,907,660</u>	<u>37</u>	<u>7,189,248</u>	<u>30</u>
Other equity	<u>1,088,740</u>	<u>4</u>	<u>938,955</u>	<u>4</u>	<u>2,878,390</u>	<u>12</u>
Total equity attributable to owners of the Company	12,224,973	49	13,177,213	55	13,395,518	56
NON-CONTROLLING INTERESTS	<u>1,427,388</u>	<u>6</u>	<u>1,369,466</u>	<u>6</u>	<u>1,182,078</u>	<u>5</u>
Total equity	<u>13,652,361</u>	<u>55</u>	<u>14,546,679</u>	<u>61</u>	<u>14,577,596</u>	<u>61</u>
TOTAL	<u>\$ 25,010,414</u>	<u>100</u>	<u>\$ 23,664,396</u>	<u>100</u>	<u>\$ 23,885,651</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 34)	\$ 4,989,910	100	\$ 4,529,077	100
OPERATING COSTS (Notes 12 and 27)	<u>3,335,542</u>	<u>67</u>	<u>3,241,906</u>	<u>72</u>
GROSS PROFIT	<u>1,654,368</u>	<u>33</u>	<u>1,287,171</u>	<u>28</u>
OPERATING EXPENSES (Notes 27 and 34)				
Selling and marketing expenses	475,180	9	445,110	10
General and administrative expenses	280,077	6	224,390	5
Research and development expenses	129,931	3	115,932	2
Expected credit gain	<u>(170)</u>	<u>-</u>	<u>(895)</u>	<u>-</u>
Total operating expenses	<u>885,018</u>	<u>18</u>	<u>784,537</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>769,350</u>	<u>15</u>	<u>502,634</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)				
Interest income	22,414	-	12,919	-
Other income	127,668	3	399,063	9
Other gains and losses	32,607	1	(7,437)	-
Finance costs	(25,363)	-	(24,779)	(1)
Share of loss of associates	<u>(2,039)</u>	<u>-</u>	<u>(1,993)</u>	<u>-</u>
Total non-operating income and expenses	<u>155,287</u>	<u>4</u>	<u>377,773</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	924,637	19	880,407	19
INCOME TAX EXPENSE (Notes 4 and 28)	<u>192,466</u>	<u>4</u>	<u>140,945</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>732,171</u>	<u>15</u>	<u>739,462</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(99,285)</u>	<u>(2)</u>	<u>(658,069)</u>	<u>(14)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	342,037	7	(7,497)	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(62,268)</u>	<u>(2)</u>	<u>2,658</u>	<u>-</u>
	<u>279,769</u>	<u>5</u>	<u>(4,839)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>180,484</u>	<u>3</u>	<u>(662,908)</u>	<u>(14)</u>

(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 912,655	18	\$ 76,554	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 706,287	14	\$ 711,061	16
Non-controlling interests	25,884	1	28,401	-
	\$ 732,171	15	\$ 739,462	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 856,072	17	\$ 42,360	1
Non-controlling interests	56,583	1	34,194	1
	\$ 912,655	18	\$ 76,554	2
EARNINGS PER SHARE (Note 29)				
Basic	\$ 5.86		\$ 5.90	
Diluted	\$ 5.85		\$ 5.87	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2024	\$ 1,205,707	\$ 2,124,891	\$ 1,565,289	\$ 313,321	\$ 7,029,050	\$ (419,351)	\$ 1,358,306	\$ 938,955	\$ 13,177,213	\$ 1,369,466	\$ 14,546,679
Appropriation of 2023 earnings (Note 25)											
Cash dividends distributed by the Company - \$15 per share	-	-	-	-	(1,808,562)	-	-	-	(1,808,562)	-	(1,808,562)
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 31)	-	(669)	-	-	-	-	-	-	(669)	-	(669)
Changes in ownership interests in subsidiaries (Note 31)	-	167	-	-	-	-	-	-	167	7,403	7,570
Issuance of employee share options by subsidiaries (Note 30)	-	752	-	-	-	-	-	-	752	767	1,519
Net profit for the three months ended March 31, 2024	-	-	-	-	706,287	-	-	-	706,287	25,884	732,171
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	249,070	(99,285)	149,785	149,785	30,699	180,484
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	706,287	249,070	(99,285)	149,785	856,072	56,583	912,655
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(6,831)	(6,831)
BALANCE AT MARCH 31, 2024	<u>\$ 1,205,707</u>	<u>\$ 2,125,141</u>	<u>\$ 1,565,289</u>	<u>\$ 313,321</u>	<u>\$ 5,926,775</u>	<u>\$ (170,281)</u>	<u>\$ 1,259,021</u>	<u>\$ 1,088,740</u>	<u>\$ 12,224,973</u>	<u>\$ 1,427,388</u>	<u>\$ 13,652,361</u>
BALANCE AT JANUARY 1, 2023	1,205,707	2,115,333	1,388,123	313,321	5,982,451	(340,299)	3,887,390	3,547,091	14,552,026	1,091,350	15,643,376
Appropriation of 2022 earnings (Note 25)											
Cash dividends distributed by the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)
Changes in ownership interests in subsidiaries (Note 31)	-	6,044	-	-	-	-	-	-	6,044	58,156	64,200
Issuance of employee share options by subsidiaries (Note 30)	-	796	-	-	-	-	-	-	796	788	1,584
Net profit for the three months ended March 31, 2023	-	-	-	-	711,061	-	-	-	711,061	28,401	739,462
Other comprehensive income (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	(10,632)	(658,069)	(668,701)	(668,701)	5,793	(662,908)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	711,061	(10,632)	(658,069)	(668,701)	42,360	34,194	76,554
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(2,410)	(2,410)
BALANCE AT MARCH 31, 2023	<u>\$ 1,205,707</u>	<u>\$ 2,122,173</u>	<u>\$ 1,388,123</u>	<u>\$ 313,321</u>	<u>\$ 5,487,804</u>	<u>\$ (350,931)</u>	<u>\$ 3,229,321</u>	<u>\$ 2,878,390</u>	<u>\$ 13,395,518</u>	<u>\$ 1,182,078</u>	<u>\$ 14,577,596</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 924,637	\$ 880,407
Adjustments for:		
Depreciation expenses	153,765	141,896
Amortization expenses	21,605	6,944
Expected credit loss reversed on accounts receivable	(170)	(895)
Net gain on fair value changes of financial assets at fair value through profit or loss	(5,266)	(16,225)
Finance costs	25,363	24,779
Interest income	(22,414)	(12,919)
Dividend income	(104,250)	(385,724)
Compensation cost of employee share options	1,519	1,584
Share of loss of associates	2,039	1,993
Loss (gain) on disposal of property, plant and equipment	136	(211)
Gain on lease modification	(19)	(3)
Changes in operating assets and liabilities		
Notes receivable	(90,759)	48,333
Accounts receivable	238,913	629,431
Accounts receivable from related parties	(22,165)	13,649
Other receivables	(7,353)	6,572
Inventories	(31,136)	190,067
Other current assets	(59,928)	(511)
Other non-current assets	(268)	551
Contract liabilities	1,130	(6,216)
Notes payable	596	11
Accounts payable	(105,815)	(800,865)
Other payables	(168,598)	(229,329)
Other current liabilities	(5,142)	(13,727)
Net defined benefit liabilities	(2,517)	(8,508)
Other non-current liabilities	(737)	1,005
Cash generated from operations	743,166	472,089
Interest received	22,744	10,756
Interest paid	(26,094)	(27,033)
Income tax paid	(91,775)	(53,960)
Net cash generated from operating activities	648,041	401,852
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(2,270)
Net increase in financial assets at amortized cost	(32,023)	-
Net decrease in financial assets at amortized cost	-	57,431
Purchase of financial assets at fair value through profit or loss	-	(35,000)
Net cash outflow on acquisition of subsidiaries	(145,400)	-
Payments for property, plant and equipment	(93,618)	(161,536)
Proceeds from disposal of property, plant and equipment	1,131	633
Increase in refundable deposits	-	(556)
Decrease in refundable deposits	2,269	-
		(Continued)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Payments for intangible assets	\$ (186)	\$ (838)
Dividends received	<u>104,250</u>	<u>385,724</u>
Net cash (used in) generated from investing activities	<u>(163,577)</u>	<u>243,588</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,703,337	1,554,754
Repayments of short-term borrowings	(1,517,714)	(1,667,132)
Proceeds from long-term borrowings	931,274	376,843
Repayments of long-term borrowings	(466,900)	(405,838)
Proceeds from guarantee deposits received	112	-
Refund of guarantee deposits received	-	(284)
Repayment of the principal portion of lease liabilities	(19,349)	(16,048)
Changes in non-controlling interests	<u>6,901</u>	<u>64,200</u>
Net cash generated from (used in) financing activities	<u>637,661</u>	<u>(93,505)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>129,293</u>	<u>107,873</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,251,418	659,808
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,574,565</u>	<u>3,996,346</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,825,983</u>	<u>\$ 4,656,154</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The 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 May 9, 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 IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

