

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

**Consolidated Financial Statements for the  
Nine Months Ended September 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. Total assets of these non-significant subsidiaries were NT\$6,025,180 thousand and NT\$4,982,556 thousand as of September 30, 2023 and 2022, respectively, representing 26% and 20% of the consolidated total assets, respectively. Total liabilities of these subsidiaries were NT\$1,527,397 thousand and NT\$1,380,932 thousand as of September 30, 2023 and 2022, respectively, representing 16% and 15% of the consolidated total liabilities, respectively. The amounts of comprehensive income of these subsidiaries were NT\$187,612 thousand, NT\$74,749 thousand, NT\$370,556 thousand and NT\$230,566 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively, representing 31%, (903%), (130%) and 49% 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\$32,262 thousand as of September 30, 2023 and share of loss for using the equity method was NT\$2,457 thousand and NT\$7,024 thousand for the three months ended September 30, 2023 and for the nine months ended September 30, 2023, respectively.

### **Qualified Conclusion**

Based on our and others reviews (see Other Matter), except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and cash flows for the nine months ended September 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 were NT\$2,278,840 thousand and NT\$2,191,751 thousand as of September 30, 2023 and 2022, respectively, representing 10% and 9% of the consolidated total assets, respectively. The amounts of operating revenue were NT\$828,009 thousand, NT\$748,794 thousand, NT\$2,343,845 thousand and NT\$2,013,062 thousand, respectively, representing 15%, 13%, 16% and 12%, respectively, of the consolidated operating revenue for the three months ended September 30, 2023 and 2022 and for the nine months ended September 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  
November 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 review such consolidated financial statements are those generally 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’ review report and consolidated financial statements shall prevail.*

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

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

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 4,229,472	18	\$ 3,975,268	16	\$ 3,523,121	14
Financial assets at amortized cost - current (Notes 9, 10 and 36)	508,287	2	373,121	2	671,542	3
Notes receivable (Note 11)	351,702	2	310,864	1	307,093	1
Accounts receivable (Notes 11 and 26)	4,207,193	18	4,261,020	17	4,436,514	18
Accounts receivable from related parties (Notes 11, 26 and 35)	360,096	1	307,095	1	391,226	1
Other receivables (Notes 11 and 35)	36,559	-	97,544	-	151,559	1
Current tax assets	36,550	-	3,936	-	28,286	-
Inventories (Note 12)	2,642,793	11	2,824,543	12	2,842,588	11
Other current assets (Note 20)	827,174	4	705,671	3	712,484	3
Total current assets	13,199,826	56	12,859,062	52	13,064,413	52
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	121,510	-	69,536	-	73,732	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,787,840	8	4,206,459	17	4,782,839	19
Financial assets at amortized cost - non-current (Notes 9, 10 and 36)	38,969	-	128,484	1	139,804	-
Investments accounted for using the equity method (Note 14)	32,262	-	39,286	-	-	-
Property, plant and equipment (Notes 15 and 36)	5,857,620	25	5,507,684	22	5,371,375	21
Right-of-use assets (Notes 16 and 36)	1,347,698	6	1,179,673	5	1,152,680	5
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Notes 18)	353,502	1	246,575	1	244,714	1
Other intangible assets (Note 19)	484,560	2	122,033	1	122,923	-
Deferred tax assets	221,697	1	256,284	1	199,020	1
Net defined benefit assets - non-current	38,540	-	22,063	-	-	-
Other non-current assets (Note 20)	98,241	1	90,884	-	146,989	1
Total non-current assets	10,400,199	44	11,886,721	48	12,251,836	48
<b>TOTAL</b>	<b>\$ 23,600,025</b>	<b>100</b>	<b>\$ 24,745,783</b>	<b>100</b>	<b>\$ 25,316,249</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 21 and 36)	\$ 1,866,588	8	\$ 1,854,293	8	\$ 2,493,873	10
Contract liabilities - current (Note 26)	38,530	-	34,241	-	35,927	-
Notes payable (Note 22)	902	-	463	-	2,309	-
Accounts payable (Notes 22 and 35)	2,446,571	10	2,658,505	11	2,227,631	9
Payables for dividends	-	-	4,032	-	-	-
Other payables (Notes 31 and 35)	1,251,038	5	1,080,261	4	932,557	4
Current tax liabilities	534,073	2	275,853	1	252,790	1
Lease liabilities - current (Note 16)	96,181	-	87,235	-	84,491	-
Current portion of long-term borrowings (Notes 21 and 36)	152,571	1	138,721	1	115,422	-
Other current liabilities (Notes 23 and 35)	188,575	1	202,620	1	207,359	1
Total current liabilities	6,575,029	27	6,336,224	26	6,352,359	25
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 21 and 36)	973,826	4	1,223,855	5	1,424,644	6
Deferred tax liabilities	1,115,251	5	876,315	3	868,983	4
Lease liabilities-non-current (Note 16)	615,272	3	656,265	3	601,128	2
Net defined benefit liabilities - non-current	-	-	-	-	35,872	-
Other non-current liabilities (Notes 23 and 37)	9,517	-	9,748	-	9,181	-
Total non-current liabilities	2,713,866	12	2,766,183	11	2,939,808	12
Total liabilities	9,288,895	39	9,102,407	37	9,292,167	37
<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	2,123,567	9	2,115,333	9	2,113,855	8
Retained earnings						
Legal reserve	1,565,289	7	1,388,123	6	1,388,123	6
Special reserve	313,321	1	313,321	1	313,321	1
Unappropriated earnings	6,411,840	27	5,982,451	24	5,638,221	22
Total retained earnings	8,290,450	35	7,683,895	31	7,339,665	29
Other equity	1,332,071	6	3,547,091	14	4,241,548	17
Total equity attributable to owners of the Company	12,951,795	55	14,552,026	59	14,900,775	59
<b>NON-CONTROLLING INTERESTS</b>	<b>1,359,335</b>	<b>6</b>	<b>1,091,350</b>	<b>4</b>	<b>1,123,307</b>	<b>4</b>
Total equity	14,311,130	61	15,643,376	63	16,024,082	63
<b>TOTAL</b>	<b>\$ 23,600,025</b>	<b>100</b>	<b>\$ 24,745,783</b>	<b>100</b>	<b>\$ 25,316,249</b>	<b>100</b>

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

(With Deloitte & Touche review report dated November 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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 5,451,354	100	\$ 5,867,352	100	\$ 15,063,781	100	\$ 16,426,305	100
OPERATING COSTS (Notes 12 and 27)	<u>3,645,570</u>	<u>67</u>	<u>4,444,259</u>	<u>76</u>	<u>10,445,298</u>	<u>69</u>	<u>12,621,631</u>	<u>77</u>
GROSS PROFIT	<u>1,805,784</u>	<u>33</u>	<u>1,423,093</u>	<u>24</u>	<u>4,618,483</u>	<u>31</u>	<u>3,804,674</u>	<u>23</u>
OPERATING EXPENSES (Notes 11, 27 and 35)								
Selling and marketing expenses	544,220	10	528,217	9	1,481,628	10	1,493,436	9
General and administrative expenses	245,613	4	226,389	4	703,241	5	656,049	4
Research and development expenses	142,407	3	128,497	2	379,044	2	376,722	2
Expected credit loss	<u>2,622</u>	<u>-</u>	<u>6,856</u>	<u>-</u>	<u>17,997</u>	<u>-</u>	<u>2,440</u>	<u>-</u>
Total operating expenses	<u>934,862</u>	<u>17</u>	<u>889,959</u>	<u>15</u>	<u>2,581,910</u>	<u>17</u>	<u>2,528,647</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>870,922</u>	<u>16</u>	<u>533,134</u>	<u>9</u>	<u>2,036,573</u>	<u>14</u>	<u>1,276,027</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)								
Interest income	11,887	-	9,636	-	47,075	-	28,286	-
Other income	20,573	-	9,406	-	429,029	3	540,386	3
Other gains and losses	24,596	1	64,328	1	48,413	-	125,742	1
Finance costs	(26,839)	-	(26,435)	-	(78,423)	(1)	(58,561)	-
Share of loss of associates	<u>(2,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>27,760</u>	<u>1</u>	<u>56,935</u>	<u>1</u>	<u>439,070</u>	<u>2</u>	<u>635,853</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	898,682	17	590,069	10	2,475,643	16	1,911,880	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>213,741</u>	<u>4</u>	<u>185,697</u>	<u>3</u>	<u>567,593</u>	<u>3</u>	<u>388,700</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>684,941</u>	<u>13</u>	<u>404,372</u>	<u>7</u>	<u>1,908,050</u>	<u>13</u>	<u>1,523,180</u>	<u>9</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>(312,500)</u>	<u>(6)</u>	<u>(662,942)</u>	<u>(11)</u>	<u>(2,423,356)</u>	<u>(16)</u>	<u>(1,535,507)</u>	<u>(9)</u>
Items that may be reclassified subsequently to profit or loss:	<u>(312,500)</u>	<u>(6)</u>	<u>(662,942)</u>	<u>(11)</u>	<u>(2,423,356)</u>	<u>(16)</u>	<u>(1,535,507)</u>	<u>(9)</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translation of the financial statements of foreign operations	285,630	5	306,397	5	282,243	2	594,895	4
Income tax related to items that may be reclassified subsequently to profit or loss	(52,713)	(1)	(56,109)	(1)	(52,084)	(1)	(110,563)	(1)
	<u>232,917</u>	<u>4</u>	<u>250,288</u>	<u>4</u>	<u>230,159</u>	<u>1</u>	<u>484,332</u>	<u>3</u>
Other comprehensive loss for the period, net of income tax	(79,583)	(2)	(412,654)	(7)	(2,193,197)	(15)	(1,051,175)	(6)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b><u>\$ 605,358</u></b>	<b><u>11</u></b>	<b><u>\$ (8,282)</u></b>	<b><u>=</u></b>	<b><u>\$ (285,147)</u></b>	<b><u>(2)</u></b>	<b><u>\$ 472,005</u></b>	<b><u>3</u></b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 644,544	12	\$ 370,890	6	\$ 1,812,263	12	\$ 1,427,425	9
Non-controlling interests	<u>40,397</u>	<u>1</u>	<u>33,482</u>	<u>1</u>	<u>95,787</u>	<u>1</u>	<u>95,755</u>	<u>-</u>
	<u>\$ 684,941</u>	<u>13</u>	<u>\$ 404,372</u>	<u>7</u>	<u>\$ 1,908,050</u>	<u>13</u>	<u>\$ 1,523,180</u>	<u>9</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 542,895	10	\$ (67,616)	(1)	\$ (402,757)	(3)	\$ 334,171	2
Non-controlling interests	<u>62,463</u>	<u>1</u>	<u>59,334</u>	<u>1</u>	<u>117,610</u>	<u>1</u>	<u>137,834</u>	<u>1</u>
	<u>\$ 605,358</u>	<u>11</u>	<u>\$ (8,282)</u>	<u>-</u>	<u>\$ (285,147)</u>	<u>(2)</u>	<u>\$ 472,005</u>	<u>3</u>
<b>EARNINGS PER SHARE (Note 29)</b>								
Basic	<u>\$ 5.35</u>		<u>\$ 3.08</u>		<u>\$ 15.03</u>		<u>\$ 11.84</u>	
Diluted	<u>\$ 5.34</u>		<u>\$ 3.07</u>		<u>\$ 14.99</u>		<u>\$ 11.80</u>	

