

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Nan Pao Resins Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including 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\$5,213,681 thousand and NT\$3,115,194 thousand as of June 30, 2024 and 2023, respectively, representing 20% and 14% of the consolidated total assets, respectively. Total liabilities of these subsidiaries were NT\$890,516 thousand and NT\$526,518 thousand as of June 30, 2024 and 2023, respectively, representing 8% and 6% of the consolidated total liabilities, respectively. The amounts of comprehensive income of these subsidiaries were NT\$147,732 thousand, NT\$102,427 thousand, NT\$279,057 thousand and NT\$187,378 thousand for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, respectively, representing 14%, (11%), 14% and (21%) 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\$26,147 thousand and NT\$34,719 thousand as of June 30, 2024 and 2023, respectively, and share of loss for using the equity method were NT\$2,126 thousand, NT\$2,574 thousand, NT\$4,165 thousand and NT\$4,567 thousand for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, respectively.

### **Qualified Conclusion**

Based on our and others reviews (see Other Matter), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of (or “do not present fairly, in all material respects,”) the consolidated financial position of the Group as of June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of Matter**

As disclosed in Note 31 to the consolidated financial statements, the Group acquired Changshu Yu Bo Polymer Materials Co., Ltd. in April 2023. The report of acquired price allocation had not been completed in the end of June 2023. After the Group completed the acquired price allocation report, we reviewed and retrospectively restated the consolidated financial statements for the six months ended June 30, 2023 in according to the regulations. Our review result is not modified in respect of this matter.

### **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\$3,676,647 thousand and NT\$3,702,907 thousand as of June 30, 2024 and 2023, respectively, representing 14% and 16% of the consolidated total assets, respectively. The amounts of operating revenue were NT\$967,498 thousand, NT\$979,365 thousand, NT\$1,816,954 thousand and NT\$1,862,345 thousand for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, respectively, representing 17%, 19%, 17% and 19% of the consolidated operating revenue, respectively.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
August 8, 2024

Notice to Readers

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

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

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

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

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023 (Restated)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,091,223	23	\$ 4,574,565	19	\$ 3,882,155	17
Financial assets at amortized cost - current (Notes 9, 10 and 36)	517,428	2	627,336	3	382,110	2
Notes receivable (Note 11)	346,662	1	343,899	2	284,301	1
Accounts receivable (Notes 11 and 26)	4,589,060	17	4,056,979	17	3,936,231	17
Accounts receivable from related parties (Notes 11, 26 and 35)	419,055	2	349,908	2	344,341	2
Other receivables	114,720	1	88,994	-	83,489	-
Current tax assets	52,193	-	381	-	25,372	-
Inventories (Note 12)	2,851,565	11	2,662,968	11	2,471,547	11
Other current assets (Note 20)	871,439	3	726,547	3	807,867	3
Total current assets	15,853,345	60	13,431,577	57	12,217,413	53
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	129,585	1	121,929	1	118,339	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,863,963	7	1,682,112	7	2,100,339	9
Financial assets at amortized cost - non-current (Notes 9, 10 and 36)	31,806	-	37,907	-	37,486	-
Investments accounted for using the equity method (Note 14)	26,147	-	30,312	-	34,719	-
Property, plant and equipment (Notes 15 and 36)	5,798,794	22	5,808,353	25	5,752,333	25
Right-of-use assets (Notes 16 and 36)	1,449,645	6	1,324,936	6	1,332,698	6
Investment properties (Note 17)	17,760	-	17,760	-	17,760	-
Goodwill (Note 18)	363,437	1	352,208	1	349,735	2
Other intangible assets (Note 19)	439,712	2	456,917	2	494,137	2
Deferred tax assets	232,649	1	294,970	1	260,863	1
Net defined benefit assets - non-current	45,791	-	41,864	-	35,037	-
Other non-current assets (Note 20)	98,081	-	63,551	-	132,268	1
Total non-current assets	10,497,370	40	10,232,819	43	10,665,714	47
<b>TOTAL</b>	<b>\$ 26,350,715</b>	<b>100</b>	<b>\$ 23,664,396</b>	<b>100</b>	<b>\$ 22,883,127</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 21 and 36)	\$ 1,766,139	7	\$ 1,832,918	8	\$ 1,452,914	6
Contract liabilities - current (Note 26)	33,011	-	29,380	-	25,505	-
Notes payable (Note 22)	19,605	-	344	-	959	-
Accounts payable (Notes 22 and 35)	2,537,923	10	2,176,712	9	1,961,311	9
Dividends payable	1,833,137	7	1,997	-	1,215,557	5
Other payables (Note 35)	1,175,984	4	1,355,367	6	1,233,597	5
Current tax liabilities	447,417	2	566,780	2	443,039	2
Lease liabilities - current (Note 16)	112,692	-	102,212	-	88,001	-
Current portion of long-term borrowings (Notes 21 and 36)	108,231	-	145,577	1	149,734	1
Other current liabilities (Notes 23 and 35)	201,017	1	181,147	1	182,320	1
Total current liabilities	8,235,156	31	6,392,434	27	6,752,937	29
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 21 and 36)	1,475,829	6	894,993	4	754,105	3
Deferred tax liabilities	1,301,362	5	1,188,145	5	1,044,235	5
Lease liabilities - non-current (Note 16)	628,210	2	632,576	3	618,936	3
Other non-current liabilities (Notes 23 and 37)	8,766	-	9,569	-	9,433	-
Total non-current liabilities	3,414,167	13	2,725,283	12	2,426,709	11
Total liabilities	11,649,323	44	9,117,717	39	9,179,646	40
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>						
Share capital - ordinary shares	1,205,707	5	1,205,707	5	1,205,707	5
Capital surplus	2,122,421	8	2,124,891	9	2,122,774	9
Retained earnings						
Legal reserve	1,808,236	7	1,565,289	6	1,565,289	7
Special reserve	313,321	1	313,321	1	313,321	1
Unappropriated earnings	6,356,194	24	7,029,050	30	5,767,296	25
Total retained earnings	8,477,751	32	8,907,660	37	7,645,906	33
Other equity	1,455,436	6	938,955	4	1,433,720	7
Total equity attributable to owners of the Company	13,261,315	51	13,177,213	55	12,408,107	54
<b>NON-CONTROLLING INTERESTS</b>	<b>1,440,077</b>	<b>5</b>	<b>1,369,466</b>	<b>6</b>	<b>1,295,374</b>	<b>6</b>
Total equity	14,701,392	56	14,546,679	61	13,703,481	60
<b>TOTAL</b>	<b>\$ 26,350,715</b>	<b>100</b>	<b>\$ 23,664,396</b>	<b>100</b>	<b>\$ 22,883,127</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 8, 2024)

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

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023 (Restated)		2024		2023 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 5,783,181	100	\$ 5,083,350	100	\$ 10,773,091	100	\$ 9,612,427	100
OPERATING COSTS (Notes 12 and 27)	<u>3,969,303</u>	<u>69</u>	<u>3,557,822</u>	<u>70</u>	<u>7,304,845</u>	<u>68</u>	<u>6,799,728</u>	<u>71</u>
GROSS PROFIT	<u>1,813,878</u>	<u>31</u>	<u>1,525,528</u>	<u>30</u>	<u>3,468,246</u>	<u>32</u>	<u>2,812,699</u>	<u>29</u>
OPERATING EXPENSES (Notes 11, 27 and 35)								
Selling and marketing expenses	539,611	9	492,298	10	1,014,791	9	937,408	10
General and administrative expenses	281,730	5	233,238	5	561,807	5	457,628	5
Research and development expenses	135,552	2	120,705	2	265,483	3	236,637	2
Expected credit loss	<u>6,108</u>	<u>-</u>	<u>16,270</u>	<u>-</u>	<u>5,938</u>	<u>-</u>	<u>15,375</u>	<u>-</u>
Total operating expenses	<u>963,001</u>	<u>16</u>	<u>862,511</u>	<u>17</u>	<u>1,848,019</u>	<u>17</u>	<u>1,647,048</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>850,877</u>	<u>15</u>	<u>663,017</u>	<u>13</u>	<u>1,620,227</u>	<u>15</u>	<u>1,165,651</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14 and 27)								
Interest income	36,492	1	22,269	1	58,906	1	35,188	1
Other income	18,983	-	9,393	-	146,651	1	408,456	4
Other gains and losses	7,599	-	31,254	1	40,206	-	23,817	-
Finance costs	(28,041)	(1)	(26,805)	(1)	(53,404)	-	(51,584)	(1)
Share of loss of associates	<u>(2,126)</u>	<u>-</u>	<u>(2,574)</u>	<u>-</u>	<u>(4,165)</u>	<u>-</u>	<u>(4,567)</u>	<u>-</u>
Total non-operating income and expenses	<u>32,907</u>	<u>-</u>	<u>33,537</u>	<u>1</u>	<u>188,194</u>	<u>2</u>	<u>411,310</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	883,784	15	696,554	14	1,808,421	17	1,576,961	16
INCOME TAX EXPENSE (Notes 4 and 28)	<u>189,230</u>	<u>3</u>	<u>212,907</u>	<u>4</u>	<u>381,696</u>	<u>4</u>	<u>353,852</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>694,554</u>	<u>12</u>	<u>483,647</u>	<u>10</u>	<u>1,426,725</u>	<u>13</u>	<u>1,223,109</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 25 and 28)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>281,137</u>	<u>5</u>	<u>(1,452,787)</u>	<u>(29)</u>	<u>181,852</u>	<u>2</u>	<u>(2,110,856)</u>	<u>(22)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	104,922	1	3,402	-	446,959	4	(4,095)	-

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

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023 (Restated)		2024		2023 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax related to items that may be reclassified subsequently to profit or loss	\$ (21,390)	-	\$ (2,029)	-	\$ (83,658)	(1)	\$ 629	-
	<u>83,532</u>	<u>1</u>	<u>1,373</u>	-	<u>363,301</u>	<u>3</u>	<u>(3,466)</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>364,669</u>	<u>6</u>	<u>(1,451,414)</u>	<u>(29)</u>	<u>545,153</u>	<u>5</u>	<u>(2,114,322)</u>	<u>(22)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 1,059,223</u>	<u>18</u>	<u>\$ (967,767)</u>	<u>(19)</u>	<u>\$ 1,971,878</u>	<u>18</u>	<u>\$ (891,213)</u>	<u>(9)</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 672,366	12	\$ 456,658	9	\$ 1,378,653	13	\$ 1,167,719	12
Non-controlling interests	<u>22,188</u>	-	<u>26,989</u>	<u>1</u>	<u>48,072</u>	-	<u>55,390</u>	<u>1</u>
	<u>\$ 694,554</u>	<u>12</u>	<u>\$ 483,647</u>	<u>10</u>	<u>\$ 1,426,725</u>	<u>13</u>	<u>\$ 1,223,109</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 1,039,062	18	\$ (988,012)	(19)	\$ 1,895,134	17	\$ (945,652)	(10)
Non-controlling interests	<u>20,161</u>	-	<u>20,245</u>	-	<u>76,744</u>	<u>1</u>	<u>54,439</u>	<u>1</u>
	<u>\$ 1,059,223</u>	<u>18</u>	<u>\$ (967,767)</u>	<u>(19)</u>	<u>\$ 1,971,878</u>	<u>18</u>	<u>\$ (891,213)</u>	<u>(9)</u>
EARNINGS PER SHARE (Note 29)								
Basic	<u>\$ 5.58</u>		<u>\$ 3.79</u>		<u>\$ 11.43</u>		<u>\$ 9.68</u>	
Diluted	<u>\$ 5.57</u>		<u>\$ 3.79</u>		<u>\$ 11.42</u>		<u>\$ 9.66</u>	

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

(With Deloitte & Touche review report dated August 8, 2024)

(Concluded)

