

**NANTEX INDUSTRY CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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

The financial statements and related information disclosed in Note 13 of an insignificant consolidated subsidiary, Nanmat Technology Co., Ltd., were not reviewed by independent auditors. Total assets of the subsidiary amounted to NT\$2,544,264 thousand and NT\$2,158,871 thousand, constituting 14.53% and 12.95% of the consolidated total assets, and total liabilities amounted to NT\$607,965 thousand and NT\$516,502 thousand, constituting 29.59% and 28.08% of the consolidated total liabilities as at June 30, 2024 and 2023, respectively, and the total comprehensive income amounted to NT\$128,475 thousand, NT\$109,155 thousand, NT\$237,201 thousand and NT\$181,564 thousand,

constituting 40.13%, 34.37%, 29.64% and 34.30% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of an insignificant consolidated subsidiary and the information disclosed in Note 13 been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Huei-Yu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

August 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 6,329,054	36	\$ 8,253,468	48	\$ 8,210,873	49
1110	Current financial assets at fair value through profit or loss	6(2)	30,060	-	30,150	-	30,090	-
1136	Current financial assets at amortised cost	6(1)(3) and 8	3,582,569	21	2,015,576	12	1,542,319	9
1150	Notes receivable, net	6(4)	167,461	1	120,945	1	129,548	1
1170	Accounts receivable, net	6(4)	1,144,272	7	706,319	4	573,772	4
1200	Other receivables		80,324	-	47,011	-	48,596	-
130X	Inventories	6(5)	1,477,623	8	1,332,853	8	1,565,687	9
1410	Prepayments		472,916	3	294,661	2	246,498	2
11XX	Total current assets		<u>13,284,279</u>	<u>76</u>	<u>12,800,983</u>	<u>75</u>	<u>12,347,383</u>	<u>74</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	580,052	3	607,220	4	585,189	4
1600	Property, plant and equipment	6(7) and 8	2,641,884	15	2,633,936	15	2,699,977	16
1755	Right-of-use assets	6(8) and 7	229,835	1	249,556	1	267,447	2
1780	Intangible assets	6(9)	10,291	-	11,097	-	12,186	-
1840	Deferred income tax assets	6(24)	31,971	-	29,840	-	31,718	-
1915	Prepayments for equipment		61,876	1	102,008	1	82,210	-
1920	Guarantee deposits paid	8	678	-	3,345	-	3,343	-
1975	Net defined benefit asset	6(14)	178,872	1	178,888	1	159,631	1
1990	Other non-current assets	6(7)	488,052	3	489,898	3	480,225	3
15XX	Total non-current assets		<u>4,223,511</u>	<u>24</u>	<u>4,305,788</u>	<u>25</u>	<u>4,321,926</u>	<u>26</u>
1XXX	Total assets		<u>\$ 17,507,790</u>	<u>100</u>	<u>\$ 17,106,771</u>	<u>100</u>	<u>\$ 16,669,309</u>	<u>100</u>

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	\$ 160,000	1	\$ 180,000	1	\$ 170,000	1
2110	Short-term notes and bills payable	6(11)	-	-	-	-	9,991	-
2130	Current contract liabilities	6(17)	51,686	-	46,392	-	52,688	1
2150	Notes payable		8	-	-	-	-	-
2170	Accounts payable		411,844	3	256,649	2	296,284	2
2200	Other payables	6(12) and 7	623,696	4	673,581	4	552,013	3
2230	Current income tax liabilities	6(24)	234,146	1	105,800	1	135,637	1
2280	Current lease liabilities	6(8) and 7	35,733	-	35,468	-	35,700	-
2320	Long-term liabilities, current portion	6(13) and 8	10,000	-	10,000	-	12,500	-
21XX	Total current liabilities		<u>1,527,113</u>	<u>9</u>	<u>1,307,890</u>	<u>8</u>	<u>1,264,813</u>	<u>8</u>
	Non-current liabilities							
2540	Long-term borrowings	6(13) and 8	17,500	-	2,500	-	7,500	-
2570	Deferred income tax liabilities	6(24)	334,802	2	364,877	2	354,180	2
2580	Non-current lease liabilities	6(8) and 7	167,137	1	186,700	1	202,927	1
2640	Net defined benefit liabilities	6(14)	8,014	-	7,194	-	9,885	-
25XX	Total non-current liabilities		<u>527,453</u>	<u>3</u>	<u>561,271</u>	<u>3</u>	<u>574,492</u>	<u>3</u>
2XXX	Total liabilities		<u>2,054,566</u>	<u>12</u>	<u>1,869,161</u>	<u>11</u>	<u>1,839,305</u>	<u>11</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital							
3110	Common stock	6(15)	4,924,167	28	4,924,167	29	4,924,167	29
	Capital surplus							
3200	Capital surplus		28,939	-	28,939	-	28,939	-
	Retained earnings	6(16)						
3310	Legal reserve		2,620,943	15	2,547,956	15	2,547,956	15
3320	Special reserve		433,442	3	433,442	2	433,442	3
3350	Unappropriated retained earnings		5,969,745	34	6,270,471	37	5,956,366	36
	Other equity interest							
3400	Other equity interest	6(6)	333,571	2	(62,023)	-	(29,864)	-
31XX	Total equity attributable to owners of the parent		<u>14,310,807</u>	<u>82</u>	<u>14,142,952</u>	<u>83</u>	<u>13,861,006</u>	<u>83</u>
36XX	Non-controlling interest		<u>1,142,417</u>	<u>6</u>	<u>1,094,658</u>	<u>6</u>	<u>968,998</u>	<u>6</u>
3XXX	Total equity		<u>15,453,224</u>	<u>88</u>	<u>15,237,610</u>	<u>89</u>	<u>14,830,004</u>	<u>89</u>
	Significant contingent liabilities and unrecognised contract commitments	7 and 9						
3X2X	Total liabilities and equity		<u>\$ 17,507,790</u>	<u>100</u>	<u>\$ 17,106,771</u>	<u>100</u>	<u>\$ 16,669,309</u>	<u>100</u>

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 3,060,766	100	\$ 2,247,278	100	\$ 5,241,448	100	\$ 4,485,362	100
5000 Operating costs	6(5)(9)(14)(22)(23)	(2,483,774)	(81)	(1,703,836)	(76)	(4,181,155)	(79)	(3,411,885)	(76)
5900 Net operating margin		<u>576,992</u>	<u>19</u>	<u>543,442</u>	<u>24</u>	<u>1,060,293</u>	<u>21</u>	<u>1,073,477</u>	<u>24</u>
Operating expenses	6(9)(14)(22)(23) and 12								
6100 Selling expenses		(152,920)	(5)	(116,431)	(5)	(267,129)	(5)	(225,914)	(5)
6200 General and administrative expenses		(186,232)	(6)	(200,816)	(9)	(365,428)	(7)	(381,376)	(8)
6300 Research and development expenses		(27,330)	(1)	(23,705)	(1)	(50,070)	(1)	(43,407)	(1)
6450 Expected credit impairment loss		(341)	-	(317)	-	(219)	-	(360)	-
6000 Total operating expenses		(366,823)	(12)	(341,269)	(15)	(682,846)	(13)	(651,057)	(14)
6900 Operating profit		<u>210,169</u>	<u>7</u>	<u>202,173</u>	<u>9</u>	<u>377,447</u>	<u>8</u>	<u>422,420</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(3)(18)	115,640	4	105,470	5	232,518	4	209,853	5
7010 Other income	6(19)	26,418	1	6,781	-	28,515	1	10,618	-
7020 Other gains and losses	6(2)(7)(20) and 12	16,456	-	97,698	4	66,974	1	51,764	1
7050 Finance costs	6(7)(8)(21) and 7	(1,501)	-	(1,085)	-	(3,042)	-	(1,758)	-
7000 Total non-operating income and expenses		<u>157,013</u>	<u>5</u>	<u>208,864</u>	<u>9</u>	<u>324,965</u>	<u>6</u>	<u>270,477</u>	<u>6</u>
7900 Profit before income tax		<u>367,182</u>	<u>12</u>	<u>411,037</u>	<u>18</u>	<u>702,412</u>	<u>14</u>	<u>692,897</u>	<u>16</u>
7950 Income tax expense	6(24)	(131,137)	(5)	(109,710)	(5)	(297,785)	(6)	(170,004)	(4)
8200 Profit for the period		<u>\$ 236,045</u>	<u>7</u>	<u>\$ 301,327</u>	<u>13</u>	<u>\$ 404,627</u>	<u>8</u>	<u>\$ 522,893</u>	<u>12</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealised (losses) gains on financial assets measured at fair value through other comprehensive income	6(6)	(\$ 33,253)	(1)	\$ 25,432	1	(\$ 48,304)	(1)	\$ 35,853	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		117,342	4	(9,742)	-	443,898	8	(29,866)	(1)
8367 Unrealised gains on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(6)	-	-	560	-	-	-	516	-
8300 Other comprehensive income for the period		<u>\$ 84,089</u>	<u>3</u>	<u>\$ 16,250</u>	<u>1</u>	<u>\$ 395,594</u>	<u>7</u>	<u>\$ 6,503</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 320,134</u>	<u>10</u>	<u>\$ 317,577</u>	<u>14</u>	<u>\$ 800,221</u>	<u>15</u>	<u>\$ 529,396</u>	<u>12</u>
Profit attributable to:									
8610 Owners of the parent		\$ 160,245	5	\$ 236,925	10	\$ 264,678	5	\$ 415,770	9
8620 Non-controlling interest		75,800	2	64,402	3	139,949	3	107,123	3
Profit for the period		<u>\$ 236,045</u>	<u>7</u>	<u>\$ 301,327</u>	<u>13</u>	<u>\$ 404,627</u>	<u>8</u>	<u>\$ 522,893</u>	<u>12</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 244,334	8	\$ 253,175	11	\$ 660,272	12	\$ 422,273	10
8720 Non-controlling interest		75,800	2	64,402	3	139,949	3	107,123	2
Total comprehensive income for the period		<u>\$ 320,134</u>	<u>10</u>	<u>\$ 317,577</u>	<u>14</u>	<u>\$ 800,221</u>	<u>15</u>	<u>\$ 529,396</u>	<u>12</u>
Earnings per share (in dollars)	6(25)								
9750 Basic		<u>\$ 0.33</u>		<u>\$ 0.48</u>		<u>\$ 0.54</u>		<u>\$ 0.84</u>	
9850 Diluted		<u>\$ 0.33</u>		<u>\$ 0.48</u>		<u>\$ 0.54</u>		<u>\$ 0.84</u>	