(Concluded)

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

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity		Total Other Equity	Total	Non-controlling Interests	Total Equity
Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2023	\$ 1,205,707	\$ 2,115,333	\$ 1,388,123	\$ 313,321	\$ 5,982,451	\$ (340,299)	\$ 3,887,390	\$ 3,547,091	\$ 14,552,026	\$ 1,091,350	\$ 15,643,376
Appropriation of 2022 earnings (Note 25)											
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 nine months ended September 30, 2023	-	-	-	-	1,812,263	-	-	-	1,812,263	95,787	1,908,050
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	208,336	(2,423,356)	(2,215,020)	(2,215,020)	21,823	(2,193,197)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	1,812,263	208,336	(2,423,356)	(2,215,020)	(402,757)	117,610	(285,147)
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	-	2,382	-	-	-	-	-	-	2,382	2,369	4,751
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	89,975	89,975
BALANCE AT SEPTEMBER 30, 2023	\$ 1,205,707	\$ 2,123,567	\$ 1,565,289	\$ 313,321	\$ 6,411,840	\$ (131,963)	\$ 1,464,034	\$ 1,332,071	\$ 12,951,795	\$ 1,359,335	\$ 14,311,130
BALANCE AT JANUARY 1, 2022	\$ 1,205,707	\$ 2,101,673	\$ 1,300,961	\$ 313,321	\$ 5,021,383	\$ (644,475)	\$ 5,979,277	\$ 5,334,802	\$ 15,277,847	\$ 992,192	\$ 16,270,039
Appropriation of 2021 earnings (Note 25)											
Legal reserve	-	-	87,162	-	(87,162)	-	-	-	-	-	-
Cash dividends distributed by Company - \$6 per share	-	-	-	-	(723,425)	-	-	-	(723,425)	-	(723,425)
Net profit for the nine months ended September 30, 2022	-	-	-	-	1,427,425	-	-	-	1,427,425	95,755	1,523,180
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	442,253	(1,535,507)	(1,093,254)	(1,093,254)	42,079	(1,051,175)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	1,427,425	442,253	(1,535,507)	(1,093,254)	334,171	137,834	472,005
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	10,852	-	-	-	-	-	-	10,852	(13,352)	(2,500)
Changes in ownership interests in subsidiaries (Note 32)	-	1,330	-	-	-	-	-	-	1,330	12,578	13,908
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(5,945)	(5,945)
BALANCE AT SEPTEMBER 30, 2022	\$ 1,205,707	\$ 2,113,855	\$ 1,388,123	\$ 313,321	\$ 5,638,221	\$ (202,222)	\$ 4,443,770	\$ 4,241,548	\$ 14,900,775	\$ 1,123,307	\$ 16,024,082

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

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

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

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

	For The Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,475,643	\$ 1,911,880
Adjustments for:		
Depreciation expenses	432,074	353,552
Amortization expenses	45,419	22,329
Expected credit loss recognized on trade receivables	17,997	2,440
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(16,974)	2,403
Finance costs	78,423	58,561
Interest income	(47,075)	(28,286)
Dividend income	(387,224)	(477,714)
Compensation cost of employee share options	4,751	-
Share of loss of associates	7,024	-
Loss on disposal of property, plant and equipment	482	31,083
Gain on disposal of right-of-use assets	-	(1,374)
Gain on disposal of associates	-	(26,523)
Write-down of inventories	9,793	-
Gain on lease modification	(20)	(86)
Changes in operating assets and liabilities		
Notes receivable	(34,858)	1,564
Accounts receivable	220,444	(425,242)
Accounts receivable from related parties	(53,100)	(69,044)
Other receivables	66,401	(45,541)
Inventories	268,038	274,788
Other current assets	(114,190)	(172,882)
Other non-current assets	391	(2,577)
Contract liabilities	3,546	(9,032)
Notes payable	452	1,234
Accounts payable	(260,745)	(469,795)
Other payables	(78,122)	27,336
Other current liabilities	(16,654)	1,635
Net defined benefit liabilities	(17,225)	(15,944)
Other non-current liabilities	194	(39,230)
Cash generated from operations	2,604,885	905,535
Interest received	44,505	32,060
Interest paid	(78,678)	(53,375)
Income tax paid	(236,386)	(221,230)
Net cash generated from operating activities	<u>2,334,326</u>	<u>662,990</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(4,737)	(33,487)
Increase in financial assets at amortized cost	(32,710)	-
Decrease in financial assets at amortized cost	-	434,653
Purchase 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	(468,250)	(675,289)
		(Continued)



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

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

	For The Nine Months Ended September 30	
	2023	2022
Proceeds from disposal of property, plant and equipment	1,389	3,189
Increase in refundable deposits	(1,002)	(3,697)
Payments for intangible assets	(2,747)	(6,628)
Proceeds from disposal of right-of-use assets	-	55,332
Acquisition of right-of-use assets	(135,725)	-
Dividends received	<u>387,224</u>	<u>477,714</u>
Net cash (used in) generated from investing activities	<u>(547,562)</u>	<u>616,787</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	4,659,077	7,666,722
Repayments of short-term borrowings	(4,777,293)	(7,381,031)
Proceeds from long-term borrowings	1,371,714	2,389,572
Repayments of long-term borrowings	(1,608,294)	(2,982,269)
Refund of guarantee deposits received	(466)	(2,714)
Repayment of the principal portion of lease liabilities	(47,378)	(42,188)
Cash dividends paid	(1,262,036)	(729,370)
Changes in non-controlling interests	<u>55,073</u>	<u>11,408</u>
Net cash used in financing activities	<u>(1,609,603)</u>	<u>(1,069,870)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>77,043</u>	<u>81,908</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	254,204	291,815
<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>\$ 4,229,472</u>	<u>\$ 3,523,121</u>

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

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

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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 FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 9, 2023.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, “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 endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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 amendments provide some transition relief regarding disclosure requirements.

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

- c. 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

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

- a. Statement of compliance

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

- b. Basis of preparation

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

The fair value measurements 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).

Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions, as appropriate.

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

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

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

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

d. Other material accounting policies

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

1) Retirement benefits

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

2) Income tax expense

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 7,227	\$ 8,617	\$ 5,817
Checking accounts and demand deposits	3,334,274	3,771,680	3,301,508
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>887,971</u>	<u>194,971</u>	<u>215,796</u>
	<u>\$ 4,229,472</u>	<u>\$ 3,975,268</u>	<u>\$ 3,523,121</u>

The market rate intervals of time deposits were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	0.63%-6.45%	1.8%-6%	0.79%-5.35%

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Limited partnership	<u>\$ 121,510</u>	<u>\$ 69,536</u>	<u>\$ 73,732</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Emerging market shares	\$ 21,807	\$ 13,951	\$ 17,096
Unlisted shares	<u>1,766,033</u>	<u>4,192,508</u>	<u>4,765,743</u>
	<u>\$ 1,787,840</u>	<u>\$ 4,206,459</u>	<u>\$ 4,782,839</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 473,107	\$ 316,553	\$ 514,338
Pledged time deposits (a)	31,117	31,727	33,250
Restricted demand deposits (b)	-	21,078	120,135
Refundable deposits	<u>4,063</u>	<u>3,763</u>	<u>3,819</u>
	<u>\$ 508,287</u>	<u>\$ 373,121</u>	<u>\$ 671,542</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 12 months (a)	\$ 4,415	\$ 92,580	\$ 102,870
Pledged time deposits (a)	4,893	4,854	4,808
Restricted demand deposits	-	2,504	2,539
Refundable deposits	<u>29,661</u>	<u>28,546</u>	<u>29,587</u>
	<u>\$ 38,969</u>	<u>\$ 128,484</u>	<u>\$ 139,804</u>

- a. The ranges of interest rates for time deposits were approximately 0.63%-8.60%, 0.15%-10.40% and 0.15%-6.30% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- b. Restricted demand deposits as of December 31, 2022 and September 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.

