

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with 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. The total assets of these non-significant subsidiaries were NT\$3,115,194 thousand and NT\$4,884,303 thousand as of June 30, 2023 and 2022, respectively, representing 14% and 19% of the consolidated total assets, respectively. Total liabilities of these subsidiaries were NT\$526,518 thousand and NT\$1,383,460 thousand as of June 30, 2023 and 2022, respectively, representing 6% and 14% of the consolidated total liabilities, respectively. Comprehensive income of these subsidiaries were NT\$102,427 thousand, NT\$91,461 thousand, NT\$187,378 thousand and NT\$155,817 thousand for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, respectively, representing (11%), 32%, (21%) and 32% 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\$34,719 thousand as of June 30, 2023, and share of loss for using the equity method was NT\$2,574 thousand and NT\$4,567 thousand for the three months ended June 30, 2023 and for the six months ended June 30, 2023, respectively.

### **Qualified Conclusion**

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Other Matter**

Among the subsidiaries included in the consolidated financial statements of the Group, 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 amounted to NT\$3,702,907 thousand and NT\$1,921,609 thousand as of June 30, 2023 and 2022, respectively, representing 16% and 7% of the consolidated total assets, respectively. Operating revenue was NT\$979,365 thousand, NT\$679,532 thousand, NT\$1,862,345 thousand and NT\$1,264,268 thousand, respectively, representing 19%, 12%, 19% and 12%, respectively of the consolidated operating revenue for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022.

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  
August 9, 2023

### *Notice to Readers*

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

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

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

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,882,155	17	\$ 3,975,268	16	\$ 3,415,814	13
Financial assets at amortized cost - current (Notes 9, 10 and 36)	382,110	2	373,121	2	724,635	3
Notes receivable (Note 11)	284,301	1	310,864	1	279,250	1
Accounts receivable (Notes 11 and 26)	3,936,231	17	4,261,020	17	4,210,481	16
Accounts receivable from related parties (Notes 11, 26 and 35)	344,341	2	307,095	1	333,334	1
Other receivables (Note 11)	83,489	-	97,544	-	148,007	1
Current tax assets	25,372	-	3,936	-	20,044	-
Inventories (Note 12)	2,471,547	11	2,824,543	12	3,425,036	13
Other current assets (Note 20)	807,867	4	705,671	3	681,247	3
Total current assets	12,217,413	54	12,859,062	52	13,237,848	51
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	118,339	-	69,536	-	68,722	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	2,100,339	9	4,206,459	17	5,418,449	21
Financial assets at amortized cost - non-current (Notes 9, 10 and 36)	37,486	-	128,484	1	134,296	1
Investments accounted for using the equity method (Note 14)	34,719	-	39,286	-	-	-
Property, plant and equipment (Notes 15 and 36)	5,752,333	25	5,507,684	22	5,229,034	20
Right-of-use assets (Notes 16 and 36)	1,332,698	6	1,179,673	5	1,024,645	4
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Note 18)	404,418	2	246,575	1	242,422	1
Other intangible assets (Note 19)	389,980	2	122,033	1	124,761	-
Deferred tax assets	260,863	1	256,284	1	260,927	1
Net defined benefit assets - non-current	35,037	-	22,063	-	-	-
Other non-current assets (Note 20)	132,268	1	90,884	-	150,537	1
Total non-current assets	10,616,240	46	11,886,721	48	12,671,553	49
<b>TOTAL</b>	<b>\$ 22,833,653</b>	<b>100</b>	<b>\$ 24,745,783</b>	<b>100</b>	<b>\$ 25,909,401</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 21 and 36)	\$ 1,452,914	6	\$ 1,854,293	8	\$ 2,162,358	8
Contract liabilities - current (Note 26)	25,505	-	34,241	-	34,328	-
Notes payable (Note 22)	959	-	463	-	3,417	-
Accounts payable (Notes 22 and 35)	1,961,311	9	2,658,505	11	2,654,818	10
Payables for dividends	1,215,557	5	4,032	-	723,425	3
Other payables (Note 35)	1,233,597	6	1,080,261	4	895,666	3
Current tax liabilities	443,039	2	275,853	1	161,206	1
Lease liabilities - current (Note 16)	88,001	-	87,235	-	89,686	-
Current portion of long-term borrowings (Notes 21 and 36)	149,734	1	138,721	1	385,899	2
Other current liabilities (Notes 23 and 35)	182,320	1	202,620	1	159,884	1
Total current liabilities	6,752,937	30	6,336,224	26	7,270,687	28
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 21 and 36)	754,105	3	1,223,855	5	1,209,204	5
Deferred tax liabilities	1,018,196	4	876,315	3	835,247	3
Lease liabilities - non-current (Note 16)	618,936	3	656,265	3	482,763	2
Net defined benefit liabilities - non-current	-	-	-	-	42,907	-
Other non-current liabilities (Notes 23 and 37)	9,433	-	9,748	-	33,729	-
Total non-current liabilities	2,400,670	10	2,766,183	11	2,603,850	10
Total liabilities	9,153,607	40	9,102,407	37	9,874,537	38
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>						
Share capital - ordinary shares	1,205,707	5	1,205,707	5	1,205,707	5
Capital surplus	2,122,774	9	2,115,333	9	2,103,003	8
Retained earnings						
Legal reserve	1,565,289	7	1,388,123	6	1,388,123	6
Special reserve	313,321	2	313,321	1	313,321	1
Unappropriated earnings	5,767,296	25	5,982,451	24	5,267,331	20
Total retained earnings	7,645,906	34	7,683,895	31	6,968,775	27
Other equity	1,433,720	6	3,547,091	14	4,680,054	18
Total equity attributable to owners of the Company	12,408,107	54	14,552,026	59	14,957,539	58
<b>NON-CONTROLLING INTERESTS</b>	<b>1,271,939</b>	<b>6</b>	<b>1,091,350</b>	<b>4</b>	<b>1,077,325</b>	<b>4</b>
Total equity	13,680,046	60	15,643,376	63	16,034,864	62
<b>TOTAL</b>	<b>\$ 22,833,653</b>	<b>100</b>	<b>\$ 24,745,783</b>	<b>100</b>	<b>\$ 25,909,401</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 9, 2023)

# 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 June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 5,083,350	100	\$ 5,611,209	100	\$ 9,612,427	100	\$ 10,558,953	100
OPERATING COSTS (Notes 12 and 27)	<u>3,557,822</u>	<u>70</u>	<u>4,327,548</u>	<u>77</u>	<u>6,799,728</u>	<u>71</u>	<u>8,177,372</u>	<u>77</u>
GROSS PROFIT	<u>1,525,528</u>	<u>30</u>	<u>1,283,661</u>	<u>23</u>	<u>2,812,699</u>	<u>29</u>	<u>2,381,581</u>	<u>23</u>
OPERATING EXPENSES (Notes 11, 27 and 35)								
Selling and marketing expenses	492,298	10	512,493	9	937,408	10	965,219	9
General and administrative expenses	233,238	5	217,111	4	457,628	5	429,660	4
Research and development expenses	120,705	2	133,170	2	236,637	2	248,225	3
Expected credit loss (gain)	<u>16,270</u>	<u>-</u>	<u>(214)</u>	<u>-</u>	<u>15,375</u>	<u>-</u>	<u>(4,416)</u>	<u>-</u>
Total operating expenses	<u>862,511</u>	<u>17</u>	<u>862,560</u>	<u>15</u>	<u>1,647,048</u>	<u>17</u>	<u>1,638,688</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>663,017</u>	<u>13</u>	<u>421,101</u>	<u>8</u>	<u>1,165,651</u>	<u>12</u>	<u>742,893</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)								
Interest income	22,269	1	7,877	-	35,188	1	18,650	-
Other income	9,393	-	46,603	1	408,456	4	530,980	5
Other gains and losses	31,254	1	20,795	-	23,817	-	61,414	1
Finance costs	(26,805)	(1)	(17,328)	-	(51,584)	(1)	(32,126)	-
Share of loss of associates	<u>(2,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>33,537</u>	<u>1</u>	<u>57,947</u>	<u>1</u>	<u>411,310</u>	<u>4</u>	<u>578,918</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	696,554	14	479,048	9	1,576,961	16	1,321,811	13
INCOME TAX EXPENSE (Notes 4 and 28)	<u>212,907</u>	<u>4</u>	<u>135,779</u>	<u>3</u>	<u>353,852</u>	<u>3</u>	<u>203,003</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>483,647</u>	<u>10</u>	<u>343,269</u>	<u>6</u>	<u>1,223,109</u>	<u>13</u>	<u>1,118,808</u>	<u>11</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>(1,452,787)</u>	<u>(29)</u>	<u>(55,264)</u>	<u>(1)</u>	<u>(2,110,856)</u>	<u>(22)</u>	<u>(872,565)</u>	<u>(8)</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 June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 4,110	-	\$ 1,347	-	\$ (3,387)	-	\$ 288,498	3
Income tax relating to items that may be reclassified subsequently to profit or loss	(2,029)	-	(687)	-	629	-	(54,454)	(1)
	<u>2,081</u>	<u>-</u>	<u>660</u>	<u>-</u>	<u>(2,758)</u>	<u>-</u>	<u>234,044</u>	<u>2</u>
Other comprehensive loss for the period, net of income tax	<u>(1,450,706)</u>	<u>(29)</u>	<u>(54,604)</u>	<u>(1)</u>	<u>(2,113,614)</u>	<u>(22)</u>	<u>(638,521)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ <u>(967,059)</u>	<u>(19)</u>	\$ <u>288,665</u>	<u>5</u>	\$ <u>(890,505)</u>	<u>(9)</u>	\$ <u>480,287</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 456,658	9	\$ 310,845	5	\$ 1,167,719	12	\$ 1,056,535	10
Non-controlling interests	<u>26,989</u>	<u>1</u>	<u>32,424</u>	<u>1</u>	<u>55,390</u>	<u>1</u>	<u>62,273</u>	<u>1</u>
	\$ <u>483,647</u>	<u>10</u>	\$ <u>343,269</u>	<u>6</u>	\$ <u>1,223,109</u>	<u>13</u>	\$ <u>1,118,808</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ (988,012)	(19)	\$ 258,328	5	\$ (945,652)	(10)	\$ 401,787	4
Non-controlling interests	<u>20,953</u>	<u>-</u>	<u>30,337</u>	<u>-</u>	<u>55,147</u>	<u>1</u>	<u>78,500</u>	<u>1</u>
	\$ <u>(967,059)</u>	<u>(19)</u>	\$ <u>288,665</u>	<u>5</u>	\$ <u>(890,505)</u>	<u>(9)</u>	\$ <u>480,287</u>	<u>5</u>
EARNINGS PER SHARE (Note 29)								
Basic	\$ <u>3.79</u>		\$ <u>2.58</u>		\$ <u>9.68</u>		\$ <u>8.76</u>	
Diluted	\$ <u>3.79</u>		\$ <u>2.58</u>		\$ <u>9.66</u>		\$ <u>8.74</u>	