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital surplus		Retained Earnings			Other equity interest				
			Changes in ownership interest of subsidiaries			Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Common stock		Legal reserve	Special reserve					Total	Non-controlling interest	Total equity
<u>Six months ended June 30, 2023</u>											
		\$ 4,924,167	\$ 28,939	\$ 2,420,743	\$ 433,442	\$ 6,652,642	(\$ 140,530)	\$ 104,163	\$ 14,423,566	\$ 895,399	\$ 15,318,965
		-	-	-	-	415,770	-	-	415,770	107,123	522,893
	6(6)	-	-	-	-	-	(29,866)	36,369	6,503	-	6,503
		-	-	-	-	415,770	(29,866)	36,369	422,273	107,123	529,396
Distribution of 2022 net income:											
		-	-	127,213	-	(127,213)	-	-	-	-	-
	6(16)	-	-	-	-	(984,833)	-	-	(984,833)	-	(984,833)
		-	-	-	-	-	-	-	-	(33,524)	(33,524)
		<u>\$ 4,924,167</u>	<u>\$ 28,939</u>	<u>\$ 2,547,956</u>	<u>\$ 433,442</u>	<u>\$ 5,956,366</u>	<u>(\$ 170,396)</u>	<u>\$ 140,532</u>	<u>\$ 13,861,006</u>	<u>\$ 968,998</u>	<u>\$ 14,830,004</u>
<u>Six months ended June 30, 2024</u>											
		\$ 4,924,167	\$ 28,939	\$ 2,547,956	\$ 433,442	\$ 6,270,471	(\$ 226,409)	\$ 164,386	\$ 14,142,952	\$ 1,094,658	\$ 15,237,610
		-	-	-	-	264,678	-	-	264,678	139,949	404,627
	6(6)	-	-	-	-	-	443,898	(48,304)	395,594	-	395,594
		-	-	-	-	264,678	443,898	(48,304)	660,272	139,949	800,221
Distribution of 2023 net income:											
		-	-	72,987	-	(72,987)	-	-	-	-	-
	6(16)	-	-	-	-	(492,417)	-	-	(492,417)	-	(492,417)
		-	-	-	-	-	-	-	-	(92,190)	(92,190)
		<u>\$ 4,924,167</u>	<u>\$ 28,939</u>	<u>\$ 2,620,943</u>	<u>\$ 433,442</u>	<u>\$ 5,969,745</u>	<u>\$ 217,489</u>	<u>\$ 116,082</u>	<u>\$ 14,310,807</u>	<u>\$ 1,142,417</u>	<u>\$ 15,453,224</u>

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 702,412	\$ 692,897
Adjustments			
Adjustments to reconcile profit (loss)			
Losses on valuation of financial assets at fair value through profit or loss	6(2)(20)	90	960
Expected credit impairment loss	12	219	360
(Reversal of) provision for inventory market price decline	6(5)	(14,714)	1,494
Losses on disposal of investment		-	1,057
Depreciation	6(7)(8)(22)	166,896	169,284
Losses on disposals of property, plant and equipment	6(20)	2,537	4,238
Amortisation	6(9)(22)	1,252	1,334
Interest income	6(18)	(232,518)	(209,853)
Dividend income	6(6)(19)	(16,560)	(144)
Gain from lease modification	6(8)(20)	-	(25)
Interest expense	6(21)	3,042	1,758
Unrealised exchange loss (gain)		7,677	(59,962)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(46,516)	16,976
Accounts receivable		(438,194)	90,571
Other receivables		(14,649)	11,438
Inventories		(130,056)	49,926
Prepayments		(178,255)	68,298
Net defined benefit assets		16	(10,171)
Other non-current assets		14,354	(26,789)
Changes in operating liabilities			
Current contract liabilities		5,294	(18,297)
Notes payable		8	-
Accounts payable		155,195	24,449
Other payables		(44,219)	(244,522)
Net defined benefit liabilities		820	1,054
Cash (outflow) inflow generated from operations		(55,869)	566,331
Interest received		213,854	200,545
Dividends received		16,560	144
Interest paid		(3,025)	(1,992)
Income tax paid		(201,645)	(287,245)
Net cash flows (used in) from operating activities		(30,125)	477,783

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30, 2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash paid for acquisition of current financial assets at amortised cost		(\$ 2,419,088)	(\$ 3,350,436)
Proceeds from disposal of current financial assets at amortised cost		896,723	4,726,465
Acquisition of financial assets at fair value through other comprehensive income		(13,824)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	-	29,847
Cash paid for acquisition of property, plant and equipment	6(26)	(38,591)	(92,056)
Interest paid for acquisition of property, plant and equipment	6(7)(21)(26)	-	(190)
Proceeds from disposal of property, plant and equipment		1,053	-
Increase in intangible assets	6(9)	(158)	(155)
Increase in prepayments for equipment		(72,124)	(33,748)
Decrease in guarantee deposits paid		2,667	3,550
Decrease in other non-current assets		1,995	-
Net cash flows (used in) from investing activities		(1,641,347)	1,283,277
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(27)	(20,000)	(10,000)
Increase in short-term notes and bills payable	6(27)	-	10,000
Payment of lease liabilities	6(27)	(17,978)	(13,079)
Increase in long-term borrowings	6(27)	30,000	20,000
Decrease in long-term borrowings	6(27)	(15,000)	(30,000)
Payment of cash dividends	6(16)	(492,417)	(984,833)
Decrease in non-controlling interest		(92,190)	(33,524)
Net cash flows used in financing activities		(607,585)	(1,041,436)
Effect of foreign exchange rate changes		354,643	(6,428)
Net (decrease) increase in cash and cash equivalents		(1,924,414)	713,196
Cash and cash equivalents at beginning of period	6(1)	8,253,468	7,497,677
Cash and cash equivalents at end of period	6(1)	\$ 6,329,054	\$ 8,210,873

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) NANTEX INDUSTRY CO., LTD. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on January 10, 1979. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture, processing and sales of various types of latex, rubber and related products.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since October 27, 1992.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on August 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standard Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

- (2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment 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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 of the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation and basis of consolidation as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2023.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			June 30, 2024	December 31, 2023	
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments	100.00%	100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals	41.00%	41.00%	(Note)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry Co., Ltd.	Manufacture and sales of rubber and latex	100.00%	100.00%	—