	September 30, 2023	December 31, 2022	September 30, 2022
Financial asset at amortized cost - current	\$ 508,287	\$ 373,121	\$ 671,542
Financial asset at amortized cost - non-current	<u>38,969</u>	<u>128,484</u>	<u>139,804</u>
	<u>\$ 547,256</u>	<u>\$ 501,605</u>	<u>\$ 811,346</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 September 30, 2023, December 31, 2022 and September 30, 2022.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ <u>351,702</u>	\$ <u>310,864</u>	\$ <u>307,093</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,651,039	\$ 4,633,636	\$ 4,879,461
Less: Allowance for impairment loss	<u>83,750</u>	<u>65,521</u>	<u>51,721</u>
	<u>\$ 4,567,289</u>	<u>\$ 4,568,115</u>	<u>\$ 4,827,740</u>
Other receivables			
Gross carrying amount	\$ <u>36,559</u>	\$ <u>97,544</u>	\$ <u>151,559</u>

##### a. Notes receivable

As of September 30, 2023, December 31, 2022, and September 30, 2022, the notes receivable analyzed by the Group based on 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 customer operates, and the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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.

### September 30, 2023

	<b>Not Past Due</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>271 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expected credit loss rate	0.01%-0.31%	0.2%-8%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,968,393	\$ 518,861	\$ 75,410	\$ 26,428	\$ 15,441	\$ 46,506	\$ 4,651,039
Loss allowance (Lifetime ECLs)	<u>(3,158)</u>	<u>(7,493)</u>	<u>(7,541)</u>	<u>(8,016)</u>	<u>(11,036)</u>	<u>(46,506)</u>	<u>(83,750)</u>
Amortized cost	<u>\$ 3,965,235</u>	<u>\$ 511,368</u>	<u>\$ 67,869</u>	<u>\$ 18,412</u>	<u>\$ 4,405</u>	<u>\$ -</u>	<u>\$ 4,567,289</u>

### December 31, 2022

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

### September 30, 2022

	<b>Not Past Due</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>271 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expected credit loss rate	0.01%-0.1%	0.2%-5%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 4,156,650	\$ 593,988	\$ 73,995	\$ 16,436	\$ 6,302	\$ 32,090	\$ 4,879,461
Loss allowance (Lifetime ECLs)	<u>(1,750)</u>	<u>(5,175)</u>	<u>(3,758)</u>	<u>(4,432)</u>	<u>(4,516)</u>	<u>(32,090)</u>	<u>(51,721)</u>
Amortized cost	<u>\$ 4,154,900</u>	<u>\$ 588,813</u>	<u>\$ 70,237</u>	<u>\$ 12,004</u>	<u>\$ 1,786</u>	<u>\$ -</u>	<u>\$ 4,827,740</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 65,521	\$ 48,770
Provision	17,997	2,440
Amounts written off	(2,683)	(2,498)
Acquisitions through business combination	1,510	-
Foreign exchange gains and losses	<u>1,405</u>	<u>3,009</u>
Balance at September 30	<u>\$ 83,750</u>	<u>\$ 51,721</u>

## 12. INVENTORIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Goods	\$ 147,286	\$ 160,502	\$ 144,193
Finished goods and semi-finished goods	998,391	1,080,572	1,081,226
Work in progress	92,135	144,397	118,060
Raw materials and supplies	1,108,155	1,189,060	1,324,981
Inventory in transit	<u>296,826</u>	<u>250,012</u>	<u>174,128</u>
	<u>\$ 2,642,793</u>	<u>\$ 2,824,543</u>	<u>\$ 2,842,588</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 was \$3,645,475 thousand,



\$4,443,173 thousand, \$10,444,816 thousand and \$12,611,818 thousand, respectively. Besides, the amount of inventory write-downs included in cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 was \$0 thousand, \$0 thousand \$9,793 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
			September 30, 2023	December 31, 2022	September 30, 2022	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co. Ltd.	Trading of chemical substances	100	100	100	o
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	o
	Nan Pao Electronic Material Co., Ltd.	Production and trading of electronic materials	-	-	100	c, o
	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, o
	Phymed Bio-tec Co., Ltd.	R&D and trading of health food	100	100	100	o
	Biorich Biotechnology Co., Ltd.	R&D, production, and trading of new high protein business and health food	57.1	57.1	57.1	o
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	o
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	55	o
	Fuqing Nan Pao Investment Ltd.	General investment	100	100	100	
	Thai Nan Pao Investment Ltd.	General investment	100	100	100	
	Nan Pao Resins India Pvt Ltd.	Trading of adhesives	100	100	100	o
	Nan Pao Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	o
	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, o
	Progroups Technology Co., Ltd.	Trading of water-based PU resin	-	-	100	c, o
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	o
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	51.11	o
	FlexUP Technologies Corp.	Production and trading of polyimide materials	100	96.87	96.87	j, o
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	100	e, o
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	-	-	k

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	100	-	-	k
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	-	-	l, o
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	m, o
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	o
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	o
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	100	100	100	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	o
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	o
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	100	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	o
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	-	100	100	k
	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100	100	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	-	100	100	k
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	59.58	f
Profit Land Ltd.	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of 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	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives and coatings	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	18.5	b, o
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	o
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
	Nan Pao New Material (Huaian) Co., Ltd.	Production and trading of carbon fiber	90.91	95.24	95.24	h
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	100	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	100	100	-	i
	Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of coatings and chemical substances	70	-	-	n

(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, resulting in a decrease in shareholding from 50.51% to 50.1% (refer to Note 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. In Febuary 2023, Nan Pao New Materials (Huaian) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 95.24%. to 90.91% (refer to Note 32).
- i. The Group 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.

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates			
Associates that are not individually material	\$ <u>32,262</u>	\$ <u>39,286</u>	\$ <u>-</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Total net loss and comprehensive income for the period	\$ <u>(2,457)</u>	\$ <u>-</u>	\$ <u>(7,024)</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 nine months ended September 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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	
<u>Carrying amount</u>				
Land (Note)	\$ 888,312	\$ 675,456	\$ 696,685	
Buildings	412,604	459,620	415,478	
Machinery	-	75	87	
Transportation equipment	44,078	41,454	37,200	
Miscellaneous equipment	<u>2,704</u>	<u>3,068</u>	<u>3,230</u>	
	<u>\$ 1,347,698</u>	<u>\$ 1,179,673</u>	<u>\$ 1,152,680</u>	
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets			<u>\$ 173,128</u>	<u>\$ 169,245</u>
Depreciation charge for right-of-use assets				
Land	\$ 6,355	\$ 4,681	\$ 16,176	\$ 14,235
Buildings	15,135	14,207	46,338	36,372
Machinery	4	20	4	91
Transportation equipment	4,773	3,885	14,027	11,103
Miscellaneous equipment	<u>196</u>	<u>171</u>	<u>563</u>	<u>380</u>
	<u>\$ 26,463</u>	<u>\$ 22,964</u>	<u>\$ 77,108</u>	<u>\$ 62,181</u>

Note: The land use rights of subsidiaries in China and Vietnam pledged as collateral for bank borrowings are 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 nine months ended September 30, 2023 and 2022.

### b. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 96,181</u>	<u>\$ 87,235</u>	<u>\$ 84,491</u>
Non-current	<u>\$ 615,272</u>	<u>\$ 656,265</u>	<u>\$ 601,128</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	1.56%	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%	0.81%-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 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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 9,184</u>	<u>\$ 12,095</u>	<u>\$ 28,445</u>	<u>\$ 38,419</u>
Expenses relating to low-value asset leases	<u>\$ 457</u>	<u>\$ 515</u>	<u>\$ 1,729</u>	<u>\$ 1,571</u>
Total cash outflow for leases			<u>\$ 91,327</u>	<u>\$ 92,546</u>

## 17. INVESTMENT PROPERTIES

	<b>Land</b>
Balance at September 30, 2023, December 31, 2022 and September 30, 2022	<u>\$ 17,760</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Balance at January 1	\$ 246,575	\$ 238,377	\$ 238,377
Additional amounts recognized from business combinations that occurred during the period (Note 31)	108,642	-	-
Effect of exchange rate changes	<u>(1,715)</u>	<u>8,198</u>	<u>6,337</u>
Balance at September 30 and December 31	<u>\$ 353,502</u>	<u>\$ 246,575</u>	<u>\$ 244,714</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 nine months ended September 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	-	-	-	2,747	2,747
Acquisitions through business combinations	119,870	100,336	128,748	53,705	402,659
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	1,280	1,280
Effect of exchange rate changes	<u>(158)</u>	<u>1,242</u>	<u>1,281</u>	<u>466</u>	<u>2,831</u>
Balance at September 30, 2023	<u>\$ 241,870</u>	<u>\$ 101,578</u>	<u>\$ 153,224</u>	<u>\$ 186,397</u>	<u>\$ 683,069</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	11,452	4,157	12,371	17,439	45,419
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	263	263
Effect of exchange rate changes	<u>(855)</u>	<u>76</u>	<u>137</u>	<u>1,950</u>	<u>1,308</u>
Balance at September 30, 2023	<u>\$ 76,519</u>	<u>\$ 4,233</u>	<u>\$ 16,134</u>	<u>\$ 101,623</u>	<u>\$ 198,509</u>
Carrying amount at January 1, 2023	<u>\$ 56,236</u>	<u>\$ -</u>	<u>\$ 19,569</u>	<u>\$ 46,228</u>	<u>\$ 122,033</u>
Carrying amount at September 30, 2023	<u>\$ 165,351</u>	<u>\$ 97,345</u>	<u>\$ 137,090</u>	<u>\$ 84,774</u>	<u>\$ 484,560</u>

(Continued)

	<b>Client Relationships</b>	<b>Non-patented technology</b>	<b>Trademark</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2022	\$ 117,759	\$ -	\$ 22,359	\$ 117,018	\$ 257,136
Additions	-	-	-	6,628	6,628
Effect of exchange rate changes	<u>3,402</u>	<u>-</u>	<u>646</u>	<u>1,659</u>	<u>5,707</u>
Balance at September 30, 2022	<u>\$ 121,161</u>	<u>\$ -</u>	<u>\$ 23,005</u>	<u>\$ 125,305</u>	<u>\$ 269,471</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 52,408	\$ -	\$ 1,287	\$ 64,959	\$ 118,654
Amortization expenses	9,039	-	1,707	11,583	22,329
Effect of exchange rate changes	<u>1,501</u>	<u>-</u>	<u>35</u>	<u>4,029</u>	<u>5,565</u>
Balance at September 30, 2022	<u>\$ 62,948</u>	<u>\$ -</u>	<u>\$ 3,029</u>	<u>\$ 80,571</u>	<u>\$ 146,548</u>
Carrying amount at September 30, 2022	<u>\$ 58,213</u>	<u>\$ -</u>	<u>\$ 19,976</u>	<u>\$ 44,734</u>	<u>\$ 122,923</u>