(Concluded)

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

(With Deloitte & Touche review report dated August 9, 2023)

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total Equity
	Retained Earnings					Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total			
BALANCE, JANUARY 1, 2023	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026	\$ 1,091,350	\$ 15,643,376	
Appropriations of 2022 earnings (Note 25)												
Legal reserve	-	-	177,166	-	(177,166)	-	-	-	-	-	-	
Cash dividends distributed by Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)	
Net profit for the six months ended June 30, 2023	-	-	-	-	1,167,719	-	-	-	1,167,719	55,390	1,223,109	
Other comprehensive loss for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	(2,515)	(2,110,856)	(2,113,371)	(2,113,371)	(243)	(2,113,614)	
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	1,167,719	(2,515)	(2,110,856)	(2,113,371)	(945,652)	55,147	(890,505)	
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	(192)	-	-	-	-	-	-	(192)	(125)	(317)	
Changes in ownership interests in subsidiaries (Note 32)	-	6,044	-	-	-	-	-	-	6,044	58,156	64,200	
Issuance of employee share options by subsidiaries	-	1,589	-	-	-	-	-	-	1,589	1,579	3,168	
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	65,832	65,832	
BALANCE, JUNE 30, 2023	\$ 1,205,707	\$ 2,122,774	\$ 1,565,289	\$ 313,321	\$ 5,767,296	\$ (342,814)	\$ 1,776,534	\$ 1,433,720	\$ 12,408,107	\$ 1,271,939	\$ 13,680,046	
BALANCE, JANUARY 1, 2022	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 5,021,383	\$ (644,475)	\$ 5,979,277	\$ 5,334,802	\$ 15,277,847	\$ 992,192	\$ 16,270,039	
Appropriations of 2021 earnings (Note 25)												
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-	-	-	
Cash dividends distributed by Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)	
Net profit for the six months ended June 30, 2022	-	-	-	-	1,056,535	-	-	-	1,056,535	62,273	1,118,808	
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	217,817	(872,565)	(654,748)	(654,748)	16,227	(638,521)	
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	1,056,535	217,817	(872,565)	(654,748)	401,787	78,500	480,287	
Changes in ownership interests in subsidiaries (Note 32)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908	
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(5,945)	(5,945)	
BALANCE, JUNE 30, 2022	\$ 1,205,707	\$ 2,103,003	\$ 1,388,123	\$ 313,321	\$ 5,267,331	\$ (426,658)	\$ 5,106,712	\$ 4,680,054	\$ 14,957,539	\$ 1,077,325	\$ 16,034,864	

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

(With Deloitte & Touche review report dated August 9, 2023)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,576,961	\$ 1,321,811
Adjustments for:		
Depreciation expenses	283,728	232,206
Amortization expenses	20,766	14,946
Expected credit loss recognized / (reversed) on trade receivables	15,375	(4,416)
Loss (gain) on financial assets at fair value through profit or loss	(13,803)	7,413
Finance costs	51,584	32,126
Interest income	(35,188)	(18,650)
Dividend income	(386,748)	(477,367)
Compensation cost of employee share options	3,168	-
Share of loss of associates	4,567	-
Loss on disposal of property, plant and equipment	448	29,997
Gain on disposal of right-of-use assets	-	(1,374)
Gain on disposal of subsidiaries	-	(26,523)
Write downs of inventories	15,438	-
Gain on lease modification	(19)	(26)
Changes in operating assets and liabilities		
Notes receivable	32,543	29,407
Accounts receivable	393,784	(333,622)
Accounts receivable from related parties	(37,345)	(11,152)
Other receivables	15,721	(42,981)
Inventories	388,658	(381,834)
Other current assets	(94,883)	(141,645)
Other non-current assets	516	(1,185)
Contract liabilities	(9,479)	(10,631)
Notes payable	498	2,381
Accounts payables	(714,714)	2,209
Other payables	(136,447)	(5,122)
Other current liabilities	(22,909)	(45,839)
Net defined benefit liabilities	(13,719)	(8,909)
Other non-current liabilities	(34)	(15,813)
Cash generated from operations	<u>1,338,467</u>	<u>145,407</u>
Interest received	36,208	23,072
Interest paid	(50,829)	(30,661)
Income tax paid	<u>(159,184)</u>	<u>(158,409)</u>
Net cash generated from (used in) operating activities	<u>1,164,662</u>	<u>(20,591)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(4,736)	(6,155)
Decrease in financial assets at amortized cost	78,219	359,198
Acquisition of financial assets at fair value through profit or loss	(35,000)	(40,000)
Net cash outflow on acquisition of subsidiaries	(256,004)	-
Proceeds from disposal of non-current assets held for sale	-	405,000
Payments for property, plant and equipment	(293,715)	(502,852)
Proceeds from disposal of property, plant and equipment	1,258	2,934

(Continued)



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

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Increase in refundable deposits	\$ (349)	\$ -
Decrease in refundable deposits	-	697
Payments for intangible assets	(1,135)	(281)
Proceeds from disposal of right-of-use assets	-	55,332
Acquisition of right-to-use assets	(135,725)	-
Dividends received	<u>386,748</u>	<u>477,367</u>
Net cash generated from (used in) investing activities	<u>(260,439)</u>	<u>751,240</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	2,795,955	4,757,206
Repayments of short-term borrowings	(3,376,999)	(4,781,667)
Proceeds from long-term borrowings	883,319	1,714,282
Repayments of long-term borrowings	(1,341,683)	(2,251,606)
Refund of guarantee deposits received	(285)	(1,467)
Repayment of the principal portion of lease liabilities	(32,194)	(30,592)
Payment of cash dividends	(46,479)	(5,945)
Change in non-controlling interests	<u>55,073</u>	<u>13,908</u>
Net cash used in financing activities	<u>(1,063,293)</u>	<u>(585,881)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>65,957</u>	<u>39,740</u>
<b>NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS</b>	(93,113)	184,508
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,975,268</u>	<u>3,231,306</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,882,155</u>	<u>\$ 3,415,814</u>

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

(With Deloitte & Touche review report dated August 9, 2023)

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors and issued on August 9, 2023.

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

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

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

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

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

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

Note 3: The requirement that the Group applies the exception and requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

##### **c. Basis of consolidation**

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the

non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 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, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

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

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

Refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 5,968	\$ 8,617	\$ 8,432
Checking accounts and demand deposits	3,374,191	3,771,680	3,298,961
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>501,996</u>	<u>194,971</u>	<u>108,421</u>
	<u>\$ 3,882,155</u>	<u>\$ 3,975,268</u>	<u>\$ 3,415,814</u>

The market rate intervals of time deposits were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Time deposits	4.25%-6.45%	1.8%-6%	0.81%-5.35%

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Limited partnership	\$ 118,339	\$ 69,536	\$ 68,722

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Domestic investments			
Emerging market shares	\$ 19,611	\$ 13,951	\$ 16,556
Unlisted shares	<u>2,080,728</u>	<u>4,192,508</u>	<u>5,401,893</u>
	<u>\$ 2,100,339</u>	<u>\$ 4,206,459</u>	<u>\$ 5,418,449</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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)			
	\$ 346,833	\$ 316,553	\$ 484,970
Pledged time deposits (a)	31,195	31,727	32,905
Restricted demand deposits (b)	-	21,078	202,982
Refundable deposits	<u>4,082</u>	<u>3,763</u>	<u>3,778</u>
	<u>\$ 382,110</u>	<u>\$ 373,121</u>	<u>\$ 724,635</u>

(Continued)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Non-current</u>			
Time deposits with original maturities of more than 12 months (a)	\$ 4,282	\$ 92,580	\$ 101,992
Pledged time deposits (a)	4,772	4,854	4,783
Restricted demand deposits	-	2,504	2,514
Refundable deposits	<u>28,432</u>	<u>28,546</u>	<u>25,007</u>
	<u>\$ 37,486</u>	<u>\$ 128,484</u>	<u>\$ 134,296</u> (Concluded)

- a. The ranges of interest rates for time deposits were 0.20% - 8.60%, 0.15% - 10.40% and 0.15% - 5.85% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- b. Restricted demand deposits as of December 31, 2022 and June 30, 2022 are funds that the Group put into the dedicated bank account in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- d. Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Financial asset at amortized cost - current	\$ 382,110	\$ 373,121	\$ 724,635
Financial asset at amortized cost - non-current	<u>37,486</u>	<u>128,484</u>	<u>134,296</u>
	<u>\$ 419,596</u>	<u>\$ 501,605</u>	<u>\$ 858,931</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates of each credit rating, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of June 30, 2023, December 31, 2022 and June 30, 2022.

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable - operating</u>			
At amortized cost			
Notes receivable - operating	\$ 284,301	\$ 310,864	\$ 279,250
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,362,259	\$ 4,633,636	\$ 4,587,148
Less: Allowance for impairment loss	<u>81,687</u>	<u>65,521</u>	<u>43,333</u>
	<u>\$ 4,280,572</u>	<u>\$ 4,568,115</u>	<u>\$ 4,543,815</u>
Other receivables			
Gross carrying amount	<u>\$ 83,489</u>	<u>\$ 97,544</u>	<u>\$ 148,007</u>

a. Notes receivable

As of June 30, 2023, December 31, 2022 and June 30, 2022, the notes receivable analyzed by the Group based on the past due days were not overdue, and the Group did not measure any loss allowance for notes receivable.

b. Accounts receivable (including related parties)

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

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

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 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%-0.32%	0.2%-8%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,690,007	\$ 500,932	\$ 77,489	\$ 31,727	\$ 21,892	\$ 40,212	\$ 4,362,259
Loss allowance (Lifetime ECLs)	(3,081)	(7,249)	(7,994)	(7,302)	(15,849)	(40,212)	(81,687)
Amortized cost	\$ 3,686,926	\$ 493,683	\$ 69,495	\$ 24,425	\$ 6,043	\$ -	\$ 4,280,572

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%-0.13%	0.2%-5%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,791,219	\$ 664,242	\$ 89,029	\$ 47,041	\$ 7,523	\$ 34,582	\$ 4,633,636
Loss allowance (Lifetime ECLs)	(2,389)	(5,392)	(7,168)	(10,464)	(5,526)	(34,582)	(65,521)
Amortized cost	\$ 3,788,830	\$ 658,850	\$ 81,861	\$ 36,577	\$ 1,997	\$ -	\$ 4,568,115

June 30, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%-0.1%	0.2%-5%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,906,947	\$ 571,109	\$ 66,284	\$ 11,769	\$ 4,881	\$ 26,158	\$ 4,587,148
Loss allowance (Lifetime ECLs)	(1,816)	(4,842)	(4,065)	(3,317)	(3,135)	(26,158)	(43,333)
Amortized cost	\$ 3,905,131	\$ 566,267	\$ 62,219	\$ 8,452	\$ 1,746	\$ -	\$ 4,543,815

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 65,521	\$ 48,770
Provision (Reversal)	15,375	(4,416)
Amounts written off	(572)	(2,479)
Foreign exchange gains and losses	1,363	1,458
Balance at June 30	\$ 81,687	\$ 43,333

**12. INVENTORIES**

	June 30, 2023	December 31, 2022	June 30, 2022
Goods	\$ 123,681	\$ 160,502	\$ 161,331
Finished goods and semi-finished goods	940,813	1,080,572	1,188,939
Work-in-process	147,495	144,397	183,249
Raw materials and supplies	1,040,666	1,189,060	1,533,667
Inventory in transit	218,892	250,012	357,850
	\$ 2,471,547	\$ 2,824,543	\$ 3,425,036

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 was \$3,557,224 thousand, \$4,327,666 thousand, \$6,799,341 thousand and \$8,168,645 thousand, respectively. The cost of goods sold included inventory write-downs of \$54,228 thousand, \$0 thousand, \$15,438 thousand and \$0 thousand, respectively.



### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark	
			June 30, 2023	December 31, 2022	June 30, 2022		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	100	p	
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	p	
	Nan Pao Electronic Material Co., Ltd.	Production and trading of electronic materials	-	-	100	c, p	
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	100		
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	50.1	50.51	50.51	d, h	
	Phymed Bio-tec Co., Ltd.	R&D and trading of health food	100	100	100	p	
	Biorich Biotechnology Co., Ltd.	R&D, production, and trading of new high protein business and health food	57.1	57.1	57.1	p	
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	p	
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	55	p	
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100		
	Thai Nan Pao Investments Ltd.	General investment	100	100	100		
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	p	
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	p	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	p	
	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, p	
	Progroups Technology Co., Ltd	Trading of water-based PU resin	-	-	91.99	c, p	
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	p	
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	51.11	p	
	FlexUP Technologies Corp.	Production and trading of polyimide materials	100	96.87	96.87	k, p	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	100	e, p	
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	-	-	l	
	Nan Pao Resins (HK) Limited	Production and trading of adhesives	100	-	-	l	
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	-	-	m, p	
	ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	General investment	100	100	100	
		Aftek Materials Vietnam Co., Ltd.	Production and trading of construction materials	-	70	70	n, p
	ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	p
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	p	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	
Thai Nan Pao Investments Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	p
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	p
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	67.68	f
	Profit Land Ltd.	General investment	26.25	26.25	26.25	a
	Nan Pao Resins (Holdings) Ltd.	General investment	100	100	100	
	All Saints Enterprises Ltd.	General investment	45.47	45.47	45.47	a
	NP Australia Pty Ltd.	General investment	100	100	100	
	Ongoing Profits Ltd.	General investment	67.82	67.82	67.82	a
	Treasure Wealth (HK) Ltd.	General investment	100	100	100	
	Goldford Investments Ltd.	General investment	100	100	100	
	Nan Pao Resins Chemical Philippines, Inc.	Trading of adhesives	100	100	100	p
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	-	100	100	l
	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100	100	
	Nan Pao Resins (HK) Limited	Production and trading of adhesives	-	100	100	l
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	88.03	f
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Material Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	100	100	100	
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	100	
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	General investment	100	100	100	
Great Mount Enterprises Ltd.	Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	100	100	100	
NP Australia Pty Ltd.	RLA Polymers Pty Ltd.	Production and trading of construction materials and chemical substances	100	100	100	
RLA Polymers Pty Ltd.	RLA Polymers (M) SDN BHD	Production and trading of construction materials and chemical substances	100	100	100	
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical	Production and trading of adhesives	18.5	18.5	18.5	b, p
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	p
Nan Pao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Ltd.	Online business agency and general merchandise trading	100	100	100	
	Nantong Nan Pao Resins Materials Co., Ltd.	Production and trading of adhesives	-	-	100	g

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
	Nan Pao New Material (Huaian) Co., Ltd.	Production and trading of carbon fiber	90.91	95.24	95.24	i
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	100	100	-	j
	Changshu Yubo Polymer Material Co., Ltd.	Production and trading of adhesives and chemical substances	70	-	-	o

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. The Group short-form merge its subsidiaries, Nan Pao Electronic Materials Co., Ltd. and Progroups Technology Co., Ltd., which were approved by the Company's board of directors on November 9, 2022. The base date of the short-form merger was December 31, 2022. The Company was the surviving company and Nan Pao Electronic Materials Co., Ltd. and Progroups Technology Co., Ltd. was the dissolved company. The company completed the amendment registration in February 2023.
- d. In February 2023, Prince Pharmaceutical Co., Ltd. processed a cash capital increase, The Group did not subscribe share proportionat, and Prince Pharmaceutical Co., Ltd. executed employees of Prince Pharmaceutical Company executed stock options, resulting in a decrease in shareholding from 50.51% to 50.1% (refer to Notes 30 and 32).
- e. In February and May 2023, respectively, Nan Pao Resins Chemical (Bangladesh) Co., Ltd. processed cash capitals increase, which were subscribed by the Group, in shareholding has not changed.
- f. The Group repurchased and retired 32.32% shareholdings of Greatwill Materials (HK) Ltd. in September 2022, resulting in an increase in Nan Pao Group Holdings Ltd.' s shareholding ratio from 67.68% to 100%. In addition, Greatwill Materials (HK) Ltd. transferred 28.45% shareholdings of Foshan Nan Pao Advanced Materials Co., Ltd. to external shareholder, resulting in an decrease in the shareholding ratio from 88.03% to 59.58%. The amount received and paid for the transaction is the same, and the change have not affect the shareholding ratio of Foshan Nan Pao Advanced Materials Co., Ltd. by the Group.
- g. Nantong Nan Pao Resins Materials Co., Ltd. had been liquidated in December 2022.
- h. The company is immaterial subsidiary, and their financial statements for the six months ended June 30, 2022 have not been reviewed by the accountants.
- i. In January 2022, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 100% to 95.24%. Then, in February 2023, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 95.24% to 90.91% (refer to Note 32).
- j. The Group invested in and established Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. in China in August 2022. In November 2022, the group have invested capital in the subsidiary.
- k. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, resulting in an increase in shareholding from 96.87% to 100% (refer to Note 32).

- l. The Group acquired the share of Nan Pao Resins International Ltd. and Nan Pao Resins (HK) Limited which was held by Nan Pao Group Holdings Ltd. in April 2023, and the shareholding ratio was 100% after acquisition.
- m. The Group invested in and established Nan Pao Materials Resins India Private Limited, and have invested capital in the subsidiary in June 2023.
- n. Aftek Materials Vietnam Co., Ltd. had been liquidated in April 2023.
- o. The Group acquired Changshu Yubo Polymer Material Co., Ltd. in April 2023, and the shareholding ratio was 70% after acquisition (refer to Note 31).
- p. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in associates			
Associates that are not individually material	\$ <u>34,719</u>	\$ <u>39,286</u>	\$ <u>-</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Group's share of:				
Total net loss and comprehensive income for the period	\$ <u>(2,574)</u>	\$ <u>-</u>	\$ <u>(4,567)</u>	\$ <u>-</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 six months ended June 30, 2023 and 2022 as there were no indications of impairment.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 36.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022	
<u>Carrying amounts</u>				
Land (Note)	\$ 873,270	\$ 675,456	\$ 672,947	
Buildings	413,814	459,620	311,344	
Machinery	-	75	107	
Transportation equipment	42,348	41,454	38,098	
Miscellaneous equipment	<u>3,266</u>	<u>3,068</u>	<u>2,149</u>	
	<u>\$ 1,332,698</u>	<u>\$ 1,179,673</u>	<u>\$ 1,024,645</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ 152,007</u>	<u>\$ 45,763</u>
Depreciation charge for right-of-use assets				
Land (Note)	\$ 4,481	\$ 4,907	\$ 9,821	\$ 9,554
Buildings	15,834	11,646	31,203	22,165
Machinery	-	36	-	71
Transportation equipment	4,993	3,773	9,254	7,218
Miscellaneous equipment	<u>423</u>	<u>127</u>	<u>837</u>	<u>209</u>
	<u>\$ 25,731</u>	<u>\$ 20,489</u>	<u>\$ 51,115</u>	<u>\$ 39,217</u>

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

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

### b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 88,001</u>	<u>\$ 87,235</u>	<u>\$ 89,686</u>
Non-current	<u>\$ 618,936</u>	<u>\$ 656,265</u>	<u>\$ 482,763</u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Land	1.56%	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%	0.77%-5.37%
Machinery	0.76%-2%	0.76%-2%	1.05%-2%
Transportation equipment	1.3%-5.37%	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%	5.37%-11.2%

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

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

d. Other lease information

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 9,727</u>	<u>\$ 14,331</u>	<u>\$ 19,261</u>	<u>\$ 26,324</u>
Expenses relating to low-value asset leases	<u>\$ 725</u>	<u>\$ 526</u>	<u>\$ 1,272</u>	<u>\$ 1,056</u>
Total cash outflow for leases			<u>\$ 54,458</u>	<u>\$ 64,323</u>

## 17. INVESTMENT PROPERTIES

### Land

Balance at June 30, 2023, December 31, 2022 and June 30, 2022 \$ 17,760

Investment properties measured at fair value were both \$78,764 thousand as of December 31, 2022 and 2021. For investment properties not valued by any independent valuer, the Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties. Furthermore, management of the Group had assessed and determined that there were no significant changes in the fair value as of June 30, 2023 and 2022, as compared to that as of December 31, 2022 and 2021.

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

## 18. GOODWILL

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Cost</u>			
Balance at January 1	\$ 246,575	\$ 238,377	\$ 238,377
Acquisitions through business combinations during the period (Note 31)	164,975	-	-
Effect of foreign currency exchange differences, net	<u>(7,132)</u>	<u>8,198</u>	<u>4,045</u>
Balance at June 30 and December 31	<u>\$ 404,418</u>	<u>\$ 246,575</u>	<u>\$ 242,422</u>

The Group tests for impairment on recoverable amount of goodwill at year-end, using value-in-use as basis for calculation of recoverable amount. Calculation of value-in-use is based on the cash flows of the Group's future financial projections as an estimate to reflect specific risks of relevant cash generating units.

No impairment loss was recognized for the six months ended June 30, 2023 and 2022.