Name of investor	Name of subsidiary	Business activities	Ownership (%)	Note
			June 30, 2023	
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments	100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals	41.00%	(Note)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry Co., Ltd.	Manufacture and sales of rubber and latex	100.00%	—

Note : The Group held a relative majority interest in Nanmat Technology Co., Ltd. and a relative majority of the seats in the company's Board of Directors. Based on the comprehensive assessment, the Group has the right to govern the entity's financial or operating policies. Accordingly, the entity was included in the consolidated financial statements.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The Group's non-controlling interests was immaterial, therefore, it is not applicable.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash:			
Cash on hand	\$ 352	\$ 352	\$ 352
Checking accounts and demand deposits	<u>1,859,654</u>	<u>1,788,720</u>	<u>1,815,865</u>
	<u>1,860,006</u>	<u>1,789,072</u>	<u>1,816,217</u>
Cash equivalents:			
Time deposits	<u>4,469,048</u>	<u>6,464,396</u>	<u>6,394,656</u>
	<u>\$ 6,329,054</u>	<u>\$ 8,253,468</u>	<u>\$ 8,210,873</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's time deposits maturing in excess of three months and within one year were classified as current financial assets at amortised cost.

C. The Group classified cash and cash equivalents pledged as collateral as 'Current financial assets at amortised cost'.

(2) Current financial assets at fair value through profit or loss

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 30,000	\$ 30,000	\$ 30,000
Valuation adjustment	<u>60</u>	<u>150</u>	<u>90</u>
	<u>\$ 30,060</u>	<u>\$ 30,150</u>	<u>\$ 30,090</u>

A. For the three months and six months ended June 30, 2024 and 2023, the Group recognised net loss from changes in fair values in the amount of \$90, \$90, \$90 and \$960, respectively. The Group recognised gain from the distribution of investment income in the amount of \$590, \$642, \$590 and \$642, respectively (listed as 'Other gains and losses').

B. The Group has no financial assets at fair value through profit or loss pledged to others as of June 30, 2024, December 31, 2023 and June 30, 2023.

(3) Current financial assets at amortised cost

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Time deposits maturing over three months	\$ 3,578,569	\$ 2,011,576	\$ 1,538,319
Time deposits pledged	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
	<u>\$ 3,582,569</u>	<u>\$ 2,015,576</u>	<u>\$ 1,542,319</u>

- A. The Group recognised interest income in profit or loss in relation to financial assets at amortised cost in the amount of \$16,883, \$41,272, \$37,773 and \$77,893 for the three months and six months ended June 30, 2024 and 2023, respectively.
- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.
- C. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 167,461	\$ 120,945	\$ 129,548
Accounts receivable	\$ 1,145,117	\$ 706,923	\$ 574,532
Less: Loss allowance	(845)	(604)	(760)
	<u>\$ 1,144,272</u>	<u>\$ 706,319</u>	<u>\$ 573,772</u>

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	June 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 925,604	\$ 167,461	\$ 606,166	\$ 120,945
Less than 90 days	219,396	-	100,712	-
Over 90 days	117	-	45	-
	<u>\$ 1,145,117</u>	<u>\$ 167,461</u>	<u>\$ 706,923</u>	<u>\$ 120,945</u>

	June 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 558,507	\$ 129,548
Less than 90 days	15,982	-
Over 90 days	43	-
	<u>\$ 574,532</u>	<u>\$ 129,548</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$811,627.

C. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group held building and structures as security for notes and accounts receivable.

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

June 30, 2024			
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 3,064	(\$ 697)	\$ 2,367
Raw materials	590,899	(17,800)	573,099
Supplies	60,066	(71)	59,995
Work in progress	212,750	(10,991)	201,759
Finished goods	666,342	(25,939)	640,403
	<u>\$ 1,533,121</u>	<u>(\$ 55,498)</u>	<u>\$ 1,477,623</u>
December 31, 2023			
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 2,030	(\$ 697)	\$ 1,333
Raw materials	711,069	(29,525)	681,544
Supplies	57,937	(71)	57,866
Work in progress	149,814	(10,991)	138,823
Finished goods	482,215	(28,928)	453,287
	<u>\$ 1,403,065</u>	<u>(\$ 70,212)</u>	<u>\$ 1,332,853</u>
June 30, 2023			
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 2,187	(\$ 579)	\$ 1,608
Raw materials	643,974	(22,543)	621,431
Supplies	60,079	(71)	60,008
Work in progress	126,503	(12,426)	114,077
Finished goods	791,757	(23,194)	768,563
	<u>\$ 1,624,500</u>	<u>(\$ 58,813)</u>	<u>\$ 1,565,687</u>

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2024	2023
Cost of goods sold	\$ 2,478,552	\$ 1,688,372
Loss (gain) on physical inventory	2,925 (	780)
Revenue from sale of scraps	(3,454) (	3,648)
(Reversal of) provision for inventory market price decline (Note)	(10,288)	1,531
	<u>\$ 2,467,735</u>	<u>\$ 1,685,475</u>
	Six months ended June 30,	
	2024	2023
Cost of goods sold	\$ 4,169,680	\$ 3,380,485
Loss (gain) on physical inventory	3,200 (	1,149)
Revenue from sale of scraps	(7,397) (	7,918)
(Reversal of) provision for inventory market price decline (Note)	(14,714)	1,494
	<u>\$ 4,150,769</u>	<u>\$ 3,372,912</u>

(Note) For the three months and six months ended June 30, 2024, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance were subsequently used and sold.

(6) Non-current financial assets at fair value through other comprehensive income

	June 30, 2024	December 31, 2023	June 30, 2023
Equity instruments			
Listed stocks	\$ 139,259	\$ 125,435	\$ 125,435
Unlisted stocks	<u>298,707</u>	<u>291,395</u>	<u>293,218</u>
	437,966	416,830	418,653
Valuation adjustment	<u>142,086</u>	<u>190,390</u>	<u>166,536</u>
	<u>\$ 580,052</u>	<u>\$ 607,220</u>	<u>\$ 585,189</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to its book value as at June 30, 2024, December 31, 2023 and June 30, 2023.

B. The Group disposed financial assets at fair value through other comprehensive income - debt instruments whose fair value was \$29,847 for the six months ended June 30, 2023. The cumulative loss on disposal was \$1,057 (listed as 'Other gains and losses'). There was no such transaction for the six months ended June 30, 2024.

- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 33,253	\$ 25,432
Dividend income recognised in profit or loss held at end of period	\$ 16,560	\$ 144
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ -	\$ 560
Interest income recognised in profit or loss	\$ -	\$ 366
	Six months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 48,304	\$ 35,853
Dividend income recognised in profit or loss held at end of period	\$ 16,560	\$ 144
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ -	\$ 516
Interest income recognised in profit or loss	\$ -	\$ 366

- D. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Property, plant and equipment

			Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
	Land	Land improvements						
<u>At January 1, 2024</u>								
Cost	\$ 461,888	\$ 18,474	\$ 1,831,145	\$ 6,105,323	\$ 7,960	\$ 829,991	\$ 131,801	\$ 9,386,582
Accumulated depreciation	-	(17,193)	(1,242,637)	(4,889,756)	(5,888)	(597,172)	-	(6,752,646)
	<u>\$ 461,888</u>	<u>\$ 1,281</u>	<u>\$ 588,508</u>	<u>\$ 1,215,567</u>	<u>\$ 2,072</u>	<u>\$ 232,819</u>	<u>\$ 131,801</u>	<u>\$ 2,633,936</u>
<u>Six months ended June 30, 2024</u>								
At January 1	\$ 461,888	\$ 1,281	\$ 588,508	\$ 1,215,567	\$ 2,072	\$ 232,819	\$ 131,801	\$ 2,633,936
Additions - cost	-	-	2,393	4,211	-	5,533	20,771	32,908
Transferred after acceptance inspection	-	-	138	4,536	-	-	(4,674)	-
Transferred from prepayments for equipment	-	-	31,965	61,842	-	18,449	-	112,256
Disposal - cost	-	-	-	(26,205)	-	(6,301)	-	(32,506)
- accumulated depreciation	-	-	-	23,658	-	5,258	-	28,916
Depreciation	-	(370)	(25,997)	(93,380)	(366)	(27,333)	-	(147,446)
Reclassification (Note)	-	-	388	1,314	-	(16,205)	-	(14,503)
Net exchange differences	-	-	7,135	19,425	-	1,602	161	28,323
At June 30	<u>\$ 461,888</u>	<u>\$ 911</u>	<u>\$ 604,530</u>	<u>\$ 1,210,968</u>	<u>\$ 1,706</u>	<u>\$ 213,822</u>	<u>\$ 148,059</u>	<u>\$ 2,641,884</u>
<u>At June 30, 2024</u>								
Cost	\$ 461,888	\$ 18,474	\$ 1,884,591	\$ 6,239,914	\$ 7,960	\$ 838,232	\$ 148,059	\$ 9,599,118
Accumulated depreciation	-	(17,563)	(1,280,061)	(5,028,946)	(6,254)	(624,410)	-	(6,957,234)
	<u>\$ 461,888</u>	<u>\$ 911</u>	<u>\$ 604,530</u>	<u>\$ 1,210,968</u>	<u>\$ 1,706</u>	<u>\$ 213,822</u>	<u>\$ 148,059</u>	<u>\$ 2,641,884</u>