(Concluded)

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

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

## 20. OTHER ASSETS

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Current</u>			
Input tax	\$ 304,037	\$ 254,824	\$ 245,353
Prepayments	88,291	105,116	139,390
Prepaid expenses	92,264	72,447	79,551
Overpaid tax retained for offsetting the future tax payable	312,747	242,511	224,971
Others	<u>29,835</u>	<u>30,773</u>	<u>23,219</u>
	<u>\$ 827,174</u>	<u>\$ 705,671</u>	<u>\$ 712,484</u>

(Continued)



	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Non-current</u>			
Prepayments for equipment	\$ 91,691	\$ 83,943	\$ 137,707
Others	<u>6,550</u>	<u>6,941</u>	<u>9,282</u>
	<u>\$ 98,241</u>	<u>\$ 90,884</u>	<u>\$ 146,989</u> (Concluded)

## 21. BORROWINGS

### a. Short-term borrowings

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Secured bank loans (Note 36)	\$ 104,400	\$ 30,000	\$ 97,079
Unsecured bank loans	<u>1,762,188</u>	<u>1,824,293</u>	<u>2,396,794</u>
	<u>\$ 1,866,588</u>	<u>\$ 1,854,293</u>	<u>\$ 2,493,873</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Secured bank loans	2.02%-4.88%	1.9%	1.77%-3.82%
Unsecured bank loans	1.56%-6.54%	1.45%-5.69%	1.18%-4.97%

### b. Long-term borrowings

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Secured bank loans (1)	\$ 307,500	\$ 330,921	\$ 338,644
Unsecured bank loans (2)	<u>818,897</u>	<u>1,031,655</u>	<u>1,201,422</u>
	1,126,397	1,362,576	1,540,066
Less: Current portion	<u>152,571</u>	<u>138,721</u>	<u>115,422</u>
	<u>\$ 973,826</u>	<u>\$ 1,223,855</u>	<u>\$ 1,424,644</u>

1) As of September 30, 2023, December 31, 2022 and September 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 1.825%-1.93% 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 September 30, 2023, December 31, 2022 and September 30, 2022, the ranges of weighted average effective interest rates of unsecured bank loans were 1.15%-1.85%, 1.03%-4.5% and 0.9%-4.5% per annum, respectively. Long-term borrowings mentioned above will expire before March 2025, and payments of interest and principal are made on schedule.

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes payable</u>			
Operating	\$ <u>902</u>	\$ <u>463</u>	\$ <u>2,309</u>
<u>Accounts payable</u>			
Operating	\$ <u>2,446,571</u>	\$ <u>2,658,505</u>	\$ <u>2,227,631</u>

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

## 23. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 163,409	\$ 172,906	\$ 168,592
Others	<u>25,166</u>	<u>29,714</u>	<u>38,767</u>
	<u>\$ 188,575</u>	<u>\$ 202,620</u>	<u>\$ 207,359</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 2,252	\$ 2,677	\$ 2,217
Others	<u>7,265</u>	<u>7,071</u>	<u>6,964</u>
	<u>\$ 9,517</u>	<u>\$ 9,748</u>	<u>\$ 9,181</u>

## 24. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$539 thousand, \$1,172 thousand, \$1,606 thousand and \$3,481 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

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

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

### b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,662	10,854	10,854
Employee share options	44,083	44,083	44,083
Expired employee share options	135	135	135
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>28,483</u>	<u>20,057</u>	<u>18,579</u>
	<u>\$ 2,123,567</u>	<u>\$ 2,115,333</u>	<u>\$ 2,113,855</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 that the proposal for profit distribution or offsetting of losses

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 resolved 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 the translation of the financial statements of foreign operations

	<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (340,299)	\$ (644,475)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>208,336</u>	<u>442,253</u>
Balance at September 30	<u>\$ (131,963)</u>	<u>\$ (202,222)</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,887,390	\$ 5,979,277
Recognized for the period		
Unrealized loss - equity instruments	<u>(2,423,356)</u>	<u>(1,535,507)</u>
Balance at September 30	<u>\$ 1,464,034</u>	<u>\$ 4,443,770</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,091,350	\$ 992,192
Share in profit for the period	95,787	95,755
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign operations	21,823	42,079
Changes in ownership interests in subsidiaries (Note 32)	58,031	(774)
Issuance of employee share options by subsidiaries (Note 30)	2,369	-
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>151,081</u>	<u>-</u>
Balance at September 30	<u>\$ 1,359,335</u>	<u>\$ 1,123,307</u>

## 26. REVENUE

a. Disaggregation of revenue

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Adhesives	\$ 3,864,400	\$ 4,291,190	\$ 10,531,858	\$ 11,978,729
Construction materials	941,051	887,926	2,680,376	2,419,852
Coatings	381,323	437,737	1,082,368	1,251,306
Others	<u>264,580</u>	<u>250,499</u>	<u>769,179</u>	<u>776,418</u>
	<u>\$ 5,451,354</u>	<u>\$ 5,867,352</u>	<u>\$ 15,063,781</u>	<u>\$ 16,426,305</u>

b. Contract balances

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (including related parties)	<u>\$ 4,651,039</u>	<u>\$ 4,633,636</u>	<u>\$ 4,879,461</u>	<u>\$ 4,117,118</u>
Contract liabilities - current Sale of goods	<u>\$ 38,530</u>	<u>\$ 34,241</u>	<u>\$ 35,927</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Bank deposits	<u>\$ 11,887</u>	<u>\$ 9,636</u>	<u>\$ 47,075</u>	<u>\$ 28,286</u>

b. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividends income	\$ 476	\$ 347	\$ 387,224	\$ 477,714
Reversal of litigation reserve	-	-	-	15,199
Grant income	9,383	2,969	16,220	10,652
Rental income	492	659	1,323	1,589
Others	<u>10,222</u>	<u>5,431</u>	<u>24,262</u>	<u>35,232</u>
	<u>\$ 20,573</u>	<u>\$ 9,406</u>	<u>\$ 429,029</u>	<u>\$ 540,386</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gains	\$ 22,118	\$ 60,082	\$ 38,354	\$ 126,100
Gain on disposal of associates	-	-	-	26,523
Gain on disposal of right-of-use assets (Note)	-	-	-	1,374
Gain (loss) on fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	3,171	5,010	16,974	(2,403)
Loss on disposal of property, plant and equipment (Note)	-	-	-	(21,270)
Others	(693)	(764)	(6,915)	(4,582)
	\$ 24,596	\$ 64,328	\$ 48,413	\$ 125,742

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

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 22,241	\$ 22,508	\$ 64,648	\$ 48,193
Interest on lease liabilities	4,598	3,927	13,775	10,368
	\$ 26,839	\$ 26,435	\$ 78,423	\$ 58,561

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 101,530	\$ 90,963	\$ 294,238	\$ 266,969
Operating expenses	46,816	30,383	137,836	86,583
	\$ 148,346	\$ 121,346	\$ 432,074	\$ 353,552
An analysis of amortization by function				
Operating costs	\$ 336	\$ 292	\$ 940	\$ 876
Operating expenses	24,317	7,091	44,479	21,453
	\$ 24,653	\$ 7,383	\$ 45,419	\$ 22,329

Refer to Note 19 for information relating to the line items in which any amortization of intangible assets is included.

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits				
Salaries	\$ 589,056	\$ 550,558	\$ 1,655,312	\$ 1,580,711
Labor and health insurance	43,701	38,524	124,273	107,643
Others	38,256	43,892	115,268	123,989
	<u>671,013</u>	<u>632,974</u>	<u>1,894,853</u>	<u>1,812,343</u>
Post-employment benefits				
Defined contribution plans	30,208	27,907	86,691	80,665
Defined benefit plans (Note 24)	539	1,172	1,606	3,481
	<u>30,747</u>	<u>29,079</u>	<u>88,297</u>	<u>84,146</u>
	<u>\$ 701,760</u>	<u>\$ 662,053</u>	<u>\$ 1,983,150</u>	<u>\$ 1,896,489</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 260,007	\$ 252,752	\$ 728,419	\$ 706,855
Operating expenses	441,753	409,301	1,254,731	1,189,634
	<u>\$ 701,760</u>	<u>\$ 662,053</u>	<u>\$ 1,983,150</u>	<u>\$ 1,896,489</u>

g. Compensation of employees and remuneration of directors

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

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	2.01%	2.35%
Remuneration of directors	0.82%	0.85%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 15,829	\$ 17,032	\$ 44,235	\$ 39,202
Remuneration of directors	7,000	3,900	18,000	14,100

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



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

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Compensation of employees</b>	<b>Remuneration of directors</b>	<b>Compensation of employees</b>	<b>Remuneration of directors</b>
Amounts approved in the board of directors' meeting	\$ 52,000	\$ 22,000	\$ 36,960	\$ 16,000
Amounts recognized in the annual financial statements	<u>52,000</u>	<u>22,000</u>	<u>36,960</u>	<u>17,600</u>
Differences	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,600)</u>

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

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

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 104,329	\$ 152,306	\$ 240,265	\$ 335,844
Foreign exchange losses	<u>(82,211)</u>	<u>(92,224)</u>	<u>(201,911)</u>	<u>(209,744)</u>
	<u>\$ 22,118</u>	<u>\$ 60,082</u>	<u>\$ 38,354</u>	<u>\$ 126,100</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
In respect of the current year	\$ 162,994	\$ 146,266	\$ 370,155	\$ 306,163
Income tax on unappropriated earnings	-	-	10,282	-
Adjustments for prior year	<u>(32,767)</u>	<u>(103)</u>	<u>(34,290)</u>	<u>(36,947)</u>
	130,227	146,163	346,147	269,216
Deferred tax				
In respect of the current year	<u>83,514</u>	<u>39,534</u>	<u>221,446</u>	<u>119,484</u>
	<u>\$ 213,741</u>	<u>\$ 185,697</u>	<u>\$ 567,593</u>	<u>\$ 388,700</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current year				
Translation of foreign operations	\$ (52,713)	\$ (56,109)	\$ (52,084)	\$ (110,563)

c. Income tax assessments

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

## 29. EARNINGS PER SHARE

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

Net profit for the year

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit for the year attributable to owners of the Company	\$ 644,544	\$ 370,890	\$ 1,812,263	\$ 1,427,425

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
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 shares				
Compensation of employees	76	86	331	368
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,647</u>	<u>120,657</u>	<u>120,902</u>	<u>120,939</u>

The Group may settle the compensation of employees in cash or shares, therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

### 30. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company's subsidiary, Prince Pharmaceutical Co., Ltd. were granted 2,000 units of share options in September 2022. 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 Nine Months Ended September 30, 2023</b>	
	<b>Numbers of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
<u>Employee share options</u>		
Balance at January 1 and September 30	<u>2,000</u>	\$ 25
Options exercisable, on September 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 \$4,751 thousand for the nine months ended September 30, 2023.