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Retained Earnings					Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2024	\$ 1,205,707	\$ 2,124,891	\$ 1,565,289	\$ 313,321	\$ 7,029,050	\$ (419,351)	\$ 1,358,306	\$ 938,955	\$ 13,177,213	\$ 1,369,466	\$ 14,546,679
Appropriation of 2023 earnings (Note 25)											
Legal reserve	-	-	242,947	-	(242,947)	-	-	-	-	-	-
Cash dividends distributed by the Company - \$15 per share	-	-	-	-	(1,808,562)	-	-	-	(1,808,562)	-	(1,808,562)
Net profit for the six months ended June 30, 2024	-	-	-	-	1,378,653	-	-	-	1,378,653	48,072	1,426,725
Other comprehensive income for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	334,629	181,852	516,481	516,481	28,672	545,153
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	1,378,653	334,629	181,852	516,481	1,895,134	76,744	1,971,878
Changes in ownership interests in subsidiaries (Note 32)	-	(3,879)	-	-	-	-	-	-	(3,879)	19,894	16,015
Issuance of employee share options by subsidiaries	-	1,409	-	-	-	-	-	-	1,409	1,437	2,846
Decrease in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	(27,464)	(27,464)
BALANCE AT JUNE 30, 2024	\$ 1,205,707	\$ 2,122,421	\$ 1,808,236	\$ 313,321	\$ 6,356,194	\$ (84,722)	\$ 1,540,158	\$ 1,455,436	\$ 13,261,315	\$ 1,440,077	\$ 14,701,392
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 the Company - \$10 per share	-	-	-	-	(1,205,708)	-	-	-	(1,205,708)	-	(1,205,708)
Net profit for the six months ended June 30, 2023	-	-	-	-	1,167,719	-	-	-	1,167,719	55,390	1,223,109
Other comprehensive loss for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	(2,515)	(2,110,856)	(2,113,371)	(2,113,371)	(951)	(2,114,322)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	1,167,719	(2,515)	(2,110,856)	(2,113,371)	(945,652)	54,439	(891,213)
Arising from the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	(192)	-	-	-	-	-	-	(192)	(125)	(317)
Changes in ownership interests in subsidiaries (Note 32)	-	6,044	-	-	-	-	-	-	6,044	58,156	64,200
Issuance of employee share options by subsidiaries	-	1,589	-	-	-	-	-	-	1,589	1,579	3,168
Increase in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	89,975	89,975
BALANCE AT JUNE 30, 2023	\$ 1,205,707	\$ 2,122,774	\$ 1,565,289	\$ 313,321	\$ 5,767,296	\$ (342,814)	\$ 1,776,534	\$ 1,433,720	\$ 12,408,107	\$ 1,295,374	\$ 13,703,481

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

(With Deloitte & Touche review report dated August 8, 2024)



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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,808,421	\$ 1,576,961
Adjustments for:		
Depreciation expenses	313,591	283,728
Amortization expenses	44,133	20,766
Expected credit loss recognized on accounts receivable	5,938	15,375
Net gain on fair value changes of financial assets at fair value through profit or loss	(7,656)	(13,803)
Finance costs	53,404	51,584
Interest income	(58,906)	(35,188)
Dividend income	(105,376)	(386,748)
Compensation cost of employee share options	2,846	3,168
Share of loss of associates	4,165	4,567
Loss on disposal of property, plant and equipment	1,347	448
Write-down of inventories	3,245	15,438
Gain on lease modification	(19)	(19)
Changes in operating assets and liabilities		
Notes receivable	(2,763)	32,543
Accounts receivable	(383,895)	393,784
Accounts receivable from related parties	(69,147)	(37,345)
Other receivables	(26,901)	15,721
Inventories	(111,474)	388,658
Other current assets	(144,892)	(94,883)
Other non-current assets	(292)	516
Contract liabilities	3,631	(9,479)
Notes payable	19,265	498
Accounts payable	307,979	(714,714)
Other payables	(31,025)	(136,447)
Other current liabilities	19,870	(22,909)
Net defined benefit liabilities	(3,936)	(13,719)
Other non-current liabilities	(567)	(34)
Cash generated from operations	1,640,986	1,338,467
Interest received	60,401	36,208
Interest paid	(53,856)	(50,829)
Income tax paid	(460,991)	(159,184)
Net cash generated from operating activities	<u>1,186,540</u>	<u>1,164,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(4,736)
Net decrease in financial assets at amortized cost	135,243	57,141
Purchase of financial assets at fair value through profit or loss	-	(35,000)
Net cash outflow on acquisition of subsidiaries	(145,400)	(256,004)

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Payments for property, plant and equipment	\$ (207,496)	\$ (293,715)
Proceeds from disposal of property, plant and equipment	1,436	1,258
Increase in refundable deposits	-	(349)
Decrease in refundable deposits	6,257	-
Payments for intangible assets	(8,571)	(1,135)
Payments for right-of-use assets	(104,034)	(135,725)
Dividends received	<u>105,376</u>	<u>386,748</u>
Net cash used in investing activities	<u>(217,189)</u>	<u>(281,517)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	3,237,220	2,795,955
Repayments of short-term borrowings	(3,322,794)	(3,376,999)
Proceeds from long-term borrowings	1,954,777	883,319
Repayments of long-term borrowings	(1,414,782)	(1,341,683)
Refund of guarantee deposits received	(273)	(285)
Repayment of the principal portion of lease liabilities	(41,514)	(32,194)
Dividends paid	(4,210)	(46,479)
Changes in non-controlling interests	<u>16,015</u>	<u>55,073</u>
Net cash generated from (used in) financing activities	<u>424,439</u>	<u>(1,063,293)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>122,868</u>	<u>65,957</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,516,658	(114,191)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>4,574,565</u>	<u>3,996,346</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 6,091,223</u>	<u>\$ 3,882,155</u>

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

(With Deloitte & Touche review report dated August 8, 2024)

(Concluded)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (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 August 8, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)
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Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- c. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB), 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)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

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

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

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

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

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

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

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

Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions.

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

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

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

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

d. Other material accounting policies

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

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

Current assets include:

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

Current liabilities include:

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

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

2) Retirement benefits

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

3) Income tax expense

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 6,065	\$ 6,803	\$ 5,968
Checking accounts and demand deposits	3,642,189	3,494,434	3,374,191
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>2,442,969</u>	<u>1,073,328</u>	<u>501,996</u>
	<u>\$ 6,091,223</u>	<u>\$ 4,574,565</u>	<u>\$ 3,882,155</u>

The market rate intervals of time deposits were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits	1.00%-6.45%	0.63%-6.45%	4.25%-6.45%

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Limited partnership	<u>\$ 129,585</u>	<u>\$ 121,929</u>	<u>\$ 118,339</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Emerging market shares	\$ 23,061	\$ 20,296	\$ 19,611
Unlisted shares	<u>1,840,902</u>	<u>1,661,816</u>	<u>2,080,728</u>
	<u>\$ 1,863,963</u>	<u>\$ 1,682,112</u>	<u>\$ 2,100,339</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 483,503	\$ 591,251	\$ 346,833
Pledged time deposits (a)	33,586	32,281	31,195
Refundable deposits	<u>339</u>	<u>3,804</u>	<u>4,082</u>
	<u>\$ 517,428</u>	<u>\$ 627,336</u>	<u>\$ 382,110</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 12 months (a)	\$ -	\$ 4,327	\$ 4,282
Pledged time deposits (a)	5,197	4,827	4,772
Refundable deposits	<u>26,609</u>	<u>28,753</u>	<u>28,432</u>
	<u>\$ 31,806</u>	<u>\$ 37,907</u>	<u>\$ 37,486</u>

- The ranges of interest rates for time deposits were approximately 0.63%-5.50%, 0.63%-8.60% and 0.20%-8.60% per annum as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

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

Investments in debt instruments were classified as at amortized cost.

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at amortized cost - current	\$ 517,428	\$ 627,336	\$ 382,110
Financial assets at amortized cost - non-current	<u>31,806</u>	<u>37,907</u>	<u>37,486</u>
	<u>\$ 549,234</u>	<u>\$ 665,243</u>	<u>\$ 419,596</u>

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. In determining the expected credit losses for debt instrument investments, the Group considers the historical default loss rates, the current financial condition of debtors, and the future prospects of the industries. Because counterparties have a low risk of default and a strong capacity to meet contractual cash flows, the Group did not make any provision for expected credit losses with respect to financial assets at amortized cost as of June 30, 2024, December 31, 2023 and June 30, 2023.



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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ 346,662	\$ 343,899	\$ 284,301
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 5,095,384	\$ 4,498,986	\$ 4,362,259
Less: Allowance for impairment loss	87,269	92,099	81,687
	<u>\$ 5,008,115</u>	<u>\$ 4,406,887</u>	<u>\$ 4,280,572</u>

## a. Notes receivable

As of June 30, 2024, December 31, 2023 and June 30, 2023, the notes receivable analyzed by the Group based on the past due days were not overdue, and the Group did not measure any loss allowance for notes receivable.

## b. Accounts receivable (including related parties)

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

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

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

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

### June 30, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.02%-0.73%	0.12%-9%	6%-21%	12%-47%	30%-100%	100%	
Gross carrying amount	\$ 4,318,844	\$ 616,437	\$ 56,395	\$ 37,334	\$ 21,826	\$ 44,548	\$ 5,095,384
Loss allowance (Lifetime ECLs)	<u>(3,293)</u>	<u>(7,531)</u>	<u>(6,826)</u>	<u>(10,867)</u>	<u>(14,204)</u>	<u>(44,548)</u>	<u>(87,269)</u>
Amortized cost	<u>\$ 4,315,551</u>	<u>\$ 608,906</u>	<u>\$ 49,569</u>	<u>\$ 26,467</u>	<u>\$ 7,622</u>	<u>\$ -</u>	<u>\$ 5,008,115</u>

### December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.02%-0.34%	0.12%-8%	2%-21%	6%-47%	23%-100%	100%	
Gross carrying amount	\$ 3,746,988	\$ 560,086	\$ 82,277	\$ 47,415	\$ 10,777	\$ 51,443	\$ 4,498,986
Loss allowance (Lifetime ECLs)	<u>(2,600)</u>	<u>(6,826)</u>	<u>(9,161)</u>	<u>(13,974)</u>	<u>(8,095)</u>	<u>(51,443)</u>	<u>(92,099)</u>
Amortized cost	<u>\$ 3,744,388</u>	<u>\$ 553,260</u>	<u>\$ 73,116</u>	<u>\$ 33,441</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ 4,406,887</u>

### June 30, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.01%-0.32%	0.2%-8%	3%-31%	8%-67%	37%-100%	100%	
Gross carrying amount	\$ 3,690,007	\$ 500,932	\$ 77,489	\$ 31,727	\$ 21,892	\$ 40,212	\$ 4,362,259
Loss allowance (Lifetime ECLs)	<u>(3,081)</u>	<u>(7,249)</u>	<u>(7,994)</u>	<u>(7,302)</u>	<u>(15,849)</u>	<u>(40,212)</u>	<u>(81,687)</u>
Amortized cost	<u>\$ 3,686,926</u>	<u>\$ 493,683</u>	<u>\$ 69,495</u>	<u>\$ 24,425</u>	<u>\$ 6,043</u>	<u>\$ -</u>	<u>\$ 4,280,572</u>

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

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 92,099	\$ 65,521
Net remeasurement of loss allowance	5,938	15,375
Amounts written off	(13,173)	(572)
Acquisitions through business combinations	-	1,510
Foreign exchange gains and losses	<u>2,405</u>	<u>(147)</u>
Balance at June 30	<u>\$ 87,269</u>	<u>\$ 81,687</u>

## 12. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Goods	\$ 183,936	\$ 162,098	\$ 123,681
Finished goods and semi-finished goods	1,064,292	981,713	940,813
Work in progress	137,127	125,934	147,495
Raw materials and supplies	1,214,813	1,146,493	1,040,666
Inventory in transit	<u>251,397</u>	<u>246,730</u>	<u>218,892</u>
	<u>\$ 2,851,565</u>	<u>\$ 2,662,968</u>	<u>\$ 2,471,547</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 was \$3,968,092 thousand, \$3,557,224 thousand, \$7,303,498 thousand and \$6,799,341 thousand, respectively. The cost of goods sold included inventory write-downs of \$4,461 thousand, \$15,981 thousand, \$3,245 thousand and \$15,438 thousand, respectively.

### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	Trading of chemical substances	100	100	100	f
	Nan Pao Application Material Co., Ltd.	Trading of chemical substances	100	100	100	f
	ITLS International Development Co., Ltd.	Trading of construction materials and chemical substances	100	100	100	
	Prince Pharmaceutical Co., Ltd.	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	49.53	49.53	50.1	c
	Phymed Bio-Tec Co., Ltd.	R&D and trading of health food	100	100	100	f
	Biorich Biotechnology Co., Ltd.	R&D, production, trading of new high protein business and health food	57.1	57.1	57.1	f
	Nan Pao Advanced Materials Co., Ltd.	Trading of adhesives and chemicals	70	70	70	f
	Nan Pao Fine Materials Co., Ltd.	Production and trading of adhesives and chemicals	55	55	55	f
	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	f
	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	f
	Nan Pao Overseas Holdings Ltd.	General investment	100	100	100	
	Profit Land Limited	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, f
	Nan Pao Philippines Export Inc.	Trading of adhesives	100	100	100	f
	Earnest Wealth Co., Ltd.	General investment	51.11	51.11	51.11	f
	FlexUP Technologies Corp.	Trading of chemical substances	100	100	100	f
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	Trading of adhesives	100	100	100	f
	Nan Pao Resins International Ltd.	Trading of chemical substances and related products	100	100	100	
	Nan Pao Resins (HK) Ltd.	Production and trading of adhesives	100	100	100	
	Nan Pao Materials Resins India Private Limited	Trading of adhesives	100	100	100	f
	ITLS International Development Co., Ltd.	General investment	100	100	100	
	ITLS Holding Pte. Ltd.					
	PT. ITLS Indonesia	Production and trading of construction materials	100	100	100	f
	ITLS Vietnam Co., Ltd.	Production and trading of construction materials	100	100	100	f
	Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	100	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Wealth Castle Development Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	100	100	100	f
Thai Nan Pao Investment Ltd.	Thai Nanpao Resins Chemical Co., Ltd.	Production and trading of adhesives	100	100	100	f
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	f
Nan Pao Group Holdings Ltd.	Greatwill Materials (HK) Ltd.	General investment	100	100	100	
	Profit Land Limited	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	f
	Nan Pao Advanced Investment Co., Ltd.	General investment	100	100	100	
Greatwill Materials (HK) Ltd.	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	59.58	59.58	59.58	
Profit Land Limited	Giant Profit Development Ltd.	General investment	100	100	100	
Giant Profit Development Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	100	100	100	
Nan Pao Resins (Foshan) Co., Ltd.	Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	51	51	51	
	Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	0.89	0.89	0.89	
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	General investment	100	100	100	
	Nan Pao Resins Development Ltd.	General investment	100	100	100	
Eastlion Enterprises Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesives products	100	100	100	f
Nan Pao Resins Development Ltd.	Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	100	100	100	f
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	f
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	f
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	General investment	100	100	100	
Rising Sun Associates Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Production and trading of adhesives	100	100	100	
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Production and trading of adhesives	18.5	18.5	18.5	b, f
Treasure Wealth (HK) Ltd.	Noroo-Nan Pao Paints & Coatings (Vietnam) Co., Ltd.	Production and trading of coatings	50	50	50	f
Nan Pao Advanced Investment Co., Ltd.	Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	100	100	100	
	Nanpao New Materials Technology (Huaian) Co., Ltd.	Production and trading of carbon fiber	93.51	90.91	90.91	d
	Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemicals	100	100	100	
	Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	90.78	100	100	e
	Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemicals	70	70	70	

(Concluded)

- a. Direct and indirect shareholdings totaled 100%.
- b. Direct and indirect shareholdings totaled 67.5%.
- c. In October 2023, Prince Pharmaceutical Co., Ltd. exercised employee share options, resulting in a decrease in shareholding from 50.1% to 49.53%.
- d. In March and April 2024, Nanpao New Materials Technology (Huaian) Co., Ltd. processed a cash capital increase, which was subscribed by the Group, resulting in an increase in shareholding from 90.91% to 93.51% (refer to Note 32).
- e. In March and May 2024, Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. processed a cash capital increase, which was not subscribed by the Group, resulting in a decrease in shareholding from 100% to 90.78% (refer to Note 32).
- f. Such companies are immaterial subsidiaries, and their financial statements have not been reviewed by the accountants.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in associates			
Associates that are not individually material	\$ <u>26,147</u>	\$ <u>30,312</u>	\$ <u>34,719</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
The Group's share of:				
Total net loss and comprehensive income (loss) for the period	\$ <u>(2,126)</u>	\$ <u>(2,574)</u>	\$ <u>(4,165)</u>	\$ <u>(4,567)</u>

#### 15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

Impairment assessment was not performed for the six months ended June 30, 2024 and 2023 as there were no indications of impairment.

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<u>Carrying amount</u>			
Land (Note)	\$ 975,723	\$ 851,891	\$ 873,270
Buildings	430,353	426,454	413,814
Transportation equipment	40,859	43,492	42,348
Miscellaneous equipment	<u>2,710</u>	<u>3,099</u>	<u>3,266</u>
	<u>\$ 1,449,645</u>	<u>\$ 1,324,936</u>	<u>\$ 1,332,698</u>
	<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>
			<b>2023</b>
Additions to right-of-use assets			<u>\$ 137,954</u>
Depreciation charge for right-of-use assets			<u>\$ 152,007</u>
Land (Note)	\$ 5,649	\$ 4,481	\$ 11,185
Buildings	17,551	15,834	33,052
Transportation equipment	4,672	4,993	9,014
Miscellaneous equipment	<u>226</u>	<u>423</u>	<u>446</u>
	<u>\$ 28,098</u>	<u>\$ 25,731</u>	<u>\$ 53,697</u>
			<u>\$ 51,115</u>

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

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of the right-of-use assets during the six months ended June 30, 2024 and 2023.

### b. Lease liabilities

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<u>Carrying amount</u>			
Current	<u>\$ 112,692</u>	<u>\$ 102,212</u>	<u>\$ 88,001</u>
Non-current	<u>\$ 628,210</u>	<u>\$ 632,576</u>	<u>\$ 618,936</u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Land	1.56%	1.56%	1.56%
Buildings	0.77%-5.53%	0.77%-5.53%	0.77%-5.53%
Transportation equipment	1.3%-5.37%	1.3%-5.37%	1.3%-5.37%
Miscellaneous equipment	5.37%-11.2%	5.37%-11.2%	5.37%-11.2%

c. Material leasing activities and terms

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

d. Other lease information

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 11,012</u>	<u>\$ 9,727</u>	<u>\$ 21,834</u>	<u>\$ 19,261</u>
Expenses relating to low-value asset leases	<u>\$ 614</u>	<u>\$ 725</u>	<u>\$ 1,188</u>	<u>\$ 1,272</u>
Total cash outflow for leases			<u>\$ 73,930</u>	<u>\$ 61,904</u>

## 17. INVESTMENT PROPERTIES

### Land

Balance at June 30, 2024, December 31, 2023 and June 30, 2023 \$ 17,760

The fair values of the investment properties were both \$78,764 thousand as of December 31, 2023 and 2022. For investment properties not valued by any independent valuer, the Group's management determined their fair values with reference to the closing prices of similar properties in the vicinity of the Group's investment properties. Furthermore, management of the Group had assessed and determined that there were no significant changes in the fair value as of June 30, 2024 and 2023, as compared to that as of December 31, 2023 and 2022.

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

## 18. GOODWILL

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Cost</u>			
Balance at January 1	\$ 357,407	\$ 249,679	\$ 249,679
Acquisitions through business combinations (Note 31)	-	108,642	108,642
Effects of foreign currency exchange differences	<u>11,405</u>	<u>(914)</u>	<u>(5,439)</u>
Balance at June 30	<u>\$ 368,812</u>	<u>\$ 357,407</u>	<u>\$ 352,882</u>
<u>Accumulated impairment losses</u>			
Balance at January 1	\$ 5,199	\$ 3,104	\$ 3,104
Impairment losses recognized	-	2,096	-
Effects of foreign currency exchange differences	<u>176</u>	<u>(1)</u>	<u>43</u>
Balance at June 30	<u>\$ 5,375</u>	<u>\$ 5,199</u>	<u>\$ 3,147</u>
Carrying amount at June 30	<u>\$ 363,437</u>	<u>\$ 352,208</u>	<u>\$ 349,735</u>

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

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

## 19. OTHER INTANGIBLE ASSETS

	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 240,092	\$ 97,977	\$ 149,082	\$ 189,464	\$ 676,615
Additions	-	-	-	8,571	8,571
Disposals	-	-	-	(173)	(173)
Effects of foreign currency exchange differences	9,050	4,927	6,923	3,871	24,771
Balance at June 30, 2024	<u>\$ 249,142</u>	<u>\$ 102,904</u>	<u>\$ 156,005</u>	<u>\$ 201,733</u>	<u>\$ 709,784</u>

(Continued)



	Client relationships	Non-patented technology	Trademark	Others	Total
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2024	\$ 83,360	\$ 6,532	\$ 22,722	\$ 107,084	\$ 219,698
Amortization expenses	10,763	5,073	14,754	13,543	44,133
Disposals	-	-	-	(173)	(173)
Effects of foreign currency exchange differences	2,512	400	1,223	2,279	6,414
Balance at June 30, 2024	<u>\$ 96,635</u>	<u>\$ 12,005</u>	<u>\$ 38,699</u>	<u>\$ 122,733</u>	<u>\$ 270,072</u>
Carrying amount at January 1, 2024	<u>\$ 156,732</u>	<u>\$ 91,445</u>	<u>\$ 126,360</u>	<u>\$ 82,380</u>	<u>\$ 456,917</u>
Carrying amount at June 30, 2024	<u>\$ 152,507</u>	<u>\$ 90,899</u>	<u>\$ 117,306</u>	<u>\$ 79,000</u>	<u>\$ 439,712</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 122,158	\$ -	\$ 23,195	\$ 129,136	\$ 274,489
Additions	-	-	-	2,507	2,507
Acquisitions through business combinations	119,870	100,336	128,748	53,705	402,659
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	1,280	1,280
Effects of foreign currency exchange differences	(4,745)	(2,939)	(4,006)	(2,001)	(13,691)
Balance at June 30, 2023	<u>\$ 237,283</u>	<u>\$ 97,397</u>	<u>\$ 147,937</u>	<u>\$ 183,690</u>	<u>\$ 666,307</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 65,922	\$ -	\$ 3,626	\$ 82,908	\$ 152,456
Amortization expenses	6,122	1,662	3,576	9,406	20,766
Disposals	-	-	-	(937)	(937)
Transfers from property, plant and equipment	-	-	-	263	263
Effects of foreign currency exchange differences	(704)	(38)	(95)	459	(378)
Balance at June 30, 2023	<u>\$ 71,340</u>	<u>\$ 1,624</u>	<u>\$ 7,107</u>	<u>\$ 92,099</u>	<u>\$ 172,170</u>
Carrying amount at June 30, 2023	<u>\$ 165,943</u>	<u>\$ 95,773</u>	<u>\$ 140,830</u>	<u>\$ 91,591</u>	<u>\$ 494,137</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Input tax	\$ 283,343	\$ 254,349	\$ 261,651
Prepayments	115,732	106,313	102,694
Prepaid expenses	113,551	80,279	98,886
Overpaid tax retained for offsetting the future tax payable	305,715	261,288	280,296
Others	<u>53,098</u>	<u>24,318</u>	<u>64,340</u>
	<u>\$ 871,439</u>	<u>\$ 726,547</u>	<u>\$ 807,867</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 70,565	\$ 36,327	\$ 125,843
Others	<u>27,516</u>	<u>27,224</u>	<u>6,425</u>
	<u>\$ 98,081</u>	<u>\$ 63,551</u>	<u>\$ 132,268</u>

## 21. BORROWINGS

### a. Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank loans (Note 36)	\$ 68,612	\$ 71,185	\$ 149,105
Unsecured bank loans	<u>1,697,527</u>	<u>1,761,733</u>	<u>1,303,809</u>
	<u>\$ 1,766,139</u>	<u>\$ 1,832,918</u>	<u>\$ 1,452,914</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank loans	2.02%-3.45%	2.02%-3.85%	2.02%-4.32%
Unsecured bank loans	1.6%-6.59%	1.6%-6.78%	1.65%-6.35%

b. Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank loans (1)	\$ 283,543	\$ 299,492	\$ 346,863
Unsecured bank loans (2)	<u>1,300,517</u>	<u>741,078</u>	<u>556,976</u>
	1,584,060	1,040,570	903,839
Less: Current portion	<u>108,231</u>	<u>145,577</u>	<u>149,734</u>
	<u>\$ 1,475,829</u>	<u>\$ 894,993</u>	<u>\$ 754,105</u>

1) As of June 30, 2024, December 31, 2023 and June 30, 2023, the range of weighted average effective interest rates of the bank loans secured by the Group's freehold land, buildings and deposit certificates (see Note 36) was 2.328%-2.433%, 2.203%-2.308% and 2.203%-2.308% per annum, respectively. Long-term borrowings mentioned above will expire before June 2035, and payments of interest and principal are made on schedule.

