NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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.

NANTEX INDUSTRY CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the Company required to be included in the consolidated financial statements under International Financial Reporting Standard 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

NANTEX INDUSTRY CO., LTD.

March 6, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated statements are stated as follows:

Evaluation of inventories

<u>Description</u>

Refer to Note 4(10) for description of accounting policies on inventories, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of inventory. As at December 31, 2023, the balances of inventories and allowance for inventory valuation losses were NT$1,403,065 thousand and NT$70,212 thousand, respectively.

The Group is primarily engaged in the manufacturing, processing and sales of various types of latex, rubbers and related products. As the Group's inventories are mostly chemicals, they are subject to deterioration and fluctuations in global commodity prices. Since the measurement of net realisable value for inventories involves subjective judgment resulting in a high degree of estimation uncertainty, we considered the evaluation of inventories a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Compared whether the provision policies of inventory valuation losses were adopted consistently in all periods and assessed the reasonableness of the provision policies.

B. Obtained an understanding on warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual physical inventory count to assess the effectiveness of the management's classification of and control over obsolete inventories.

C. Examined the accuracy of inventory aging reports, sampled the last movement of inventories before the balance sheet date to calculate the accuracy of inventory aging ranges and assessed the possibility of obsolescence in inventories aged over a certain period.

D. Sampled the calculation of net realisable value of individual inventories and compared with the recorded amounts.

Existence of sales revenue recognition apart from Taiwan region

<u>Description</u>

Refer to Note 4(26) for accounting policies on revenue recognition.

The Group is primarily engaged in the manufacture, processing and sales of various types of latex, rubbers and related products, and is involved in domestic and international sales. Affected by the economic environment, the net sales revenue in 2023 was NT$8,942,042 thousand, a decrease of 23% compared to prior year. Since the export sales transactions are numerous, accounting for 78% of the overall net sales revenue, and the verification of transaction authenticity also takes a long time, we considered the existence of sales revenue recognition apart from Taiwan region a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on the design of internal control system related to sales transaction process and tested the effectiveness of its operation.

B. Assessed basic information of the major customers apart from Taiwan region, including representative, registered address, actual business address and relationship, and assessed the reasonableness of transactions.

C. Selected samples of sales transactions and checked against related supporting documentation, including customer orders, shipping orders, export declaration documents and subsequent cash collection.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of NANTEX INDUSTRY CO., LTD. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance (including the audit committee) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance (including the audit committee) with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Huei-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
March 6, 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
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 8,253,468	48	$ 7,497,677	43
1110	Current financial assets at fair value through profit or loss	6(2)	30,150	-	31,050	-
1136	Current financial assets at amortised cost	6(1)(3) and 8	2,015,576	12	2,858,386	17
1150	Notes receivable, net	6(4)	120,945	1	146,524	1
1170	Accounts receivable, net	6(4)	706,319	4	664,687	4
1200	Other receivables		47,011	-	50,726	-
130X	Inventories	5 and 6(5)	1,332,853	8	1,617,070	9
1410	Prepayments		294,661	2	314,796	2
11XX	**Total current assets**		12,800,983	75	13,180,916	76
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	607,220	4	577,922	3
1600	Property, plant and equipment	6(7) and 8	2,633,936	15	2,784,917	16
1755	Right-of-use assets	6(8) and 7	249,556	1	136,376	1
1780	Intangible assets	6(9)	11,097	-	13,629	-
1840	Deferred income tax assets	6(24)	29,840	-	31,411	-
1915	Prepayments for equipment	6(7)	102,008	1	60,730	-
1920	Guarantee deposits paid	8	3,345	-	6,893	-
1975	Net defined benefit asset	6(13)	178,888	1	149,460	1
1990	Other non-current assets	6(7)	489,898	3	453,652	3
15XX	**Total non-current assets**		4,305,788	25	4,214,990	24
1XXX	**Total assets**		$ 17,106,771	100	$ 17,395,906	100

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 180,000	1	$ 180,000	1
2130	Current contract liabilities	6(17)	46,392	-	70,985	-
2170	Accounts payable		256,649	2	271,835	2
2200	Other payables	6(11) and 7	673,581	4	802,976	5
2230	Current income tax liabilities	6(24)	105,800	1	244,131	1
2280	Current lease liabilities	6(8) and 7	35,468	-	21,783	-
2320	Long-term liabilities, current portion	6(12) and 8	10,000	-	17,500	-
21XX	**Total current liabilities**		1,307,890	8	1,609,210	9
	Non-current liabilities					
2540	Long-term borrowings	6(12) and 8	2,500	-	12,500	-
2570	Deferred income tax liabilities	6(24)	364,877	2	362,620	2
2580	Non-current lease liabilities	6(8) and 7	186,700	1	83,780	1
2640	Net defined benefit liabilities	6(13)	7,194	-	8,831	-
25XX	**Total non-current liabilities**		561,271	3	467,731	3
2XXX	**Total liabilities**		1,869,161	11	2,076,941	12
	Equity					
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(15)	4,924,167	29	4,924,167	28
	Capital surplus					
3200	Capital surplus	4(3)	28,939	-	28,939	-
	Retained earnings	6(16)				
3310	Legal reserve		2,547,956	15	2,420,743	14
3320	Special reserve		433,442	2	433,442	3
3350	Unappropriated retained earnings		6,270,471	37	6,652,642	38
	Other equity interest					
3400	Other equity interest	6(6)	(62,023)	-	(36,367)	-
31XX	**Total equity attributable to owners of the parent**		14,142,952	83	14,423,566	83
36XX	Non-controlling interest		1,094,658	6	895,399	5
3XXX	**Total equity**		15,237,610	89	15,318,965	88
	Significant contingent liabilities and unrecognised contract commitments	7 and 9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 17,106,771	100	$ 17,395,906	100