(Note) Transferred from other equipment to machinery and equipment and other non-current assets in the amount of \$640 and \$15,565, respectively, and transferred from other non-current assets to buildings and structures and machinery and equipment in the amount of \$388 and \$674, respectively.

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<u>At January 1, 2023</u>								
Cost	\$ 461,888	\$ 18,064	\$ 1,835,842	\$ 6,130,981	\$ 7,960	\$ 783,581	\$ 97,511	\$ 9,335,827
Accumulated depreciation	-	(16,100)	(1,206,546)	(4,773,541)	(5,157)	(549,566)	-	(6,550,910)
	<u>\$ 461,888</u>	<u>\$ 1,964</u>	<u>\$ 629,296</u>	<u>\$ 1,357,440</u>	<u>\$ 2,803</u>	<u>\$ 234,015</u>	<u>\$ 97,511</u>	<u>\$ 2,784,917</u>
<u>Six months ended June 30, 2023</u>								
At January 1	\$ 461,888	\$ 1,964	\$ 629,296	\$ 1,357,440	\$ 2,803	\$ 234,015	\$ 97,511	\$ 2,784,917
Additions - cost	-	-	15,505	20,080	-	36,998	13,447	86,030
Transferred from prepayments for equipment	-	-	-	5,836	-	2,411	4,021	12,268
Disposal - cost	-	-	(13,285)	(32,359)	-	(2,483)	-	(48,127)
- accumulated depreciation	-	-	13,263	28,310	-	2,316	-	43,889
Depreciation	-	(486)	(30,089)	(95,971)	(366)	(28,151)	-	(155,063)
Reclassification (Note)	-	-	-	1,095	-	(879)	-	216
Net exchange differences	-	-	(6,183)	(16,512)	-	(1,396)	(62)	(24,153)
At June 30	<u>\$ 461,888</u>	<u>\$ 1,478</u>	<u>\$ 608,507</u>	<u>\$ 1,267,919</u>	<u>\$ 2,437</u>	<u>\$ 242,831</u>	<u>\$ 114,917</u>	<u>\$ 2,699,977</u>
<u>At June 30, 2023</u>								
Cost	\$ 461,888	\$ 18,064	\$ 1,822,902	\$ 6,053,084	\$ 7,960	\$ 814,208	\$ 114,917	\$ 9,293,023
Accumulated depreciation	-	(16,586)	(1,214,395)	(4,785,165)	(5,523)	(571,377)	-	(6,593,046)
	<u>\$ 461,888</u>	<u>\$ 1,478</u>	<u>\$ 608,507</u>	<u>\$ 1,267,919</u>	<u>\$ 2,437</u>	<u>\$ 242,831</u>	<u>\$ 114,917</u>	<u>\$ 2,699,977</u>

(Note) Transferred from other equipment and other non-current assets to machinery and equipment in the amount of \$879 and \$216, respectively.

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three months ended June 30, 2023
Amount of interest capitalised	\$ 27
Interest rate for capitalisation	1.44%~1.56%
	Six months ended June 30, 2023
Amount of interest capitalised	\$ 190
Interest rate for capitalisation	1.44%~1.56%

There was no such situation for the three months and six months ended June 30, 2024.

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8, 'Pledged assets'.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Carrying Amount	Carrying Amount	Carrying Amount
Land	\$ 65,701	\$ 71,441	\$ 74,333
Buildings	39,732	39,619	41,204
Machinery and equipment	123,293	137,848	150,230
Transportation equipment (Business vehicles)	1,109	648	1,680
	<u>\$ 229,835</u>	<u>\$ 249,556</u>	<u>\$ 267,447</u>

	Three months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 1,400	\$ 1,547
Buildings	1,028	1,024
Machinery and equipment	6,962	5,392
Transportation equipment (Business vehicles)	227	275
	<u>\$ 9,617</u>	<u>\$ 8,238</u>

	Six months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 2,845	\$ 3,099
Buildings	2,056	2,049
Machinery and equipment	14,070	8,525
Transportation equipment (Business vehicles)	479	548
	<u>\$ 19,450</u>	<u>\$ 14,221</u>

C. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$1,184, \$151,422, \$3,808 and \$151,873, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,062	\$ 718
Expense on short-term lease or leases of low-value assets	443	274
Gain from lease modification	- (	25)

	Six months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,179	\$ 1,194
Expense on short-term lease or leases of low-value assets	615	495
Gain from lease modification	- (	25)

E. For the six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$20,772 and \$14,768, respectively.

(9) Intangible assets

Six months ended June 30, 2024				
	Trademarks	Patents	Computer Software	Total
At January 1, 2024				
Cost	\$ 1,637	\$ 960	\$ 19,755	\$ 22,352
Accumulated amortisation	(1,053)	(514)	(9,285)	(10,852)
Net exchange differences	-	-	(403)	(403)
Net value	<u>\$ 584</u>	<u>\$ 446</u>	<u>\$ 10,067</u>	<u>\$ 11,097</u>
Six months ended June 30, 2024				
At January 1	\$ 584	\$ 446	\$ 10,067	\$ 11,097
Additions - acquired separately	-	51	107	158
Disposal - cost	(26)	-	-	(26)
- accumulated amortisation	26	-	-	26
Amortisation	(159)	(61)	(1,032)	(1,252)
Net exchange differences	-	-	288	288
At June 30	<u>\$ 425</u>	<u>\$ 436</u>	<u>\$ 9,430</u>	<u>\$ 10,291</u>
At June 30, 2024				
Cost	\$ 1,611	\$ 1,011	\$ 19,862	\$ 22,484
Accumulated amortisation	(1,186)	(575)	(10,317)	(12,078)
Net exchange differences	-	-	(115)	(115)
Net value	<u>\$ 425</u>	<u>\$ 436</u>	<u>\$ 9,430</u>	<u>\$ 10,291</u>
Six months ended June 30, 2023				
	Trademarks	Patents	Computer Software	Total
At January 1, 2023				
Cost	\$ 2,004	\$ 1,268	\$ 19,981	\$ 23,253
Accumulated amortisation	(1,157)	(764)	(7,491)	(9,412)
Net exchange differences	-	-	(212)	(212)
Net value	<u>\$ 847</u>	<u>\$ 504</u>	<u>\$ 12,278</u>	<u>\$ 13,629</u>
Six months ended June 30, 2023				
At January 1	\$ 847	\$ 504	\$ 12,278	\$ 13,629
Additions - acquired separately	-	-	155	155
Amortisation	(179)	(58)	(1,097)	(1,334)
Net exchange differences	-	-	(264)	(264)
At June 30	<u>\$ 668</u>	<u>\$ 446</u>	<u>\$ 11,072</u>	<u>\$ 12,186</u>
At June 30, 2023				
Cost	\$ 2,004	\$ 1,268	\$ 20,136	\$ 23,408
Accumulated amortisation	(1,336)	(822)	(8,588)	(10,746)
Net exchange differences	-	-	(476)	(476)
Net value	<u>\$ 668</u>	<u>\$ 446</u>	<u>\$ 11,072</u>	<u>\$ 12,186</u>

Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2024	2023
Operating costs	\$ 104	\$ 116
Selling expenses	40	48
General and administrative expenses	408	425
	<u>\$ 552</u>	<u>\$ 589</u>
	Six months ended June 30,	
	2024	2023
Operating costs	\$ 235	\$ 263
Selling expenses	167	188
General and administrative expenses	817	855
Research and development expenses	33	28
	<u>\$ 1,252</u>	<u>\$ 1,334</u>

(10) Short-term borrowings

Type of borrowings	June 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 160,000</u>	1.82% ~ 1.87%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 180,000</u>	1.72% ~ 1.74%	None
Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 170,000</u>	1.71% ~ 1.80%	None

For the three months and six months ended June 30, 2024 and 2023, the Group recognised interest expense in profit or loss. Refer to Note 6(21) for details.