2) As of June 30, 2024, December 31, 2023 and June 30, 2023, the range of weighted average effective interest rates of unsecured bank loans was 1.275%-4.1%, 1.15%-4.5% and 1.15%-4.5% per annum, respectively. Long-term borrowings mentioned above will expire before March 2025, and payments of interest and principal are made on schedule.

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes payable</u>			
Operating	<u>\$ 19,605</u>	<u>\$ 344</u>	<u>\$ 959</u>
<u>Accounts payable</u>			
Operating	<u>\$ 2,537,923</u>	<u>\$ 2,176,712</u>	<u>\$ 1,961,311</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other liabilities			
Refund liabilities	\$ 157,060	\$ 153,080	\$ 143,648
Others	<u>43,957</u>	<u>28,067</u>	<u>38,672</u>
	<u>\$ 201,017</u>	<u>\$ 181,147</u>	<u>\$ 182,320</u>

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 1,856	\$ 2,092	\$ 2,396
Others	<u>6,910</u>	<u>7,477</u>	<u>7,037</u>
	<u>\$ 8,766</u>	<u>\$ 9,569</u>	<u>\$ 9,433</u>
			(Concluded)

## 24. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the pension expenses of defined benefit plans were \$563 thousand, \$539 thousand, \$1,131 thousand and \$1,067 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

## 25. EQUITY

### a. Share capital

#### Ordinary shares

	June 30, 2024	December 31, 2023	June 30, 2023
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,570</u>	<u>120,570</u>	<u>120,570</u>
Shares issued	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>	<u>\$ 1,205,707</u>

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

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,040,204	\$ 2,040,204	\$ 2,040,204
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,659	10,659	10,662
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>27,340</u>	<u>29,810</u>	<u>27,690</u>
	<u>\$ 2,122,421</u>	<u>\$ 2,124,891</u>	<u>\$ 2,122,774</u>

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

c. Retained earnings and dividends policy

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

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

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

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

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

The appropriations of earnings for 2023 and 2022, which were resolved in the shareholders' meetings in June 2024 and 2023, respectively, were as follows:

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

d. Special reserve

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

e. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (419,351)	\$ (340,299)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>334,629</u>	<u>(2,515)</u>
Balance at June 30	<u>\$ (84,722)</u>	<u>\$ (342,814)</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,358,306	\$ 3,887,390
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>181,852</u>	<u>(2,110,856)</u>
Balance at June 30	<u>\$ 1,540,158</u>	<u>\$ 1,776,534</u>

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,369,466	\$ 1,091,350
Share in profit for the period	48,072	55,390
Other comprehensive income (loss) during the period		
Exchange differences on the translation of the financial statements of foreign operations	28,672	(951)
Changes in ownership interests in subsidiaries (Note 32)	19,894	58,031
Issuance of employee share options by subsidiaries (Note 30)	1,437	1,579
Repatriation of share capital from liquidation of subsidiaries	-	(8,810)
Dividend payout from subsidiaries	(27,464)	(52,296)
Non-controlling interests arising from acquisition of subsidiaries (Note 31)	-	151,081
Balance at June 30	<u>\$ 1,440,077</u>	<u>\$ 1,295,374</u>

## 26. REVENUE

a. Disaggregation of revenue

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Adhesives	\$ 4,270,752	\$ 3,526,470	\$ 7,876,959	\$ 6,667,458
Construction materials	891,102	905,337	1,711,416	1,739,325
Coatings	391,680	375,850	742,972	701,045
Others	<u>229,647</u>	<u>275,693</u>	<u>441,744</u>	<u>504,599</u>
	<u>\$ 5,783,181</u>	<u>\$ 5,083,350</u>	<u>\$ 10,773,091</u>	<u>\$ 9,612,427</u>

b. Contract balances

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	<b>January 1, 2023</b>
Notes receivable (Note 11)	<u>\$ 346,662</u>	<u>\$ 343,899</u>	<u>\$ 284,301</u>	<u>\$ 310,864</u>
Accounts receivable (including related parties) (Note 11)	<u>\$ 5,008,115</u>	<u>\$ 4,406,887</u>	<u>\$ 4,280,572</u>	<u>\$ 4,568,115</u>
Contract liabilities - current				
Sale of goods	<u>\$ 33,011</u>	<u>\$ 29,380</u>	<u>\$ 25,505</u>	<u>\$ 34,241</u>

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

## 27. NET PROFIT

### a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	\$ 36,492	\$ 22,269	\$ 58,906	\$ 35,188

### b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Dividend income	\$ 1,126	\$ 1,024	\$ 105,376	\$ 386,748
Grant income	2,915	188	13,670	6,837
Rental income	419	352	768	831
Others	<u>14,523</u>	<u>7,829</u>	<u>26,837</u>	<u>14,040</u>
	<u>\$ 18,983</u>	<u>\$ 9,393</u>	<u>\$ 146,651</u>	<u>\$ 408,456</u>

### c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Net foreign exchange gains	\$ 5,923	\$ 36,812	\$ 35,489	\$ 16,236
Fair value changes of financial assets - financial assets mandatorily classified as at FVTPL	2,390	(2,422)	7,656	13,803
Loss on disposal of property, plant and equipment	-	(61)	-	(61)
Others	<u>(714)</u>	<u>(3,075)</u>	<u>(2,939)</u>	<u>(6,161)</u>
	<u>\$ 7,599</u>	<u>\$ 31,254</u>	<u>\$ 40,206</u>	<u>\$ 23,817</u>

### d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 23,271	\$ 22,211	\$ 44,010	\$ 42,407
Interest on lease liabilities	<u>4,770</u>	<u>4,594</u>	<u>9,394</u>	<u>9,177</u>
	<u>\$ 28,041</u>	<u>\$ 26,805</u>	<u>\$ 53,404</u>	<u>\$ 51,584</u>



e. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function				
Operating costs	\$ 110,000	\$ 95,297	\$ 216,333	\$ 192,708
Operating expenses	<u>49,826</u>	<u>46,535</u>	<u>97,258</u>	<u>91,020</u>
	<u>\$ 159,826</u>	<u>\$ 141,832</u>	<u>\$ 313,591</u>	<u>\$ 283,728</u>
An analysis of amortization by function				
Operating costs	\$ 404	\$ 313	\$ 801	\$ 604
Operating expenses	<u>22,124</u>	<u>13,509</u>	<u>43,332</u>	<u>20,162</u>
	<u>\$ 22,528</u>	<u>\$ 13,822</u>	<u>\$ 44,133</u>	<u>\$ 20,766</u>

f. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits				
Salaries	\$ 599,602	\$ 548,013	\$ 1,144,648	\$ 1,066,256
Labor and health insurance	43,913	38,415	89,643	80,572
Others	<u>55,972</u>	<u>37,507</u>	<u>107,732</u>	<u>77,012</u>
	<u>699,487</u>	<u>623,935</u>	<u>1,342,023</u>	<u>1,223,840</u>
Post-employment benefits				
Defined contribution plans	33,646	28,318	65,792	56,483
Defined benefit plans (Note 24)	<u>563</u>	<u>539</u>	<u>1,131</u>	<u>1,067</u>
	<u>34,209</u>	<u>28,857</u>	<u>66,923</u>	<u>57,550</u>
	<u>\$ 733,696</u>	<u>\$ 652,792</u>	<u>\$ 1,408,946</u>	<u>\$ 1,281,390</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 272,056	\$ 243,760	\$ 522,388	\$ 468,412
Operating expenses	<u>461,640</u>	<u>409,032</u>	<u>886,558</u>	<u>812,978</u>
	<u>\$ 733,696</u>	<u>\$ 652,792</u>	<u>\$ 1,408,946</u>	<u>\$ 1,281,390</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. The compensation of employees and the remuneration of directors for the three months and six months ended June 30, 2024 and 2023 are as follows:

Accrual rate

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	2.07%	2.01%
Remuneration of directors	0.87%	0.78%

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	\$ 16,899	\$ 12,164	\$ 33,798	\$ 28,406
Remuneration of directors	7,150	5,500	14,300	11,000

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 79,703	\$ 82,303	\$ 146,869	\$ 135,936
Foreign exchange losses	<u>(73,780)</u>	<u>(45,491)</u>	<u>(111,380)</u>	<u>(119,700)</u>
	<u>\$ 5,923</u>	<u>\$ 36,812</u>	<u>\$ 35,489</u>	<u>\$ 16,236</u>

## 28. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 207,553	\$ 102,683	\$ 377,245	\$ 181,123
Income tax on unappropriated earnings	6,504	10,282	6,504	10,282
Adjustments for prior year	<u>(61,756)</u>	<u>(2,545)</u>	<u>(93,933)</u>	<u>(1,523)</u>
	152,301	110,420	289,816	189,882
Deferred tax				
In respect of the current period	<u>36,929</u>	<u>102,487</u>	<u>91,880</u>	<u>163,970</u>
	<u>\$ 189,230</u>	<u>\$ 212,907</u>	<u>\$ 381,696</u>	<u>\$ 353,852</u>

### b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ (21,390)</u>	<u>\$ (2,029)</u>	<u>\$ (83,658)</u>	<u>\$ 629</u>

### c. Income tax assessments

The income tax returns of the Company and its domestic subsidiaries through 2022 have been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

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

### Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 672,366</u>	<u>\$ 456,658</u>	<u>\$ 1,378,653</u>	<u>\$ 1,167,719</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
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	<u>49</u>	<u>74</u>	<u>190</u>	<u>350</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,620</u>	<u>120,645</u>	<u>120,761</u>	<u>120,921</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 granted are exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	For the Six Months Ended June 30			
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,588	\$ 24.85	2,000	\$ 25
Options forfeited	<u>(340)</u>	-	<u>-</u>	-
Balance at June 30	<u>1,248</u>	24.60	<u>2,000</u>	24.85
Options exercisable, end of the period	<u>128</u>	-	<u>-</u>	-

Options granted in September 2022 by Prince Pharmaceutical Co., Ltd. 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 (in years)	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 life. Expected life of the options shall be in accordance with the regulations of each issuance by Prince Pharmaceutical Co., Ltd. The risk-free interest rate is based on the government yield rates of the bonds provided by the TPEX. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

In June 2023, Prince Pharmaceutical Co., Ltd. adjusted the exercise price of employee share options granted in September 2022 from NT\$25 to NT\$24.85 in accordance with the Regulations Governing Employee Share Options, and the amendment did not generate incremental fair value. In June 2024, Prince Pharmaceutical Co., Ltd. adjusted the exercise price of employee share options granted in September 2022 from NT\$24.85 to NT\$24.60 in accordance with the Regulations Governing Employee Share Options, and the amendment did not generate incremental fair value.

Compensation costs recognized were \$2,846 thousand and \$3,168 thousand for the six months ended June 30, 2024 and 2023, respectively.

### 31. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

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

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

The Group received a valuation report in the third quarter of 2023, and the comparative figures have been restated as if the initial accounting was completed at the acquisition date.