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
			Year ended December 31			
4000	Operating revenue	6(17)	$ 8,942,042	100	$ 11,668,543	100
5000	Operating costs	6(5)(9)(13)(22)(23)	(6,845,930)	(77)	(8,586,830)	(73)
5900	Net operating margin		2,096,112	23	3,081,713	27
	Operating expenses	6(9)(13)(22)(23), 7 and 12				
6100	Selling expenses		(456,673)	(5)	(669,066)	(6)
6200	General and administrative expenses		(714,555)	(8)	(837,170)	(7)
6300	Research and development expenses		(88,032)	(1)	(93,360)	(1)
6450	Expected credit impairment (loss) gain	12	(200)	-	526	-
6000	Total operating expenses		(1,259,460)	(14)	(1,599,070)	(14)
6900	Operating profit		836,652	9	1,482,643	13
	Non-operating income and expenses					
7100	Interest income	6(3)(6)(18)	402,106	5	147,752	1
7010	Other income	6(6)(19)	19,466	-	27,983	-
7020	Other gains and losses	6(2)(6)(7)(8)(20) and 12	14,221	-	583,728	5
7050	Finance costs	6(7)(8)(21) and 7	(4,975)	-	(2,717)	-
7000	Total non-operating income and expenses		430,818	5	756,746	6
7900	**Profit before income tax**		1,267,470	14	2,239,389	19
7950	Income tax expense	6(24)	(320,543)	(4)	(863,021)	(7)
8200	**Profit for the year**		$ 946,927	10	$ 1,376,368	12

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans	6(13)	$ 19,664	-	$ 99,497	1
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(6)	59,707	1	47,592	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(3,933)	-	(19,899)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(85,879)	(1)	313,083	3
8367	Unrealised gains on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(6)	516	-	2,154	-
8300	**Other comprehensive (loss) income for the year**		($ 9,925)	-	$ 442,427	4
8500	**Total comprehensive income for the year**		$ 937,002	10	$ 1,818,795	16
	Profit attributable to:					
8610	Owners of the parent		$ 714,039	7	$ 1,192,632	10
8620	Non-controlling interest		232,888	3	183,736	2
	Profit for the year		$ 946,927	10	$ 1,376,368	12
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 704,219	7	$ 1,634,953	14
8720	Non-controlling interest		232,783	3	183,842	2
	Total comprehensive income for the year		$ 937,002	10	$ 1,818,795	16
	Earnings per share (in dollars)	6(25)				
9750	Basic		$	1.45	$	2.42
9850	Diluted		$	1.45	$	2.42

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Share Capital	Capital Surplus	Retained Earnings			Other Equity Interest				
	Notes	Common stock	Changes in ownership interest of subsidiaries	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Year ended December 31, 2022											
Balance at January 1, 2022		$ 4,924,167	$ 608	$ 1,683,582	$ 433,442	$ 9,564,596	($ 453,613)	$ 54,417	$ 16,207,199	$ 545,534	$ 16,752,733
Profit for the year		-	-	-	-	1,192,632	-	-	1,192,632	183,736	1,376,368
Other comprehensive income for the year	6(6)	-	-	-	-	79,492	313,083	49,746	442,321	106	442,427
Total comprehensive income		-	-	-	-	1,272,124	313,083	49,746	1,634,953	183,842	1,818,795
Distribution of 2021 net income:											
Legal reserve		-	-	737,161	-	(737,161)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(3,446,917)	-	-	(3,446,917)	-	(3,446,917)
Changes in equity of associates and joint ventures accounted for using equity method from acquiring shares unproportionately to ownership	4(3)	-	28,082	-	-	-	-	-	28,082	-	28,082
Changes in equity of associates and joint ventures accounted for using equity method		-	249	-	-	-	-	-	249	-	249
Changes in non-controlling interests		-	-	-	-	-	-	-	-	166,023	166,023
Balance at December 31, 2022		$ 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
Year ended December 31, 2023											
Balance at January 1, 2023		$ 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
Profit for the year		-	-	-	-	714,039	-	-	714,039	232,888	946,927
Other comprehensive income (loss) for the year	6(6)	-	-	-	-	15,836	(85,879)	60,223	(9,820)	(105)	(9,925)
Total comprehensive income (loss)		-	-	-	-	729,875	(85,879)	60,223	704,219	232,783	937,002
Distribution of 2022 net income:											
Legal reserve		-	-	127,213	-	(127,213)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(984,833)	-	-	(984,833)	-	(984,833)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(33,524)	(33,524)
Balance at December 31, 2023		$ 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