(11) Short-term notes and bills payable

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Commercial papers payable	\$ 10,000	1.85%	None
Less: Unamortised discount	(9)		
	<u>\$ 9,991</u>		

There was no such transaction as of June 30, 2024 and December 31, 2023.

A. The above commercial papers were issued for short-term financing and secured by Ta Ching Bills Finance Corp., etc.

B. For the three months and six months ended June 30, 2023, the Group recognised interest expenses in profit or loss. Refer to Note 6(21) for details.

(12) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Wages and salaries payable	\$ 285,598	\$ 408,368	\$ 243,462
Employees' compensation and directors' remuneration payable	21,000	42,363	24,150
Payables on equipment	2,612	8,295	5,343
Others	314,486	214,555	279,058
	<u>\$ 623,696</u>	<u>\$ 673,581</u>	<u>\$ 552,013</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>June 30, 2024</u>	<u>Interest rate</u>	<u>Collateral</u>
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from March 1, 2024 to March 1, 2027; interest is repayable monthly; principal is repayable quarterly from June 1, 2024	\$ 27,500	1.79%	None
Less: Current portion		(10,000)		
		<u>\$ 17,500</u>		

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from March 1, 2023 to March 9, 2025; interest is repayable monthly; principal is repayable quarterly from June 9, 2023	\$ 12,500	1.82%	None
Less: Current portion		(10,000)		
		<u>\$ 2,500</u>		

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>June 30, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from March 1, 2023 to March 9, 2025; interest is repayable monthly; principal is repayable quarterly from June 9, 2023	\$ 17,500	1.93%	None
	Borrowing period is from July 3, 2020 to July 3, 2023; interest is repayable monthly; principal is repayable quarterly from October 3, 2020	2,500	1.73%	None
		20,000		
Less: Current portion		(12,500)		
		<u>\$ 7,500</u>		

For the three months and six months ended June 30, 2024 and 2023, the Group recognised interest expenses in profit or loss. Refer to Note 6(21) for details.

(14) Pensions

A. The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. However, those who were mandatorily retired because injury at work will receive 20% in addition. The Company and its domestic subsidiary contribute monthly an amount equal to 2%~9% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiary would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiary will make contributions for the deficit by next March. The relevant information is as follows:

- (a) For the aforementioned pension plan, the Group recognised pension costs of \$158, \$466, \$317 and \$935 for the three months and six months ended June 30, 2024 and 2023, respectively.
- (b) Expected contributions to the defined benefit pension plan of the Group for the next year amount to \$3,600.
- B. Effective July 1, 2005, the Company and its domestic subsidiary have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary contribute monthly an amount of no less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the three months and six months ended June 30, 2024 and 2023 were \$3,913, \$3,997, \$7,869 and \$7,973, respectively.
- C. The Company’s mainland China subsidiary, Zhenjiang Nantex Chemical Industry., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (P.R.C.) are based on 20% of employees’ monthly salaries and wages. Other than the monthly contributions, this subsidiary has no further obligations. The pension costs under the defined contribution pension plan of this subsidiary for the three months and six months ended June 30, 2024 and 2023 were \$5,339, \$5,857, \$10,577 and \$11,902, respectively.

(15) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	Six months ended June 30,	
	2024	2023
Beginning and ending balance	492,417	492,417

- B. As of June 30, 2024, the Company’s authorised capital was \$6,000,000, and the paid-in-capital was \$4,924,167, consisting of 492,417 thousand shares, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Retained earnings

- A. Pursuant to the amended R.O.C. Company Act, the current year’s after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

- B. Since the Company is in a changeable industry environment tied with international macroeconomics and the Company is in the mature stage, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise at least 20% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. Based on the regulation, the Board of Directors of the Company shall adopt a special resolution to distribute whole or a part of the dividends in the form of cash and report to the stockholders, which is not applicable to the aforementioned provisions that are subject to stockholders' resolutions.
- C. Special reserve
- (a) In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021 was \$430,099, which shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- D. The Company recognised cash dividends distributed to owners amounting to \$984,833 (\$2.0 (in dollars) per share) for the year ended December 31, 2023. On March 6, 2024, the Board of Directors resolved the distribution of cash dividends from the 2023 earnings in the amount of \$492,417 (\$1.0 (in dollars) per share), which was reported to the shareholders during their meeting on May 29, 2024.

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

Details of the Group's revenue from the transfer of goods at a point in time are as follows:

Three months ended June 30, 2024				
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 1,213,615	\$ 98,559	\$ -	\$ 1,312,174
Revenue from rubber products	221,504	969,944	-	1,191,448
Organic-inorganic materials	-	-	526,942	526,942
Others	892	-	29,310	30,202
	<u>\$ 1,436,011</u>	<u>\$ 1,068,503</u>	<u>\$ 556,252</u>	<u>\$ 3,060,766</u>
Three months ended June 30, 2023				
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 616,252	\$ 97,773	\$ -	\$ 714,025
Revenue from rubber products	198,590	840,726	-	1,039,316
Organic-inorganic materials	-	-	466,730	466,730
Others	1,252	-	25,955	27,207
	<u>\$ 816,094</u>	<u>\$ 938,499</u>	<u>\$ 492,685</u>	<u>\$ 2,247,278</u>
Six months ended June 30, 2024				
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 1,871,267	\$ 174,535	\$ -	\$ 2,045,802
Revenue from rubber products	446,552	1,683,892	-	2,130,444
Organic-inorganic materials	-	-	1,010,463	1,010,463
Others	892	-	53,847	54,739
	<u>\$ 2,318,711</u>	<u>\$ 1,858,427</u>	<u>\$ 1,064,310</u>	<u>\$ 5,241,448</u>
Six months ended June 30, 2023				
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 1,236,989	\$ 165,308	\$ -	\$ 1,402,297
Revenue from rubber products	456,697	1,682,726	-	2,139,423
Organic-inorganic materials	-	-	887,553	887,553
Others	1,252	-	54,837	56,089
	<u>\$ 1,694,938</u>	<u>\$ 1,848,034</u>	<u>\$ 942,390</u>	<u>\$ 4,485,362</u>

B. Contract liabilities

- (a) On June 30, 2024, December 31, 2023 and June 30, 2023, the Group has recognised the revenue-related contract liabilities amounting to \$51,686, \$46,392 and \$52,688, respectively.
- (b) On January 1, 2024 and 2023, the contract liabilities were \$46,392 and \$70,985, respectively, and the contract liabilities at the beginning of 2024 and 2023 of \$1,021, \$5,642, \$37,425, and \$63,460 were recognised as revenue for the three months and six months ended June 30, 2024 and 2023, respectively.

(18) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 98,757	\$ 63,832
Interest income from financial assets at amortised cost	16,883	41,272
Interest income from financial assets at fair value through other comprehensive income	-	366
	<u>\$ 115,640</u>	<u>\$ 105,470</u>
	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 194,745	\$ 131,594
Interest income from financial assets at amortised cost	37,773	77,893
Interest income from financial assets at fair value through other comprehensive income	-	366
	<u>\$ 232,518</u>	<u>\$ 209,853</u>

(19) Other income

	Three months ended June 30,	
	2024	2023
Dividend income	\$ 16,560	\$ 144
Other income	9,858	6,637
	<u>\$ 26,418</u>	<u>\$ 6,781</u>
	Six months ended June 30,	
	2024	2023
Dividend income	\$ 16,560	\$ 144
Other income	11,955	10,474
	<u>\$ 28,515</u>	<u>\$ 10,618</u>

(20) Other gains and losses

	Three months ended June 30,	
	2024	2023
Net currency exchange gains	\$ 18,449	\$ 102,366
Gains on financial assets at fair value through profit or loss	500	552
Losses on disposal of property, plant and equipment	(2,426)	(4,115)
Losses on disposal of investment	-	(1,057)
Gains on lease modification	-	25
Other losses	(67)	(73)
	<u>\$ 16,456</u>	<u>\$ 97,698</u>

	Six months ended June 30,	
	2024	2023
Net currency exchange gains	\$ 69,369	\$ 57,595
Gains (losses) on financial assets at fair value through profit or loss (Note)	500 (	318)
Losses on disposal of property, plant and equipment	(2,537) (	4,238)
Losses on disposal of investment	- (	1,057)
Gains on lease modification	-	25
Other losses	(358) (	243)
	<u>\$ 66,974</u>	<u>\$ 51,764</u>

(Note) Represents the distribution of fund income of \$590 and \$642 and unrealized valuation loss of \$90 and \$960 for the six months ended June 30, 2024 and 2023, respectively.