- b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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. 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 during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions.

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

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

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

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

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period 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.

2) Retirement benefits

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

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 5,966	\$ 6,803	\$ 9,389
Checking accounts and demand deposits	3,685,087	3,494,434	3,436,270
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>2,134,930</u>	<u>1,073,328</u>	<u>1,210,495</u>
	<u>\$ 5,825,983</u>	<u>\$ 4,574,565</u>	<u>\$ 4,656,154</u>

The market rate intervals of time deposits were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits	0.9%-6.45%	0.63%-6.45%	1.8% - 6.35%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Limited partnership	\$ 127,195	\$ 121,929	\$ 120,761

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

	March 31, 2024	December 31, 2023	March 31, 2023
Emerging market shares	\$ 22,291	\$ 20,296	\$ 18,972
Unlisted shares	1,560,536	1,661,816	3,531,688
	<u>\$ 1,582,827</u>	<u>\$ 1,682,112</u>	<u>\$ 3,550,660</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 648,412	\$ 591,251	\$ 303,445
Pledged time deposits (a)	32,446	32,281	30,746
Refundable deposits	340	3,804	3,989
	<u>\$ 681,198</u>	<u>\$ 627,336</u>	<u>\$ 338,180</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 12 months (a)	\$ -	\$ 4,327	\$ 48,741
Pledged time deposits (a)	5,151	4,827	4,875
Restricted demand deposits	-	-	2,516
Refundable deposits	30,511	28,753	28,928
	<u>\$ 35,662</u>	<u>\$ 37,907</u>	<u>\$ 85,060</u>

- a. The ranges of interest rates for time deposits were approximately 1.53%-5.5%, 0.63%-8.60% and 0.20%-10.35% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- c. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2024	December 31, 2023	March 31, 2023
Financial asset at amortized cost - current	\$ 681,198	\$ 627,336	\$ 338,180
Financial asset at amortized cost - non-current	<u>35,662</u>	<u>37,907</u>	<u>85,060</u>
	<u>\$ 716,860</u>	<u>\$ 665,243</u>	<u>\$ 423,240</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of March 31, 2024, December 31, 2023 and March 31, 2023.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	<u>\$ 434,673</u>	<u>\$ 343,899</u>	<u>\$ 262,531</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,386,425	\$ 4,498,986	\$ 3,984,810
Less: Allowance for impairment loss	<u>82,826</u>	<u>92,099</u>	<u>64,738</u>
	<u>\$ 4,303,599</u>	<u>\$ 4,406,887</u>	<u>\$ 3,920,072</u>
<u>Other receivables</u>			
Gross carrying amount	<u>\$ 96,275</u>	<u>\$ 88,994</u>	<u>\$ 93,143</u>

a. Notes receivable

As of March 31, 2024, December 31, 2023 and March 31, 2023, the notes receivable analyzed by the Group based on the past due days were not overdue, and the Group did not measure any loss allowance for notes receivable.

b. Accounts receivable (including related parties)

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

The Group measures the 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.

March 31, 2024

	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%-0.81%	0.12%-8%	3%-21%	7%-47%	26%-100%	100%	
Gross carrying amount	\$ 3,672,478	\$ 537,867	\$ 80,746	\$ 41,144	\$ 10,989	\$ 43,201	\$ 4,386,425
Loss allowance (Lifetime ECLs)	(2,713)	(7,307)	(8,399)	(11,682)	(9,524)	(43,201)	(82,826)
Amortized cost	<u>\$ 3,669,765</u>	<u>\$ 530,560</u>	<u>\$ 72,347</u>	<u>\$ 29,462</u>	<u>\$ 1,465</u>	<u>\$ -</u>	<u>\$ 4,303,599</u>

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)	(2,600)	(6,826)	(9,161)	(13,974)	(8,095)	(51,443)	(92,099)
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>

March 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%-0.31%	0.2%-6.73%	3%-31%	8%-67%	31.97%-100%	100%	
Gross carrying amount	\$ 3,339,868	\$ 512,845	\$ 58,305	\$ 28,983	\$ 8,429	\$ 36,380	\$ 3,984,810
Loss allowance (Lifetime ECLs)	(2,822)	(8,204)	(4,128)	(8,039)	(5,165)	(36,380)	(64,738)
Amortized cost	<u>\$ 3,337,046</u>	<u>\$ 504,641</u>	<u>\$ 54,177</u>	<u>\$ 20,944</u>	<u>\$ 3,264</u>	<u>\$ -</u>	<u>\$ 3,920,072</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 92,099	\$ 65,521
Net remeasurement of loss allowance	(170)	(895)
Amounts written off	(11,230)	(117)
Foreign exchange gains and losses	<u>2,127</u>	<u>229</u>
Balance at March 31	<u>\$ 82,826</u>	<u>\$ 64,738</u>

12. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Goods	\$ 188,684	\$ 162,098	\$ 132,504
Finished goods and semi-finished goods	1,028,953	981,713	1,053,213
Work in progress	87,389	125,934	112,858
Raw materials and supplies	1,183,031	1,146,493	1,150,200
Inventory in transit	<u>262,914</u>	<u>246,730</u>	<u>176,256</u>
	<u>\$ 2,750,971</u>	<u>\$ 2,662,968</u>	<u>\$ 2,625,031</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 were \$3,335,406 thousand and \$3,242,117 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	100	k
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	k
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	49.53	49.53	50.1	c, k
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100	100	k

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1	57.1	k
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	k
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	55	k
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	k
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	k
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	100	
	Profit Land Ltd.	General investment	73.75	73.75	73.75	a
	All Saints Enterprises Ltd.	General investment	54.53	54.53	54.53	a
	Ongoing Profits Ltd.	General investment	32.18	32.18	32.18	a
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	49	49	49	b, k
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	k
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	51.11	k
	FlexUP Technologies Corp.	Trading of chemicals	100	100	96.87	d, k
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	100	k
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	100	-	e
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	100	100	-	e
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	100	-	f, k
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	100	
	Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	-	-	70	g, k
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	k
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	k
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	k
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	k
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	General investment	100	100	100	
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Production and trading of adhesives	100	100	100	k
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	100	
	Profit Land Ltd.	General investment	26.25	26.25	26.25	a
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	45.47	a
	NP Australia Pty Ltd.	General investment	100	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	67.82	a
	Treasure Wealth (HK) Ltd.	General investment	100	100	100	
	Goldford Investments Ltd.	General investment	100	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	100	k
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	-	-	100	e

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100	100	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	-	-	100	e
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	59.58	
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesives products	100	100	100	k
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	100	k
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	100	k
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	18.5	b
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	
Nan Pao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	100	
	Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	91.3	90.91	90.91	h
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	95.75	100	100	i
	Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	70	70	-	j

(Concluded)

- Direct and indirect shareholdings totaled 100%.
- Direct and indirect shareholdings totaled 67.5%.
- In February 2023, Prince Pharmaceutical Co., Ltd. processed a cash capital increase, The Group did not subscribe share proportionately, resulting in a decrease in shareholding from 50.51% to 50.1%, and in October 2023, Prince Pharmaceutical Co., Ltd. exercised employee share options, resulting in a decrease in shareholding from 50.1% to 49.53%.
- The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, resulting in an increase in shareholding from 96.87% to 100%.