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,267,470	$ 2,239,389
Adjustments			
Adjustments to reconcile profit (loss)			
Losses on valuation of financial assets at fair value through profit or loss	6(2)(20)	900	30
Expected credit impairment loss (gain)	12	200	(526)
Provision for inventory market price decline	6(5)	12,856	5,665
Losses on disposal of investment	6(6)(20)	1,057	-
Depreciation	6(7)(8)(22)	338,977	371,419
Losses on disposals of property, plant and equipment	6(20)	4,560	996
Property, plant and equipment transferred to expense	6(7)	7,420	818
Gain from lease modification	6(8)(20)	(25)	-
Amortisation	6(9)(22)	2,496	2,480
Interest income	6(18)	(402,106)	(147,752)
Dividend income	6(6)(19)	(3,400)	(12,338)
Interest expense	6(21)	4,975	2,717
Unrealised exchange loss		18,710	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		25,579	89,245
Accounts receivable		(41,820)	921,931
Other receivables		18,299	29,665
Inventories		271,361	(470,704)
Prepayments		20,135	13,660
Net defined benefit assets		(9,542)	(29,270)
Other non-current assets		(36,782)	(89,275)
Changes in operating liabilities			
Current contract liabilities		(24,593)	(25,808)
Accounts payable		(15,186)	(142,959)
Other payables		(125,889)	(876,833)
Current refund liabilities		-	(20,418)
Net defined benefit liabilities		(1,859)	(4,837)
Cash inflow generated from operations		1,333,793	1,857,295
Interest received		387,522	171,808
Dividends received		3,400	12,338
Interest paid		(5,217)	(3,157)
Income tax paid		(458,979)	(1,724,536)
Net cash flows from operating activities		1,260,519	313,748

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of current financial assets at amortised cost		($ 5,416,873)	($ 3,516,339)
Proceeds from disposal of current financial assets at amortised cost		6,240,973	3,071,488
Acquisition of financial assets at fair value through other comprehensive income		-	(40,307)
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)	(178,510)	(231,151)
Interest paid for acquisition of property, plant and equipment	6(7)(21)(26)	(216)	(450)
Proceeds from disposal of property, plant and equipment		-	972
Increase in intangible assets	6(9)	(155)	(960)
Increase in prepayments for equipment		(49,525)	(53,425)
Decrease (increase) in guarantee deposits paid		3,548	(5,793)
Net cash flows from (used in) investing activities		629,089	(775,965)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	-	10,000
Decrease in short-term notes and bills payable	6(27)	-	(10,000)
Payment of lease liabilities	6(27)	(31,267)	(22,421)
Increase in long-term borrowings	6(27)	35,000	85,000
Decrease in long-term borrowings	6(27)	(52,500)	(96,667)
Payment of cash dividends	6(16)	(984,833)	(3,446,917)
(Decrease) increase in non-controlling interest		(33,524)	194,105
Net cash flows used in financing activities		(1,067,124)	(3,286,900)
Effect of foreign exchange rate changes		(66,693)	249,775
Net increase (decrease) in cash and cash equivalents		755,791	(3,499,342)
Cash and cash equivalents at beginning of year	6(1)	7,497,677	10,997,019
Cash and cash equivalents at end of year	6(1)	$ 8,253,468	$ 7,497,677

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 March 6, 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standard Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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 and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by 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.

(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 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
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", 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").

(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 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:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2023	December 31, 2022	Note
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 1) (Note 2)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry Co., Ltd.	Manufacture and sales of rubber and latex	100.00%	100.00%	—

Note 1: 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.

Note 2: The subsidiary, Nanmat Technology Co., Ltd., increased its capital by issuing 5,000 thousand common shares for the year ended December 31, 2022. The Company acquired 694,540 shares disproportionately to its interest. As a result, the Company decreased its share interest from 44.2% to 41.0%. The Company recognised adjustment to investments accounted for under equity method from acquiring shares disproportionately to its ownership interest amounting to $28,082 (listed as 'Capital surplus').

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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the

Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Notes and accounts receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventory is higher than net realisable value, a write-down is provided and recognised in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognised as deduction of operating costs.

(11) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(12) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses ("ECLs") if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has no retained control of the financial asset.