(21) Finance costs

	Three months ended June 30,	
	2024	2023
Interest expense		
Bank loans	\$ 439	\$ 394
Lease liabilities	1,062	718
	1,501	1,112
Less: Capitalisation of qualifying assets	- (	27)
	<u>\$ 1,501</u>	<u>\$ 1,085</u>
	Six months ended June 30,	
	2024	2023
Interest expense		
Bank loans	\$ 863	\$ 754
Lease liabilities	2,179	1,194
	3,042	1,948
Less: Capitalisation of qualifying assets	- (	190)
	<u>\$ 3,042</u>	<u>\$ 1,758</u>

(22) Expenses by nature

	Three months ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 105,567	\$ 166,706	\$ 272,273
Depreciation	60,746	24,382	85,128
Amortisation	104	448	552
	<u>\$ 166,417</u>	<u>\$ 191,536</u>	<u>\$ 357,953</u>

	Three months ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 109,174	\$ 175,824	\$ 284,998
Depreciation	62,381	23,244	85,625
Amortisation	116	473	589
	<u>\$ 171,671</u>	<u>\$ 199,541</u>	<u>\$ 371,212</u>

	Six months ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 203,049	\$ 330,724	\$ 533,773
Depreciation	118,453	48,443	166,896
Amortisation	235	1,017	1,252
	<u>\$ 321,737</u>	<u>\$ 380,184</u>	<u>\$ 701,921</u>

	Six months ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 208,659	\$ 341,657	\$ 550,316
Depreciation	124,902	44,382	169,284
Amortisation	263	1,071	1,334
	<u>\$ 333,824</u>	<u>\$ 387,110</u>	<u>\$ 720,934</u>

(23) Employee benefit expense

	Three months ended June 30, 2024		
	Operating cost	Operating expense	Total
Salaries and wages	\$ 88,341	\$ 125,630	\$ 213,971
Labor and health insurance expenses	7,066	7,014	14,080
Pension costs	5,108	4,302	9,410
Other personnel expenses	5,052	29,760	34,812
	<u>\$ 105,567</u>	<u>\$ 166,706</u>	<u>\$ 272,273</u>

	Three months ended June 30, 2023		
	Operating cost	Operating expense	Total
Salaries and wages	\$ 90,348	\$ 136,452	\$ 226,800
Labor and health insurance expenses	7,859	6,989	14,848
Pension costs	5,823	4,497	10,320
Other personnel expenses	5,144	27,886	33,030
	<u>\$ 109,174</u>	<u>\$ 175,824</u>	<u>\$ 284,998</u>

Six months ended June 30, 2024			
	Operating cost	Operating expense	Total
Salaries and wages	\$ 167,529	\$ 250,271	\$ 417,800
Labor and health insurance expenses	15,067	14,461	29,528
Pension costs	10,222	8,541	18,763
Other personnel expenses	10,231	57,451	67,682
	<u>\$ 203,049</u>	<u>\$ 330,724</u>	<u>\$ 533,773</u>
Six months ended June 30, 2023			
	Operating cost	Operating expense	Total
Salaries and wages	\$ 170,550	\$ 260,341	\$ 430,891
Labor and health insurance expenses	16,579	15,003	31,582
Pension costs	11,749	9,061	20,810
Other personnel expenses	9,781	57,252	67,033
	<u>\$ 208,659</u>	<u>\$ 341,657</u>	<u>\$ 550,316</u>

- A. Under the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the three months and six months ended June 30, 2024 and 2023, the Company's employees' compensation was accrued at \$5,460, \$5,460, \$8,400 and \$9,660, respectively; while directors' remuneration was accrued at \$8,190, \$8,190, \$12,600 and \$14,490, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the six months ended June 30, 2024 and 2023 were accrued based on the earnings of current period and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors amounted to \$42,078. The difference of \$285 between the amount resolved at the Board meeting and the amount recognised in the 2023 financial statements of \$42,363 had been adjusted in profit or loss for 2024.

Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

	Three months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 180,327	\$ 102,138
Tax on undistributed surplus earnings	8,224	8,004
Prior year income tax under estimation	907	412
Total current tax	189,458	110,554
Deferred tax:		
Origination and reversal of temporary differences	(58,321)	(844)
Income tax expense	\$ 131,137	\$ 109,710

	Six months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 317,706	\$ 162,614
Tax on undistributed surplus earnings	8,224	8,004
Prior year income tax under estimation	4,061	8,133
Total current tax	329,991	178,751
Deferred tax:		
Origination and reversal of temporary differences	(32,206)	(8,747)
Income tax expense	\$ 297,785	\$ 170,004

- B. The income tax returns of the Company and subsidiaries through 2022 have been assessed and approved by the Tax Authority. The Company and subsidiaries do not have any administrative remedy as of August 7, 2024.

(25) Earnings per share

Three months ended June 30, 2024			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 160,245	492,417	\$ 0.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 160,245		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	234	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 160,245	492,651	\$ 0.33
Three months ended June 30, 2023			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 236,925	492,417	\$ 0.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 236,925		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	272	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 236,925	492,689	\$ 0.48

Six months ended June 30, 2024			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 264,678	492,417	\$ 0.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 264,678		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	408	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 264,678	492,825	\$ 0.54
Six months ended June 30, 2023			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 415,770	492,417	\$ 0.84
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 415,770		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	545	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 415,770	492,962	\$ 0.84

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 32,908	\$ 86,030
Add: Beginning balance of payable on equipment (listed as 'other payables')	8,295	11,559
Less: Ending balance of payable on equipment (listed as 'other payables')	(2,612)	(5,343)
Interest capitalisation	-	(190)
Cash paid for purchase of property, plant and equipment	<u>\$ 38,591</u>	<u>\$ 92,056</u>

B. Investing activities with no cash flow effects:

	Six months ended June 30,	
	2024	2023
(a) Prepayments for equipment reclassified to property, plant and equipment	<u>\$ 112,256</u>	<u>\$ 12,268</u>
(b) Other non-current assets reclassified to property, plant and equipment	<u>\$ 1,062</u>	<u>\$ 216</u>
(c) Property, plant and equipment reclassified to other non-current assets	<u>\$ 15,565</u>	<u>\$ -</u>

(27) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
Six months ended June 30, 2024				
At January 1	\$ 180,000	\$ 222,168	\$ 12,500	\$ 414,668
Changes in cash flows from financing activities	(20,000)	(17,978)	15,000	(22,978)
Changes in other non-cash items	-	(1,320)	-	(1,320)
At June 30	<u>\$ 160,000</u>	<u>\$ 202,870</u>	<u>\$ 27,500</u>	<u>\$ 390,370</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
Six months ended June 30, 2023					
At January 1	\$ 180,000	\$ -	\$ 105,563	\$ 30,000	\$ 315,563
Changes in cash flows from financing activities	(10,000)	10,000	(13,079)	(10,000)	(23,079)
Changes in other non-cash items	-	(9)	146,143	-	146,134
At June 30	<u>\$ 170,000</u>	<u>\$ 9,991</u>	<u>\$ 238,627</u>	<u>\$ 20,000</u>	<u>\$ 438,618</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tainan Spinning Co., Ltd. (Tainan Spinning)	Entity with significant influence to the Group
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	Other related party
Vietnam Bao Minh Textile & Garment (Bao Minh)	Other related party

(2) Significant related party transactions

A. Lease transactions — lessee

(a) The Group leases raw material tanks and office space from Lushun Warehouse and Tainan Spinning. Rental contracts are typically made for periods of 1 ~ 6 years and 20 years, respectively. Rents are paid monthly.

(b) Acquisition of right-of-use assets

	<u>Three months ended June 30, 2023</u>	<u>Six months ended June 30, 2023</u>
Lushun Warehouse	<u>\$ 151,422</u>	<u>\$ 151,422</u>

There was no such transaction for the three months and six months ended June 30, 2024.