### 31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

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

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

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

d. Non-controlling interests

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

e. Goodwill recognized on acquisitions

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

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

f. Net cash outflow on 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

Had the Company concluded the acquisition at the beginning of the financial year, the Group's consolidated revenue and profit for the nine months ended September 30, 2023 would have been as follows:

	<b>For The Nine Months Ended September 30, 2023</b>
Revenue	<u>\$ 15,115,350</u>
Profit	<u>\$ 1,903,101</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

September 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
	<u>                    </u>	<u>                    </u>	<u>                    </u>
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 disposal or acquisition	\$ -	\$ -	\$ (192)
Capital surplus - changes in percentage of ownership interests in subsidiaries	4,578	1,466	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 4,578</u>	<u>\$ 1,466</u>	<u>\$ (192)</u>

September 30, 2022

	<b>Nan Pao New Materials (Huaian) Co., Ltd(a)</b>	<b>Progroups Technology Co. (d)</b>	<b>Nan Pao Group Holdings Ltd. (e)</b>
Cash consideration received (paid)	\$ 13,908	\$ (2,500)	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) from non-controlling interests	(12,578)	5,591	7,761
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Differences recognized from equity transactions	<u>\$ 1,330</u>	<u>\$ 3,091</u>	<u>\$ 7,761</u>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ 3,091	\$ 7,761
Capital surplus - changes in percentage of ownership interests in subsidiaries	1,330	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 1,330</u>	<u>\$ 3,091</u>	<u>\$ 7,761</u>

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

shareholding ratio from 100% to 95.24%.

- b. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%.
- c. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, and the shareholding ratio was increased from 96.87% to 100% after acquisition.
- d. The Group acquired minority shareholdings of Progroups Technology Co., Ltd. in September 2022, resulting in an increase in the shareholding ratio from 91.99% to 100%.
- e. The Group repurchased and retired 32.32% shareholdings of Greatwill Materials (HK) Ltd. in September 2022, resulting in an increase in Nan Pao Group Holdings Ltd.'s shareholding ratio from 67.68% to 100%. In addition, Greatwill Materials (HK) Ltd. transferred 28.45% shareholdings to external shareholder of Foshan Nan Pao Advanced Materials Co., Ltd., resulting in 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.

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ _____ -	\$ _____ -	\$ <u>121,510</u>	\$ <u>121,510</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Emerging market shares	\$ 21,807	\$ -	\$ -	\$ 21,807
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,766,033</u>	<u>1,766,033</u>
	<u>\$ 21,807</u>	<u>\$ -</u>	<u>\$ 1,766,033</u>	<u>\$ 1,787,840</u> (Concluded)

December 31, 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>\$ 69,536</u>	<u>\$ 69,536</u>

Financial assets at FVTOCI

Investment in equity instruments				
Emerging market shares	\$ 13,951	\$ -	\$ -	\$ 13,951
Unlisted shares	<u>-</u>	<u>-</u>	<u>4,192,508</u>	<u>4,192,508</u>
	<u>\$ 13,951</u>	<u>\$ -</u>	<u>\$ 4,192,508</u>	<u>\$ 4,206,459</u>

September 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>\$ 73,732</u>	<u>\$ 73,732</u>

Financial assets at FVTOCI

Investment in equity instruments				
Emerging market shares	\$ 17,096	\$ -	\$ -	\$ 17,096
Unlisted shares	<u>-</u>	<u>-</u>	<u>4,765,743</u>	<u>4,765,743</u>
	<u>\$ 17,096</u>	<u>\$ -</u>	<u>\$ 4,765,743</u>	<u>\$ 4,782,839</u>



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

Financial Assets at FVTPL

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 69,536	\$ 36,135
Recognized in profit or loss	16,974	(2,403)
Purchases	<u>35,000</u>	<u>40,000</u>
Balance at September 30	<u>\$ 121,510</u>	<u>\$ 73,732</u>

Financial Assets at FVTOCI

	<b>For the Nine Months Ended September 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 loss on financial assets at FVTOCI)	(2,426,475)	(1,535,507)
Purchases	-	33,487
Transfer out of Level 3	<u>-</u>	<u>(17,096)</u>
Balance at September 30	<u>\$ 1,766,033</u>	<u>\$ 4,765,743</u>

3) Valuation techniques and inputs apply 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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 9,732,278	\$ 9,453,396	\$ 9,620,859
Financial asset at FVTPL - Mandatorily classified as at FVTPL	121,510	69,536	73,732
Financial assets at FVTOCI	1,787,840	4,206,459	4,782,839
<u>Financial liabilities</u>			
Amortized cost (2)	6,693,748	6,958,775	7,198,653

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,

notes payable, 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 Nine Months Ended</b>		
	<b>September 30</b>		
	<b>2023</b>	<b>2022</b>	
Profit or loss	\$ 9,758	\$ 11,941	(i)

	<b>VND Impact</b>		(ii)
	<b>For the Nine Months Ended</b>		
	<b>September 30</b>		
	<b>2023</b>	<b>2022</b>	
Profit or loss	\$ 8,459	\$ 7,542	

- i. This was mainly attributable to the exposure on outstanding foreign monetary items in USD that were not hedged at the end of the period. The Group's sensitivity to foreign currency decreased during the current year mainly due to the increase of other payables in USD.
- ii. This was mainly attributable to the exposure on outstanding foreign monetary items in VND that were not hedged at the end of the period. The Group's sensitivity to foreign currency 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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 1,435,227	\$ 672,994	\$ 904,468
Financial liabilities	1,934,178	1,741,126	1,103,059
Cash flow interest rate risk			
Financial assets	3,066,611	3,392,013	3,137,348
Financial liabilities	1,770,260	2,219,243	3,616,499

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 nine months ended September 30, 2023 and 2022 would have decreased/increased by \$3,319 thousand and \$6,781 thousand, respectively; which was mainly result of variable-rate borrowings.

c) Other price risk

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. 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>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Group A	<u>\$ 354,224</u>	8	<u>\$ 306,996</u>	7	<u>\$ 391,226</u>	8

### 3) Liquidity risk

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

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

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

The following tables 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.

#### September 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	\$ 3,861,920	\$ 2,252	\$ -
Lease liabilities	113,787	273,831	456,657
Fixed interest rate liabilities	1,186,536	56,034	-
Variable interest rate liabilities	<u>862,625</u>	<u>765,200</u>	<u>212,029</u>
	<u>\$ 6,024,868</u>	<u>\$ 1,097,317</u>	<u>\$ 668,686</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>\$ 113,787</u>	<u>\$ 273,831</u>	<u>\$ 269,540</u>	<u>\$ 89,261</u>	<u>\$ 97,856</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>

September 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	\$ 3,331,089	\$ 2,217	\$ -
Lease liabilities	100,194	255,243	460,654
Fixed interest rate liabilities	424,914	1,611	-
Variable interest rate liabilities	<u>2,217,839</u>	<u>1,253,382</u>	<u>241,132</u>
	<u>\$ 6,074,036</u>	<u>\$ 1,512,453</u>	<u>\$ 701,786</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>\$ 100,194</u>	<u>\$ 255,243</u>	<u>\$ 243,248</u>	<u>\$ 119,550</u>	<u>\$ 97,856</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to would 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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand			
Amount used	\$ 2,698,487	\$ 2,962,893	\$ 3,709,856
Amount unused	<u>8,987,742</u>	<u>7,768,040</u>	<u>6,938,007</u>
	<u>\$ 11,686,229</u>	<u>\$ 10,730,933</u>	<u>\$ 10,647,863</u>
Secured bank overdraft facilities:			
Amount used	\$ 490,451	\$ 394,189	\$ 468,367
Amount unused	<u>384,738</u>	<u>336,666</u>	<u>276,006</u>
	<u>\$ 875,189</u>	<u>\$ 730,855</u>	<u>\$ 744,373</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

Related Party Name	Related Party Category
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	The Group is an executive of the Company
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. Sale of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investors with significant influence	\$ 370,143	\$ 367,406	\$ 952,485	\$ 1,026,541
The Group serves as the key management of the other companies	-	-	-	7
Other related party	<u>5,634</u>	<u>62</u>	<u>5,879</u>	<u>122</u>
	<u>\$ 375,777</u>	<u>\$ 367,468</u>	<u>\$ 958,364</u>	<u>\$ 1,026,670</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. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Other related party	\$ <u>74</u>	\$ <u>-</u>	\$ <u>74</u>	\$ <u>-</u>

There were no comparable purchase prices of similar products with third parties. The payment term is 30 days to 45 days, which is not significantly different from that for non-affiliates.