(14) Property, plant and equipment

A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Land improvements	20 ～ 40 years
Buildings and structures	3 ～ 65 years
Machinery and equipment	2 ～ 33 years
Leasehold improvements	10 years
Other equipment	2 ～ 20 years

(15) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Trademarks, patent, computer software and royalty are stated initially at cost and amortised on a straight-line basis over its estimated economic life and term of operating agreements of 5 to 20 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term and short-term banks loans and other short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the external customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of the estimated sales return and volume discounts. The products are often sold with volume discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The terms of receipt of sales transactions are consistent with market practice, the Group does not adjusted the transation price to reflect the time value of money.

(c) A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the inventories are mostly chemicals, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specific period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was $1,332,853.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 352	$ 352
Checking accounts and demand deposits	1,788,720	1,749,361
	1,789,072	1,749,713
Cash equivalents:		
Time deposits	6,464,396	5,747,964
	$ 8,253,468	$ 7,497,677

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 December 31, 2023 and 2022, 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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 30,000	$ 30,000
Valuation adjustment	150	1,050
	$ 30,150	$ 31,050

A. For the years ended December 31, 2023 and 2022, the Group recognised net loss from changes in fair values in the amount of $900 and $30, respectively. The Group recognised gain from the distribution of investment income in the amount of $1,269 and $935, 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 December 31, 2023 and 2022.

(3) Current financial assets at amortised cost

	December 31, 2023	December 31, 2022
Time deposits maturing over three months	$ 2,011,576	$ 2,854,386
Time deposits pledged	4,000	4,000
	$ 2,015,576	$ 2,858,386

A. The Group recognised interest income in profit or loss in relation to financial assets at amortised cost in the amount of $117,354 and $21,012 for the years ended December 31, 2023 and 2022, respectively.

B. As of December 31, 2023 and 2022, 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 December 31, 2023 and 2022, 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

	December 31, 2023	December 31, 2022
Notes receivable	$ 120,945	$ 146,524
Accounts receivable	$ 706,923	$ 665,103
Less: Loss allowance	(604)	(416)
	$ 706,319	$ 664,687

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

	December 31, 2023				December 31, 2022			
	Accounts receivable		Notes receivable		Accounts receivable		Notes receivable	
Not past due	$	606,166	$	120,945	$	576,818	$	146,524
Less than 90 days		100,712		-		88,173		-
Over 90 days		45		-		112		-
	$	706,923	$	120,945	$	665,103	$	146,524

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,822,820.

C. As of December 31, 2023 and 2022, the Group holds 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

	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
	$	1,403,065	($	70,212)	$	1,332,853

	December 31, 2022					
	Cost		Allowance for market price decline		Book value	
Merchandise	$	876	($	579)	$	297
Raw materials		752,704	(	19,980)		732,724
Supplies		67,475	(	71)		67,404
Work in progress		136,824	(	12,426)		124,398
Finished goods		716,547	(	24,300)		692,247
	$	1,674,426	($	57,356)	$	1,617,070

The cost of inventories recognised as expense for the year:

	Years ended December 31, 2023	Years ended December 31, 2022
Cost of goods sold	$ 6,764,734	$ 8,497,864
Loss on physical inventory	524	5,255
Revenue from sale of scraps	(13,808)	(21,770)
Provision for inventory market price decline	12,856	5,665
Unallocated overhead expense	8,613	6,155
	$ 6,772,919	$ 8,493,169

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

	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	$ 125,435	$ 125,435
Unlisted stocks	291,395	291,416
	416,830	416,851
Valuation adjustment	190,390	130,683
	607,220	547,534
Debt instrument		
Corporate bond	-	30,904
Valuation adjustments	-	(516)
	-	30,388
	$ 607,220	$ 577,922

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 December 31, 2023 and 2022.

B. The Group disposed financial assets at fair value through other comprehensive income - debt instruments whose fair value was $29,847 for the year ended December 31, 2023. The cumulative loss on disposal was $1,057 (listed as 'Other gains and losses'). There was no such transaction for the year ended December 31, 2022.

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:

	Years ended December 31, 2023	Years ended December 31, 2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 59,707	$ 47,592
Dividend income recognised in profit or loss held at end of year	$ 3,400	$ 12,338

	Years ended December 31,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 516	$ 2,154
Cumulative other comprehensive income reclassified to profit or loss due to derecognition	($ 1,057)	$ -
Interest income recognised in profit or loss	$ 366	$ 723