(c) Lease liabilities

(i) Outstanding balance

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Tainan Spinning	<u>\$ 41,166</u>	<u>\$ 42,713</u>	<u>\$ 44,238</u>
Lushun Warehouse	<u>123,440</u>	<u>136,436</u>	<u>149,293</u>
	<u>\$ 164,606</u>	<u>\$ 179,149</u>	<u>\$ 193,531</u>

(ii) Interest expense

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Tainan Spinning	<u>\$ 225</u>	<u>\$ 242</u>
Lushun Warehouse	<u>685</u>	<u>304</u>
	<u>\$ 910</u>	<u>\$ 546</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Tainan Spinning	<u>\$ 462</u>	<u>\$ 494</u>
Lushun Warehouse	<u>1,404</u>	<u>350</u>
	<u>\$ 1,866</u>	<u>\$ 844</u>

B. Payables from related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payables			
Other related party	<u>\$ 3,084</u>	<u>\$ 3,229</u>	<u>\$ -</u>

C. Endorsements and guarantees

Details of provision of endorsements and guarantees to related parties are provided in Note 9.

(3) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	<u>\$ 51,568</u>	<u>\$ 46,173</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	<u>\$ 94,326</u>	<u>\$ 89,372</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book Value</u>			<u>Purpose</u>
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
Pledged time deposits (Note 1)	\$ 4,000	\$ 4,000	\$ 4,000	Customs guarantee
Land (Note 2)	461,888	461,888	448,185	Collateral for borrowing facilities
Buildings and structures, net (Note 2)	24,742	25,033	15,154	Collateral for borrowing facilities
Guarantee deposits paid	413	413	413	Performance guarantee
	<u>\$ 491,043</u>	<u>\$ 491,334</u>	<u>\$ 467,752</u>	

Note 1: Listed as 'Current financial assets at amortised cost'.

Note 2: Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISE CONTRACT COMMITMENTS

A. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's remaining balance due for construction in progress and prepayment for equipment were \$93,937, \$57,204 and \$62,126, respectively.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's unused letters of credit amounted to \$52,346, \$12,869 and \$6,911, respectively.

C. The significant purchase contracts entered by the Group are as follows:

<u>Suppliers</u>	<u>Items</u>	<u>Price</u>	<u>Quantity of purchase (in tonnes)</u>		
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
CPC Corporation, Taiwan	Butadiene (BD)	Floating	19,242	18,882	18,882
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	10,800	10,800	10,800

Suppliers	Items	Price	Quantity of purchase (in tonnes)		
			June 30, 2024	December 31, 2023	June 30, 2023
BASF-YPC Company Limited	Butadiene (BD)	Floating	23,000	23,000	23,000
NanJing GongXi Chemical Limited Company	Butadiene (BD)	Floating	11,850	11,850	11,850
China Petrochemical Development Corp.	Acrylonitrile (AN)	Floating	18,000	18,000	18,000
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800	4,800
YUGE (SHANGHAI) CHEMICAL CO., LTD.	Acrylonitrile (AN)	Floating	10,080	10,080	10,800
Shanghai Legend Petrochemical Co., Ltd.	Acrylonitrile (AN)	Floating	4,800	4,800	4,800
WeiQiang International Trade (SHANGHAI) Co., Ltd.	Acrylonitrile (AN)	Floating	2,622	2,622	2,622
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800	1,800

As of June 30, 2024, 36,766 tonnes of BD, 19,642 tonnes of AN and 684 tonnes of SM were purchased.

D. Details of the Group's endorsements and guarantees are as follows:

Endorser/guarantor	Party being		June 30, 2024	December 31, 2023	June 30, 2023
	endorsed/ guaranteed	Purpose			
INTERMEDIUM INTERNATIONAL LIMITED	Vietnam Bao Minh Textile & Garment	Guarantee for borrowings	\$ 103,764	\$ 98,184	\$ 99,575

As of June 30, 2024, December 31, 2023 and June 30, 2023, Vietnam Bao Minh Textile & Garment has drawn from the endorsements and guarantees in the amount of \$75,852, \$71,773 and \$72,790, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6, 'Financial assets'.

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on unpredictable events in the financial market and seeks to reduce potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

- (i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require the group companies to manage its foreign exchange risk against the functional currency. The group companies are required to hedge the entire foreign exchange risk exposure with the Group treasury. Foreign exchange rate risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- (iii) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

(iv) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2024		December 31, 2023	
	Foreign currency amount		Foreign currency amount	
	(in thousands)	Exchange rate	(in thousands)	Exchange rate
<u>Financial assets</u>				
Monetary items				
USD : NTD	\$ 48,053	32.45	\$ 64,922	30.71
USD : RMB	38,512	7.27	47,744	7.08
JPY : NTD	1,353,532	0.2017	1,272,725	0.2172
<u>Financial liabilities</u>				
Monetary items				
USD : NTD	2,429	32.45	3,006	30.71
USD : RMB	425	7.27	324	7.08
			June 30, 2023	
			Foreign currency amount	
			(in thousands)	Exchange rate
<u>Financial assets</u>				
Monetary items				
USD : NTD			\$ 66,100	31.14
USD : RMB			43,905	7.25
JPY : NTD			948,105	0.2150
<u>Financial liabilities</u>				
Monetary items				
USD : NTD			3,088	31.14
USD : RMB			3	7.25

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated/depreciated by 1% against USD, RMB and JPY, the Group's net profit after tax for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$23,297 and \$27,581, respectively.

(v) The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023 amounted to \$18,449, \$102,366, \$69,369 and \$57,595, respectively.

II. Price risk

- (i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2024 and 2023 would have increased/decreased both by \$301, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$5,801 and \$5,852, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from bank borrowings with floating rates, which expose the Group to cash flow interest rate risk. During the six months ended June 30, 2024 and 2023, the Group's borrowings at floating rate were mainly denominated in New Taiwan dollars.
- (ii) The Group's borrowings are long-term and short-term borrowings with floating interest rates. Therefore, changes in market interest rates will change the effective interest rates of the borrowings and cause fluctuations in their future cash flows. However, there is no significant effect on profit after tax.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through other comprehensive income.
- II. The Group manages its credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

- III. The Group adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- V. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- VI. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable as the Group's counterparties are all with high credit quality and have no default record after assessment.
- VII. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	Six months ended June 30,	
	2024	2023
At January 1	\$ 604	\$ 416
Expected credit impairment loss	219	360
Effect of foreign exchange	22	(16)
At June 30	<u>\$ 845</u>	<u>\$ 760</u>

- VIII. The Group's investments in debt instruments at fair value through other comprehensive income are all rated as investment grade by any external credit rating agency at the balance sheet date, therefore its loss allowance is financial instruments measured at 12 months expected credit losses.

(c) Liquidity risk

- I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Floating rate:			
Expiring within one year	\$ <u>3,876,172</u>	\$ <u>3,732,291</u>	\$ <u>4,111,896</u>

IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>June 30, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 160,247	\$ -	\$ -	\$ -
Notes payable	8	-	-	-
Accounts payable	411,844	-	-	-
Other payables	623,696	-	-	-
Lease liability	39,556	38,994	99,014	34,793
Long-term borrowings (including current portion)	10,386	10,246	7,657	28,199
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 180,207	\$ -	\$ -	\$ -
Accounts payable	256,649	-	-	-
Other payables	673,581	-	-	-
Lease liability	39,404	38,572	113,634	45,665
Long-term borrowings (including current portion)	10,146	2,511	-	-
<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 170,114	\$ -	\$ -	\$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	296,284	-	-	-
Other payables	552,013	-	-	-
Lease liability	40,219	38,647	113,827	64,471
Long-term borrowings (including current portion)	12,793	7,609	-	-

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and corporate bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 30,060	\$ -	\$ -	\$ 30,060
Financial assets at fair value through other comprehensive income				
Equity securities	99,360	-	480,692	580,052
	<u>\$ 129,420</u>	<u>\$ -</u>	<u>\$ 480,692</u>	<u>\$ 610,112</u>