Increased (decreased) adjustments on related items of consolidated balance sheets are set out below:

	<b>June 30, 2023</b>		
	<b>As Originally Stated</b>	<b>Adjustments</b>	<b>Restated</b>
Goodwill	<u>\$ 404,418</u>	<u>\$ (54,683)</u>	<u>\$ 349,735</u>
Other intangible assets	<u>\$ 389,980</u>	<u>\$ 104,157</u>	<u>\$ 494,137</u>
Deferred tax liabilities	<u>\$ 1,018,196</u>	<u>\$ 26,039</u>	<u>\$ 1,044,235</u>
Non-controlling interests	<u>\$ 1,271,939</u>	<u>\$ 23,435</u>	<u>\$ 1,295,374</u>

Increased (decreased) adjustments on related items of consolidated statements of comprehensive income are set out below:

	<b>For the Six Months Ended June 30, 2023</b>		
	<b>As Originally Stated</b>	<b>Adjustments</b>	<b>Restated</b>
Exchange differences on translation of the financial statements of foreign operations	\$ (3,387)	\$ (708)	\$ (4,095)

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

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

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 51,439
Accounts receivable and other receivables	88,310
Inventories	44,673
Other current assets	7,313
Non-current assets	
Property, plant and equipment	217,528
Right-of-use assets	75,857
Other intangible assets	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	(113,142)
	<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 acquisition	<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 Changshu Yu Bo Polymer Materials Co., Ltd. concluded the acquisition at the beginning of 2023, the Group's consolidated revenue and profit for the six months ended June 30, 2023 would have been as follows:

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

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

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

June 30, 2024

	<b>Nanpao New Materials Technology (Huaian) Co., Ltd. (a)</b>	<b>Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. (b)</b>
Consideration received	\$ -	\$ 16,015
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(4,343)</u>	<u>(15,551)</u>
Differences recognized from equity transactions	<u>\$ (4,343)</u>	<u>\$ 464</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ (4,343)</u>	<u>\$ 464</u>

June 30, 2023

	<b>Nanpao New Materials Technology (Huaian) Co., Ltd. (a)</b>	<b>Prince Pharmaceutical Co., Ltd. (c)</b>	<b>FlexUP Technologies Corp. (d)</b>
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	<u>(10,539)</u>	<u>(47,617)</u>	<u>125</u>
Differences recognized from equity transactions	<u>\$ 4,578</u>	<u>\$ 1,466</u>	<u>\$ (192)</u>

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	\$ -	\$ -	\$ (192)
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>4,578</u>	<u>1,466</u>	<u>-</u>
	<u>\$ 4,578</u>	<u>\$ 1,466</u>	<u>\$ (192)</u>

- a. In March and April 2024, the issuance of ordinary shares in the amount of RMB 31,331 thousand for cash of Nanpao New Materials Technology (Huaian) Co., Ltd., which was subscribed by the Group, resulting in an increase in shareholding from 90.91% to 93.51%. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of RMB 3,380 thousand for cash of Nanpao New Materials Technology (Huaian) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 95.24% to 90.91%.
- b. In March and May 2024, the Group did not subscribe the issuance of ordinary shares in the amount of RMB 3,550 thousand for cash of Nan Pao Fine Chemical Materials (Anhui) Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 100% to 90.78%.
- c. In February 2023, the Group did not subscribe the issuance of ordinary shares in the amount of \$90,000 thousand for cash of Prince Pharmaceutical Co., Ltd. in accordance with the shareholding ratio, decreasing its shareholding ratio from 50.51% to 50.10%.
- d. The Group acquired FlexUP Technologies Corp. 3.13% interests in June 2023, and the shareholding ratio was increased from 96.87% to 100% after acquisition.

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

### 33. CAPITAL MANAGEMENT

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



### 34. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Limited partnership	\$ -	\$ -	\$ 129,585	\$ 129,585
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Emerging market shares	\$ 23,061	\$ -	\$ -	\$ 23,061
Unlisted shares	-	-	1,840,902	1,840,902
	<u>\$ 23,061</u>	<u>\$ -</u>	<u>\$ 1,840,902</u>	<u>\$ 1,863,963</u>

December 31, 2023

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

June 30, 2023

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

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

Financial assets at FVTPL

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 121,929	\$ 69,536
Recognized in profit or loss	7,656	13,803
Purchases	<u>-</u>	<u>35,000</u>
Balance at June 30	<u>\$ 129,585</u>	<u>\$ 118,339</u>

Financial assets at FVTOCI

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,661,816	\$ 4,192,508
Recognized in other comprehensive income (loss) (included in unrealized valuation gain or loss on financial assets at FVTOCI)	<u>179,086</u>	<u>(2,111,780)</u>
Balance at June 30	<u>\$ 1,840,902</u>	<u>\$ 2,080,728</u>

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

- a) The market approach is used to estimate the fair values of some of the unlisted shares, and the determination of fair value takes into consideration the industry type, valuation of comparable companies and the operating situation, or based on the net value of company.
- b) The asset approach is used to estimate the fair values of some of the unlisted shares, and the fair values are determined by assessing the total value of individual assets and liabilities covered by the valuation target, in order to reflect the overall value of the business or equity.
- c) Limited partnerships are valued on the basis of their net worth.

c. Categories of financial instruments

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 12,109,954	\$ 10,079,588	\$ 8,950,113
Financial assets at FVTPL - Mandatorily classified as at FVTPL	129,585	121,929	118,339
Financial assets at FVTOCI	1,863,963	1,682,112	2,100,339
<u>Financial liabilities</u>			
Amortized cost (2)	7,085,567	6,408,003	5,555,016

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

d. Financial risk management objectives and policies

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

Major financing activities of the Group are reviewed by the board of directors based on relevant regulations and the internal control system. When executing the financial plans, the Group's treasury department follows the procedures in accordance with the proper segregation of duties and the related financial risk management. And compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other 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 period are set out in Note 39.

Sensitivity analysis

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

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

	<b>USD Impact</b>				
	<b>For the Six Months Ended</b>				
	<b>June 30</b>				
	<b>2024</b>		<b>2023</b>		
Profit or loss	\$	12,313	\$	10,451	(i)

	<b>VND Impact</b>		
	<b>For the Six Months Ended</b>		
	<b>June 30</b>		
	<b>2024</b>	<b>2023</b>	
Profit or loss	\$ 6,522	\$ 6,730	(ii)

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

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 2,992,203	\$ 1,738,571	\$ 921,592
Financial liabilities	1,762,620	2,035,444	1,642,710
Cash flow interest rate risk			
Financial assets	3,491,316	3,253,873	2,883,394
Financial liabilities	2,328,481	1,572,832	1,420,980

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2024 and 2023 would have decreased/increased by NT\$2,911 thousand and NT\$1,776 thousand, respectively, which was mainly a result of variable-rate borrowings.

c) Other price risk

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

2) Credit risk

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

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

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

	<b>June 30, 2024</b>		<b>December 31, 2023</b>		<b>June 30, 2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Group A	<u>\$ 410,201</u>	8	<u>\$ 340,684</u>	8	<u>\$ 344,188</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 table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

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

June 30, 2024

	<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	\$ 5,723,709	\$ 1,856	\$ -
Lease liabilities	131,136	307,056	427,392
Fixed interest rate liabilities	1,010,794	29,223	-
Floating interest rate liabilities	<u>890,935</u>	<u>1,344,804</u>	<u>190,743</u>
	<u>\$ 7,756,574</u>	<u>\$ 1,682,939</u>	<u>\$ 618,135</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>\$ 131,136</u>	<u>\$ 307,056</u>	<u>\$ 264,044</u>	<u>\$ 67,395</u>	<u>\$ 95,953</u>

December 31, 2023

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

Additional information about the maturity analysis for lease liabilities:

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

June 30, 2023

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

Additional information about the maturity analysis for lease liabilities:

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

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

b) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loan facilities, reviewed annually and payable on demand			
Amount used	\$ 3,104,059	\$ 2,613,186	\$ 2,025,275
Amount unused	<u>9,076,908</u>	<u>8,401,212</u>	<u>8,991,534</u>
	<u>\$ 12,180,967</u>	<u>\$ 11,014,398</u>	<u>\$ 11,016,809</u>
Secured bank loan facilities:			
Amount used	\$ 389,419	\$ 405,258	\$ 496,778
Amount unused	<u>74,469</u>	<u>632,915</u>	<u>286,279</u>
	<u>\$ 463,888</u>	<u>\$ 1,038,173</u>	<u>\$ 783,057</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 as follows.

a. Related party name and category

Related Party Name	Related Party Category
Pou Chen Corporation and Subsidiaries	Investors with significant influence
Opulence Optronics Co., Ltd.	The Group is an executive of the company
Apogee Optocom Co., Ltd.	Other related party
Shenglin Investment Co., Ltd.	Other related party
Kang Ming Senior High School, Tainan	Other related party
Nan Pao Social Welfare Foundation	Other related party
Yu Po Chemical Co., Ltd.	Other related party

b. Sales of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Investors with significant influence	\$ 353,194	\$ 294,262	\$ 719,456	\$ 582,342
Other related party	<u>8,446</u>	<u>165</u>	<u>14,546</u>	<u>245</u>
	<u>\$ 361,640</u>	<u>\$ 294,427</u>	<u>\$ 734,002</u>	<u>\$ 582,587</u>

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

c. Receivables from related parties

Line Item	Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable from related parties	Investors with significant influence	\$ 410,201	\$ 340,684	\$ 344,188
	The Group is an executive of the company	-	16	-
	Other related party	<u>8,854</u>	<u>9,208</u>	<u>153</u>
		<u>\$ 419,055</u>	<u>\$ 349,908</u>	<u>\$ 344,341</u>

The outstanding accounts receivable from related parties are unsecured.

d. Payables to related parties

Line Item	Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable	Other related party	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 741</u>
Other payables	Investors with significant influence	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 127</u>

The outstanding accounts payable to related parties are unsecured.

e. Refund liabilities

Line Item	Related Party Category / Name	June 30, 2024	December 31, 2023	June 30, 2023
Refund liabilities (included in other current liabilities)	Investors with significant influence			
	Pou Chen Corporation and Subsidiaries	<u>\$ 69,082</u>	<u>\$ 71,539</u>	<u>\$ 40,343</u>



- f. Lease arrangements - the Group is lessee

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Lease expense	Other related party	<u>\$ 457</u>	<u>\$ 457</u>	<u>\$ 914</u>	<u>\$ 914</u>

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

- g. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 21,725	\$ 16,557	\$ 42,984	\$ 33,495
Post-employment benefits	<u>3,358</u>	<u>440</u>	<u>3,764</u>	<u>5,040</u>
	<u>\$ 25,083</u>	<u>\$ 16,997</u>	<u>\$ 46,748</u>	<u>\$ 38,535</u>

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

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment, net	\$ 649,514	\$ 658,677	\$ 797,818
Pledged deposits (classified as financial assets at amortized cost)	38,783	37,108	35,967
Right-of-use assets	<u>4,664</u>	<u>4,686</u>	<u>35,249</u>
	<u>\$ 692,961</u>	<u>\$ 700,471</u>	<u>\$ 869,034</u>

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

- a. As of June 30, 2024, December 31, 2023 and June 30, 2023, unused letters of credit for purchases of raw materials and machinery and equipment were \$139,527 thousand, \$141,263 thousand and \$161,009 thousand, respectively.

b. Unrecognized commitments were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	\$ 90,982	\$ 42,151	\$ 89,440
Acquisition of raw materials	<u>25,666</u>	<u>75,454</u>	<u>25,591</u>
	<u>\$ 116,648</u>	<u>\$ 117,605</u>	<u>\$ 115,031</u>

c. Material lawsuits

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

Based on the ruling of the Changhua District Court, He Kui Chemical Company argued for ownership of machinery equipment in the plant. Based on the aforementioned litigation, He Kui Chemical Company filed for an indemnity lawsuit against Nan Pao Chemical Co., Ltd. for damage caused by use of machinery equipment, and sought for indemnity of \$53,102 thousand. Nevertheless, the amount that He Kui Chemical Company claimed for was based on the purchase price of machinery equipment, and did not factor in depreciation based on the useful life of property, plant, and equipment. The batch of machinery was purchased in the 1990s and early 2000s, with surplus value under \$53,102 thousand. The Company has appropriated a liability reserve of \$38,445 thousand based on the remaining value. (recognized as other non-current liabilities). On May 18, 2022, the Changhua District Court ruled Nan Pao Chemical Co., Ltd. should compensate He Kui Chemical Company \$15,267 thousand plus 5% interest of \$7,979 thousand from March 8, 2012 to the date of settlement, which was a total of \$23,246 thousand. On June 27, 2022, Nan Pao Chemical Co., Ltd. appealed the second trial and withdrew the aforementioned compensation amount in July 2022, and reversed the provision of \$15,199 thousand (recognized as other income) in accordance with the ruling of the first trial. On January 24, 2024, Taiwan High Court Taichung Branch Court ruled Nan Pao Chemical Co., Ltd. should compensate He Kui Chemical Company \$12,892 thousand plus 5% interest from March 8, 2012 to the date of settlement. Nan Pao Chemical Co., Ltd. has filed an appeal against the ruling of Taiwan High Court Taichung Branch Court.

### 38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To in line with the Group's future business strategy planning, the Group's board of directors resolved on August 8, 2024, and planned to acquire 70% interest of Yun Teh Industrial Co., Ltd. for NT\$380 million to NT\$560 million.