- 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 March 2024, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was subscribed by the Group, resulting in an increase in shareholding from 90.91% to 91.3% (refer to Note 31).
- i. In March 2024, Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 100% to 95.75% (refer to Note 31).
- j. The Group acquired Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023, and the shareholding ratio was 70% after acquisition.
- k. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in associates			
Associates that are not individually material	\$ <u>28,273</u>	\$ <u>30,312</u>	\$ <u>37,293</u>

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

	For the Three Months Ended March 31	
	2024	2023
The Group's share of:		
Total net loss and comprehensive income (loss) for the period	\$ <u>(2,039)</u>	\$ <u>(1,993)</u>

15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

Impairment assessment was not performed for the three months ended March 31, 2024 and 2023 as there were no indications of impairment.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land (Note)	\$ 870,014	\$ 851,891	\$ 668,160
Buildings	433,282	426,454	434,626
Transportation equipment	39,628	43,492	39,938
Miscellaneous equipment	<u>2,871</u>	<u>3,099</u>	<u>2,810</u>
	<u>\$ 1,345,795</u>	<u>\$ 1,324,936</u>	<u>\$ 1,145,534</u>
	For the Three Months Ended March 31		
	2024	2023	
Additions to right-of-use assets	<u>\$ 26,004</u>	<u>\$ 4,287</u>	
Depreciation charge for right-of-use assets			
Land	\$ 5,536	\$ 5,340	
Buildings	15,501	15,369	
Transportation equipment	4,342	4,261	
Miscellaneous equipment	<u>220</u>	<u>414</u>	
	<u>\$ 25,599</u>	<u>\$ 25,384</u>	

Note: The land use rights of subsidiaries in Vietnam pledged as collateral for bank borrowings are set out in Note 35.

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of the right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 110,522</u>	<u>\$ 102,212</u>	<u>\$ 88,427</u>
Non-current	<u>\$ 627,344</u>	<u>\$ 632,576</u>	<u>\$ 630,515</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.56%	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%	0.77%-5.53%
Transportation equipment	1.3%-5.37%	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%	5.37%-11.2%

c. Material leasing activities and terms

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

d. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ 10,822	\$ 9,534
Expenses relating to low-value asset leases	\$ 574	\$ 547
Total cash outflow for leases	\$ 35,369	\$ 30,712

17. INVESTMENT PROPERTIES

	Land
Balance at March 31, 2024, December 31, 2023 and March 31, 2023	\$ 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. Furthermore, management of the Group had assessed and determined that there were no significant changes in the fair value as of March 31, 2024 and 2023, as compared to that as of December 31, 2023 and 2022.

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

18. GOODWILL

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Cost</u>			
Balance at January 1	\$ 357,407	\$ 249,679	\$ 249,679
Acquisitions through business combinations	-	108,642	-
Effects of foreign currency exchange differences	2,658	(914)	(5,492)
	<u> </u>	<u> </u>	<u> </u>
Balance at March 31	<u>\$ 360,065</u>	<u>\$ 357,407</u>	<u>\$ 244,187</u>
<u>Accumulated impairment losses</u>			
Balance at January 1	\$ 5,199	\$ 3,104	\$ 3,104
Impairment losses recognized	-	2,096	-
Effects of foreign currency exchange differences	131	(1)	(26)
	<u> </u>	<u> </u>	<u> </u>
Balance at March 31	<u>\$ 5,330</u>	<u>\$ 5,199</u>	<u>\$ 3,078</u>
Carrying amount at March 31	<u>\$ 354,735</u>	<u>\$ 352,208</u>	<u>\$ 241,109</u>

The Group carried out impairment testing on the recoverable amount of goodwill at the end of the year, using the value-in-use as the basis for calculation of 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.

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, 2024	\$ 240,092	\$ 97,977	\$ 149,082	\$ 189,464	\$ 676,615
Additions	-	-	-	186	186
Disposals	-	-	-	(170)	(170)
Effects of foreign currency exchange differences	3,782	3,955	4,896	2,271	14,904
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2024	<u>\$ 243,874</u>	<u>\$ 101,932</u>	<u>\$ 153,978</u>	<u>\$ 191,751</u>	<u>\$ 691,535</u>

(Continued)

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2024	\$ 83,360	\$ 6,532	\$ 22,722	\$ 107,084	\$ 219,698
Amortization expenses	4,447	2,501	6,989	7,668	21,605
Disposals	-	-	-	(170)	(170)
Effects of foreign currency exchange differences	(268)	310	755	1,930	2,727
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2024	<u>\$ 87,539</u>	<u>\$ 9,343</u>	<u>\$ 30,466</u>	<u>\$ 116,512</u>	<u>\$ 243,860</u>
Carrying amount at January 1, 2024	<u>\$ 156,732</u>	<u>\$ 91,445</u>	<u>\$ 126,360</u>	<u>\$ 82,380</u>	<u>\$ 456,917</u>
Carrying amount at March 31, 2024	<u>\$ 156,335</u>	<u>\$ 92,589</u>	<u>\$ 123,512</u>	<u>\$ 75,239</u>	<u>\$ 447,675</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 122,158	\$ -	\$ 23,195	\$ 129,136	\$ 274,489
Additions	-	-	-	1,790	1,790
Transfers from property, plant and equipment	-	-	-	1,017	1,017
Effects of foreign currency exchange differences	(2,933)	-	(557)	(674)	(4,164)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2023	<u>\$ 119,225</u>	<u>\$ -</u>	<u>\$ 22,638</u>	<u>\$ 131,269</u>	<u>\$ 273,132</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	2,452	-	572	3,920	6,944
Effects of foreign currency exchange differences	(1,638)	-	(100)	129	(1,609)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2023	<u>\$ 66,736</u>	<u>\$ -</u>	<u>\$ 4,098</u>	<u>\$ 86,957</u>	<u>\$ 157,791</u>
Carrying amount at March 31, 2023	<u>\$ 52,489</u>	<u>\$ -</u>	<u>\$ 18,540</u>	<u>\$ 44,312</u>	<u>\$ 115,341</u>
					(Concluded)

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

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

20. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Input tax	\$ 276,725	\$ 254,349	\$ 256,677
Prepayments	108,262	106,313	92,953
Prepaid expenses	91,786	80,279	94,920
Overpaid tax retained for offsetting the future tax payable	279,671	261,288	257,294
Others	<u>30,031</u>	<u>24,318</u>	<u>4,338</u>
	<u>\$ 786,475</u>	<u>\$ 726,547</u>	<u>\$ 706,182</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 64,900	\$ 36,327	\$ 91,445
Others	<u>27,492</u>	<u>27,224</u>	<u>6,390</u>
	<u>\$ 92,392</u>	<u>\$ 63,551</u>	<u>\$ 97,835</u>

21. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loans (Note 35)	\$ 92,076	\$ 71,185	\$ 96,468
Unsecured bank loans	<u>1,967,665</u>	<u>1,761,733</u>	<u>1,734,604</u>
	<u>\$ 2,059,741</u>	<u>\$ 1,832,918</u>	<u>\$ 1,831,072</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loans	2.02%-3.85%	2.02%-3.85%	1.895%-3.75%
Unsecured bank loans	1.6%-6.745%	1.6%-6.78%	1.6%-6.12%

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loans (1)	\$ 291,438	\$ 299,492	\$ 323,194
Unsecured bank loans (2)	<u>1,217,216</u>	<u>741,078</u>	<u>1,010,434</u>
	1,508,654	1,040,570	1,333,628
Less: Current portion	<u>131,300</u>	<u>145,577</u>	<u>144,608</u>
	<u>\$ 1,377,354</u>	<u>\$ 894,993</u>	<u>\$ 1,189,020</u>

- 1) As of March 31, 2024, December 31, 2023 and March 31, 2023, the range of weighted average effective interest rates of the bank loans secured by the Group's freehold land, buildings and deposit certificates (see Note 35), was 2.203%-2.308%, 2.203%-2.308% and 2.08%-2.18% per annum, respectively. Long-term borrowings mentioned above will expire before June 2035, and payments of interest and principal are made on schedule.
- 2) As of March 31, 2024, December 31, 2023 and March 31, 2023, the range of weighted average effective interest rates of unsecured bank loans was 1.275%-4.2%, 1.15%-4.5% and 1.15%-4.5% per annum, respectively. Long-term borrowings mentioned above will expire before March 2025, and payments of interest and principal are made on schedule.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes payable</u>			
Operating	\$ 935	\$ 344	\$ 473
<u>Accounts payable</u>			
Operating	\$ 2,101,708	\$ 2,176,712	\$ 1,850,033

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

23. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 142,267	\$ 153,080	\$ 145,705
Others	33,738	28,067	43,188
	<u>\$ 176,005</u>	<u>\$ 181,147</u>	<u>\$ 188,893</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 2,250	\$ 2,092	\$ 2,393
Others	6,740	7,477	8,076
	<u>\$ 8,990</u>	<u>\$ 9,569</u>	<u>\$ 10,469</u>

24. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$568 thousand and \$528 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	200,000	200,000	200,000
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	120,570	120,570	120,570
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	9,990	10,659	10,854
Employee share options	44,083	44,083	44,083
Expired employee share options	135	135	135
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>30,729</u>	<u>29,810</u>	<u>26,897</u>
	<u>\$ 2,125,141</u>	<u>\$ 2,124,891</u>	<u>\$ 2,122,173</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, 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, refer to compensation of employees and remuneration of directors in Note 27-g.

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.

The Company is in a period of stable growth. In order to cope with the future operational expansion plan, the total amount of dividends distributed should not be less than 10% of the year's remaining profit. The profit can be as of cash dividends or stock dividends, and the issuance of cash dividends takes precedence over the payment of stock dividends. In principle, stock dividends are limited to 80% of the total dividends distributed.

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

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

The appropriations of earnings for 2023 and 2022, which were proposed by the board of directors in March 2024 and resolved in the shareholders' meeting in June 2023, respectively, were as follows:

	<u>Appropriations of earnings</u>		<u>Dividends per share (NT\$)</u>	
	2023	2022	2023	2022
Legal reserve	\$ 242,947	\$ 177,166		
Cash dividends	1,808,562	1,205,708	\$ 15	\$ 10

The above cash dividends have been resolved by the board of directors on March 14, 2024 and March 27, 2023, respectively, and the rest for 2023 are pending the resolution of the shareholders' 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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ (419,351)	\$ (340,299)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>249,070</u>	<u>(10,632)</u>
Balance at March 31	<u>\$ (170,281)</u>	<u>\$ (350,931)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 1,358,306	\$ 3,887,390
Recognized for the period		
Unrealized loss - equity instruments	<u>(99,285)</u>	<u>(658,069)</u>
Balance at March 31	<u>\$ 1,259,021</u>	<u>\$ 3,229,321</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 1,369,466	\$ 1,091,350
Share in profit for the period	25,884	28,401
Other comprehensive income or loss during the period		
Exchange differences on the translation of the financial statements of foreign operations	30,699	5,793
Changes in ownership interests in subsidiaries (Note 31)	7,403	58,156
Issuance of employee share options by subsidiaries (Note 30)	767	788
Dividend payout from subsidiaries	<u>(6,831)</u>	<u>(2,410)</u>
Balance at March 31	<u>\$ 1,427,388</u>	<u>\$ 1,182,078</u>

26. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2024	2023
Adhesives	\$ 3,606,207	\$ 3,140,988
Construction materials	820,314	833,988
Coatings	351,292	325,195
Others	<u>212,097</u>	<u>228,906</u>
	<u>\$ 4,989,910</u>	<u>\$ 4,529,077</u>

b. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable (Note 11)	<u>\$ 434,673</u>	<u>\$ 343,899</u>	<u>\$ 262,531</u>	<u>\$ 310,864</u>
Accounts receivable (including related parties) (Note 11)	<u>\$ 4,303,599</u>	<u>\$ 4,406,887</u>	<u>\$ 3,920,072</u>	<u>\$ 4,568,115</u>
Contract liabilities - current				
Sale of goods	<u>\$ 30,510</u>	<u>\$ 29,380</u>	<u>\$ 28,025</u>	<u>\$ 34,241</u>

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

27. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 22,414</u>	<u>\$ 12,919</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Dividend income	\$ 104,250	\$ 385,724
Grant income	10,755	6,649
Rental income	349	479
Others	<u>12,314</u>	<u>6,211</u>
	<u>\$ 127,668</u>	<u>\$ 399,063</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 29,566	\$ (20,576)
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	5,266	16,225
Others	<u>(2,225)</u>	<u>(3,086)</u>
	<u>\$ 32,607</u>	<u>\$ (7,437)</u>

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 20,739	\$ 20,196
Interest on lease liabilities	<u>4,624</u>	<u>4,583</u>
	<u>\$ 25,363</u>	<u>\$ 24,779</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of depreciation by function	\$ 106,333	\$ 97,411
Operating costs	<u>47,432</u>	<u>44,485</u>
Operating expenses		
	<u>\$ 153,765</u>	<u>\$ 141,896</u>
An analysis of amortization by function		
Operating costs	\$ 397	\$ 291
Operating expenses	<u>21,208</u>	<u>6,653</u>
	<u>\$ 21,605</u>	<u>\$ 6,944</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Salaries	\$ 545,046	\$ 518,243
Labor and health insurance	45,730	42,157
Others	<u>51,760</u>	<u>39,505</u>
	<u>642,536</u>	<u>599,905</u>

(Continued)

	For the Three Months Ended March 31	
Post-employment benefits		
Defined contribution plans	\$ 32,146	\$ 28,165
Defined benefit plans (Note 24)	<u>568</u>	<u>528</u>
	<u>32,714</u>	<u>28,693</u>
	<u>\$ 675,250</u>	<u>\$ 628,598</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 250,332	\$ 224,652
Operating expenses	<u>424,918</u>	<u>403,946</u>
	<u>\$ 675,250</u>	<u>\$ 628,598</u>
		(Concluded)

g. Compensation of employees and remuneration of directors

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 three months ended March 31, 2024 and 2023 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	2.01%	2%
Remuneration of directors	0.85%	0.68%

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 16,899	\$ 16,242
Remuneration of directors	7,150	5,500

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.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 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

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 67,166	\$ 53,633
Foreign exchange losses	<u>(37,600)</u>	<u>(74,209)</u>
	<u>\$ 29,566</u>	<u>\$ (20,576)</u>