## 19. OTHER INTANGIBLE ASSETS

	Client Relationships	Non-patented Technology	Trademark	Others	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 122,158	\$ -	\$ 23,195	\$ 129,136	\$ 274,489
Additions	-	-	-	2,507	2,507
Acquisitions through business combination	\$ 75,474	100,336	73,697	45,851	295,358
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	1,280	1,280
Effect of foreign currency exchange differences, net	<u>(3,444)</u>	<u>(2,939)</u>	<u>(2,393)</u>	<u>(1,771)</u>	<u>(10,547)</u>
Balance at June 30, 2023	<u>\$ 194,188</u>	<u>\$ 97,397</u>	<u>\$ 94,499</u>	<u>\$ 176,066</u>	<u>\$ 562,150</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	6,122	1,662	3,576	9,406	20,766
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	263	263
Effect of foreign currency exchange differences, net	<u>(704)</u>	<u>(38)</u>	<u>(95)</u>	<u>459</u>	<u>(378)</u>
Balance at June 30, 2023	<u>\$ 71,340</u>	<u>\$ 1,624</u>	<u>\$ 7,107</u>	<u>\$ 92,099</u>	<u>\$ 172,170</u>
Carrying amount at December 31, 2022 and January 1, 2023, net	<u>\$ 56,236</u>	<u>\$ -</u>	<u>\$ 19,569</u>	<u>\$ 46,228</u>	<u>\$ 122,033</u>

(Continued)

	<b>Client Relationships</b>	<b>Non-patented Technology</b>	<b>Trademark</b>	<b>Others</b>	<b>Total</b>
Carrying amount at June 30, 2023, net	<u>\$ 122,848</u>	<u>\$ 95,773</u>	<u>\$ 87,392</u>	<u>\$ 83,967</u>	<u>\$ 389,980</u>
<b>Cost</b>					
Balance at January 1, 2022	\$ 117,759	\$ -	\$ 22,359	\$ 117,018	\$ 257,136
Additions	-	-	-	281	281
Effect of foreign currency exchange differences, net	2,171	-	412	1,218	3,801
Balance at June 30, 2022	<u>\$ 119,930</u>	<u>\$ -</u>	<u>\$ 22,771</u>	<u>\$ 118,517</u>	<u>\$ 261,218</u>
<b>Accumulated amortization and impairment</b>					
Balance at January 1, 2022	\$ 52,408	\$ -	\$ 1,287	\$ 64,959	\$ 118,654
Amortization expenses	6,215	-	1,136	7,595	14,946
Effect of foreign currency exchange differences, net	906	-	13	1,938	2,857
Balance at June 30, 2022	<u>\$ 59,529</u>	<u>\$ -</u>	<u>\$ 2,436</u>	<u>\$ 74,492</u>	<u>\$ 136,457</u>
Carrying amount at June 30, 2022, net	<u>\$ 60,401</u>	<u>\$ -</u>	<u>\$ 20,335</u>	<u>\$ 44,025</u>	<u>\$ 124,761</u>

(Concluded)

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

Client Relationships	9-11 years
Non-patented technology	10 years
Trademark	5-10 years
Others	2-15 years

## 20. OTHER ASSETS

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<b>Current</b>			
Input tax	\$ 261,651	\$ 254,824	\$ 246,699
Prepayments	102,694	105,116	140,259
Prepaid expenses	98,886	72,447	84,282
Overpaid tax retained for offsetting the future tax payable	280,296	242,511	190,635
Others	<u>64,340</u>	<u>30,773</u>	<u>19,372</u>
	<u>\$ 807,867</u>	<u>\$ 705,671</u>	<u>\$ 681,247</u>

(Continued)



	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Non-current</u>			
Prepayments for equipment	\$ 125,843	\$ 83,943	\$ 142,647
Others	<u>6,425</u>	<u>6,941</u>	<u>7,890</u>
	<u>\$ 132,268</u>	<u>\$ 90,884</u>	<u>\$ 150,537</u> (Concluded)

## 21. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Secured bank loans (Note 36)	\$ 149,105	\$ 30,000	\$ 96,424
Unsecured bank loans	<u>1,303,809</u>	<u>1,824,293</u>	<u>2,065,934</u>
	<u>\$ 1,452,914</u>	<u>\$ 1,854,293</u>	<u>\$ 2,162,358</u>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Secured bank loans	2.02%-4.32%	1.9%	1.65%-3.82%
Unsecured bank loans	1.65%-6.35%	1.45%-5.69%	0.58%-4.45%

### b. Long-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Secured bank loans (1)	\$ 346,863	\$ 330,921	\$ 346,396
Unsecured bank loans (2)	<u>556,976</u>	<u>1,031,655</u>	<u>1,248,707</u>
	903,839	1,362,576	1,595,103
Decrease: current portion of long-term borrowings	<u>149,734</u>	<u>138,721</u>	<u>385,899</u>
	<u>\$ 754,105</u>	<u>\$ 1,223,855</u>	<u>\$ 1,209,204</u>

1) As of June 30, 2023, December 31, 2022 and June 30, 2022, the ranges of weighted average effective interest rates of the bank loans secured by the Group's freehold land, buildings and deposit certificates (see Note 36), were 2.203%-2.308%, 1.95%-2.06% and 1.505%-1.7% per annum, respectively. Long-term borrowings mentioned above will expire before June 2035, and payments of interest and principal are made on schedule.

2) As of June 30, 2023, December 31, 2022 and June 30, 2022, the ranges of weighted average effective interest rates of unsecured bank loans were 1.15%-4.5%, 1.03%-4.5% and 0.775%-4.55% 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes payable</u>			
Operating	\$ 959	\$ 463	\$ 3,417
<u>Accounts payable</u>			
Operating	\$ 1,961,311	\$ 2,658,505	\$ 2,654,818

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 143,648	\$ 172,906	\$ 142,728
Others	<u>38,672</u>	<u>29,714</u>	<u>17,156</u>
	<u>\$ 182,320</u>	<u>\$ 202,620</u>	<u>\$ 159,884</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 2,396	\$ 2,677	\$ 3,348
Others	<u>7,037</u>	<u>7,071</u>	<u>30,381</u>
	<u>\$ 9,433</u>	<u>\$ 9,748</u>	<u>\$ 33,729</u>

## 24. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were \$539 thousand, \$1,001 thousand, \$1,067 thousand and \$2,309 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 25. EQUITY

### a. Share capital

#### Ordinary shares

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>	<u>120,570</u>
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

### b. Capital surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	10,662	10,854	2
Employee share options	44,083	44,083	44,083
Expired employee share options	135	135	135
<u>May only be used to offset a deficit</u>			
Changes in ownership interests in subsidiaries (2)	<u>27,690</u>	<u>20,057</u>	<u>18,579</u>
	<u>\$ 2,122,774</u>	<u>\$ 2,115,333</u>	<u>\$ 2,103,003</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

### c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 23, 2022, resolving the amendments to the Company's Articles of Incorporation (the "Articles") in the shareholders' meeting. The amendments explicitly stipulate the proposal for profit distribution or offsetting losses that should

be made at the end of each quarter of the fiscal year. The profit distribution in cash shall be resolved by the board of directors in accordance with Article 228-1 and Article 240-5 of the Company Act which should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles after the amendments, when the Company distributed profit, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (This shall not apply if the accumulated legal reserve has reached the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 27-g.

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

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

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

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

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

d. Special reserve

Upon initial application of IFRSs, the recognized unrealized revaluation adjustments, cumulative translation adjustments, and capital surplus transferred to retained earnings amounted to \$313,321 thousand, while an equivalent amount has been appropriated as special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (340,299)	\$ (644,475)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(2,515)</u>	<u>217,817</u>
Balance at June 30	<u>\$ (342,814)</u>	<u>\$ (426,658)</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,887,390	\$ 5,979,277
Recognized for the year		
Unrealized loss - equity instruments	<u>(2,110,856)</u>	<u>(872,565)</u>
Balance at June 30	<u>\$ 1,776,534</u>	<u>\$ 5,106,712</u>

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,091,350	\$ 992,192
Share in profit for the period	55,390	62,273
Other comprehensive income or loss during the period		
Exchange differences on translating the financial statements of foreign operations	(243)	16,227
Changes in ownership interests in subsidiaries (Note 32)	58,031	12,578
Issuance of employee share options by subsidiaries (Note 30)	1,579	-
Repatriation of share capital from liquidation of subsidiaries	(8,810)	-
Dividend payout from subsidiaries	(52,296)	(5,945)
Non-controlling interests arising from acquisition of subsidiaries (Note 31)	<u>126,938</u>	<u>-</u>
Balance at June 30	<u>\$ 1,271,939</u>	<u>\$ 1,077,325</u>

## 26. REVENUE

a. Disaggregation of revenue

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Adhesives	\$ 3,526,470	\$ 4,086,677	\$ 6,667,458	\$ 7,687,539
Construction materials	905,337	806,899	1,739,325	1,531,926
Coatings	375,850	440,992	701,045	813,569
Others	<u>275,693</u>	<u>276,641</u>	<u>504,599</u>	<u>525,919</u>
	<u>\$ 5,083,350</u>	<u>\$ 5,611,209</u>	<u>\$ 9,612,427</u>	<u>\$ 10,558,953</u>

b. Contract balances

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (including related parties)	<u>\$ 4,362,259</u>	<u>\$ 4,633,636</u>	<u>\$ 4,587,148</u>	<u>\$ 4,117,118</u>
Contract liabilities - current Sale of goods	<u>\$ 25,505</u>	<u>\$ 34,241</u>	<u>\$ 34,328</u>	<u>\$ 44,959</u>

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

**27. NET PROFIT**

a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Bank deposits	<u>\$ 22,269</u>	<u>\$ 7,877</u>	<u>\$ 35,188</u>	<u>\$ 18,650</u>

b. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividends income	\$ 1,024	\$ 1,728	\$ 386,748	\$ 477,367
Reversal of litigation reserve	-	15,199	-	15,199
Grant income	188	4,286	6,837	7,683
Rental income	352	554	831	930
Other income	<u>7,829</u>	<u>24,836</u>	<u>14,040</u>	<u>29,801</u>
	<u>\$ 9,393</u>	<u>\$ 46,603</u>	<u>\$ 408,456</u>	<u>\$ 530,980</u>

c. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net foreign exchange gains	\$ 36,812	\$ 30,085	\$ 16,236	\$ 66,018
Gain on disposal of associates interests	-	-	-	26,523
Gain on disposal of right-of-use assets (Note)	-	-	-	1,374
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	(2,422)	(6,192)	13,803	(7,413)
Loss on disposal of property, plant and equipment (Note)	(61)	-	(61)	(21,270)
Others	<u>(3,075)</u>	<u>(3,098)</u>	<u>(6,161)</u>	<u>(3,818)</u>
	<u>\$ 31,254</u>	<u>\$ 20,795</u>	<u>\$ 23,817</u>	<u>\$ 61,414</u>

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

d. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 22,211	\$ 13,931	\$ 42,407	\$ 25,685
Interest on lease liabilities	<u>4,594</u>	<u>3,397</u>	<u>9,177</u>	<u>6,441</u>
	<u>\$ 26,805</u>	<u>\$ 17,328</u>	<u>\$ 51,584</u>	<u>\$ 32,126</u>

e. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function				
Operating costs	\$ 95,297	\$ 89,198	\$ 192,708	\$ 176,006
Operating expenses	<u>46,535</u>	<u>28,792</u>	<u>91,020</u>	<u>56,200</u>
	<u>\$ 141,832</u>	<u>\$ 117,990</u>	<u>\$ 283,728</u>	<u>\$ 232,206</u>
An analysis of amortization by function				
Operating costs	\$ 313	\$ 292	\$ 604	\$ 584
Operating expenses	<u>13,509</u>	<u>7,237</u>	<u>20,162</u>	<u>14,362</u>
	<u>\$ 13,822</u>	<u>\$ 7,529</u>	<u>\$ 20,766</u>	<u>\$ 14,946</u>

Amortization expenses of intangible assets were allocated to each line-item information. Please refer to

Note 19.