d. Receivables from related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable from related parties	Investors with significant influence	\$ 354,224	\$ 306,996	\$ 391,226
	Other related party	<u>5,872</u>	<u>99</u>	<u>-</u>
		<u>\$ 360,096</u>	<u>\$ 307,095</u>	<u>\$ 391,226</u>
Other receivables	Other related party	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Other related party	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ -</u>
Other payables	Investors with significant influence	<u>\$ 133</u>	<u>\$ 130</u>	<u>\$ 132</u>

The outstanding accounts payable to related parties are unsecured.

f. Others - refund liabilities

Line Item	Related Party Category / Name	September 30, 2023	December 31, 2022	September 30, 2022
Other current liabilities	Investors with significant influence Pou Chen Corporation and Subsidiaries	<u>\$ 49,830</u>	<u>\$ 68,033</u>	<u>\$ 68,005</u>

g. Lease arrangements - the Group is lessee

Line Item	Related Party Category / Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Rent expense	Other related party	\$ 457	\$ 457	\$ 1,371	\$ 1,295

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

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 19,825	\$ 15,241	\$ 53,112	\$ 43,923
Post-employment benefits	<u>3,211</u>	<u>6,092</u>	<u>8,251</u>	<u>6,892</u>
	<u>\$ 23,036</u>	<u>\$ 21,333</u>	<u>\$ 61,363</u>	<u>\$ 50,815</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment, net	\$ 797,556	\$ 662,903	\$ 662,217
Pledged deposit (recognized as financial assets at amortized cost - current)	36,010	36,581	38,058
Right-of-use assets	<u>36,343</u>	<u>-</u>	<u>-</u>
	<u>\$ 869,909</u>	<u>\$ 699,484</u>	<u>\$ 700,275</u>

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of September 30, 2023, December 31 and September 30, 2022, the unused letters of credit of the Group for purchasing raw materials and equipment were \$149,801 thousand, \$139,120 thousand and \$142,917 thousand, respectively.



b. Unrecognized commitments were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	\$ 58,685	\$ 175,383	\$ 296,953
Acquisition of raw material	<u>75,250</u>	<u>50,787</u>	<u>74,544</u>
	<u>\$ 133,935</u>	<u>\$ 226,170</u>	<u>\$ 371,497</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, 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)

September 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,693	32.27 (USD:NTD)	\$ 1,732,691
USD	4,313	7.1798 (USD:CNY)	139,179
USD	10,846	15,514 (USD:IDR)	350,001
USD	7,799	7.8267 (USD:HKD)	251,668
VND	892,584,412	0.000041 (VND:USD)	1,180,329
<u>Financial liabilities</u>			
Monetary items			
USD	26,927	32.24 (USD:NTD)	868,223
USD	2,097	7.1798 (USD:CNY)	67,610
USD	7,505	7.8268 (USD:HKD)	242,176
USD	7,398	15,519 (USD:IDR)	238,787
USD	2,541	4.6555 (USD:MYR)	80,949
VND	252,619,621	0.000041 (VND:USD)	334,478

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

September 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,162	31.75 (USD:NTD)	\$ 1,529,120
USD	8,857	7.0997 (USD:CNY)	281,215
USD	10,799	15,264 (USD:IDR)	342,866
USD	5,183	7.8508 (USD:HKD)	164,555
VND	826,070,116	0.000042 (VND:USD)	1,110,562
			(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 20,763	31.70 (USD:NTD)	\$ 658,209
USD	1,630	7.0616 (USD:CNY)	51,467
USD	4,656	7.8511 (USD:HKD)	147,814
USD	5,428	15,264 (USD:IDR)	172,338
USD	3,160	4.3338 (USD:MYR)	93,832
VND	262,661,553	0.000043 (VND:USD)	356,393
			(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:

<b>Functional Currency</b>	<b>For the Three Months Ended September 30, 2023</b>		<b>For the Three Months Ended September 30, 2022</b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	30.705 (USD:NTD)	\$ (26,044)	29.456 (USD:NTD)	\$ (16,345)
NTD	1 (NTD:NTD)	37,198	1 (NTD:NTD)	63,202
CNY	4.375 (CNY:NTD)	2,684	4.446 (CNY:NTD)	18,033
AUD	20.52 (AUD:NTD)	(3,530)	21.03 (AUD:NTD)	(4,537)
IDR	0.00208 (IDR:NTD)	3,737	0.00202 (IDR:NTD)	3,356
VND	0.0013 (VND:NTD)	7,971	0.0013 (VND:NTD)	(1,008)
Others		<u>102</u>		<u>(2,619)</u>
		<u>\$ 22,118</u>		<u>\$ 60,082</u>

Functional Currency	For the Nine Months Ended September 30, 2023		For the Nine Months Ended September 30, 2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	30.55 (USD:NTD)	\$ (27,611)	28.725 (USD:NTD)	\$ (18,829)
NTD	1 (NTD:NTD)	50,989	1 (NTD:NTD)	122,762
CNY	4.408 (CNY:NTD)	4,738	4.426 (CNY:NTD)	27,938
AUD	20.66 (AUD:NTD)	(3,432)	20.65 (AUD:NTD)	(11,236)
IDR	0.00204 (IDR:NTD)	1,719	0.00199 (IDR:NTD)	9,135
VND	0.0013 (VND:NTD)	10,416	0.0013 (VND:NTD)	539
Others		<u>1,535</u>		<u>(4,209)</u>
		<u>\$ 38,354</u>		<u>\$ 126,100</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 as follows (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 ending the period, the end of period 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 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 nine months ended</u>							
<u>September 30, 2023</u>							
Revenue							
Revenue from external customers	\$ 2,791,699	\$ 4,255,240	\$ 4,052,721	\$ 2,343,844	\$ 1,620,277	\$ -	\$ 15,063,781
Inter segment revenues	<u>2,571,771</u>	<u>558,044</u>	<u>848,445</u>	<u>1,367</u>	<u>27,782</u>	<u>(4,007,409)</u>	<u>-</u>
Total revenue	<u>\$ 5,363,470</u>	<u>\$ 4,813,284</u>	<u>\$ 4,901,166</u>	<u>\$ 2,345,211</u>	<u>\$ 1,648,059</u>	<u>\$ (4,007,409)</u>	<u>\$ 15,063,781</u>
Segment income	<u>\$ 815,610</u>	<u>\$ 285,909</u>	<u>\$ 731,596</u>	<u>\$ 116,764</u>	<u>\$ 187,133</u>	<u>\$ (100,439)</u>	\$ 2,036,573
Interest revenue							47,075
Other income							429,029
Other gains and losses							48,413
Finance costs							(78,423)
Share of loss of associates accounted for using the equity method							(7,024)
Profit before tax							<u>\$ 2,475,643</u>
<u>For the nine months ended</u>							
<u>September 30, 2022</u>							
Revenue							
Revenue from external customers	\$ 3,036,190	\$ 5,029,395	\$ 4,791,349	\$ 2,013,061	\$ 1,556,310	\$ -	\$ 16,426,305
Inter segment revenues	<u>2,540,383</u>	<u>925,749</u>	<u>553,415</u>	<u>3,782</u>	<u>38,909</u>	<u>(4,062,238)</u>	<u>-</u>
Total revenue	<u>\$ 5,576,573</u>	<u>\$ 5,955,144</u>	<u>\$ 5,344,764</u>	<u>\$ 2,016,843</u>	<u>\$ 1,595,219</u>	<u>\$ (4,062,238)</u>	<u>\$ 16,426,305</u>
Segment income	<u>\$ 442,747</u>	<u>\$ 240,286</u>	<u>\$ 432,230</u>	<u>\$ 30,179</u>	<u>\$ 122,092</u>	<u>\$ 8,493</u>	\$ 1,276,027
Interest revenue							28,286
Other income							540,386
Other gains and losses							125,742
Finance costs							(58,561)
Profit before tax							<u>\$ 1,911,880</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.

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

**FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 4)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related party	Yes	\$ 677,670	\$ 677,670	\$ 677,670	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$4,760,164	\$4,760,164

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

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

1. For individual entity having business relationship with the Company, shall not exceed the total transaction amount between the parties during the period in 12 months prior to the time or the aggregate limit aforementioned.
2. For individual entity having borrow needs short-term financing, shall not exceed the 20% of the Company's net value.

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

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



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

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR NINE MONTHS ENDED SEPTEMBER 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	\$ 2,590,359	\$ 16,135	\$ 16,135	\$ 7,422	\$ -	0.12	\$ 6,475,898	Y	N	N
		Nan Pao Resins Chemical Philippines, Inc.	2	2,590,359	32,270	32,270	-	-	0.25	6,475,898	Y	N	N
		Nan Pao Group Holdings Ltd.	2	2,590,359	64,540	32,270	-	-	0.25	6,475,898	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,590,359	64,540	64,540	-	-	0.50	6,475,898	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,590,359	129,080	129,080	66,077	-	1.00	6,475,898	Y	N	N
		Nan Pao Advanced Investment Co., Ltd.	2	2,590,359	176,600	176,600	-	-	1.36	6,475,898	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,590,359	88,900	88,300	39,261	-	0.68	6,475,898	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,590,359	222,250	220,750	1,059	-	1.70	6,475,898	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,590,359	88,900	88,300	4,546	-	0.68	6,475,898	Y	N	Y
		Nan Pao New Materials (Huaian) Co., Ltd.	2	2,590,359	133,350	110,375	6,851	-	0.85	6,475,898	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,590,359	20,000	20,000	-	-	0.15	6,475,898	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,590,359	20,000	20,000	-	-	0.15	6,475,898	Y	N	N
		RLA Polymers Pty Ltd.	2	2,590,359	211,300	-	-	-	-	6,475,898	Y	N	N
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,590,359	92,715	92,715	20,522	-	0.72	6,475,898	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,590,359	92,715	92,715	-	-	0.72	6,475,898	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,590,359	92,715	92,715	-	-	0.72	6,475,898	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**