28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 169,692	\$ 78,440
Adjustments for prior year	<u>(32,177)</u>	<u>1,022</u>
	137,515	79,462
Deferred tax		
In respect of the current year	<u>54,951</u>	<u>61,483</u>
	<u>\$ 192,466</u>	<u>\$ 140,945</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ (62,268)</u>	<u>\$ 2,658</u>

c. Income tax assessments

The income tax returns of the Company and other domestic subsidiaries through 2022, except the domestic subsidiary Prince Pharmaceutical Co., Ltd. for 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

	For the Three Months Ended March 31	
	2024	2023
Profit for the year attributable to owners of the Company	\$ <u>706,287</u>	\$ <u>711,061</u>

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571
Effect of potentially dilutive ordinary share Compensation of employees	<u>237</u>	<u>468</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,808</u>	<u>121,039</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 (except for cash capital increase reserved for employee stock options) was as follows:

	For the Three Months Ended March 31			
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,588	\$ 24.85	2,000	\$ 25
Options expired	<u>(256)</u>	-	<u>-</u>	-
Balance at March 31	<u>1,332</u>	24.85	<u>2,000</u>	25
Options exercisable, end of the period	<u>128</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:

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

Expected volatility is based on the volatility of stock returns over the expected 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 March 31, 2024, the exercise price was \$24.85.

Compensation costs recognized were \$1,519 thousand and \$1,584 thousand for the three months ended March 31, 2024 and 2023, respectively.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

March 31, 2024

	Nan Pao New Materials (Huaian) Co., Ltd.(a)	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. (b)
Consideration received	\$ -	\$ 6,901
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(669)	(6,734)
	<u>\$ (669)</u>	<u>\$ 167</u>
Differences recognized from equity transactions	<u>\$ (669)</u>	<u>\$ 167</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	<u>\$ (669)</u>	<u>\$ -</u>
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ -</u>	<u>\$ 167</u>

March 31, 2023

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

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 4,578</u>	<u>\$ 1,466</u>
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- a. In March 2024, the issuance of ordinary shares in the amount of RMB \$3,618 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd., which was subscribed by the Group, resulting in an increase in shareholding from 90.91% to 91.3%. 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%.
- b. In March 2024, the Group did not subscribe the issuance of ordinary shares in the amount of RMB \$1,550 thousand for cash of Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 95.75%.
- c. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%.

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

32. CAPITAL MANAGEMENT

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

33. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ -	\$ -	\$ 127,195	\$ 127,195
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments	\$ 22,291	\$ -	\$ -	\$ 22,291
Emerging market shares				
Unlisted shares	-	-	1,560,536	1,560,536
	\$ 22,291	\$ -	\$ 1,560,536	\$ 1,582,827

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	\$ 20,296	\$ -	\$ -	\$ 20,296
Emerging market shares				
Unlisted shares	-	-	1,661,816	1,661,816
	\$ 20,296	\$ -	\$ 1,661,816	\$ 1,682,112

March 31, 2023

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

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

Financial assets at FVTPL

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 121,929	\$ 69,536
Recognized in profit or loss	5,266	16,225
Purchases	<u>-</u>	<u>35,000</u>
Balance at March 31	<u><u>\$ 127,195</u></u>	<u><u>\$ 120,761</u></u>

Financial assets at FVTOCI

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 1,661,816	\$ 4,192,508
Recognized in other comprehensive loss (included in unrealized valuation loss on financial assets at FVTOCI)	<u>(101,280)</u>	<u>(660,820)</u>
Balance at March 31	<u><u>\$ 1,560,536</u></u>	<u><u>\$ 3,531,688</u></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 partnerships are valued on the basis of their net worth.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 11,377,390	\$ 10,079,588	\$ 9,355,140
Financial assets at FVTPL - Mandatorily classified as at FVTPL	127,195	121,929	120,761
Financial assets at FVTOCI	1,582,827	1,682,112	3,550,660
<u>Financial liabilities</u>			
Amortized cost (2)	6,712,381	6,408,003	5,914,264

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, 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 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. When executing the financial plans, the Group's treasury department follows the procedures in accordance with the proper segregation of duties and the related financial risk management. And 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 has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

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

Sensitivity analysis

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

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

	USD Impact			
	For the Three Months Ended			
	March 31			
	2024		2023	
Profit or loss	\$ 9,977	\$	18,993	(i)

	VND Impact			
	For the Three Months Ended			
	March 31			
	2024		2023	
Profit or loss	\$ 9,895	\$	6,246	(ii)

- i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the period. The Group's sensitivity to foreign currency 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 period. 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 borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 2,851,790	\$ 1,738,571	\$ 1,631,219
Financial liabilities	1,834,905	2,035,444	1,817,499
Cash flow interest rate risk			
Financial assets	3,327,913	3,253,873	2,878,054
Financial liabilities	2,471,356	1,572,832	2,066,143

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have decreased/increased by NT\$1,545 thousand and NT\$1,291 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 period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
Group A	<u>\$ 365,703</u>	8	<u>\$ 340,684</u>	8	<u>\$ 293,203</u>	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 table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has 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 table 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 period.

March 31, 2024

	Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 5,101,446	\$ 2,250	\$ -
Lease liabilities	128,662	303,462	431,426
Fixed interest rate liabilities	1,106,282	8,140	-
Floating interest rate liabilities	<u>1,115,226</u>	<u>1,257,216</u>	<u>196,628</u>
	<u>\$ 7,451,616</u>	<u>\$ 1,571,068</u>	<u>\$ 628,054</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 21 Years
Lease liabilities	<u>\$ 128,662</u>	<u>\$ 303,462</u>	<u>\$ 261,336</u>	<u>\$ 74,069</u>	<u>\$ 96,021</u>

December 31, 2023

	Less than 1 Year	1-5 Years	Over 5 Years
<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	-
Floating 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:

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

March 31, 2023

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

Additional information about the maturity analysis for lease liabilities:

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

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

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 3,262,513	\$ 2,613,186	\$ 2,835,457
Amount unused	<u>8,016,551</u>	<u>8,401,212</u>	<u>7,732,184</u>
	<u>\$ 11,279,064</u>	<u>\$ 11,014,398</u>	<u>\$ 10,567,641</u>
Secured bank overdraft facilities:			
Amount used	\$ 418,788	\$ 405,258	\$ 452,394
Amount unused	<u>454,024</u>	<u>632,915</u>	<u>270,769</u>
	<u>\$ 872,812</u>	<u>\$ 1,038,173</u>	<u>\$ 723,163</u>

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. 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 Three Months Ended March 31	
	2024	2023
Investors with significant influence	\$ 366,262	\$ 288,080
Other related party	<u>6,100</u>	<u>80</u>
	<u>\$ 372,362</u>	<u>\$ 288,160</u>

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

c. Receivables from related parties

Line Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable - related parties	Investors with significant influence	\$ 365,703	\$ 340,684	\$ 293,203
	The Group is an executive of the Company	-	16	-
	Other related party	<u>6,370</u>	<u>9,208</u>	<u>144</u>
		<u>\$ 372,073</u>	<u>\$ 349,908</u>	<u>\$ 293,347</u>

The outstanding accounts receivable from related parties are unsecured.

d. Payables to related parties

Line Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Other related party	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ -</u>
Other payables	Investors with significant influence	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 131</u>

The outstanding accounts payable to related parties are unsecured.

e. Refund liabilities

Line Item	Related Party Category / Name	March 31, 2024	December 31, 2023	March 31, 2023
Refund liabilities (included in other current liabilities)	Investors with significant influence			
	Pou Chen Corporation and Subsidiaries	<u>\$ 68,040</u>	<u>\$ 71,539</u>	<u>\$ 20,684</u>

- f. Lease arrangements - the Group is lessee

Line Item	Related Party Category	For the Three Months End March 31	
		2024	2023
Lease expense	Other related party	\$ <u>457</u>	\$ <u>457</u>

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

- g. Remuneration of key management personnel

	For the Three Months End March 31	
	2024	2023
Short-term employee benefits	\$ 21,259	\$ 16,938
Post-employment benefits	<u>406</u>	<u>4,600</u>
	<u>\$ 21,665</u>	<u>\$ 21,538</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.