D. As of December 31, 2023 and 2022, 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

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2023								
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)
	$ 461,888	$ 1,964	$ 629,296	$ 1,357,440	$ 2,803	$ 234,015	$ 97,511	$ 2,784,917
Year ended December 31, 2023								
At January 1	$ 461,888	$ 1,964	$ 629,296	$ 1,357,440	$ 2,803	$ 234,015	$ 97,511	$ 2,784,917
Additions - cost	-	-	20,511	55,193	-	62,085	37,673	175,462
Transferred after acceptance inspection	-	410	872	2,028	-	-	(3,310)	-
Transferred from prepayments for equipment	-	-	-	5,836	-	2,411	-	8,247
Disposal - cost	-	-	(14,333)	(33,856)	-	(5,400)	-	(53,589)
- accumulated depreciation	-	-	14,206	29,686	-	5,137	-	49,029
Depreciation	-	(1,093)	(57,414)	(189,798)	(731)	(55,896)	-	(304,932)
Reclassification (Note)	-	-	-	1,591	-	(8,475)	-	(6,884)
Net exchange differences	-	-	(4,630)	(12,553)	-	(1,058)	(73)	(18,314)
At December 31	$ 461,888	$ 1,281	$ 588,508	$ 1,215,567	$ 2,072	$ 232,819	$ 131,801	$ 2,633,936
At December 31, 2023								
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)
	$ 461,888	$ 1,281	$ 588,508	$ 1,215,567	$ 2,072	$ 232,819	$ 131,801	$ 2,633,936

(Note) Transferred from other equipment to machinery and equipment and reclassified to expenses in the amount of $1,055 and $7,420, respectively, and transferred from other non-current assets to machinery and equipment in the amount of $536.

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2022								
Cost	$ 461,888	$ 18,064	$ 1,707,576	$ 5,795,517	$ 7,960	$ 730,743	$ 330,457	$ 9,052,205
Accumulated depreciation	-	(14,175)	(1,144,597)	(4,525,276)	(4,426)	(508,773)	-	(6,197,247)
	$ 461,888	$ 3,889	$ 562,979	$ 1,270,241	$ 3,534	$ 221,970	$ 330,457	$ 2,854,958
Year ended December 31, 2022								
At January 1	$ 461,888	$ 3,889	$ 562,979	$ 1,270,241	$ 3,534	$ 221,970	$ 330,457	$ 2,854,958
Additions - cost	-	-	52,483	68,018	-	58,775	57,907	237,183
Transferred after acceptance inspection	-	-	66,758	238,902	-	6,520	(312,180)	-
Transferred from prepayments for equipment	-	-	-	8,764	-	-	17,159	25,923
Disposal - cost	-	-	-	(20,730)	-	(13,854)	-	(34,584)
- accumulated depreciation	-	-	-	20,226	-	12,390	-	32,616
Depreciation	-	(1,925)	(57,258)	(236,315)	(731)	(51,046)	-	(347,275)
Reclassification (Note)	-	-	38	780	-	(1,636)	-	(818)
Net exchange differences	-	-	4,296	7,554	-	896	4,168	16,914
At December 31	$ 461,888	$ 1,964	$ 629,296	$ 1,357,440	$ 2,803	$ 234,015	$ 97,511	$ 2,784,917
At December 31, 2022								
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)
	$ 461,888	$ 1,964	$ 629,296	$ 1,357,440	$ 2,803	$ 234,015	$ 97,511	$ 2,784,917

(Note) Transferred from other equipment to buildings and structures, machinery and equipment and reclassified to expenses in the amount of $38, $780 and $818, 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:

	Years ended December 31,	
	2023	2022
Amount of interest capitalised	$ 216	$ 450
Interest rates for capitalisation	0.96%～2.04%	0.96%～1.68%

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:

	December 31, 2023	December 31, 2022
	Carrying Amount	Carrying Amount
Land	$ 71,441	$ 78,308
Buildings	39,619	43,253
Machinery and equipment	137,848	13,038
Transportation equipment (Business vehicles)	648	1,777
	$ 249,556	$ 136,376

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 6,196	$ 6,388
Buildings	4,097	4,098
Machinery and equipment	22,550	12,565
Transportation equipment (Business vehicles)	1,202	1,093
	$ 34,045	$ 24,144

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $153,645 and $54,253, respectively.

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,554	$ 1,277
Expense on short-term lease or leases of low-value assets	1,118	855
Gain from lease modification	25	-

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $35,939 and $24,553, respectively.

(9) Intangible assets

	Year ended December 31, 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	$ 847	$ 504	$ 12,278	$ 13,629
Year ended December 31, 2023				
At January 1	$ 847	$ 504	$ 12,278	$ 13,629
Additions - acquired separately	-	-	155	155
Disposal - cost	(367)	(308)	(381)	(1,056)
- accumulated amortisation	367	308	381	1,056
Amortisation	(263)	(58)	(2,175)	(2,496)
Net exchange differences	-	-	(191)	(191)
At December 31	$ 584	$ 446	$ 10,067	$ 11,097
At December 31, 2023				
Cost	$ 1,637	$ 960	$ 19,755	$ 22,352
Accumulated amortisation	(1,053)	(514)	(9,285)	(10,852)
Net exchange differences	-	-	(403)	(403)
Net value	$ 584	$ 446	$ 10,067	$ 11,097