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 30,150	\$ -	\$ -	\$ 30,150
Financial assets at fair value through other comprehensive income				
Equity securities	121,760	-	485,460	607,220
	<u>\$ 151,910</u>	<u>\$ -</u>	<u>\$ 485,460</u>	<u>\$ 637,370</u>
<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 30,090	\$ -	\$ -	\$ 30,090
Financial assets at fair value through other comprehensive income				
Equity securities	114,240	-	470,949	585,189
	<u>\$ 144,330</u>	<u>\$ -</u>	<u>\$ 470,949</u>	<u>\$ 615,279</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Closed-end fund</u>	<u>Corporate bonds</u>
Market quoted price	Closing price	Closing price	Weighted average quoted price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the six months ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2024 and 2023:

	Equity securities
At January 1, 2024	\$ 485,460
Gains recognised in other comprehensive income	(7,261)
Net exchange differences	2,493
At June 30, 2024	<u>\$ 480,692</u>
	Equity securities
At January 1, 2023	\$ 430,814
Gains recognised in other comprehensive income	38,333
Net exchange differences	1,802
At June 30, 2023	<u>\$ 470,949</u>

G. For the six months ended June 30, 2024 and 2023, there was no transfer into or out from Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 336,822	Discounted cash flow	Weighted average cost of capital	5.30%~ 11.25%	The higher the weighted average cost of capital, the lower the fair value
	46,356	Market comparable companies	Price-book ratio multiplier	1.90	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
	97,514	Net asset value	Not applicable	—	Not applicable

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 347,239	Discounted cash flow	Weighted average cost of capital	4.58%～ 10.27%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	43,863	Market comparable companies	Price-book ratio multiplier	1.58	The higher the multiplier, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
	94,358	Net asset value	Not applicable	—	Not applicable
	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 384,761	Discounted cash flow	Weighted average cost of capital	5.00%～ 9.97%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	86,188	Net asset value	Not applicable	—	Not applicable

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			Six months ended June 30, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	\$ -	\$ -	\$ 58,320	(\$ 43,551)
	Price-book ratio multiplier	±10%	-	-	5,207	(5,207)
	Discount for lack of marketability	±10%	-	-	13,885	(13,885)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,412</u>	<u>(\$ 62,643)</u>
			Six months ended June 30, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	\$ -	\$ -	\$ 43,561	(\$ 32,337)
	Discount for lack of marketability	±10%	-	-	6,351	(6,351)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,912</u>	<u>(\$ 38,688)</u>

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the six months ended June 30, 2024.

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in

capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income or expenses. For details of operating segments' accounting policies, refer to Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Six months ended June 30, 2024			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	\$ 2,319,603	\$ 1,862,309	\$ 1,064,310	\$ 5,246,222
Inter-segment revenue	892	3,882	-	4,774
Revenue from external customers	2,318,711	1,858,427	1,064,310	5,241,448
Interest income	33,240	189,526	9,752	232,518
Depreciation and amortisation	87,802	40,838	39,508	168,148
Finance cost	(1,894)	-	(1,148)	(3,042)
Segment income before tax	390,389	320,555	296,502	1,007,446
Capital expenditure for non-current assets	24,736	22,732	63,405	110,873

	Six months ended June 30, 2023			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	\$ 1,699,546	\$ 1,848,034	\$ 942,390	\$ 4,489,970
Inter-segment revenue	4,608	-	-	4,608
Revenue from external customers	1,694,938	1,848,034	942,390	4,485,362
Interest income	51,764	153,357	4,732	209,853
Depreciation and amortisation	91,498	45,036	34,084	170,618
Finance cost	871	-	887	1,758
Segment income before tax	462,249	385,181	226,955	1,074,385
Capital expenditure for non-current assets	26,460	6,740	92,949	126,149

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the six months ended June 30, 2024 and 2023 is provided as follows:

	Six months ended June 30,	
	2024	2023
Reportable operating segments income before income tax	\$ 1,007,446	\$ 1,074,385
Write-offs of inter-segment income	(305,034)	(381,488)
Profit before income tax	<u>\$ 702,412</u>	<u>\$ 692,897</u>

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2024

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount during the period	Outstanding endorsement/ guarantee amount at June 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
										accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company					
1	INTERMEDIUM INTERNATIONAL LIMITED	Vietnam Bao Minh Textile & Garment	(Note 1)		\$ 1,954,906	\$ 103,764	\$ 103,764	\$ 75,852	\$ -	1.06%	\$ 4,887,264	N	N	N	-

(Note 1) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(Note 2) Ceiling on total amount of endorsements/ guarantees provided by INTERMEDIUM INTERNATIONAL LIMITED to others is 50% of the company's net worth, and limit on endorsements/guarantees provided for a single party is 20% of the company's net worth. The relevant endorsements/guarantees have been reported to the shareholders.

(Note 3) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 32.45) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures) June 30, 2024								
Table 2		Expressed in thousands of NTD						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				
				Number of shares (shares or units in thousands)	Book value	Ownership (%)	Fair value	Footnote
NANTEX INDUSTRY CO., LTD.	Beneficiary certificates:							
	MILLERFUL NO. 1 REIT	—	Current financial assets at fair value through profit or loss	3,000	\$ 30,060	-	\$ 30,060	—
	Stocks:							
	Lushun Warehouse Co., Ltd.	Other related party	Non-current financial assets at fair value through other comprehensive income	2,700	330,907	15.00%	330,907	—
	President International Development Corp.	—	"	8,820	97,514	0.67%	97,514	—
	Micro Sava Co., Ltd.	—	"	1,021	234	0.52%	234	—
	Grand Bills Finance Corp.	—	"	720	5,681	0.13%	5,681	—
	Formosa Chemicals & Fibre Corp.	—	"	1,200	60,480	0.02%	60,480	—
	Formosa Petrochemical Corp.	—	"	600	38,880	0.01%	38,880	—
	Vietnam Bao Minh Textile & Garment	Other related party	"	-	46,356	8.50%	46,356	—
INTERMEDIUM INTERNATIONAL LIMITED								

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Six months ended June 30, 2024

Table 3

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
1	Zhenjiang Nantex Chemical Industry., Ltd.	NANTEX INDUSTRY CO., LTD.	2	Sales revenue	\$ 3,882	Cash payment within 1 month	—

(Note 1) If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, one side of then are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Table 4

Expressed in thousands of NTD

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES											
Information on investees (not including investees in China)											
Six months ended June 30, 2024											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit	Investment income	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for	recognised by the Company	
				June 30, 2024	December 31, 2023				the six months ended	for the six months ended	
									June 30, 2024	June 30, 2024	
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	\$ 1,799,716	\$ 1,799,716	55,503,757	100.00%	\$ 9,774,528	\$ 207,782	\$ 207,782	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	207,127	207,127	21,355,159	41.00%	793,882	237,201	97,253	Subsidiary

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2024

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China	Net income of investee for the six months ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024 (Note 3)	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
				as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	as of June 30, 2024					June 30, 2024	
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	\$ 2,193,620	Note 2	\$ 1,794,485	\$ -	\$ -	\$ 1,794,485	\$ 135,067	100.00	\$ 135,028	\$ 3,195,803	\$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
NANTEX INDUSTRY CO., LTD.	\$ 1,794,485	\$ 2,193,620	\$ 9,271,934

(Note 1) Including capital increase out of earnings amounting to \$399,135.

(Note 2) Through investing in an existing company in the third area INTERMEDIUM INTERNATIONAL LIMITED, which then invested in the investee in Mainland China.

(Note 3) It was recognised based on the financial statements reviewed by R.O.C. parent company’s CPA.

(Note 4) It was calculated based 60% of net worth or consolidated net worth (whichever is higher).

(Note 5) Foreign currencies were translated into New Taiwan Dollars.

Ending balances and book value are translated using the exchange rate as of report date as follows: USD 1 : TWD 32.45, RMB 1 : USD 0.1376.

Profit or loss are translated using the average exchange rate for the six months ended June 30, 2024 as follows: USD 1 : TWD 31.9012, RMB 1 : USD 0.1386.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Six months ended June 30, 2024

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at June 30, 2024	%	Balance at June 30, 2024	Purpose	Maximum balance during the six months ended June 30, 2024	Balance at June 30, 2024	Interest rate	Interest during the six months ended June 30, 2024	Other
Zhenjiang Nantex Chemical Industry., Ltd.	(\$ 3,882)	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Major shareholders information

June 30, 2024

Table 7

Name of major shareholders	Number of shares held		Ownership (%)	Footnote
	Common share	Preferred share		
Tainan Spinning Co., Ltd.	105,549,052	-	21.43%	—
Nan Fan Housing Development Co., Ltd.	27,362,884	-	5.55%	—

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.