35. 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment, net	\$ 654,442	\$ 658,677	\$ 658,516
Pledged deposits (classified as financial assets at amortized cost)	37,597	37,108	35,621
Right-of-use assets	<u>4,740</u>	<u>4,686</u>	<u>-</u>
	<u>\$ 696,779</u>	<u>\$ 700,471</u>	<u>\$ 694,137</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

- a. As of March 31, 2024, December 31, 2023 and March 31, 2023, unused letters of credit for purchases of raw materials and machinery and equipment were \$109,070 thousand, \$141,263 thousand and \$118,641 thousand, respectively.

b. Unrecognized commitments were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	\$ 54,699	\$ 42,151	\$ 258,672
Acquisition of raw materials	<u>75,513</u>	<u>75,454</u>	<u>31,003</u>
	<u>\$ 130,212</u>	<u>\$ 117,605</u>	<u>\$ 289,675</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 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. On January 24, 2024, Taiwan High Court Taichung Branch Court ruled Nan Pao Chemical Co., Ltd. should compensate He Kui Chemical Company \$12,892 thousand plus 5% interest from March 8, 2012 to the date of settlement. Nan Pao Chemical Co., Ltd. has filed an appeal against the ruling of Taiwan High Court Taichung Branch Court.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,047	32 (USD:NTD)	\$ 1,633,511
USD	6,764	7.095 (USD:CNY)	216,416
USD	12,365	15,764 (USD:IDR)	395,671
USD	7,118	7.8257 (USD:HKD)	227,782
VND	1,007,325,099	0.000040 (VND:USD)	1,297,445
<u>Financial liabilities</u>			
Monetary items			
USD	26,208	31.98 (USD:NTD)	838,219
USD	1,846	7.095 (USD:CNY)	58,998
USD	6,780	7.8259 (USD:HKD)	216,977
USD	9,205	15,764 (USD:IDR)	294,550
USD	2,135	4.6568 (USD:MYR)	66,942
VND	238,583,516	0.000040 (VND:USD)	307,982

December 31, 2023

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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,114	30.45 (USD:NTD)	\$ 1,647,777
USD	11,867	6.8717 (USD:CNY)	361,351
USD	10,347	15,000 (USD:IDR)	315,065
USD	572	7.8423 (USD:HKD)	17,391
VND	670,959,051	0.000042 (VND:USD)	864,199

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 3,782	30.46 (USD:NTD)	\$ 115,168
USD	677	6.8717 (USD:CNY)	20,603
USD	597	7.85 (USD:HKD)	18,184
USD	6,618	15,000 (USD:IDR)	201,502
USD	2,942	4.2944 (USD:MYR)	86,778
VND	186,274,818	0.000042 (VND:USD)	239,583
			(Concluded)

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

Functional Currency	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.448 (USD:NTD)	\$ (26,935)	30.395 (USD:NTD)	\$ (1,510)
NTD	1 (NTD:NTD)	50,821	1 (NTD:NTD)	(11,109)
CNY	4.366 (CNY:NTD)	1,096	4.441 (CNY:NTD)	(6,005)
SGD	23.47 (SGD:NTD)	31	22.81 (SGD:NTD)	(13)
AUD	20.69 (AUD:NTD)	(2,297)	20.80 (AUD:NTD)	224
IDR	0.00202 (IDR:NTD)	668	0.00200 (IDR:NTD)	(2,727)
VND	0.001281 (VND:NTD)	6,261	0.001291 (VND:NTD)	(1,422)
Others		(79)		1,986
		<u>\$ 29,566</u>		<u>\$ (20,576)</u>

38. 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) Others: 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 period, 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 period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

39. SEGMENT INFORMATION

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

Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the three months ended March 31, 2024</u>							
Revenue							
Revenue from external customers	\$ 921,756	\$ 1,375,798	\$ 1,336,192	\$ 698,706	\$ 657,458	\$ -	\$ 4,989,910
Inter-segment revenue	989,229	198,980	330,867	346	8,878	(1,528,300)	-
Total revenue	<u>\$ 1,910,985</u>	<u>\$ 1,574,778</u>	<u>\$ 1,667,059</u>	<u>\$ 699,052</u>	<u>\$ 666,336</u>	<u>\$ (1,528,300)</u>	<u>\$ 4,989,910</u>
Segment income	<u>\$ 400,746</u>	<u>\$ 79,930</u>	<u>\$ 180,959</u>	<u>\$ 29,409</u>	<u>\$ 83,834</u>	<u>\$ (5,528)</u>	\$ 769,350
Interest income							22,414
Other income							127,668
Other gains and losses							32,607
Finance costs							(25,363)
Share of loss of associates accounted for using the equity method							(2,039)
Profit before tax							<u>\$ 924,637</u>
<u>For the three months ended March 31, 2023</u>							
Revenue							
Revenue from external customers	\$ 855,177	\$ 1,183,607	\$ 1,237,378	\$ 721,984	\$ 530,931	\$ -	\$ 4,529,077
Inter-segment revenue	647,467	153,072	191,568	418	13,421	(1,005,946)	-
Total revenue	<u>\$ 1,502,644</u>	<u>\$ 1,336,679</u>	<u>\$ 1,428,946</u>	<u>\$ 722,402</u>	<u>\$ 544,352</u>	<u>\$ (1,005,946)</u>	<u>\$ 4,529,077</u>
Segment income	<u>\$ 131,147</u>	<u>\$ 50,286</u>	<u>\$ 200,061</u>	<u>\$ 13,298</u>	<u>\$ 57,756</u>	<u>\$ 50,086</u>	\$ 502,634
Interest income							12,919
Other income							399,063
Other gains and losses							(7,437)
Finance costs							(24,779)
Share of loss of associates accounted for using the equity method							(1,993)
Profit before tax							<u>\$ 880,407</u>

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.

TABLE 1

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 672,000	\$ 672,000	\$ 672,000	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,992,335	\$ 4,992,335

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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 2,444,995	\$ 32,000	\$ 32,000	\$ -	\$ -	0.26	\$ 6,112,487	Y	N	N
		Nan Pao Resins Chemical Philippines, Inc.	2	2,444,995	32,000	32,000	-	-	0.26	6,112,487	Y	N	N
		Nan Pao Philippines Export Inc.	2	2,444,995	16,000	16,000	-	-	0.13	6,112,487	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,444,995	64,000	64,000	-	-	0.52	6,112,487	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,444,995	128,000	128,000	55,026	-	1.05	6,112,487	Y	N	N
		Nan Pao Advanced Investment Co., Ltd.	2	2,444,995	176,320	176,320	144,364	-	1.44	6,112,487	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,444,995	220,400	132,240	-	-	1.08	6,112,487	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,444,995	88,160	88,160	27,476	-	0.72	6,112,487	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,444,995	88,160	88,160	16,151	-	0.72	6,112,487	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,444,995	110,200	110,200	29,073	-	0.90	6,112,487	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,444,995	92,568	92,568	8,803	-	0.76	6,112,487	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,444,995	92,568	92,568	28,987	-	0.76	6,112,487	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,444,995	92,568	92,568	4,456	-	0.76	6,112,487	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,444,995	20,000	-	-	-	0.00	6,112,487	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,444,995	20,000	20,000	-	-	0.16	6,112,487	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
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				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>\$ 127,195</u>	9	<u>\$ 127,195</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	\$ 1,537,689	2	\$ 1,537,689	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	2,093	1	2,093	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	877,208	3,534	13	3,534	
	Revivegen Co., Ltd. - emerging stock	"	"	570,107	22,291	1	22,291	
	Contact Organics Pty Ltd - privately-issued equity	"	"	2,902	-	17	-	
					<u>\$ 1,565,607</u>		<u>\$ 1,565,607</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 5 and 6 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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 397,713	25	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 597,938	35	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sales	184,824	12	Payment within 90 days	Similar to general transactions	Similar to general transactions	235,904	14	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sales	117,788	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	120,322	7	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	Sales	104,522	49	Payment within 90 days	Similar to general transactions	Similar to general transactions	162,288	60	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	143,734	29	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	201,893	39	