	Year ended December 31, 2022			
	Trademarks	Patents	Computer Software	Total
At January 1, 2022				
Cost	$ 2,192	$ 1,268	$ 19,744	$ 23,204
Accumulated amortisation	(1,110)	(698)	(6,035)	(7,843)
Net exchange differences	-	-	(416)	(416)
Net value	$ 1,082	$ 570	$ 13,293	$ 14,945
Year ended December 31, 2022				
At January 1	$ 1,082	$ 570	$ 13,293	$ 14,945
Additions - acquired separately	58	-	902	960
Disposal - cost	(246)	-	(665)	(911)
- accumulated amortisation	246	-	665	911
Amortisation	(293)	(66)	(2,121)	(2,480)
Net exchange differences	-	-	204	204
At December 31	$ 847	$ 504	$ 12,278	$ 13,629
At December 31, 2022				
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	$ 847	$ 504	$ 12,278	$ 13,629

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	$ 462	$ 438
Selling expenses	280	324
General and administrative expenses	1,696	1,652
Research and development expenses	58	66
	$ 2,496	$ 2,480

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 180,000	1.72%～1.74%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 180,000	1.35%～1.73%	None

For the the years ended December 31, 2023 and 2022, the Group recognised interest expense in profit or loss. Refer to Note 6(21) for details.

(11) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 408,368	$ 494,677
Employees' compensation and directors' remuneration payable	42,363	79,464
Payables on equipment	8,295	11,559
Others	214,555	217,276
	$ 673,581	$ 802,976

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2023	Interest rate	Collateral
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)		
		$ 2,500		

Type of borrowings	Borrowing period and repayment term	December 31, 2022	Interest rate	Collateral
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from September 1, 2022 to March 9, 2025; interest is repayable monthly; principal is repayable quarterly from December 9, 2022	$ 22,500	1.48%	None
	Borrowing period is from July 3, 2020 to July 3, 2023; interest is repayable monthly; principal is repayable quarterly from October 3, 2020	7,500	1.73%	None
		30,000		
Less: Current portion		(17,500)		
		$ 12,500		

For the years ended December 31, 2023 and 2022, the Group recognised interest expenses in profit or loss. Refer to Note 6(21) for details.

(13) 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%～15% 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) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 516,454)	($ 556,500)
Fair value of plan assets	688,148	697,129
Net defined benefit asset	$ 171,694	$ 140,629
Net defined benefit asset	$ 178,888	$ 149,460
Net defined benefit liability	(7,194)	(8,831)
	$ 171,694	$ 140,629

(b) Movements in net defined benefit asset are as follows:

Year ended December 31, 2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 556,500)	$ 697,129	140,629
Current service cost	(3,771)	-	(3,771)
Interest (expense) income	(6,466)	8,367	1,901
	(566,737)	705,496	138,759
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,374	6,374
Change in financial assumptions	(1,707)	-	(1,707)
Experience adjustments	14,997	-	14,997
	13,290	6,374	19,664
Pension fund contribution	-	13,271	13,271
Paid pension	36,993	(36,993)	-
At December 31	($ 516,454)	$ 688,148	$ 171,694

Year ended December 31, 2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 632,229)	$ 639,254	$ 7,025
Current service cost	(5,478)	-	(5,478)
Interest (expense) income	(4,005)	4,127	122
	(641,712)	643,381	1,669
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	48,670	48,670
Change in financial assumptions	22,231	-	22,231
Experience adjustments	28,596	-	28,596
	50,827	48,670	99,497
Pension fund contribution	-	39,463	39,463
Paid pension	34,385	(34,385)	-
At December 31	($ 556,500)	$ 697,129	$ 140,629

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiary's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiary have no right to participate in managing and operating that fund and hence the Company and domestic subsidiary are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.15%～1.20%	1.20%～1.25%
Future salary increases	2.00%～3.00%	2.00%～3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 8,446)	$ 8,666	$ 8,495	($ 8,323)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 9,676)	$ 9,940	$ 9,749	($ 9,540)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Group for the next year amount to $3,600.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 6～7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	40,309
1-2 years		29,322
2-5 years		150,538
Over 5 years		337,661
	$	557,830

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 years ended December 31, 2023 and 2022 were $15,831 and $15,997, 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 years ended December 31, 2023 and 2022 were $23,554 and $22,430, respectively.

(14) Share-based payment

The Board of Directors of the subsidiary, Nanmat Technology Co., Ltd. (Nanmat), adopted a resolution to increase capital during its meeting on August 8, 2022. 750 thousand shares were reserved for employee preemption and the subscription price was NT$50 (in dollars) per share. There were 577 thousand shares exercised on October 12, 2022, with the subscription proceeds amounting to $28,862 (listed as 'Non-controlling interest') and the effective date of the capital increase was set on October 12, 2022.

(15) Share capital

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

	Years ended December 31,	
	2023	2022
Beginning and ending balance	492,417	492,417

B. As of December 31, 2023, 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) and $3,446,917 ($7.0 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On March 6, 2024, the Board of Directors proposed for the distribution of cash dividends of $492,417 ($1.0 (in dollars) per share) from the 2023 earnings.