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits				
Salaries	\$ 548,013	\$ 527,345	\$ 1,066,256	\$ 1,030,153
Labor and health insurance	38,415	33,841	80,572	69,119
Others	<u>37,507</u>	<u>40,492</u>	<u>77,012</u>	<u>80,097</u>
	<u>623,935</u>	<u>601,678</u>	<u>1,223,840</u>	<u>1,179,369</u>
Post-employment benefits				
Defined contribution plans	28,318	26,512	56,483	52,758
Defined benefit plans (Note 24)	<u>539</u>	<u>1,001</u>	<u>1,067</u>	<u>2,309</u>
	<u>28,857</u>	<u>27,513</u>	<u>57,550</u>	<u>55,067</u>
	<u>\$ 652,792</u>	<u>\$ 629,191</u>	<u>\$ 1,281,390</u>	<u>\$ 1,234,436</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 243,760	\$ 228,536	\$ 468,412	\$ 454,103
Operating expenses	<u>409,032</u>	<u>400,655</u>	<u>812,978</u>	<u>780,333</u>
	<u>\$ 652,792</u>	<u>\$ 629,191</u>	<u>\$ 1,281,390</u>	<u>\$ 1,234,436</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 2% to 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2023	2022
Employees' compensation	2.01%	2.29%
Remuneration of directors	0.78%	0.86%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employees' compensation	\$ 12,164	\$ 10,500	\$ 28,406	\$ 27,170
Remuneration of directors	5,500	5,100	11,000	10,200

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



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

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

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

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

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Foreign exchange gains	\$ 82,303	\$ 110,028	\$ 135,936
Foreign exchange losses	<u>(45,491)</u>	<u>(79,943)</u>	<u>(119,700)</u>	<u>(117,520)</u>
	<u>\$ 36,812</u>	<u>\$ 30,085</u>	<u>\$ 16,236</u>	<u>\$ 66,018</u>

## 28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Current tax			
In respect of the current year	\$ 128,721	\$ 79,228	\$ 207,161	\$ 159,897
Income tax on unappropriated earnings	10,282	-	10,282	-
Adjustments for prior year	<u>(2,545)</u>	<u>3,023</u>	<u>(1,523)</u>	<u>(36,844)</u>
	136,458	82,251	215,920	123,053
Deferred tax				
In respect of the current year	<u>76,449</u>	<u>53,528</u>	<u>137,932</u>	<u>79,950</u>
	<u>\$ 212,907</u>	<u>\$ 135,779</u>	<u>\$ 353,852</u>	<u>\$ 203,003</u>

b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>				
In respect of the current year				
Translation of foreign operations	\$ (2,029)	\$ (687)	\$ 629	\$ (54,454)

c. Income tax assessments

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

## 29. EARNINGS PER SHARE

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

Net profit for the year

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the Company	\$ 456,658	\$ 310,845	\$ 1,167,719	\$ 1,056,535

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,571	120,571	120,571	120,571
Effect of potentially dilutive ordinary share:				
Employees' compensation or bonuses issued to employees	74	79	350	336

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,645</u>	<u>120,650</u>	<u>120,921</u>	<u>120,907</u> (Concluded)

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

### 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. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Prince Pharmaceutical Co., Ltd. The options are exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	<b>For the Six Months Ended June 30, 2023</b>	
	<b>Numbers of Options (In Thousand)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
<u>Employee share options</u>		
Balance at January 1 and June 30	<u>2,000</u>	\$ 25
Options exercisable, on June 30	<u>-</u>	-

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

	<b>September 2022</b>
Grant-date share price (NT\$)	\$ 32.5
Exercise price (NT\$)	\$ 25
Expected volatility	34.85%-42.95%
Expected life	3 years and one month
Risk-free interest rate	1.31%-1.41%

Expected volatility is based on the volatility of stock returns over the expected duration. The duration of the options shall be in accordance with the regulations of issuance by Prince Pharmaceutical Co., Ltd. The

risk-free interest rate is based on the government yield rates of the bonds provided by the TPEX. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

Compensation costs recognized was \$3,168 thousand for the six months ended June 30, 2023.

### 31. BUSINESS COMBINATIONS

#### a. Acquisition of subsidiaries

	<b>Principal Activities</b>	<b>Date of Acquisition</b>	<b>Ownership interest with voting rights /Acquisition ratio (%)</b>	<b>Consideration Transferred</b>
Changshu Yubo Polymer Material Co., Ltd.	Epoxy resin production and sales	April 21, 2023	70.00%	<u>\$ 461,164</u>

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

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

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

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 51,439
Accounts receivable and other receivables	88,310
Inventories	44,673
Other current assets	7,313
Non-current assets	
Property, plant and equipment	217,528
Right-of-use assets	75,857
Other intangible assets	295,358
Deferred tax assets	145
Other non-current assets	89
Current liabilities	
Short-term borrowings	(136,285)
Accounts payable and other payables	(128,790)
Current tax liabilities	(2,841)
Other current liabilities	(3,352)
Non-current liabilities	
Deferred tax liabilities	<u>(86,317)</u>
	<u>\$ 423,127</u>

#### d. Non-controlling interests

The non-controlling interests of Changshu Yubo Polymer Material Co., Ltd. recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$126,938 thousand. This fair value was estimated by applying adjustment for market price and the lack of control or lack of marketability that market participants would consider.

e. Goodwill recognized on acquisition

	<b>Amount</b>
Consideration transferred	\$ 461,164
Add: Non-controlling interests	126,938
Less: Fair value of identifiable net assets acquired	<u>(423,127)</u>
Goodwill recognized on acquisition	<u>\$ 164,975</u>

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

f. Net cash outflow on the acquisition of subsidiaries

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

g. Impact of acquisitions on the results of the Group

If the Company concluded the acquisition at the beginning of the financial year, the Group's consolidated revenue and profit for the six months ended June 30, 2023 was as follows:

	<b>For The Six Months Ended June 30, 2023</b>
Revenue	<u>\$ 9,663,973</u>
Profit	<u>\$ 1,218,162</u>

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

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

June 30, 2023

	<b>Nan Pao New Materials (Huaian) Co., Ltd. (a)</b>	<b>Prince Pharmaceutical Co., Ltd. (b)</b>	<b>FlexUP Technologies Corp. (c)</b>
Cash consideration received (paid)	\$ 15,117	\$ 49,083	\$ (317)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) from non-controlling interests	(10,539)	(47,617)	125
	<hr/>	<hr/>	<hr/>
Differences recognized from equity transactions	<u>\$ 4,578</u>	<u>\$ 1,466</u>	<u>\$ (192)</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 acquisition	\$ -	\$ -	\$ (192)
Capital surplus - changes in percentage of ownership interests in subsidiaries	4,578	1,466	-
	<u>\$ 4,578</u>	<u>\$ 1,466</u>	<u>\$ (192)</u>

June 30, 2022

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

- a. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of RMB \$3,380 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 95.24% to 90.91%. In January 2022, the Group did not subscribe the issuance of ordinary shares in the amount of RMB \$3,184 thousand for cash of Nan Pao New Materials (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 95.24%.
- b. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%.
- c. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, and the shareholding

ratio was increased from 96.87% to 100% after acquisition.

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

### 33. CAPITAL MANAGEMENT

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

### 34. FINANCIAL INSTRUMENTS

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

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

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

##### 1) Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ _____ -	\$ _____ -	\$ 118,339	\$ 118,339
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments	\$ 19,611	\$ -	\$ -	\$ 19,611
Emerging market shares				
Unlisted shares	_____ -	_____ -	2,080,728	2,080,728
	<u>\$ 19,611</u>	<u>\$ _____ -</u>	<u>\$ 2,080,728</u>	<u>\$ 2,100,339</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ _____ -	\$ _____ -	\$ 69,536	\$ 69,536
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments	\$ 13,951	\$ -	\$ -	\$ 13,951
Emerging market shares				
Unlisted shares	_____ -	_____ -	4,192,508	4,192,508
	<u>\$ 13,951</u>	<u>\$ _____ -</u>	<u>\$ 4,192,508</u>	<u>\$ 4,206,459</u>

June 30, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ <u>-</u>	\$ <u>-</u>	\$ <u>68,722</u>	\$ <u>68,722</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments	\$ 16,556	\$ -	\$ -	\$ 16,556
Emerging market shares				
Unlisted shares	<u>-</u>	<u>-</u>	<u>5,401,893</u>	<u>5,401,893</u>
	\$ <u>16,556</u>	\$ <u>-</u>	\$ <u>5,401,893</u>	\$ <u>5,418,449</u>

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

Financial assets at FVTPL

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 69,536	\$ 36,135
Recognized in profit or loss	13,803	(7,413)
Purchases	<u>35,000</u>	<u>40,000</u>
Balance at June 30	\$ <u>118,339</u>	\$ <u>68,722</u>

Financial assets at FVTOCI

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 4,192,508	\$ 6,284,859
Recognized in other comprehensive loss (included in unrealized valuation gain or loss on financial assets at FVTOCI)	(2,111,780)	(872,565)
Purchase	-	6,155
Transfer out of Level 3	<u>-</u>	<u>(16,556)</u>
Balance at June 30	\$ <u>2,080,728</u>	\$ <u>5,401,893</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 the domestic unlisted shares, and the determination of fair value takes into consideration the industry type, valuation of comparable companies and the operating situation, or based on the company's net value.
- b) Limited partnerships are valued on the basis of their net worth.



c. Categories of financial instruments

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,950,113	\$ 9,453,396	\$ 9,245,817
Financial asset at FVTPL - Mandatorily classified as at FVTPL	118,339	69,536	68,722
Financial assets at FVTOCI	2,100,339	4,206,459	5,418,449

Financial liabilities

Amortized cost (2)	5,555,016	6,958,775	7,314,710
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposits received (non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Major financing activities of the Group are reviewed by the board of directors based on relevant regulations and the internal control system. When the Corporate Treasury function executes financial plans, they strictly abide by the division of powers and responsibilities and relevant financial risk management procedures. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 38.

## Sensitivity analysis

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

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

	<b>USD Impact</b>		
	<b>For the Six Months Ended</b>		
	<b>June 30</b>		
	<b>2023</b>	<b>2022</b>	
Profit or loss	\$ 10,451	\$ 7,417	(i)

  

	<b>VND Impact</b>		
	<b>For the Six Months Ended</b>		
	<b>June 30</b>		
	<b>2023</b>	<b>2022</b>	
Profit or loss	\$ 6,730	\$ 5,340	(ii)

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

### b) Interest rate risk

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

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 921,592	\$ 672,994	\$ 761,856
Financial liabilities	1,642,710	1,741,126	572,449
Cash flow interest rate risk			
Financial assets	2,883,394	3,392,013	3,169,257
Financial liabilities	1,420,980	2,219,243	3,757,461

### Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would have decreased/increased by \$1,776 thousand and \$4,697 thousand, respectively; which was mainly a result of variable-rate borrowings.