**SEPTEMBER 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	September 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	-	\$ 121,510	9	\$ 121,510	
Nan Pao Resins Chemical Co., Ltd.	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	10,424,970	\$ 1,734,125	2	\$ 1,734,125	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,934	1	1,934	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	1,754,417	1,734	13	1,734	
	Revivegen Environmental Technology Co., Ltd. - emerging stock	"	"	570,107	21,807	1	21,807	
	Contact Organics Pty Ltd- privately-issued equity	"	"	2,902	7,861	17	7,861	
					<u>\$ 1,767,461</u>		<u>\$ 1,767,461</u>	
Nan Pao Chemical Company Ltd.	Ace Chemical Corp. -privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	1,249,915	\$ 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 964,052	22	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 523,487	31	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sale	441,152	10	Payment within 90 days	Similar to general transactions	Similar to general transactions	165,730	10	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sale	334,053	8	Payment within 90 days	Similar to general transactions	Similar to general transactions	125,947	8	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sale	237,326	6	Payment within 90 days	Similar to general transactions	Similar to general transactions	108,402	6	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sale	138,330	3	Payment within 90 days	Similar to general transactions	Similar to general transactions	58,600	3	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins ( HK ) Ltd.	Same ultimate Parent Company	Processing Revenue	177,682	100	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	83,683	100	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	Sale	243,922	37	Payment within 90 days	Similar to general transactions	Similar to general transactions	188,748	64	
Nan Pao Resins (Foshan) Co., Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	100,767	7	Payment within 45 days	Similar to general transactions	Similar to general transactions	44,423	8	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	349,978	28	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	156,349	33	
Nan Pao Resins ( Vietnam ) Enterprise Ltd.	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	252,919	11	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	80,568	11	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins ( Vietnam ) Enterprise Ltd.	Same ultimate parent company	Sale	154,371	11	Payment within 90 days	Similar to general transactions	Similar to general transactions	102,250	19	
	Pou Chen Corporation and subsidiaries	Investors with significant influence	Sale	144,631	10	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	48,627	9	

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  
SEPTEMBER 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	\$ 523,487	2.50	\$ -	—	\$ -	\$ -
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	165,730	4.06	-	—	-	-
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	125,947	3.44	-	—	-	-
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	108,402	2.22	-	—	-	-
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	156,349	3.08	-	—	42,808	516
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	188,748	2.62	-	—	42,689	-
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins ( Vietnam ) Enterprise Ltd.	Same ultimate parent company	102,250	2.90	-	—	31,199	-

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 NINE MONTHS ENDED SEPTEMBER 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 September 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	\$ 190,383	\$ 9,292	\$ 8,258	
	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	8,631	12	12	
	ITLS International Development Co., Ltd.	3F, No.356, Sec.1, NeiHu Rd., Taipei	Trading of construction materials and chemical substances	696,000	696,000	24,600,000	100	270,236	9,867	14,273	
	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	411,232	7,602	3,814	
	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	14,458	(2,320)	(2,320)	
	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	14,874	8,370	4,779	
	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	9,385	5,734	4,014	
	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	29,261	30,193	15,851	
	FlexUP Technologies Corp.	No. 10, Ln. 99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	39,863	19,546	18,880,000	100	25,164	4,485	756	
	Perfect & Outstanding Technology Inc.	No.320-17 and 18, Xiaoxinying, Xiaoxin Vil., Shanhuo Dist., Tainan City 741012, Taiwan (R.O.C.)	Production and trading of renewable energy	40,000	40,000	2,500,000	22.9	32,262	(20,529)	(7,024)	
	Fuqing Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	166,699	166,699	4,990,000	100	225,250	19,099	19,099	
	Thai Nan Pao Investment Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	169,909	169,909	5,282,000	100	180,929	(293)	(293)	
	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	28,682	1,257	1,257	
	Nan Pao Materials Resins India Private Limited	ROOM No.6, FLAT NO.3-D, FRONT BLOCK, 188 PH ROAD, Kilpauk, Perambur Purasawalkam, Chennai-600010, Tamil Nadu, India	Trading of adhesives	30,750	-	8,076,000	100	30,196	(1,073)	(1,073)	
	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	1,414,171	208,352	186,223	
	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	652,999	123,198	123,198	
	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	2,386,015	2,386,015	78,056,502	100	4,645,351	392,228	396,973	
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	842,091	197,305	144,180	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	143,375	143,375	5,452,549	54.53	215,953	(4,848)	(2,643)	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	46,426	46,426	1,560,000	32.18	259,387	309,782	98,861	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No.44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	39,276	39,276	2,756,250	49	224,746	142,655	69,901	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Nan Pao Philippines Export Inc.	Lot IL-2 Subic Bay Gateway Park Phase II, Subic Bay Freeport Zone	Trading of adhesives	14,993	14,993	25,750,000	100	15,946	154	154		
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	4,193	125,000	100	1,696	(3,621)	(3,621)		
Earnest Wealth Co., Ltd.	Level 2, Lotenau Centre Building, Vaea Street, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	46,634	1,303	666		
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	6,804	-	1,000	100	11,433	2,919	4,023		
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	365,753	-	13,400,000	100	344,855	(14,184)	(38,949)		
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	55 Lorong I Telok Kurau, #03-63 Bright Centre, Singapore 425500	General investment	502,822	502,822	22,064,549	100	87,783	(3,818)		
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	-	-	-	(576)			
Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	147,151	147,151	10,000	100	224,798	19,184		
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	412 Kor Soi, 1cBangpoo Industrial Tumbon Preaksa Ampur Muang Samutprakarn 10280, Thailand	Production and trading of adhesives	(USD 4,560,000)	(USD 4,560,000)	21,197,000	100	129,193	(1,663)		
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	69,381	69,381	-	100	67,211	1,307		
				(USD 2,150,000)	(USD 2,150,000)						

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 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 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	\$ 2,518,883 (USD 78,056,502)	\$ 2,518,883 (USD 78,056,502)	78,056,502	100	\$ 4,760,164	\$ 392,186		
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	81,695 (USD 2,531,620)	81,695 (USD 2,531,620)	2,437,109	100	12,401	(2,347)		
	ITLS Vietnam Co., Ltd.	No.16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	140,487 (USD 4,353,487)	140,487 (USD 4,353,487)	-	100	72,111	(1,292)		
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	40,660 (USD 1,260,000)	40,660 (USD 1,260,000)	7,172	100	549,924	49,669		
	Profit Land Ltd.	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	60,914 (USD 1,887,627)	60,914 (USD 1,887,627)	350,000	26.25	305,700	197,305	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	679,415 (USD 21,054,073)	679,415 (USD 21,054,073)	10,000	100	395,191	22,887		
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	172,098 (USD 5,333,075)	172,098 (USD 5,333,075)	4,547,451	45.47	180,073	(4,848)	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	620,905 (AUD 30,214,354)	620,905 (AUD 30,214,354)	30,214,354	100	898,704	65,315		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	123,814 (USD 3,836,817)	123,814 (USD 3,836,817)	3,287,546	67.82	647,539	309,782	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	148,765 (USD 4,610,000)	148,765 (USD 4,610,000)	4,610	100	173,335	(1,431)		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	18,873 (USD 584,844)	18,873 (USD 584,844)	486,000	100	122,969	21,985		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,777 (USD 210,000)	6,777 (USD 210,000)	9,000	100	88,968	7,471		
	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	-	825 (HKD 200,000)	-	-	-	2,919	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	-	561,498 (USD 17,400,000)	-	-	-	(14,184)	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	258,160 (USD 8,000,000)	258,160 (USD 8,000,000)	10,000	100	1,154,481	197,208		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	178,779 (USD 5,540,100)	178,779 (USD 5,540,100)	20,240	100	217,814	9,148		
	Nan Pao Resins Development Ltd.	P.O.Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	96,810 (USD 3,000,000)	96,810 (USD 3,000,000)	3,000	100	169,694	13,738		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	322,700 (USD 10,000,000)	322,700 (USD 10,000,000)	10,000	100	391,639	(4,831)		
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	438,421 (AUD 21,334,344)	438,421 (AUD 21,334,344)	16,552,080	100	780,843	66,746		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	156,430 (USD 4,847,546)	156,430 (USD 4,847,546)	3,000,000	100	953,195	309,775		
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	148,119 (USD 4,590,000)	148,119 (USD 4,590,000)	-	50	168,370	(2,843)		
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	110,101	142,655	Nan Pao Resins Chemical Co., Ltd. and related companies hold 67.5% of voting shares	
Rising Sun Associates Ltd.	Nan Pao Resins(Vietnam)Enterprise Ltd.	10 Thong Nhat Boulevard, Song Than 2 Industrial Park Di An Town, Binh Duong Province, S.R Vietnam	Production and trading of adhesives	109,983 (USD 3,408,217)	109,983 (USD 3,408,217)	-	100	950,335	309,730		
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	122,721 (AUD 5,971,801)	122,721 (AUD 5,971,801)	18,415,500	100	195,723	6,869		