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

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,695	32.45 (USD:NTD)	\$ 1,774,852
USD	11,485	7.1268 (USD:CNY)	372,677
USD	12,906	16,389 (USD:IDR)	418,787
USD	6,047	7.8099 (USD:HKD)	196,221
VND	847,202,562	0.000039 (VND:USD)	1,083,224
<u>Financial liabilities</u>			
Monetary items			
USD	27,544	32.43 (USD:NTD)	893,264
USD	2,636	7.1268 (USD:CNY)	85,465
USD	5,655	7.8099 (USD:HKD)	183,495
USD	9,177	16,389 (USD:IDR)	297,788
USD	2,197	4.711 (USD:MYR)	71,243
VND	336,875,755	0.000039 (VND:USD)	431,034

December 31, 2023

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

Financial liabilities

Monetary items			
USD	26,352	30.72 (USD:NTD)	809,409
USD	2,438	7.0827 (USD:CNY)	74,859
USD	7,480	7.815 (USD:HKD)	229,681
USD	10,733	15,508 (USD:IDR)	329,567
USD	2,099	4.6323 (USD:MYR)	64,920
VND	227,648,607	0.000041 (VND:USD)	288,335

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,614	31.14 (USD:NTD)	\$ 1,731,828
USD	5,076	7.2258 (USD:CNY)	158,064
USD	10,124	14,971 (USD:IDR)	315,261
USD	4,632	7.8357 (USD:HKD)	144,238
VND	710,556,171	0.000042 (VND:USD)	934,806

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 26,963	31.13 (USD:NTD)	\$ 839,381
USD	2,128	7.2258 (USD:CNY)	66,263
USD	4,443	7.8359 (USD:HKD)	138,343
USD	6,082	14,971 (USD:IDR)	189,394
USD	2,430	4.3913 (USD:MYR)	70,940
VND	199,157,218	0.000042 (VND:USD)	261,806
			(Concluded)

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

Functional Currency	For the Three Months Ended June 30, 2024		For the Three Months Ended June 30, 2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.354 (USD:NTD)	\$ (25,756)	30.705 (USD:NTD)	\$ (57)
NTD	1 (NTD:NTD)	16,474	1 (NTD:NTD)	24,900
CNY	4.458 (CNY:NTD)	4,086	4.375 (CNY:NTD)	8,059
SGD	23.91 (SGD:NTD)	8	22.93 (SGD:NTD)	27
AUD	21.33 (AUD:NTD)	1,633	20.52 (AUD:NTD)	(126)
IDR	0.00200 (IDR:NTD)	3,390	0.00208 (IDR:NTD)	709
VND	0.00128 (VND:NTD)	6,093	0.00131 (VND:NTD)	3,867
Others		(5)		(567)
		<u>\$ 5,923</u>		<u>\$ 36,812</u>

Functional Currency	For the Six Months Ended June 30, 2024		For the Six Months Ended June 30, 2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.901 (USD:NTD)	\$ (52,691)	30.55 (USD:NTD)	\$ (1,567)
NTD	1 (NTD:NTD)	67,295	1 (NTD:NTD)	13,791
CNY	4.412 (CNY:NTD)	5,182	4.408 (CNY:NTD)	2,054
SGD	23.69 (SGD:NTD)	39	22.87 (SGD:NTD)	14
AUD	21.01 (AUD:NTD)	(664)	20.66 (AUD:NTD)	98
IDR	0.00201 (IDR:NTD)	4,058	0.00204 (IDR:NTD)	(2,018)
VND	0.001281 (VND:NTD)	12,354	0.001300 (VND:NTD)	2,445
Others		<u>(84)</u>		<u>1,419</u>
		<u>\$ 35,489</u>		<u>\$ 16,236</u>

#### 40. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Others: Intercompany relationships and significant intercompany transactions (Table 9)

- b. Information on investees (Table 6)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

#### 41. SEGMENT INFORMATION

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

##### Segment revenue and results

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

	Taiwan	Mainland China	Vietnam	Australia	Other Regions	Adjustments and Eliminations	Total
<u>For the six months ended</u> <u>June 30, 2024</u>							
Revenue							
Revenue from external customers	\$ 1,890,240	\$ 3,156,615	\$ 2,925,061	\$ 1,483,643	\$ 1,317,532	\$ -	\$ 10,773,091
Inter-segment revenue	<u>2,174,094</u>	<u>461,023</u>	<u>767,074</u>	<u>362</u>	<u>13,747</u>	<u>(3,416,300)</u>	<u>-</u>
Total revenue	<u>\$ 4,064,334</u>	<u>\$ 3,617,638</u>	<u>\$ 3,692,135</u>	<u>\$ 1,484,005</u>	<u>\$ 1,331,279</u>	<u>\$ (3,416,300)</u>	<u>\$ 10,773,091</u>
Segment income	<u>\$ 899,693</u>	<u>\$ 219,303</u>	<u>\$ 387,154</u>	<u>\$ 77,119</u>	<u>\$ 159,477</u>	<u>\$ (122,519)</u>	\$ 1,620,227
Interest income							58,906
Other income							146,651
Other gains and losses							40,206
Finance costs							(53,404)
Share of loss of associates accounted for using the equity method							(4,165)
Profit before tax							<u>\$ 1,808,421</u>
<u>For the six months ended</u> <u>June 30, 2023</u>							
Revenue							
Revenue from external customers	\$ 1,801,805	\$ 2,637,796	\$ 2,632,530	\$ 1,515,836	\$ 1,024,460	\$ -	\$ 9,612,427
Inter-segment revenue	<u>1,535,239</u>	<u>328,475</u>	<u>442,855</u>	<u>1,313</u>	<u>20,900</u>	<u>(2,328,782)</u>	<u>-</u>
Total revenue	<u>\$ 3,337,044</u>	<u>\$ 2,966,271</u>	<u>\$ 3,075,385</u>	<u>\$ 1,517,149</u>	<u>\$ 1,045,360</u>	<u>\$ (2,328,782)</u>	<u>\$ 9,612,427</u>
Segment income	<u>\$ 417,708</u>	<u>\$ 125,040</u>	<u>\$ 454,945</u>	<u>\$ 64,980</u>	<u>\$ 108,481</u>	<u>\$ (5,503)</u>	\$ 1,165,651
Interest income							35,188
Other income							408,456
Other gains and losses							23,817
Finance costs							(51,584)
Share of loss of associates accounted for using the equity method							(4,567)
Profit before tax							<u>\$ 1,576,961</u>

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

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



TABLE 1

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related parties	Yes	\$ 683,445	\$ 681,450	\$ 681,450	-	Demand of short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$5,327,832	\$5,327,832
2	Nan Pao Overseas Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Other receivables from related parties	Yes	941,050	941,050	-	-	Demand of short-term financing	-	Operating capital	-	None	-	6,320,364	6,320,364

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

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

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

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

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

**TABLE 2**

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

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 & 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 & 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Group Holdings Ltd.	2	\$ 2,652,263	\$ 32,545	\$ 32,450	\$ -	\$ -	0.24	\$ 6,630,658	Y	N	N
		Nan Pao Resins Chemical Philippines, Inc.	2	2,652,263	32,545	32,450	-	-	0.24	6,630,658	Y	N	N
		Nan Pao Philippines Export Inc.	2	2,652,263	16,273	16,225	-	-	0.12	6,630,658	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,652,263	65,090	64,900	-	-	0.49	6,630,658	Y	N	N
		RLA Polymers (M) SDN BHD	2	2,652,263	130,180	-	-	-	-	6,630,658	Y	N	N
		Nan Pao Advanced Investment Co., Ltd.	2	2,652,263	179,480	177,800	145,576	-	1.34	6,630,658	Y	N	Y
		Nanpao New Materials Technology (Huaian) Co., Ltd.	2	2,652,263	224,350	133,350	-	-	1.01	6,630,658	Y	N	Y
		Nanpao New Materials Technology (Huaian) Co., Ltd.	2	2,652,263	89,740	88,900	11,305	-	0.67	6,630,658	Y	N	Y
		Nanpao New Materials Technology (Huaian) Co., Ltd.	2	2,652,263	89,740	88,900	16,286	-	0.67	6,630,658	Y	N	Y
		Nanpao New Materials Technology (Huaian) Co., Ltd.	2	2,652,263	112,175	111,125	31,939	-	0.84	6,630,658	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,652,263	94,227	93,345	5,454	-	0.70	6,630,658	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,652,263	94,227	93,345	29,230	-	0.70	6,630,658	Y	N	Y
		Changshu Yu Bo Polymer Materials Co., Ltd.	2	2,652,263	94,227	93,345	1,689	-	0.70	6,630,658	Y	N	Y
		Nan Pao Fine Materials Co., Ltd.	2	2,652,263	20,000	-	-	-	-	6,630,658	Y	N	N
		Nan Pao Fine Materials Co., Ltd.	2	2,652,263	20,000	20,000	-	-	0.15	6,630,658	Y	N	N

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

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

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

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

**TABLE 3****NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nan Pao Resins Chemical Co., Ltd.	CDIB - Innolux Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	<u>\$ 129,585</u>	9	<u>\$ 129,585</u>	
Nan Pao Resins Chemical Co., Ltd.	Dairen Chemical Corp. - publicly owned company	None	Financial assets at fair value through other comprehensive income - non-current	10,424,970	\$ 1,818,613	2	\$ 1,818,613	
	Hua Chi Venture Capital Co., Ltd. - privately-issued equity	"	"	7,895	1,535	1	1,535	
	Opulence Optronics Co., Ltd. - privately-issued equity	"	"	877,208	3,534	8	3,534	
	Revivegen Co., Ltd. - emerging stock	"	"	570,107	23,061	1	23,061	
	Contact Organics Pty Ltd - privately-issued equity	"	"	2,902	-	17	-	
					<u>\$ 1,846,743</u>		<u>\$ 1,846,743</u>	
Nan Pao Chemical Co., Ltd.	Ace Chemical Corp. - privately-issued equity	None	Financial assets at fair value through other comprehensive income - non-current	1,249,915	<u>\$ 17,220</u>	10	<u>\$ 17,220</u>	

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

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

**TABLE 4**

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total	
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	Sales	\$ 841,297	25	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 807,297	42	
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	Sales	363,187	11	Payment within 90 days	Similar to general transactions	Similar to general transactions	227,546	12	
	Nan Pao Materials Vietnam Co., Ltd.	Subsidiary	Sales	262,432	8	Payment within 90 days	Similar to general transactions	Similar to general transactions	65,416	3	
	Nan Pao Advanced Materials Vietnam Co., Ltd.	Subsidiary	Sales	230,412	7	Payment within 90 days	Similar to general transactions	Similar to general transactions	66,013	3	
	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	129,163	4	Payment within 90 days	Similar to general transactions	Similar to general transactions	73,802	4	
PT. Indo Nan Pao Resins Chemical Co., Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	279,936	28	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	206,052	39	
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	Sales	194,683	35	Payment within 90 days	Similar to general transactions	Similar to general transactions	131,463	34	
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Same ultimate parent company	Sales	180,231	16	Payment within 90 days	Similar to general transactions	Similar to general transactions	113,894	18	
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	102,794	9	Telegraphic transfer within 90 days	Similar to general transactions	Similar to general transactions	56,103	9	
Nan Pao Resins (Vietnam) Enterprise Ltd.	Pou Chen Corporation and Subsidiaries	Investors with significant influence	Sales	169,782	10	Telegraphic transfer within 60 days	Similar to general transactions	Similar to general transactions	82,224	11	
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate parent company	Processing revenue	155,499	100	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	84,215	100	

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

**TABLE 5**

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Subsidiary	\$ 807,297	2.48	\$ -	-	\$ 130,849	\$ -
PT. Indo Nan Pao Resins Chemical Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Subsidiary	227,546	3.27	-	-	65,627	-
	Pou Chen Corporation and Subsidiaries	Investors with significant influence	206,052	2.90	-	-	51,223	130
Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	Same ultimate parent company	131,463	2.54	-	-	38,256	-
Nan Pao Materials Vietnam Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	Same ultimate parent company	113,894	3.73	-	-	31,933	-
Nan Pao Group Holdings Ltd.	Nan Pao Resins Chemical Co., Ltd.	Parent company	681,450	(Note 1)	-	-	-	-

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

Note 2: Except for investors with significant influence, they would be eliminated during the preparation of the consolidated financial statements.