#### c) Other price risk

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

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to the failure of a counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Group A	<u>\$ 344,188</u>	8	<u>\$ 306,996</u>	7	<u>\$ 333,334</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 tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

June 30, 2023

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 4,555,072	\$ 2,396	\$ -
Lease liabilities	105,035	263,954	470,296
Fixed interest rate liabilities	953,339	-	-
Variable interest rate liabilities	<u>677,027</u>	<u>590,003</u>	<u>219,791</u>
	<u>\$ 6,290,473</u>	<u>\$ 856,353</u>	<u>\$ 690,087</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>Over 21 Years</b>
Lease liabilities	<u>\$ 105,035</u>	<u>\$ 263,954</u>	<u>\$ 274,732</u>	<u>\$ 96,791</u>	<u>\$ 98,773</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

June 30, 2022

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

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>11-20 Years</b>	<b>Over 21 Years</b>
Lease liabilities	<u>\$ 102,238</u>	<u>\$ 200,136</u>	<u>\$ 160,736</u>	<u>\$ 126,070</u>	<u>\$ 98,774</u>

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

b) Financing facilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand			
Amount used	\$ 2,025,275	\$ 2,962,893	\$ 3,433,926
Amount unused	<u>8,991,534</u>	<u>7,768,040</u>	<u>6,529,917</u>
	<u>\$ 11,016,809</u>	<u>\$ 10,730,933</u>	<u>\$ 9,963,843</u>
Secured bank overdraft facilities:			
Amount used	\$ 496,778	\$ 394,189	\$ 472,420
Amount unused	<u>286,279</u>	<u>336,666</u>	<u>269,791</u>
	<u>\$ 783,057</u>	<u>\$ 730,855</u>	<u>\$ 742,211</u>

### 35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Name of Related Party	Related Party Category
Pou Chen Corporation and Subsidiaries Opulence Optronics Co., Ltd.	Investors with significant influence The Group serves as the key management of the other companies
Shenglin Investment Co., Ltd.	Other related party
Apogee Optocom 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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2023
Investors with significant influence	\$ 294,262	\$ 311,561	\$ 582,342	\$ 659,135
The Group serves as the key management of the other companies	-	7	-	7
Other related party	<u>165</u>	<u>-</u>	<u>245</u>	<u>60</u>
	<u>\$ 294,427</u>	<u>\$ 311,568</u>	<u>\$ 582,587</u>	<u>\$ 659,202</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	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable from related parties	Investors with significant influence	\$ 344,188	\$ 306,996	\$ 333,334
	Other related party	<u>153</u>	<u>99</u>	<u>-</u>
		<u>\$ 344,341</u>	<u>\$ 307,095</u>	<u>\$ 333,334</u>

The outstanding accounts receivable from related parties are unsecured.

d. Payables to related parties

Line Item	Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Associate	<u>\$ 741</u>	<u>\$ -</u>	<u>\$ -</u>
Other payables	Investors with significant influence	<u>\$ 127</u>	<u>\$ 130</u>	<u>\$ 131</u>

The outstanding accounts payable to related parties are unsecured.

e. Others - refund liabilities

Line Item	Related Party Category / Name	June 30, 2023	December 31, 2022	June 30, 2022
Other current liabilities	Investors with significant influence Pou Chen Corporation and Subsidiaries	\$ <u>40,343</u>	\$ <u>68,033</u>	\$ <u>60,157</u>

f. Lease arrangements - the Group is lessee

Line Item	Related Party Category / Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2023	2022	2023	2022
Rent expense	Other related party	\$ <u>457</u>	\$ <u>457</u>	\$ <u>914</u>	\$ <u>838</u>

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

g. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 16,404	\$ 14,492	\$ 33,287	\$ 28,682
Post-employment benefits	<u>440</u>	<u>402</u>	<u>5,040</u>	<u>800</u>
	<u>\$ 16,844</u>	<u>\$ 14,894</u>	<u>\$ 38,327</u>	<u>\$ 29,482</u>

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

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment, net	\$ 797,818	\$ 662,903	\$ 707,966
Right-of-use assets	35,249	-	-
Pledged deposit (recognized as financial assets at amortized cost)	<u>35,967</u>	<u>36,581</u>	<u>37,688</u>
	<u>\$ 869,034</u>	<u>\$ 699,484</u>	<u>\$ 745,654</u>

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group on June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

- a. As of June 30, 2023, December 31, 2022 and June 30, 2022, the unused letters of credit of the Group for purchasing raw materials and equipment were \$161,009 thousand, \$139,120 thousand and \$147,241 thousand, respectively.
- b. Unrecognized commitments were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	\$ 89,440	\$ 175,383	\$ 400,098
Acquisition of raw material	<u>25,591</u>	<u>50,787</u>	<u>94,399</u>
	<u>\$ 115,031</u>	<u>\$ 226,170</u>	<u>\$ 494,497</u>

- c. Material lawsuits

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

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



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

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,614	31.14 (USD:NTD)	\$ 1,731,828
USD	5,076	7.2258 (USD:CNY)	158,064
USD	10,124	14,971 (USD:IDR)	315,261
USD	4,632	7.8357 (USD:HKD)	144,238
VND	710,556,171	0.000042 (VND:USD)	934,806
<u>Financial liabilities</u>			
Monetary items			
USD	26,963	31.13 (USD:NTD)	839,381
USD	2,128	7.2258 (USD:CNY)	66,263
USD	4,443	7.8359 (USD:HKD)	138,343
USD	6,082	14,971 (USD:IDR)	189,394
USD	2,430	4.3913 (USD:MYR)	70,940
VND	199,157,218	0.000042 (VND:USD)	261,806

December 31, 2022

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

Financial liabilities

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

June 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,190	29.72 (USD:NTD)	\$ 1,640,247
USD	7,897	6.7114 (USD:CNY)	234,710
USD	10,734	15,010 (USD:IDR)	319,019
USD	5,206	7.8455 (USD:HKD)	154,702
VND	707,386,892	0.00004319 (VND:USD)	907,989

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 35,032	29.71 (USD:NTD)	\$ 1,040,821
USD	3,231	6.706 (USD:CNY)	95,966
USD	4,815	7.8458 (USD:HKD)	143,096
USD	7,761	15,010 (USD:IDR)	230,644
USD	3,325	4.3063 (USD:MYR)	96,493
VND	290,477,775	0.00004332 (VND:USD)	373,985
			(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 June 30, 2023		For the Three Months Ended June 30, 2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.705 (USD:NTD)	\$ (57)	29.456 (USD:NTD)	\$ (2,380)
NTD	1 (NTD:NTD)	24,900	1 (NTD:NTD)	26,386
CNY	4.375 (CNY:NTD)	8,059	4.446 (CNY:NTD)	11,239
SGD	22.93 (SGD:NTD)	27	21.38 (SGD:NTD)	34
AUD	20.52 (AUD:NTD)	(126)	21.03 (AUD:NTD)	(8,629)
IDR	0.00208 (IDR:NTD)	709	0.00202 (IDR:NTD)	3,217
VND	0.00131 (VND:NTD)	3,867	0.00128 (VND:NTD)	950
Others		<u>(567)</u>		<u>(732)</u>
		<u>\$ 36,812</u>		<u>\$ 30,085</u>

Functional Currency	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.55 (USD:NTD)	\$ (1,567)	28.725 (USD:NTD)	\$ (2,484)
NTD	1 (NTD:NTD)	13,791	1 (NTD:NTD)	59,560
CNY	4.408 (CNY:NTD)	2,054	4.426 (CNY:NTD)	9,905
SGD	22.87 (SGD:NTD)	14	21.05 (SGD:NTD)	34
AUD	20.66 (AUD:NTD)	98	20.65 (AUD:NTD)	(6,699)
IDR	0.00204 (IDR:NTD)	(2,018)	0.00199 (IDR:NTD)	5,779
VND	0.001300 (VND:NTD)	2,445	0.001253 (VND:NTD)	1,547
Others		<u>1,419</u>		<u>(1,624)</u>
		<u>\$ 16,236</u>		<u>\$ 66,018</u>

### 39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 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 and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisitions of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposals of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 6)

- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investee, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the mainland China area (Table 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)

#### 40. SEGMENT INFORMATION

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

##### Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Write-off	Total
<u>For the six months ended</u>							
<u>June 30, 2023</u>							
Revenue							
Revenue from external customers	\$ 1,801,805	\$ 2,637,796	\$ 2,632,530	\$ 1,515,836	\$ 1,024,460	\$ -	\$ 9,612,427
Inter segment revenues	<u>1,535,239</u>	<u>328,475</u>	<u>442,855</u>	<u>1,313</u>	<u>20,900</u>	<u>(2,328,782)</u>	<u>-</u>
Total revenue	<u>\$ 3,337,044</u>	<u>\$ 2,966,271</u>	<u>\$ 3,075,385</u>	<u>\$ 1,517,149</u>	<u>\$ 1,045,360</u>	<u>\$(2,328,782)</u>	<u>\$ 9,612,427</u>
Segment income	<u>\$ 417,708</u>	<u>\$ 125,040</u>	<u>\$ 454,945</u>	<u>\$ 64,980</u>	<u>\$ 108,481</u>	<u>\$ (5,503)</u>	\$ 1,165,651
Interest revenue							35,188
Other income							408,456
Other gains and losses							23,817
Finance costs							(51,584)
Share of loss of associates accounted for using the equity method							(4,567)
Profit before tax							<u>\$ 1,576,961</u>
<u>For the six months ended</u>							
<u>June 30, 2022</u>							
Revenue							
Revenue from external customers	\$ 2,022,559	\$ 3,215,498	\$ 3,057,492	\$ 1,264,268	\$ 999,136	\$ -	\$10,558,953
Inter segment revenues	<u>1,762,439</u>	<u>623,487</u>	<u>333,815</u>	<u>3,505</u>	<u>23,030</u>	<u>(2,746,276)</u>	<u>-</u>
Total revenue	<u>\$ 3,784,998</u>	<u>\$ 3,838,985</u>	<u>\$ 3,391,307</u>	<u>\$ 1,267,773</u>	<u>\$ 1,022,166</u>	<u>\$(2,746,276)</u>	<u>\$10,558,953</u>
Segment income	<u>\$ 306,817</u>	<u>\$ 111,250</u>	<u>\$ 245,759</u>	<u>\$ 16,363</u>	<u>\$ 81,379</u>	<u>\$ (18,675)</u>	\$ 742,893
Interest revenue							18,650
Other income							530,980
Other gains and losses							61,414
Finance costs							<u>(32,126)</u>
Profit before tax							<u>\$ 1,321,811</u>

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

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

**TABLE 1****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related party	Yes	\$ 653,940	\$ 653,940	\$ 653,940	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$4,443,647	\$4,443,647

Note 1: a. 0 for parent company.  
b. The rest subsidiaries coding from 1.