(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:

	Year ended December 31, 2023			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	$ 2,318,184	$ 302,137	$ -	$ 2,620,321
Revenue from rubber products	886,112	3,482,957	-	4,369,069
Organic-inorganic materials	-	-	1,840,630	1,840,630
Others	2,945	-	109,077	112,022
	$ 3,207,241	$ 3,785,094	$ 1,949,707	$ 8,942,042

	Year ended December 31, 2022			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	$ 3,408,658	$ 839,708	$ -	$ 4,248,366
Revenue from rubber products	1,402,824	4,193,207	-	5,596,031
Organic-inorganic materials	-	-	1,595,337	1,595,337
Others	81,790	-	147,019	228,809
	$ 4,893,272	$ 5,032,915	$ 1,742,356	$ 11,668,543

B. Contract liabilities

(a) On December 31, 2023 and 2022, the Group has recognised the revenue-related contract liabilities amounting to $46,392 and $70,985, respectively.

(b) On January 1, 2023 and 2022, the contract liabilities were $70,985 and $96,793, respectively, and the contract liabilities at the beginning of 2023 and 2022 of $63,405 and $92,140 were recognised as revenue for the years ended December 31, 2023 and 2022, respectively.

(18) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 284,386	$ 126,017
Interest income from financial assets at amortised cost	117,354	21,012
Interest income from financial assets at fair value through other comprehensive income	366	723
	$ 402,106	$ 147,752

(19) Other income

	Years ended December 31,	
	2023	2022
Dividend income	$ 3,400	$ 12,338
Other income	16,066	15,645
	$ 19,466	$ 27,983

(20) Other gains and losses

	Years ended December 31,	
	2023	2022
Net currency exchange gains	$ 20,832	$ 586,625
Gains on financial assets at fair value through profit or loss	369	905
Losses on disposal of property, plant and equipment	(4,560)	(996)
Losses on disposal of investment	(1,057)	-
Gains on lease modification	25	-
Other losses	(1,388)	(2,806)
	$ 14,221	$ 583,728

(Note) Represents the distribution of fund income of $1,269 and $935 and unrealized valuation loss of $900 and $30 for the years ended December 31, 2023 and 2022, respectively.

(21) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Bank loans	$ 1,637	$ 1,890
Lease liabilities	3,554	1,277
	5,191	3,167
Less: Capitalisation of qualifying assets	(216)	(450)
	$ 4,975	$ 2,717

(22) Expenses by nature

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 414,542	$ 612,667	$ 1,027,209
Depreciation	244,877	94,100	338,977
Amortisation	462	2,034	2,496
	$ 659,881	$ 708,801	$ 1,368,682

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 454,715	$ 751,894	$ 1,206,609
Depreciation	290,561	80,858	371,419
Amortisation	438	2,042	2,480
	$ 745,714	$ 834,794	$ 1,580,508

(23) Employee benefit expense

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Salaries and wages	$ 338,142	$ 471,501	$ 809,643
Labour and health insurance expenses	32,186	30,532	62,718
Pension costs	23,176	18,079	41,255
Other personnel expenses	21,038	92,555	113,593
	$ 414,542	$ 612,667	$ 1,027,209

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Salaries and wages	$ 375,958	$ 563,453	$ 939,411
Employee stock options	-	574	574
Labour and health insurance expenses	31,873	40,732	72,605
Pension costs	24,966	18,817	43,783
Other personnel expenses	21,918	128,318	150,236
	$ 454,715	$ 751,894	$ 1,206,609

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 years ended December 31, 2023 and 2022, the Company's employees' compensation was accrued at $16,945 and $31,786, respectively; while directors' remuneration was accrued at $25,418 and $47,678, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the years ended December 31, 2023 and 2022 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 2022 as resolved by the Board of Directors amounted to $78,698. The difference of $766 between the amount resolved at the Board meeting and the amount recognised in the 2022 financial statements of $79,464 had been adjusted in profit or loss for 2023. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were $16,831 and $25,247, respectively. The employees' compensation will be distributed in the form of cash.

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

(a) Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 303,115	$ 659,900
Tax on undistributed surplus earnings	10,467	156,430
Prior year income tax under (over) estimation	7,066	(10,064)
Total current tax	320,648	806,266
Deferred tax:		
Origination and reversal of temporary differences	(105)	56,755
Income tax expense	$ 320,543	$ 863,021

(b) The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Remeasurement of defined benefit plan	$ 3,933	$ 19,899

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 386,313	$ 852,197
Effect from adjustment by tax regulation	(83,303)	(135,542)
Tax on undistributed surplus earnings	10,467	156,430
Prior year income tax under (over) estimation	7,066	(10,064)
Income tax expense	$ 320,543	$ 863,021