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
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 2)	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	\$ 597,938	2.77	\$ -	-	\$ 27,170	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	235,904	3.26	-	-	56,877	-
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	120,322	3.89	-	-	63,017	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	201,893	3.03	-	-	40,743	96
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate Parent Company	162,288	2.49	-	-	54,118	-
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Same ultimate Parent Company	112,824	0.80	-	-	27,095	-
Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Parent Company	672,000	(Note 1)	-	-	-	-

Note 1: For the purpose of other receivables at the end of the period, and thus the turnover ratio is not applicable.

Note 2: 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 THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			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	\$ 183,566	\$ (1,092) 8	\$ (1,092) 8	
	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	8,648			
	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	270,701	7,756	7,756	
	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	365,600	18,131,198	49.53	404,569	(16,294)	(8,070)	
	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	13,051	(845)	(845)	
	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	15,636	1,061	606	
	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	7,862	2,739	1,917	
	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	43,914	10,089	13,349	
	FlexUP Technologies Corp.	No. 10, Ln. 99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemicals	39,863	39,863	18,880,000	100	44,170	10,676	12,262	
	Perfect & Outstanding Technology Inc.	No. 32-1, Ln. 88, Zhongshan Rd., Luzhu Dist., Kaohsiung City	Production and trading of renewable energy	40,000	40,000	2,500,000	22.51	28,273	(6,463)	(2,039)	
	Fuqing Nan Pao Investment Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,699	166,699	4,990,000	100	237,878	4,280	4,280	
	Thai Nan Pao Investment Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	169,909	169,909	5,282,000	100	185,049	1,522	1,522	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W) , Mumbai 400053, India	Trading of adhesives	42,299	42,299	6,200,000	100	54,256	3,015	3,015	
	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	62,330	30,750	8,076,000	100	60,161	(277)	(277)	
	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	1,549,603	51,826	58,255	
	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	730,130	33,095	33,095	
	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	3,347,575	2,386,015	78,056,502	100	5,838,726	77,729	75,500	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	955,970	65,108	52,279	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	143,375	143,375	5,452,549	54.53	210,256	(7,951)	(4,336)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Ongoing Profits Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	170,281	51,115	14,671	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	44,754	5,390,000	49	269,247	59,176	28,996	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	18,077	939	939	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No, 42 5 th floors, Lake drive Road, Sector 7, Ulttara, Dhaka	Trading of adhesives	13,571	13,571	284,425	100	2,930	(1,848)	(1,848)	
	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaca Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	46,185	151	77	
	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	6,804	1,000	100	11,619	1,867	1,867	
	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	363,753	13,400,000	100	315,377	(7,852)	(5,090)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			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	\$ 87,247	\$ 230		
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	145,920 (USD 4,560,000)	145,920 (USD 4,560,000)	10,000	100	237,098	4,280		
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	178,522 (USD 5,578,821)	178,522 (USD 5,578,821)	21,197,000	100	131,901	852		
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	68,800 (USD 2,150,000)	68,800 (USD 2,150,000)	-	100	66,360	142		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	General investment	2,497,808 (USD 78,056,502)	2,497,808 (USD 78,056,502)	78,056,502	100	4,992,335	77,376		
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)	2,507,109	100	14,609	642		
	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	69,509	(380)		
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	40,320 (USD 1,260,000)	40,320 (USD 1,260,000)	7,172	100	586,321	19,302		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	60,404 (USD 1,887,627)	60,404 (USD 1,887,627)	350,000	26.25	343,257	65,108		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	673,730 (USD 21,054,073)	673,730 (USD 21,054,073)	10,000	100	427,676	9,809		
	All Saints Enterprises Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	170,658 (USD 5,333,075)	170,658 (USD 5,333,075)	4,547,451	45.47	175,323	(7,951)		Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	NP Australia Pty Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	General investment	629,063 (AUD 30,214,354)	629,063 (AUD 30,214,354)	30,214,354	100	954,045	16,908		
	Ongoing Profits Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	122,778 (USD 3,836,817)	122,778 (USD 3,836,817)	3,287,546	67.82	465,896	51,115		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	147,520 (USD 4,610,000)	147,520 (USD 4,610,000)	4,610	100	172,224	774		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	18,715 (USD 584,844)	18,715 (USD 584,844)	486,000	100	141,587	11,094		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,720 (USD 210,000)	6,720 (USD 210,000)	9,000	100	95,568	2,681		
	Profit Land Ltd.	Giant Profit Development Ltd.	General investment	256,000 (USD 8,000,000)	256,000 (USD 8,000,000)	10,000	100	1,164,073	64,949		
	Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	177,283 (USD 5,540,100)	177,283 (USD 5,540,100)	20,240	100	240,650	5,780		
		Nan Pao Resins Development Ltd.	General investment	96,000 (USD 3,000,000)	96,000 (USD 3,000,000)	3,000	100	179,250	3,950		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	320,000 (USD 10,000,000)	320,000 (USD 10,000,000)	10,000	100	381,193	(8,002)		
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Collins Square Tower Five Level 22, 727 Collins Street, Docklands VIC 3008	Production and trading of construction materials and chemical substances	444,181 (AUD 21,334,344)	444,181 (AUD 21,334,344)	16,552,080	100	836,377	16,946		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	155,121 (USD 4,847,546)	155,121 (USD 4,847,546)	3,000,000	100	685,440	51,097		
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	146,880 (USD 4,590,000)	146,880 (USD 4,590,000)	-	50	163,081	1,396		
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	4,131 (IDR 2,035,000,000)	4,131 (IDR 2,035,000,000)	2,035,000	18.5	128,990	59,176		Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	109,063 (USD 3,408,217)	109,063 (USD 3,408,217)	-	100	682,595	51,069		
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	No.5, Lebuhraya Petai, Pandamaran, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Production and trading of construction materials and chemical substances	124,333 (AUD 5,971,801)	124,333 (AUD 5,971,801)	18,415,500	100	197,335	3,047		