Note 2: The upper limit for each borrower is 40% of the Company's net asset value as stated in the latest financial statements.

Note 3: The aggregate limit for each borrower is 40% of the Company's net asset value as stated in the latest financial statements.

Note 4: Subsidiaries engage in financing provided to others with the same limit as the parent company, but the net asset value is based on the net asset value of the loan to the company.

**TABLE 2****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 & 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 & 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	
		Name	Relationship (Note 1)											
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Philippines Export, Inc	2	\$ 2,481,621	\$ 15,570	\$ 15,570	\$ -	\$ -	0.13	\$ 6,204,054	Y	N	N	
		Nan Pao Resins Chemical Philippines Inc.	2	2,481,621	31,140	31,140	-	-	0.25	6,204,054	Y	N	N	
		Nan Pao Group Holdings Ltd.	2	2,481,621	62,280	62,280	-	-	0.50	6,204,054	Y	N	N	
		RLA Polymers (M) Sdn. Bhd.	2	2,481,621	62,280	62,280	-	-	0.50	6,204,054	Y	N	N	
		RLA Polymers (M) Sdn. Bhd.	2	2,481,621	124,560	124,560	64,166	-	1.00	6,204,054	Y	N	N	
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,481,621	88,900	85,640	-	-	0.69	6,204,054	Y	N	Y	
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,481,621	222,250	214,100	1,455	-	1.73	6,204,054	Y	N	Y	
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,481,621	88,900	85,640	36,515	-	0.69	6,204,054	Y	N	Y	
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,481,621	133,350	128,460	4,076	-	1.04	6,204,054	Y	N	Y	
		Nan Pao Fine Materials Co., Ltd.	2	2,481,621	20,000	20,000	-	-	0.16	6,204,054	Y	N	N	
		Nan Pao Fine Materials Co., Ltd.	2	2,481,621	20,000	20,000	-	-	0.16	6,204,054	Y	N	N	
		RLA Polymers Pty Ltd.	2	2,481,621	211,300	-	-	-	-	-	6,204,054	Y	N	N
		Changshu Yubo Polymer Material Co., Ltd.	2	2,481,621	90,636	89,922	26,507	-	0.72	6,204,054	Y	N	Y	

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

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

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

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



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

## MARKETABLE SECURITIES HELD

JUNE 30, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nan Pao Resins Chemical Co., Ltd.	CDIB -Innolux Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	\$ 118,339	9	\$ 118,339	
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	\$ 2,048,844	2	\$ 2,048,844	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,909	1	1,909	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	1,734	13	1,734	
	Revivegen Environmental Technology Co., Ltd. - emerging stock	"	"	570,107	19,611	1	19,611	
	Contact Organics Pty Ltd - privately - issued equity	"	"	2,902	7,862	17	7,862	
					\$ 2,079,960		\$ 2,079,960	
Nan Pao Chemical Co., Ltd.	Ace Chemical Corp. -privately- issued equity	None	Financial assets at fair value through other comprehensive income - non-current	1,148,015	\$ 20,379	10	\$ 20,379	

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

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

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	Sale	\$ 589,229	22	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 453,317	32	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	266,501	10	Payment within 90 days	Similar to general transactions	Similar to general transactions	133,000	9	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sale	203,138	8	Payment within 90 days	Similar to general transactions	Similar to general transactions	115,721	8	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sale	124,749	5	Payment within 90 days	Similar to general transactions	Similar to general transactions	50,739	4	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	Sale	103,416	26	Payment within 90 days	Similar to general transactions	Similar to general transactions	105,639	41	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	198,031	26	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	146,544	36	
Nan Pao Resins Vietnam Co., Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	165,933	11	Telegraphic transfer within 45-105 days	Similar to general transactions	Similar to general transactions	79,775	12	

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

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

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

**JUNE 30, 2023**

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	\$ 453,317	2.46	\$ -	-	\$ 107,484	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	133,000	4.15	-	-	32,494	-
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	115,721	3.26	-	-	27,010	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	146,544	2.71	-	-	39,378	444
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	105,639	3.98	-	-	-	-

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

TABLE 6

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

## INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Company Ltd.	No.519, Zhongshan Rd., Xigang Dist, Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 185,783	\$ 5,723	\$ 3,658	
	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	8,632	13	13	
ITLS International Development Co., Ltd.	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	266,750	7,617	12,023	
	Prince Pharmaceutical Co., Ltd.	No. 168, Keyun S. Rd., Kendi Vil., Huwei Township., Yunlin County	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	365,600	324,683	18,131,198	50.1	409,701	5,713	2,867	
Phymed Bio-tec Co., Ltd.	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	15,317	(1,461)	(1,461)	
	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	14,314	7,389	4,219	
Nan Pao Advanced Materials Co.,Ltd.	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	7,751	3,400	2,380	
	Nan Pao Fine Materials Co., Ltd.	No.217, Xinxing St., 4 Neighborhood, Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	20,769	20,950	7,359	
FlexUP Technologies Corp.	FlexUP Technologies Corp.	5F., No. 5, Ln. 569, Bo'ai St., Zhubei City, Hsinchu County	Production and trading of polyimide materials	19,683	19,546	16,880,000	100	4,344	(64)	(64)	
Perfect & Outstanding Technology Inc.	Perfect & Outstanding Technology Inc.	No.320-17 and 18, Xiaoxinying, Xiaoxin Vil., Shanhua Dist., Tainan City 741012, Taiwan (R.O.C.)	Production and trading of renewable energy	40,000	40,000	2,500,000	25.93	34,719	(13,243)	(4,567)	
Fuqing Nan Pao Investment Ltd.	Fuqing Nan Pao Investment Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,699	166,699	4,990,000	100	209,340	9,585	9,585	
Thai Nan Pao Investment Ltd.	Thai Nan Pao Investment Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	169,909	169,909	5,282,000	100	179,181	(691)	(691)	
Nan Pao Resins India Pvt Ltd.	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri ( W ) , Mumbai 400053, India	Trading of adhesives	16,499	16,499	3,000,000	100	27,817	1,005	1,005	
Nan Pao Materials Resins India Private Limited	Nan Pao Materials Resins India Private Limited	ROOM No.6, FLAT NO.3-D, FRONT BLOCK, 188 P H ROAD, Kilpauk, Perambur Purasawalkam, Chennai-600010, Tamil Nadu, India	Trading of adhesives	30,750	-	-	100	30,625	(125)	(125)	
Nan Pao Materials Vietnam Co., Ltd.	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	1,306,385	130,970	122,592	
Nan Pao Advanced Materials Vietnam Co., Ltd.	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	626,666	70,563	70,563	
Nan Pao Overseas Holdings Ltd.	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	2,386,015	2,386,015	78,056,502	100	4,348,530	211,697	222,110	
Profit Land Ltd.	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	747,650	111,403	81,400	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
All Saints Enterprises Ltd.	All Saints Enterprises Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	143,375	143,375	5,452,549	54.53	206,755	(5,455)	(2,975)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
Ongoing Profits Ltd.	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	252,377	207,756	66,770	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
PT. Indo Nan Pao Resins Chemical Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	39,276	39,276	2,756,250	49	205,111	80,414	39,403	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares
Nan Pao Philippines Export Inc.	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	15,702	(20)	(20)	
Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No, 42 5 <sup>th</sup> floors, Lake drive Road, Sector 7, Ultara, Dhaka	Trading of adhesives	8,768	5,694	125,000	100	2,664	(2,610)	(2,610)	
Earnest Wealth Co., Ltd.	Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	46,185	556	284	
Nan Pao Resins International Ltd.	Nan Pao Resins International Ltd.	Flat 13, 10F., Building B Tong-ji Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Trading of chemical substances and related products	6,804	-	1,000	100	8,212	128	1,218	
Nan Pao Resins (HK) Ltd.	Nan Pao Resins (HK) Ltd.	Flat 13, 10F., Building B Tong-ji Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	365,753	-	13,400,000	100	358,698	11,417	(13,046)	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	Blk 1049, Eunos Avenue 6, #01-132, Singapore 409628	General investment	502,822	502,822	22,064,549	100	89,063	(2,531)		
	Aftek Materials Vietnam Co., Ltd.	No. 16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	-	49,172	-	-	-	(403)		
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-ji Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	141,998	141,998	10,000	100	209,502	9,586		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakam 10280, Thailand	Production and trading of adhesives	(USD 4,560,000)	(USD 4,560,000)	21,197,000	100	129,003	(1,762)		
Earnest Wealth Co., Ltd.	Apex Polytech Co., Ltd.	Lot T29-15A Street 7, Protrade International Industrial Park, An Tay Commune, Ben Cat Town, Binh Duong, Vietnam.	Production and trading of adhesives	66,951	66,951	-	100	66,358	1,312		
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	2,430,679	2,430,679	78,056,502	100	4,443,647	211,680		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
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	\$ 78,835 (USD 2,531,620)	\$ 78,835 (USD 2,531,620)	2,437,109	100	\$ 13,515	\$ (1,244)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	135,568 (USD 4,353,487)	135,568 (USD 4,353,487)	-	100	72,321	(964)		
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	39,236 (USD 1,260,000)	39,236 (USD 1,260,000)	7,172	100	503,579	25,363		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	58,781 (USD 1,887,627)	58,781 (USD 1,887,627)	350,000	26.25	271,129	111,403	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	655,624 (USD 21,054,073)	655,624 (USD 21,054,073)	10,000	100	342,667	(14,604)		
	All Saints Enterprises Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,072 (USD 5,333,075)	166,072 (USD 5,333,075)	4,547,451	45.47	172,403	(5,455)	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	623,020 (AUD 30,214,354)	623,020 (AUD 30,214,354)	30,214,354	100	866,273	35,926		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	119,478 (USD 3,836,817)	119,478 (USD 3,836,817)	3,287,546	67.82	620,308	207,756	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	143,555 (USD 4,610,000)	143,555 (USD 4,610,000)	4,610	100	176,693	(1,467)		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	18,212 (USD 584,844)	18,212 (USD 584,844)	486,000	100	117,082	10,470		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,539 (USD 210,000)	6,539 (USD 210,000)	9,000	100	85,893	4,768		
	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	-	795 (HKD 200,000)	-	-	-	128	Shares were fully resold during the period to Nan Pao Resins Chemical Co., Ltd.	
	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	-	541,836 (USD 17,400,000)	-	-	-	11,417	Shares were fully resold during the period to Nan Pao Resins Chemical Co., Ltd.	
Profit Land Ltd.	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	249,120 (USD 8,000,000)	249,120 (USD 8,000,000)	10,000	100	1,023,184	111,356		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	172,519 (USD 5,540,100)	172,519 (USD 5,540,100)	20,240	100	177,626	(23,134)		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	93,420 (USD 3,000,000)	93,420 (USD 3,000,000)	3,000	100	157,634	8,537		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	311,400 (USD 10,000,000)	311,400 (USD 10,000,000)	10,000	100	374,925	(5,439)		
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	439,914 (AUD 21,334,344)	439,914 (AUD 21,334,344)	16,552,080	100	747,543	36,883		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Serrices Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	150,953 (USD 4,847,546)	150,953 (USD 4,847,546)	3,000,000	100	913,100	207,750		
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	142,933 (USD 4,590,000)	142,933 (USD 4,590,000)	-	50	167,799	(2,932)		
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No. 44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	2,164 (IDR 1,040,625,000)	2,164 (IDR 1,040,625,000)	1,040,625	18.5	98,491	80,414	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	106,132 (USD 3,408,217)	106,132 (USD 3,408,217)	-	100	816,919	207,704		
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	123,139 (AUD 5,971,801)	123,139 (AUD 5,971,801)	18,415,500	100	187,962	4,636		