TABLE 6

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Chemical Co., Ltd.	No. 519, Zhongshan Rd., Xigang Dist., Tainan City	Trading of chemical substances	\$ 300,000	\$ 300,000	15,000,000	100	\$ 185,343	\$ 685	\$ 685	
	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	8,659	19	19	
	ITLS International Development Co., Ltd.	3F., No. 356, Sec. 1, Neiuhu Rd., Neiuhu Dist., Taipei City	Trading of construction materials and chemical substances	696,000	696,000	24,600,000	100	260,211	12,194	12,194	
	Prince Pharmaceutical Co., Ltd.	No. 168, Keyun S. Rd., Kendi Vil., Huwei Township, Yunlin County	Manufacturing, packaging, and processing of raw materials for various pharmaceutical and health food	365,600	365,600	18,131,198	49.53	400,998	(24,830)	(12,299)	
	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	12,637	(1,259)	(1,259)	
	Biorich Biotechnology Co., Ltd.	3F., No. 356, Sec. 1, Neiuhu Rd., Neiuhu Dist., Taipei City	R&D, production, and trading of new high protein business and health food	64,121	64,121	391,462	57.1	15,259	2,114	1,207	
	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	8,515	3,671	2,570	
	Nan Pao Fine Materials Co., Ltd.	No. 217, Xinxing St., Qingan Vil., Xigang Dist., Tainan City	Production and trading of adhesives and chemicals	13,750	13,750	1,375,000	55	23,700	19,777	17,454	
	FlexUP Technologies Corp.	No. 10, Ln. 99, Nanhai St., Nanhai Vil., Xigang Dist., Tainan City	Trading of chemical substances	39,863	39,863	18,880,000	100	53,598	20,066	21,690	
	Perfect & Outstanding Technology Inc.	No. 32-1, Ln. 88, Zhongshan Rd., Luzhu Dist., Kaohsiung City	Production and trading of renewable energy	40,000	40,000	2,500,000	22.51	26,147	(13,393)	(4,165)	
	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	228,519	15,610	15,610	
	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	187,048	2,404	2,404	
	Nan Pao Resins India Pvt Ltd.	204, Abhishek, off New Link Road, Andheri (W), Mumbai 400053, India	Trading of adhesives	100,439	42,299	6,200,000	100	115,828	6,310	6,310	
	Nan Pao Materials Resins India Private Limited	ROOM No. 6, FLAT NO. 3-D, FRONT BLOCK, 188 P H ROAD, Kilpauk, Perambur Purasawalkam, Chennai-600010, Tamil Nadu, India	Trading of adhesives	126,330	30,750	32,722,000	100	123,782	(1,556)	(1,556)	
	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	1,639,910	121,599	115,622	
	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	733,254	79,217	79,217	
	Nan Pao Overseas Holdings Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	3,347,516	2,386,015	113,726,502	100	6,165,891	181,412	180,978	
	Profit Land Limited	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	186,588	186,588	983,333	73.75	1,036,154	181,084	132,762	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	207,402	(16,871)	(9,200)	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	174,813	97,126	31,440	Nan Pao Resins Chemical Co., Ltd. and related companies hold 100% of voting shares
	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No. 44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	44,754	44,754	5,390,000	49	292,872	116,550	57,109	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	19,096	2,467	2,467	
	Nan Pao Resins Chemical (Bangladesh) Co., Ltd.	House No. 42 5 <sup>th</sup> floors, Lake drive Road, Sector 7, Ulttara, Dhaka	Trading of adhesives	13,571	13,571	284,425	100	1,183	(3,484)	(3,484)	
	Earnest Wealth Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General investment	42,958	42,958	920,000	51.11	45,960	305	156	
	Nan Pao Resins International Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Trading of chemical substances and related products	6,804	6,804	1,000	100	11,940	2,026	2,026	
	Nan Pao Resins (HK) Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	Production and trading of adhesives	363,753	363,753	13,400,000	100	310,659	(4,864)	(14,409)	
ITLS International Development Co., Ltd.	ITLS Holding Pte. Ltd.	8 Boon Lay Way, #09-14, 8 @ Tradehub 21, Singapore 609964	General investment	502,822	502,822	22,064,549	100	85,879	(193)		
	Fuqing Nan Pao Investment Ltd.	Wealth Castle Development Ltd.	General investment	147,972	147,972	10,000	100	228,265	15,635		
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 ) 181,033	( USD 4,560,000 ) 181,033	21,197,000	100	132,544	1,093		
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	( USD 5,578,821 ) 69,768	( USD 5,578,821 ) 69,768	-	100	65,904	297		
Nan Pao Overseas Holdings Ltd.	Nan Pao Group Holdings Ltd.	Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KYI-1205 Cayman Islands	General investment	( USD 2,150,000 ) 2,716,925	( USD 2,150,000 ) 2,532,933	83,726,502	100	5,327,832	168,562		
				( USD 83,726,502 )	( USD 78,056,502 )						

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				Ending Balance	Beginning Balance	Number of Shares	%	Carrying Amount			
ITLS Holding Pte. Ltd.	PT. ITLS Indonesia	Jl. Pajajaran Raya No. 44, Kel. Gandasari, Kec. Jatiuwung, Tangerang-15137 Indonesia	Production and trading of construction materials	\$ 82,151 ( USD 2,531,620 )	\$ 82,151 ( USD 2,531,620 )	2,507,109	100	\$ 14,327	\$ 717		
	ITLS Vietnam Co., Ltd.	No. 16 Kim Dong Street, Ninh Xa Ward, Bac Ninh City, Bac Ninh Province	Production and trading of construction materials	141,271 ( USD 4,353,487 )	141,271 ( USD 4,353,487 )	-	100	68,499	(776)		
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	40,887 ( USD 1,260,000 )	40,887 ( USD 1,260,000 )	7,172	100	601,034	28,554		
	Profit Land Limited	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	General investment	61,253 ( USD 1,887,627 )	61,253 ( USD 1,887,627 )	350,000	26.25	376,785	181,084		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	683,205 ( USD 21,054,073 )	683,205 ( USD 21,054,073 )	10,000	100	443,512	21,293		
	All Saints Enterprises Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	173,058 ( USD 5,333,075 )	173,058 ( USD 5,333,075 )	4,547,451	45.47	172,942	(16,871)		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	650,213 ( AUD 30,214,354 )	650,213 ( AUD 30,214,354 )	30,214,354	100	1,016,796	49,324		
	Ongoing Profits Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	124,505 ( USD 3,836,817 )	124,505 ( USD 3,836,817 )	3,287,546	67.82	503,682	97,126		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	149,595 ( USD 4,610,000 )	149,595 ( USD 4,610,000 )	4,610	100	171,394	1,171		
	Goldford Investments Ltd.	Creque Building, P.O. Box 116, Road Town, Tortola, British Virgin Islands	General investment	18,978 ( USD 584,844 )	18,978 ( USD 584,844 )	486,000	100	149,253	21,865		
	Nan Pao Resins Chemical Philippines, Inc.	Road 22 Phase 11, Cogeo Village, Antipolo City, Philippines	Trading of adhesives	6,815 ( USD 210,000 )	6,815 ( USD 210,000 )	9,000	100	96,229	5,978		
Profit Land Limited	Giant Profit Development Ltd.	Flat 13, 10F., Building B Tong-li Industrial Center, 19 Lam Hing Street, Kowloon Bay, Hong Kong	General investment	259,600 ( USD 8,000,000 )	259,600 ( USD 8,000,000 )	10,000	100	1,153,001	178,686		
Nan Pao Resins (Holdings) Ltd.	Eastlion Enterprises Ltd.	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	179,776 ( USD 5,540,100 )	179,776 ( USD 5,540,100 )	20,240	100	247,765	10,402		
	Nan Pao Resins Development Ltd.	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	General investment	97,350 ( USD 3,000,000 )	97,350 ( USD 3,000,000 )	3,000	100	187,781	10,732		
All Saints Enterprises Ltd.	Great Mount Enterprises Ltd.	Unit 2102, 21/F The Broadway, No., 54-62 Lockhart, Road, Wanchai, Hong Kong	General investment	324,500 ( USD 10,000,000 )	324,500 ( USD 10,000,000 )	10,000	100	375,879	(16,941)		
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	459,115 ( AUD 21,334,344 )	459,115 ( AUD 21,334,344 )	16,552,080	100	895,170	49,363		
Ongoing Profits Ltd.	Rising Sun Associates Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.	General investment	157,303 ( USD 4,847,546 )	157,303 ( USD 4,847,546 )	3,000,000	100	741,151	97,125		
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	148,946 ( USD 4,590,000 )	148,946 ( USD 4,590,000 )	-	50	162,146	2,350		
Goldford Investments Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Jl. Pajajaran Raya No. 44, Jatiuwung Tangerang 15137, Indonesia	Production and trading of adhesives	4,029 ( IDR 2,035,000,000 )	4,029 ( IDR 2,035,000,000 )	2,035,000	18.5	136,322	116,550		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	110,597 ( USD 3,408,217 )	110,597 ( USD 3,408,217 )	-	100	736,204	95,071		
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	128,513 ( AUD 5,971,801 )	128,513 ( AUD 5,971,801 )	18,415,500	100	203,384	4,738		

(Concluded)

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

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

TABLE 7

NAN PAO RESINS CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2024	Accumulated Repatriation of Investment Income as of June 30, 2024
					Outward	Inward						
Nan Pao Resins (China) Co., Ltd.	Production and trading of adhesives and coatings	\$ 324,500 ( USD 10,000,000 )	(2) Great Mount Enterprises Ltd.	\$ 350,133 ( USD 10,789,932 )	\$ -	\$ -	\$ 350,133 ( USD 10,789,932 )	\$ (16,941)	100	\$ (16,941) (2)B.	\$ 375,741	\$ -
Fuqing Nan Pao Resins Co., Ltd.	Production and trading of adhesives	147,972 ( USD 4,560,000 )	(2) Wealth Castle Development Ltd.	161,926 ( USD 4,990,000 )	-	-	161,926 ( USD 4,990,000 )	15,719	100	15,719 (2)B.	227,899	222,197
Nan Pao Resins (Dongguan) Co., Ltd.	Processing of adhesive products	87,615 ( USD 2,700,000 )	(2) Eastlion Enterprises Ltd.	82,483 ( USD 2,541,860 )	-	-	82,483 ( USD 2,541,860 )	11,722	100	11,722 (2)B.	199,963	-
Dongguan Jiaqin Electronics Co., Ltd.	Production and trading of coatings and advanced resins	97,350 ( USD 3,000,000 )	(2) Nan Pao Resins Development Ltd.	99,449 ( USD 3,064,683 )	-	-	99,449 ( USD 3,064,683 )	10,732	100	10,732 (2)B.	187,764	-
Foshan Nan Pao Advanced Materials Co., Ltd.	Production and trading of adhesives	109,278 ( RMB 24,000,000 )	(2) Greatwill Materials (HK) Ltd. and Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	47,841	60.47	28,929 (2)B.	606,694	-
Nan Pao Resins (Foshan) Co., Ltd.	Production and trading of adhesives	259,600 ( USD 8,000,000 )	(2) Giant Profit Development Ltd.	252,708 ( USD 7,787,627 )	-	-	252,708 ( USD 7,787,627 )	178,677	100	178,677 (2)B.	1,151,912	726,104
Goaden Nan Pao Materials Technology Co., Ltd.	Trading of footwear materials	22,766 ( RMB 5,000,000 )	(3) Nan Pao Resins (Foshan) Co., Ltd.	-	-	-	-	70	51	36 (2)B.	12,705	-
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.	12,980 ( USD 400,000 )	-	-	12,980 ( USD 400,000 )	-	-	-	-	-
Nan Pao Advanced Investment Co., Ltd.	General investment	1,141,267 ( USD 35,170,000 )	(2) Nan Pao Group Holdings Ltd.	957,275 ( USD 29,500,000 )	183,992 ( USD 5,670,000 )	-	1,141,267 ( USD 35,170,000 )	(53,643)	100	(53,643) (2)B.	833,026	-
Nan Pao (Kunshan) Electronic Commerce Co., Ltd.	Online business agency and general merchandise trading	48,675 ( USD 1,500,000 )	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(60)	100	(60) (2)B.	5,534	-
Nanpao New Materials Technology (Huaian) Co., Ltd.	Production and trading of carbon fiber	499,729 ( USD 15,399,965 )	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(35,716)	93.51	(32,906) (2)B.	294,817	-
Nan Pao Optoelectronic Materials (Kunshan) Co., Ltd.	Production and trading of adhesives and chemicals	25,960 ( USD 800,000 )	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(1,330)	100	(1,330) (2)B.	11,875	-
Nan Pao Fine Chemical Materials (Anhui) Co., Ltd.	Production and trading of coatings and chemical substances	175,988 ( USD 5,423,368 )	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	(3,660)	90.78	(3,493) (2)B.	152,903	-
Changshu Yu Bo Polymer Materials Co., Ltd.	Production and trading of adhesives and chemicals	185,935 ( USD 5,729,900 )	(3) Nan Pao Advanced Investment Co., Ltd.	-	-	-	-	5,390	70	(12,467) (2)B.	446,979	-

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2024 (Note 4)	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
\$ 2,100,946 ( USD 64,744,102 )	\$ 4,397,479 ( USD 135,515,525 )	\$ 7,956,789

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 three categories should be disclosed:

A. The financial statements were reviewed by an international accounting firm that has a business relationship with an accounting firm in the ROC.