(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 THREE MONTHS ENDED MARCH 31, 2024
(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, 2024 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 320,000 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 345,278 (USD 10,789,932)	\$ -	\$ -	\$ 345,278 (USD 10,789,932)	\$ (8,002)	100	\$ (8,002) (2)B.	\$ 381,058	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	145,920 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	159,680 (USD 4,990,000)	-	-	159,680 (USD 4,990,000)	4,325	100	4,325 (2)B.	236,701	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	86,400 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	81,339 (USD 2,541,860)	-	-	81,339 (USD 2,541,860)	6,406	100	6,406 (2)B.	192,824	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	96,000 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	98,070 (USD 3,064,683)	-	-	98,070 (USD 3,064,683)	3,950	100	3,950 (2)B.	179,232	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	108,245 (RMB 24,000,000)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	32,370	60.47	19,574 (2)B.	591,841	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	256,000 (USD 8,000,000)	(2) Giant Profit Development Ltd.	249,204 (USD 7,787,627)	-	-	249,204 (USD 7,787,627)	64,949	100	64,949 (2)B.	1,027,701	726,104
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	22,551 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	72	51	37 (2)B.	12,586	-
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.	12,800 (USD 400,000)	-	-	12,800 (USD 400,000)	-	-	-	-	-
Nan Pao Advanced Investment Co., Ltd.	General investment	944,000 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	944,000 (USD 29,500,000)	-	-	944,000 (USD 29,500,000)	(24,566)	100	(24,566) (2)B.	675,754	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	48,000 (USD 1,500,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(19)	100	(19) (2)B.	5,522	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	367,999 (USD 11,499,965)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(13,998)	91.3	(12,725) (2)B.	190,751	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	25,600 (USD 800,000)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(843)	100	(843) (2)B.	12,240	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	164,533 (USD 5,141,654)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(2,038)	95.75	(1,992) (2)B.	152,646	-
Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	183,357 (USD 5,729,900)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	686	70	(7,527) (2)B.	469,852	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024(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)
\$ 1,890,371 (USD 59,074,102)	\$ 4,338,448 (USD 135,576,490)	\$ 7,334,985

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:
\$12,224,973×60%=\$7,334,985

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$32.00 at the end of the period.
Relevant amounts are calculated based on the exchange rate of RMB 1 = NT\$4.408 at the end of the period.

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

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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			Ending Balance (Note)	% to Total	
							Unit Price	Payment Terms			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (47,580)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 48,710	3	\$ 11,414
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(16,767)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	19,301	3	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing revenue	(71,452)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	72,788	100	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(18,267)	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	21,027	5	-

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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 597,938		2
				Sales revenue	397,713	Calculated based on general transaction prices, telegraphic transfer within 90 days	8
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	48,710		-
				Sales revenue	47,580	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	235,904		1
				Sales revenue	184,824	Calculated based on general transaction prices, telegraphic transfer within 90 days	4
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	120,322		-
				Sales revenue	117,788	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	22,196		-
				Sales revenue	21,176	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	62,845		-
				Sales revenue	81,475	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins (HK) Ltd.	1	Accounts receivable - related parties	23,455		-
				Sales revenue	22,992	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	18,358		-
				Sales revenue	17,483	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Group Holdings Ltd.	1	Other payables - related parties	672,000		3
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	32,825		-
				Sales revenue	32,259	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	20,319		-
2	Nan Pao Resins (Foshan) Co., Ltd.			Sales revenue	15,037	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	42,250		-
				Sales revenue	27,795	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	21,027		-
				Sales revenue	18,267	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Giant Profit Development Ltd.	3	Other payables - related parties	135,307	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	1
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	3	Other payables - related parties	72,788		-
				Processing fee	71,452	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1
		Nan Pao Philippines Export Inc.	3	Accounts receivable - related parties	15,380	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	13,222	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
4	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	21,252		-
				Sales revenue	20,885	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (HK) Ltd.	3	Purchases	12,097	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	12,334		-
				Accounts receivable - related parties	31,716		-
				Sales revenue	15,498	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Accounts receivable - related parties	112,824		-
5	Foshan Nan Pao Advanced Materials Co., Ltd.			Sales revenue	76,879	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins International Ltd.	3	Accounts receivable - related parties	31,701		-
				Sales revenue	22,441	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	36,311		-
				Sales revenue	11,589	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		FlexUP Technologies Corp.	3	Purchases	32,721	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	1
6	Nan Pao Advanced Materials Vietnam Co., Ltd.			Accounts payable - related parties	22,434		-
		Nan Pao Fine Materials Co., Ltd.	3	Purchases	21,990	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
5	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts payable - related parties	22,390		-
				Accounts receivable - related parties	19,301		-
6	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Sales revenue	16,767	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Accounts receivable - related parties	162,288		1
				Sales revenue	104,522	Calculated based on general transaction prices, telegraphic transfer within 90 days	2

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

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

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

TABLE 10**NAN PAO RESINS CHEMICAL CO., LTD.****II INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2024**

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%
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%
Yue Dean Technology Corporation	7,729,000	6.41%

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.

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 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, 2024	\$ 1,185,389	\$ 26,256	\$ 3,725,688	\$ 3,637,838	\$ 277,876	\$ 1,340,966	\$ 32,397	\$ 10,226,410
Additions	-	-	3,102	29,834	3,942	20,764	6,635	64,277
Disposals	-	-	-	(23,643)	(761)	(2,826)	-	(27,230)
Reclassification	-	-	-	7,739	-	-	(7,739)	-
Effects of foreign currency exchange differences	(207)	50	53,009	52,531	4,081	7,962	534	117,960
Balance at March 31, 2024	<u>\$ 1,185,182</u>	<u>\$ 26,306</u>	<u>\$ 3,781,799</u>	<u>\$ 3,704,299</u>	<u>\$ 285,138</u>	<u>\$ 1,366,866</u>	<u>\$ 31,827</u>	<u>\$ 10,381,417</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 13,064	\$ 1,063,203	\$ 2,301,491	\$ 209,810	\$ 830,489	\$ -	\$ 4,418,057
Depreciation expenses	-	675	29,181	62,800	6,085	29,425	-	128,166
Disposals	-	-	-	(22,390)	(761)	(2,812)	-	(25,963)
Effects of foreign currency exchange differences	-	7	21,135	31,905	2,680	5,026	-	60,753
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 13,746</u>	<u>\$ 1,113,519</u>	<u>\$ 2,373,806</u>	<u>\$ 217,814</u>	<u>\$ 862,128</u>	<u>\$ -</u>	<u>\$ 4,581,013</u>
Carrying amount at December 31, 2023 and January 1, 2024	<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>
Carrying amount at March 31, 2024	<u>\$ 1,185,182</u>	<u>\$ 12,560</u>	<u>\$ 2,668,280</u>	<u>\$ 1,330,493</u>	<u>\$ 67,324</u>	<u>\$ 504,738</u>	<u>\$ 31,827</u>	<u>\$ 5,800,404</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Additions	-	1,218	71,772	17,734	7,003	48,158	55,351	201,236
Disposals	-	-	-	(2,765)	(3,959)	(1,986)	-	(8,710)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	37	38	(4,802)	(8,748)	176	(570)	(1,452)	(15,321)
Balance at March 31, 2023	<u>\$ 1,185,337</u>	<u>\$ 26,191</u>	<u>\$ 3,432,592</u>	<u>\$ 3,309,068</u>	<u>\$ 270,701</u>	<u>\$ 1,247,918</u>	<u>\$ 187,995</u>	<u>\$ 9,659,802</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 10,378	\$ 954,552	\$ 2,087,363	\$ 196,460	\$ 727,440	\$ -	\$ 3,976,193
Depreciation expenses	-	669	26,372	55,451	5,539	28,481	-	116,512
Disposals	-	-	-	(2,366)	(3,959)	(1,963)	-	(8,288)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	-	5	(352)	(5,078)	120	(42)	-	(5,347)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 11,052</u>	<u>\$ 980,572</u>	<u>\$ 2,135,370</u>	<u>\$ 198,160</u>	<u>\$ 753,653</u>	<u>\$ -</u>	<u>\$ 4,078,807</u>
Carrying amount at March 31, 2023	<u>\$ 1,185,337</u>	<u>\$ 15,139</u>	<u>\$ 2,452,020</u>	<u>\$ 1,173,698</u>	<u>\$ 72,541</u>	<u>\$ 494,265</u>	<u>\$ 187,995</u>	<u>\$ 5,580,995</u>