(Concluded)

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

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

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

### INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE SIX MONTHS ENDED JUNE 30, 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 311,400 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 335,998 (USD 10,789,932)	\$ -	\$ -	\$ 335,998 (USD 10,789,932)	\$ (5,439)	100	\$ (5,439) (2)B.	\$ 374,787	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	141,998 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	155,389 (USD 4,990,000)	-	-	155,389 (USD 4,990,000)	9,656	100	9,656 (2)B.	208,998	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	84,078 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	79,154 (USD 2,541,860)	-	-	79,154 (USD 2,541,860)	(21,472)	100	(21,472) (2)B.	128,987	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	93,420 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	95,434 (USD 3,064,683)	-	-	95,434 (USD 3,064,683)	8,537	100	8,537 (2)B.	157,617	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	52,350 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	43,531	60.47	26,323 (2)B.	507,890	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	249,120 (USD 8,000,000)	(2) Giant Profit Development Ltd.	242,507 (USD 7,787,627)	-	-	242,507 (USD 7,787,627)	111,359	100	111,359 (2)B.	1,022,158	726,104
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	21,410 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	213	51	109 (2)B.	11,952	-
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.	12,456 (USD 400,000)	-	-	12,456 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	918,630 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	918,630 (USD 29,500,000)	-	-	918,630 (USD 29,500,000)	(31,169)	100	(31,169) (2)B.	686,158	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	46,710 (USD 1,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	6	100	6 (2)B.	5,408	-
Nantong Nanpao Resins Materials Co., Ltd. (Note 6)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao Resins (Yunan) Co., Ltd. (Note 7)	Production and trading of adhesives	-	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	-	-	-	-	-
Nan Pao New Materials (Huaian) Co., Ltd.	Production and trading of carbon fiber	342,539 (USD 10,999,965)	(2) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(27,154)	90.91	(24,888) (2)B.	179,425	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	24,912 (USD 800,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(1,094)	100	(1,094) (2)B.	13,900	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	153,311 (USD 4,923,267)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(362)	100	(362) (2)B.	150,352	-
Changshu Yubo Polymer Material Co., Ltd.	Production and trading of adhesives and chemical substances	178,429 (USD 5,729,900)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(1,435)	70	(2,068) (2)B.	445,632	-

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2023 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,839,568 (USD 59,074,102)	\$ 3,796,168 (USD 121,906,490)	\$ 7,444,864

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:

$$\$12,408,107 \times 60\% = \$7,444,864$$

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$31.14 at the end of the period.

Relevant amounts are calculated based on the exchange rate of RMB 1 = NT\$4.282 at the end of the period.

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

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

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

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES**

**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

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

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (68,308)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 54,482	4	\$ 12,806
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Limited	Same ultimate Parent Company	Processing revenue	(95,468)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	53,936	100	-
Foshan Nan Bao Gao Sheng High-Tech Material Co., Ltd.	Nan Pao Resins India Pvt Ltd.	Same ultimate Parent Company	Sales	(16,670)	(2)	Payment within 90 days	Similar to general transactions	Similar to general transactions	11,650	2	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(22,831)	(2)	Payment within 90 days	Similar to general transactions	Similar to general transactions	14,150	2	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(44,601)	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	26,548	6	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	(59,519)	(7)	Payment within 45 days	Similar to general transactions	Similar to general transactions	34,835	8	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(30,246)	(17)	Payment within 90 days	Similar to general transactions	Similar to general transactions	19,141	19	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(14,343)	(8)	Payment within 90 days	Similar to general transactions	Similar to general transactions	9,353	9	-

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

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

### INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details					
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets		
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable - related parties	\$ 453,317	Calculated based on general transaction prices, telegraphic transfer within 90 days	2		
				Sales revenue	589,229		6		
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	54,482	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	68,308		1		
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	133,000	Calculated based on general transaction prices, telegraphic transfer within 90 days	1		
				Sales revenue	266,501		3		
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	115,721	Calculated based on general transaction prices, telegraphic transfer within 90 days	1		
				Sales revenue	203,138		2		
		ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	24,706	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	41,648		-		
Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	50,739	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
		Sales revenue	124,749		1				
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Resins (HK) Ltd.	1	Accounts receivable - related parties	23,913	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	30,384		-		
		Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	24,535	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	31,815		-		
		PT Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	25,434	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	43,985		-		
		Nan Pao Resins (HK) Limited	3	Sales revenue	14,272	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
		Nan Pao Resins Internation Ltd.	3	Accounts receivable - related parties	14,636		-		
				Sales revenue	14,762	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Purchase	26,548		-		
2	Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	26,548	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Purchase	14,343		-		
				Sales revenue	44,601	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Other payable - related parties	53,936		-		
				Processing fee	95,468	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1		
				Sales revenue	12,211		-		
		3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	3	Accounts receivable - related parties	12,626	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
						Sales revenue	19,141		-
				Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	19,141	No prices for similar products available for comparison, telegraphic transfer within 90 days	-
						Purchase	30,246		-
Nan Pao Philippines Export Inc.	3			Accounts receivable - related parties	32,906	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
Fuqing Nan Pao Resins Co., Ltd.	3			Sales revenue	53,575		1		
4	Nan Pao Resins (China) Co., Ltd.			PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	15,713	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
						Sales revenue	12,915		-
				Nan Pao Resins (HK) Ltd.	3	Purchase	37,486	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
						Sales revenue	33,433		-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable - related parties	23,737	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	39,518		-		
		Nan Pao Chemical Co., Ltd.	3	Accounts payable - related parties	19,514	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Purchase	28,733		-		
		Nan Pao Fine Materials Co., Ltd.	3	Accounts payable - related parties	61,425	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	62,774		1		
5	Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Accounts payable - related parties	18,824	Calculated based on general transaction prices, telegraphic transfer within 30 days	-		
				Purchase	41,933		-		
		PT. Indo NanPao Resins Chemical Co., Ltd.	3	Accounts payable - related parties	16,670	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	14,150		-		
		Foshan Nan Pao Advanced Materials Co., Ltd.	3	Accounts receivable - related parties	22,831	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
				Sales revenue	105,639		-		
		6	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	103,416	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
						Sales revenue	43,177		-
				Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable - related parties	72,674	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
						Sales revenue			-

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. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding-Feng Investment Co., Ltd	11,118,947	9.22%
Pou Chien Enterprise Co., Ltd.	10,920,248	9.05%
Yue Dean Technology Corporation	10,285,000	8.53%
Chuan-De Investment Co., Ltd.	10,065,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Growth Machine Development Co., Ltd.	7,850,523	6.51%
Pao-Wang Investment Co., Ltd.	7,828,068	6.49%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trustee account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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

CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Acquisition through business combinations	-	-	181,658	36,334	2,193	21,255	-	241,440
Additions	-	1,242	73,744	80,107	15,184	73,513	35,218	279,008
Disposals	-	-	(858)	(5,912)	(7,439)	(7,905)	-	(22,114)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	(146)	64	(7,094)	(17,041)	659	(3,618)	(580)	(27,756)
Balance at June 30, 2023	<u>\$ 1,185,154</u>	<u>\$ 26,241</u>	<u>\$ 3,613,072</u>	<u>\$ 3,396,335</u>	<u>\$ 278,078</u>	<u>\$ 1,285,561</u>	<u>\$ 168,734</u>	<u>\$ 9,953,175</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
Acquisition through business combinations	-	-	12,254	6,134	738	4,786	-	23,912
Depreciation	-	1,339	54,012	108,986	11,359	56,917	-	232,613
Disposals	-	-	(723)	(5,416)	(6,922)	(7,347)	-	(20,408)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	-	10	(3,271)	(6,828)	495	(1,611)	-	(11,205)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 11,727</u>	<u>\$ 1,016,824</u>	<u>\$ 2,190,239</u>	<u>\$ 202,130</u>	<u>\$ 779,922</u>	<u>\$ -</u>	<u>\$ 4,200,842</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 1,185,300</u>	<u>\$ 14,557</u>	<u>\$ 2,411,070</u>	<u>\$ 1,215,484</u>	<u>\$ 71,021</u>	<u>\$ 476,156</u>	<u>\$ 134,096</u>	<u>\$ 5,507,684</u>
Carrying amount at June 30, 2023	<u>\$ 1,185,154</u>	<u>\$ 14,514</u>	<u>\$ 2,596,248</u>	<u>\$ 1,206,096</u>	<u>\$ 75,948</u>	<u>\$ 505,639</u>	<u>\$ 168,734</u>	<u>\$ 5,752,333</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,184,606	\$ 22,507	\$ 2,438,160	\$ 2,989,104	\$ 247,785	\$ 1,024,245	\$ 616,723	\$ 8,523,130
Additions	-	-	4,256	73,281	2,628	41,365	334,201	455,731
Disposals	-	-	-	(27,824)	(1,672)	(4,423)	(21,386)	(55,305)
Effect of foreign currency exchange differences	143	-	63,099	50,658	4,458	5,351	2,157	125,866
Balance at June 30, 2022	<u>\$ 1,184,749</u>	<u>\$ 22,507</u>	<u>\$ 2,505,515</u>	<u>\$ 3,085,219</u>	<u>\$ 253,199</u>	<u>\$ 1,066,538</u>	<u>\$ 931,695</u>	<u>\$ 9,049,422</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 8,148	\$ 853,757	\$ 1,910,496	\$ 173,425	\$ 645,535	\$ -	\$ 3,591,361
Depreciation	-	1,090	34,848	101,713	10,334	45,004	-	192,989
Disposals	-	-	-	(16,436)	(1,589)	(4,349)	-	(22,374)
Effects of foreign currency exchange differences	-	-	21,032	31,143	2,784	3,453	-	58,412
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 9,238</u>	<u>\$ 909,637</u>	<u>\$ 2,026,916</u>	<u>\$ 184,954</u>	<u>\$ 689,643</u>	<u>\$ -</u>	<u>\$ 3,820,388</u>
Carrying amount at June 30, 2022	<u>\$ 1,184,749</u>	<u>\$ 13,269</u>	<u>\$ 1,595,878</u>	<u>\$ 1,058,303</u>	<u>\$ 68,245</u>	<u>\$ 376,895</u>	<u>\$ 931,695</u>	<u>\$ 5,229,034</u>