(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 NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 322,700 (USD 10,000,000)	(2) Great Mount Enterprises Ltd.	\$ 348,191 (USD 10,789,932)	\$ -	\$ -	\$ 348,191 (USD 10,789,932)	\$ (4,823)	100	\$ (4,823) (2)B.	\$ 391,506	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	147,151 (USD 4,560,000)	(2) Wealth Castle Development Ltd.	161,027 (USD 4,990,000)	-	-	161,027 (USD 4,990,000)	19,292	100	19,292 (2)B.	224,313	199,974
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	87,129 (USD 2,700,000)	(2) Eastlion Enterprises Ltd.	82,026 (USD 2,541,860)	-	-	82,026 (USD 2,541,860)	11,677	100	11,677 (2)B.	168,292	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resin	96,810 (USD 3,000,000)	(2) Nan Pao Resins Development Ltd.	98,897 (USD 3,064,683)	-	-	98,897 (USD 3,064,683)	13,738	100	13,738 (2)B.	169,676	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	54,436 (USD 1,686,900)	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	84,339	60.47	51,000 (2)B.	554,811	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	258,160 (USD 8,000,000)	(2) Giant Profit Development Ltd.	251,307 (USD 7,787,627)	-	-	251,307 (USD 7,787,627)	197,207	100	197,207 (2)B.	1,153,414	726,104
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	22,075 (RMB 5,000,000)	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	241	51	123 (2)B.	12,479	-
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.	12,908 (USD 400,000)	-	-	12,908 (USD 400,000)	-	-	-	-	-
Nanpao Advanced Investment Co., Ltd.	General investment	951,965 (USD 29,500,000)	(2) Nan Pao Group Holdings Ltd.	951,965 (USD 29,500,000)	-	-	951,965 (USD 29,500,000)	(46,168)	100	(46,168) (2)B.	700,351	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Agency of online business and general merchandise	48,405 (USD 1,500,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(65)	100	(65) (2)B.	5,568	-
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	354,969 (USD 10,999,965)	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(36,778)	90.91	(33,638) (2)B.	178,227	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemical substances	25,816 (USD 800,000)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(1,757)	100	(1,757) (2)B.	13,822	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	158,874 (USD 4,923,267)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	(1,419)	100	(1,419) (2)B.	155,731	-
Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemical substances	184,904 (USD 5,729,900)	(3) Nanpao Advanced Investment Co., Ltd.	-	-	-	-	5,720	70	(6,115) (2)B.	460,641	-

Accumulated Outward Remittance for Investments in Mainland China as of September 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)
\$ 1,906,321 (USD 59,074,102)	\$ 3,933,922 (USD 121,906,490)	\$ 7,771,077

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:  
\$12,951,795 × 60% = \$7,771,077

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$32.27 at the end of the period.  
Relevant amounts are calculated based on the exchange rate of CNY 1 = NT\$4.415 at the end of the period.

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

Note 6: Nantong Nan Pao Resins Materials Co., Ltd. has completed its liquidation procedures 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. has completed its liquidation procedures 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 NINE MONTHS ENDED SEPTEMBER 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)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (138,330)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 58,600	3	\$ 15,675
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate Parent Company	Processing Revenue	(177,682)	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	83,683	100	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins India Pvt Ltd.	Same ultimate Parent Company	Sales	(20,604)	(1)	Payment within 90 days	Similar to general transactions	Similar to general transactions	11,332	2	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(38,969)	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	18,560	3	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate Parent Company	Sales	(74,468)	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	34,349	6	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	(100,767)	(7)	Payment within 45 days	Similar to general transactions	Similar to general transactions	44,423	8	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate Parent Company	Sales	(48,355)	(16)	Payment within 90 days	Similar to general transactions	Similar to general transactions	20,666	19	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate Parent Company	Sales	(26,455)	(9)	Payment within 90 days	Similar to general transactions	Similar to general transactions	13,803	12	-

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 523,487	Calculated based on general transaction prices, telegraphic transfer within 90 days	2			
				Sales revenue	964,052		6			
			Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable - related parties	58,600	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
					Sales revenue	138,330		1		
			PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable - related parties	165,730	Calculated based on general transaction prices, telegraphic transfer within 90 days	1		
					Sales revenue	441,152		3		
			Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	125,947	Calculated based on general transaction prices, telegraphic transfer within 90 days	1		
					Sales revenue	334,053		2		
			ITLS International Development Co., Ltd.	1	Accounts receivable - related parties	16,186	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
					Sales revenue	57,063		-		
	Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable - related parties	108,402	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
			Sales revenue	237,326		2				
	Nan Pao Resins (HK) Ltd.	1	Accounts receivable - related parties	28,817	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
			Sales revenue	58,340		-				
	Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable - related parties	17,851	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
			Sales revenue	48,816		-				
	Prince Pharmaceutical Co., Ltd.	1	Purchase	15,493	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	35,229		-				
1	Nan Pao Resins (Vietnam) Enterprise Ltd.			Sales revenue	70,414	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
				Sales revenue	14,362		-			
			Nan Pao Resins (HK) Ltd.	3	Accounts receivable - related parties	24,350	Calculated based on general transaction prices, telegraphic transfer within 90 days	-		
					Sales revenue	32,794		-		
	Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	12,755	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
			Sales revenue	12,225		-				
2	Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable - related parties	34,349	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
				Sales revenue	74,468		-			
				Accounts payable - related parties	13,803		-			
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	3	Purchase	26,455	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
				Other payables - related parties	83,683		-			
				Processing fee	177,682	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1			
					PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	15,210	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
					Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Sales revenue	23,834		-
							Purchase	73,573	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
	Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Sales revenue	17,371	-					
4	Nan Pao Resins (China) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Sales revenue	13,599	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
				Accounts payable - related parties	20,666		-			
							Purchase	48,355	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	-
5	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable - related parties	39,478	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Sales revenue	94,254	1	
		Nan Pao Resins (HK) Ltd.	3	Purchase	27,871	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Sales revenue	13,075	-	
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable - related parties	12,483	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Accounts receivable - related parties	43,651	-	
		Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	55,249	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Purchase	16,983	-	
		Nan Pao Fine Materials Co., Ltd.	3	Accounts payable - related parties	58,929	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Purchase	20,344	-	
Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Accounts payable - related parties	48,481	Calculated based on general transaction prices, telegraphic transfer within 90 days	-					
					Accounts receivable - related parties	102,250	-			
Nan Pao Resins International Ltd.	3	Sales revenue	154,371	Calculated based on general transaction prices, telegraphic transfer within 90 days	1					
					Accounts receivable - related parties	28,005	-			
			Sales revenue	38,055	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
	Nan Pao Resins India Pvt Ltd.	3	Accounts receivable - related parties	27,142		-				
			Sales revenue	26,013	Calculated based on general transaction prices, telegraphic transfer within 90 days	-				
	FlexUP Technologies Corp.	3	Purchase	19,129		-				
6	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Nan Pao Fine Materials Co., Ltd.	3	Purchase	53,951	Calculated based on general transaction prices, telegraphic transfer within 30 days	-			
7	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins India Pvt Ltd.	3	Sales revenue	20,604	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Accounts receivable - related parties	18,560	-	
8	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	3	Sales revenue	38,969	Calculated based on general transaction prices, telegraphic transfer within 90 days	-			
							Accounts receivable - related parties	188,748	1	
							Sales revenue	243,922	Calculated based on general transaction prices, telegraphic transfer within 90 days	2

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

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

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

**TABLE 10****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 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 trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars)**

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Acquisitions through business combinations	-	-	181,658	36,334	2,193	21,255	-	241,440
Additions	-	1,249	198,818	229,047	17,170	115,836	(112,112)	450,008
Disposals	-	-	(869)	(12,755)	(8,978)	(12,710)	-	(35,312)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effect of exchange rate changes	(139)	57	43,130	34,915	3,468	4,257	(428)	85,260
Balance at September 30, 2023	<u>\$ 1,185,161</u>	<u>\$ 26,241</u>	<u>\$ 3,788,359</u>	<u>\$ 3,590,388</u>	<u>\$ 281,334</u>	<u>\$ 1,330,954</u>	<u>\$ 21,556</u>	<u>\$ 10,223,993</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 10,378	\$ 954,552	\$ 2,087,363	\$ 196,460	\$ 727,440	\$ -	\$ 3,976,193
Acquisitions through business combinations	-	-	12,254	6,134	738	4,786	-	23,912
Depreciation expenses	-	2,015	81,512	168,390	17,306	85,743	-	354,966
Disposals	-	-	(733)	(12,191)	(8,392)	(12,125)	-	(33,441)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effect of exchange rate changes	-	10	16,903	22,754	2,333	3,006	-	45,006
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 12,403</u>	<u>\$ 1,064,488</u>	<u>\$ 2,272,450</u>	<u>\$ 208,445</u>	<u>\$ 808,587</u>	<u>\$ -</u>	<u>\$ 4,366,373</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 September 30, 2023	<u>\$ 1,185,161</u>	<u>\$ 13,838</u>	<u>\$ 2,723,871</u>	<u>\$ 1,317,938</u>	<u>\$ 72,889</u>	<u>\$ 522,367</u>	<u>\$ 21,556</u>	<u>\$ 5,857,620</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	-	-	11,675	134,167	8,266	54,771	425,647	634,526
Disposals	-	-	-	(42,594)	(3,342)	(13,891)	(21,419)	(81,246)
Effect of exchange rate changes	123	40	125,983	95,615	9,900	10,158	3,333	245,152
Balance at September 30, 2022	<u>\$ 1,184,729</u>	<u>\$ 22,547</u>	<u>\$ 2,575,818</u>	<u>\$ 3,176,292</u>	<u>\$ 262,609</u>	<u>\$ 1,075,283</u>	<u>\$ 1,024,284</u>	<u>\$ 9,321,562</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 8,148	\$ 853,757	\$ 1,910,496	\$ 173,425	\$ 645,535	\$ -	\$ 3,591,361
Depreciation expenses	-	1,635	52,963	153,128	15,604	68,041	-	291,371
Disposals	-	-	-	(30,063)	(3,106)	(13,805)	-	(46,974)
Effect of exchange rate changes	-	8	41,046	60,193	6,398	6,784	-	114,429
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 9,791</u>	<u>\$ 947,766</u>	<u>\$ 2,093,754</u>	<u>\$ 192,321</u>	<u>\$ 706,555</u>	<u>\$ -</u>	<u>\$ 3,950,187</u>
Carrying amount at September 30, 2022	<u>\$ 1,184,729</u>	<u>\$ 12,756</u>	<u>\$ 1,628,052</u>	<u>\$ 1,082,538</u>	<u>\$ 70,288</u>	<u>\$ 368,728</u>	<u>\$ 1,024,284</u>	<u>\$ 5,371,375</u>