B. The financial statements were reviewed by the CPA of the parent company in the ROC.

C. Others.

Note 3: The Company's investment limit in mainland China is calculated as follows:  
\$13,261,315×60% = \$7,956,789

Note 4: Relevant amounts are calculated based on the exchange rate of US\$1 = NT\$32.45 at the end of the period.  
Relevant amounts are calculated based on the exchange rate of RMB 1 = NT\$4.445 at the end of the period.

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



**TABLE 8**

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Note)
			Purchases/Sales	Amount (Note)	% to Total	Payment Terms			Ending Balance (Note)	% to Total	
							Unit Price	Payment Terms			
Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Subsidiary	Sales	\$ (129,163 )	(4)	Payment within 90 days	Similar to general transactions	Similar to general transactions	\$ 73,802	4	\$ 23,571
Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate parent company	Sales	(34,173 )	(3)	Payment within 90 days	Similar to general transactions	Similar to general transactions	19,676	2	-
Nan Pao Resins (Dongguan) Co., Ltd.	Nan Pao Resins (HK) Ltd.	Same ultimate parent company	Processing revenue	(155,499 )	(100)	Payment within 90 days	No comparable product sales for comparison	No third-party transaction for comparison	84,215	100	-
Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	Same ultimate parent company	Sales	(48,229 )	(5)	Payment within 90 days	Similar to general transactions	Similar to general transactions	34,042	6	-
Fuqing Nan Pao Resins Co., Ltd.	Nan Pao Resins (China) Co., Ltd.	Same ultimate parent company	Sales	(18,807 )	(9)	Payment within 90 days	Similar to general transactions	Similar to general transactions	11,490	11	-
	Nan Pao Resins (Foshan) Co., Ltd.	Same ultimate parent company	Sales	(15,973 )	(8)	Payment within 90 days	Similar to general transactions	Similar to general transactions	11,672	11	-

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

TABLE 9

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024**  
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
0	Nan Pao Resins Chemical Co., Ltd.	Nan Pao Resins (Vietnam) Enterprise Ltd.	1	Accounts receivable from related parties	\$ 807,297		3
				Sales revenue	841,297	Calculated based on general transaction prices, telegraphic transfer within 90 days	8
		Nan Pao Resins (Foshan) Co., Ltd.	1	Accounts receivable from related parties	73,802		-
				Sales revenue	129,163	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	1	Accounts receivable from related parties	227,546		1
				Sales revenue	363,187	Calculated based on general transaction prices, telegraphic transfer within 90 days	3
		Nan Pao Materials Vietnam Co., Ltd.	1	Accounts receivable from related parties	65,416		-
				Sales revenue	262,432	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		ITLS International Development Co., Ltd.	1	Accounts receivable from related parties	20,967		-
				Sales revenue	41,107	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	1	Accounts receivable from related parties	66,013		-
				Sales revenue	230,412	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins (HK) Ltd.	1	Accounts receivable from related parties	31,896		-
				Sales revenue	54,624	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
1	Nan Pao Resins (Vietnam) Enterprise Ltd.	Nan Pao Advanced Materials Co., Ltd.	1	Accounts receivable from related parties	13,359		-
				Sales revenue	30,206	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Group Holdings Ltd.	1	Other payables to related parties	681,450		3
		PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Accounts receivable from related parties	20,770		-
				Sales revenue	53,143	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins International Ltd.	3	Accounts receivable from related parties	20,575		-
				Sales revenue	30,355	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable from related parties	30,909		-
				Sales revenue	42,752	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	34,042		-
2	Nan Pao Resins (Foshan) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Accounts receivable from related parties	48,229	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	15,973	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
				Purchases			-
							-
3	Nan Pao Resins (HK) Ltd.	Nan Pao Resins (Dongguan) Co., Ltd.	3	Other payables to related parties	84,215		-
				Processing fee	155,499	No prices for similar products available for comparison, payment made 90 days from the date of the invoice	1
		Nan Pao Philippines Export Inc.	3	Accounts receivable from related parties	16,916		-
				Sales revenue	30,043	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts receivable from related parties	15,479		-
							-
4	Nan Pao Materials Vietnam Co., Ltd.	PT. Indo Nan Pao Resins Chemical Co., Ltd.	3	Sales revenue	25,953	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Accounts receivable from related parties	44,563		-
				Sales revenue	64,995	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
		Nan Pao Resins (HK) Ltd.	3	Purchases	33,191	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
							-
		Nan Pao Advanced Materials Vietnam Co., Ltd.	3	Accounts payable to related parties	21,301		-
				Accounts receivable from related parties	69,864		-
							-
				Sales revenue	69,859	Calculated based on general transaction prices, telegraphic transfer within 90 days	1
				Accounts payable to related parties	56,842		-
				Purchases	56,115	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	1
		Nan Pao Resins (Vietnam) Enterprise Ltd.	3	Accounts receivable from related parties	113,894		-
				Sales revenue	180,231	Calculated based on general transaction prices, telegraphic transfer within 90 days	2
		Nan Pao Resins International Ltd.	3	Accounts receivable from related parties	28,726		-
				Sales revenue	42,893	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		Nan Pao Resins India Pvt Ltd.	3	Accounts receivable from related parties	13,556		-
				Sales revenue	21,755	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
		FlexUP Technologies Corp.	3	Purchases	67,355	Calculated based on general transaction prices, payment made 60 days from the date of the invoice	1
							-
		Nan Pao Fine Materials Co., Ltd.	3	Accounts payable to related parties	20,977		-
				Purchases	21,990	Calculated based on general transaction prices, payment made 30 days from the date of the invoice	-

(Continued)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
5	Foshan Nan Pao Advanced Materials Co., Ltd.	Nan Pao Resins (Foshan) Co., Ltd.	3	Accounts receivable from related parties	\$ 19,676	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	34,173		-
6	Nan Pao Advanced Materials Vietnam Co., Ltd.	Nan Pao Resins International Ltd.	3	Accounts receivable from related parties	131,463	Calculated based on general transaction prices, telegraphic transfer within 90 days	-
				Sales revenue	194,683		2
		Nan Pao Fine Materials Co., Ltd.	3	Accounts payable to related parties	16,747	Calculated based on general transaction prices, payment made 30 days from the date of the invoice	-
				Purchases	19,190		-
7	Nan Pao Resins (China) Co., Ltd.	Fuqing Nan Pao Resins Co., Ltd.	3	Purchases	18,807	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
8	PT. Indo Nan Pao Resins Chemical Co., Ltd.	Nan Pao Fine Materials Co., Ltd.	3	Purchases	27,281		-
		Nan Pao Resins (HK) Ltd.	3	Accounts payable to related parties	16,325	Calculated based on general transaction prices, payment made 90 days from the date of the invoice	-
				Purchases	21,745		-

(Concluded)

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.****INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding-Feng Investment Co., Ltd.	11,118,947	9.22%
Chuan-De Investment Co., Ltd.	10,065,298	8.34%
Guang Rong Investment Ltd.	8,868,132	7.35%
Yue Dean Technology Corporation	8,732,000	7.24%
Growth Machine Development Co., Ltd.	7,850,523	6.51%
Pao-Wang Investment Co., Ltd.	7,828,068	6.49%

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

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

TABLE 11

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

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023 (In Thousands of New Taiwan Dollars)

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 1,185,389	\$ 26,256	\$ 3,725,688	\$ 3,637,838	\$ 277,876	\$ 1,340,966	\$ 32,397	\$ 10,226,410
Additions	-	-	11,945	68,400	10,281	48,550	31,946	171,122
Disposals	-	-	(611)	(30,768)	(2,940)	(3,992)	(81)	(38,392)
Reclassification	-	-	-	11,259	-	2,830	(14,089)	-
Effects of foreign currency exchange differences	(176)	-	67,726	81,903	4,380	11,651	1,507	166,991
Balance at June 30, 2024	<u>\$ 1,185,213</u>	<u>\$ 26,256</u>	<u>\$ 3,804,748</u>	<u>\$ 3,768,632</u>	<u>\$ 289,597</u>	<u>\$ 1,400,005</u>	<u>\$ 51,680</u>	<u>\$ 10,526,131</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 13,064	\$ 1,063,203	\$ 2,301,491	\$ 209,810	\$ 830,489	\$ -	\$ 4,418,057
Depreciation expenses	-	1,349	58,502	128,027	12,337	59,679	-	259,894
Disposals	-	-	(262)	(28,564)	(2,858)	(3,925)	-	(35,609)
Effects of foreign currency exchange differences	-	(1)	27,183	48,110	2,885	6,818	-	84,995
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 14,412</u>	<u>\$ 1,148,626</u>	<u>\$ 2,449,064</u>	<u>\$ 222,174</u>	<u>\$ 893,061</u>	<u>\$ -</u>	<u>\$ 4,727,337</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 1,185,389</u>	<u>\$ 13,192</u>	<u>\$ 2,662,485</u>	<u>\$ 1,336,347</u>	<u>\$ 68,066</u>	<u>\$ 510,477</u>	<u>\$ 32,397</u>	<u>\$ 5,808,353</u>
Carrying amount at June 30, 2024	<u>\$ 1,185,213</u>	<u>\$ 11,844</u>	<u>\$ 2,656,122</u>	<u>\$ 1,319,568</u>	<u>\$ 67,423</u>	<u>\$ 506,944</u>	<u>\$ 51,680</u>	<u>\$ 5,798,794</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,185,300	\$ 24,935	\$ 3,365,622	\$ 3,302,847	\$ 267,481	\$ 1,203,596	\$ 134,096	\$ 9,483,877
Acquisitions through business combinations	-	-	181,658	36,334	2,193	21,255	-	241,440
Additions	-	1,242	73,744	80,107	15,184	73,513	35,218	279,008
Disposals	-	-	(858)	(5,912)	(7,439)	(7,905)	-	(22,114)
Reclassification	-	-	-	-	-	(1,280)	-	(1,280)
Effects of foreign currency exchange differences	(146)	64	(7,094)	(17,041)	659	(3,618)	(580)	(27,756)
Balance at June 30, 2023	<u>\$ 1,185,154</u>	<u>\$ 26,241</u>	<u>\$ 3,613,072</u>	<u>\$ 3,396,335</u>	<u>\$ 278,078</u>	<u>\$ 1,285,561</u>	<u>\$ 168,734</u>	<u>\$ 9,953,175</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 10,378	\$ 954,552	\$ 2,087,363	\$ 196,460	\$ 727,440	\$ -	\$ 3,976,193
Acquisitions through business combinations	-	-	12,254	6,134	738	4,786	-	23,912
Depreciation expenses	-	1,339	54,012	108,986	11,359	56,917	-	232,613
Disposals	-	-	(723)	(5,416)	(6,922)	(7,347)	-	(20,408)
Reclassification	-	-	-	-	-	(263)	-	(263)
Effects of foreign currency exchange differences	-	10	(3,271)	(6,828)	495	(1,611)	-	(11,205)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 11,727</u>	<u>\$ 1,016,824</u>	<u>\$ 2,190,239</u>	<u>\$ 202,130</u>	<u>\$ 779,922</u>	<u>\$ -</u>	<u>\$ 4,200,842</u>
Carrying amount at June 30, 2023	<u>\$ 1,185,154</u>	<u>\$ 14,514</u>	<u>\$ 2,596,248</u>	<u>\$ 1,206,096</u>	<u>\$ 75,948</u>	<u>\$ 505,639</u>	<u>\$ 168,734</u>	<u>\$ 5,752,333</u>