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 4,073	$ 122	$ -	$ 4,195
Unrealised loss on inventory market value decline	11,176	2,584	-	13,760
Unused compensated absences	2,205	56	-	2,261
Pension cost	13,640	(372)	(3,933)	9,335
Unrealised expenses	317	(28)	-	289
	$ 31,411	$ 2,362	($ 3,933)	$ 29,840
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 44,265)	($ 1,908)	$ -	($ 46,173)
Investment gain	(189,597)	(20,000)	-	(209,597)
Unrealised exchange gain	(36,291)	19,651	-	(16,640)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 362,620)	($ 2,257)	$ -	($ 364,877)
	($ 331,209)	$ 105	($ 3,933)	($ 335,037)

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 4,073	$ -	$ -	$ 4,073
Unrealised sales discounts and allowances	4,084	(4,084)	-	-
Unrealised loss on inventory market value decline	10,338	838	-	11,176
Unused compensated absences	2,113	92	-	2,205
Pension cost	34,507	(968)	(19,899)	13,640
Unrealised expenses	249	68	-	317
Unrealised exchange loss	10,556	(10,556)	-	-
	$ 65,920	($ 14,610)	($ 19,899)	$ 31,411
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 38,411)	($ 5,854)	$ -	($ 44,265)
Investment gain	(189,597)	-	-	(189,597)
Unrealised exchange gain	-	(36,291)	-	(36,291)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 320,475)	($ 42,145)	$ -	($ 362,620)
	($ 254,555)	($ 56,755)	($ 19,899)	($ 331,209)

D. The income tax returns of the Company and subsidiaries through 2021～2022 have been assessed and approved by the Tax Authority. The Company and subsidiaries do not have any administrative remedy as of March 6, 2024.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 714,039	492,417	$ 1.45
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 714,039		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	586	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 714,039	493,003	$ 1.45

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,192,632	492,417	$ 2.42
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,192,632		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,331	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,192,632	493,748	$ 2.42

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 175,462	$ 237,183
Add: Beginning balance of payable on equipment (listed as 'other payables')	11,559	5,977
Less: Ending balance of payable on equipment (listed as 'other payables')	(8,295)	(11,559)
Interest capitalisation	(216)	(450)
Cash paid for purchase of property, plant and equipment	$ 178,510	$ 231,151

B. Operating and investing activities with no cash flow effects:

	Years ended December 31, 2023	Years ended December 31, 2022
(a) Write-offs of loss allowance of accounts receivable	$ -	$ 17
(b) Prepayments for equipment reclassified to property, plant and equipment	$ 8,247	$ 25,923
(c) Other non-current assets reclassified to property, plant and equipment	$ 536	$ -

(27) Changes in liabilities from financing activities

Year ended December 31, 2023	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1	$ 180,000	$ 105,563	$ 30,000	$ 315,563
Changes in cash flows from financing activities	-	(31,267)	(17,500)	(48,767)
Changes in other non-cash items	-	147,872	-	147,872
At December 31	$ 180,000	$ 222,168	$ 12,500	$ 414,668

Year ended December 31, 2022	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1	$ 170,000	$ 9,999	$ 73,730	$ 41,667	$ 295,396
Changes in cash flows from financing activities	10,000	(10,000)	(22,421)	(11,667)	(34,088)
Changes in other non-cash items	-	1	54,254	-	54,255
At December 31	$ 180,000	$ -	$ 105,563	$ 30,000	$ 315,563

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Tainan Spinning Co., Ltd. (Tainan Spinning)	Entity with significant influence to the Group
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	Other related party
Veitnam 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

	Years ended December 31, 2023	Years ended December 31, 2022
Lushun Warehouse	$ 151,422	$ 11,410

(b) Lease liabilities

(i) Outstanding balance

	December 31, 2023	December 31, 2022
Tainan Spinning	$ 42,713	$ 45,733
Lushun Warehouse	136,436	11,411
	$ 179,149	$ 57,144

(ii) Interest expense

	Years ended December 31, 2023	Years ended December 31, 2022
Tainan Spinning	$ 979	$ 1,040
Lushun Warehouse	1,893	54
	$ 2,872	$ 1,094

B. Payables from related parties

	December 31, 2023	December 31, 2022
Other payables		
Other related party	$ 3,229	$ 1,008

C. Endorsements and guarantees

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

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 154,185	$ 260,962
Share-based payments	-	101
	$ 154,185	$ 261,063

8. PLEDGED ASSETS

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

	Book Value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Pledged time deposits (Note 1)	$ 4,000	$ 4,000	Customs guarantee
Land (Note 2)	461,888	448,185	Collateral for borrowing facilities
Buildings and structures, net (Note 2)	25,033	15,883	Collateral for borrowing facilities
Guarantee deposits paid	413	413	Performance guarantee
	$ 491,334	$ 468,481	

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. As of December 31, 2023 and 2022, the Group's remaining balance due for construction in progress and prepayment for equipment were $57,204 and $46,169, respectively.

B. As of December 31, 2023 and 2022, the Group's unused letters of credit amounted to $12,869 and $3,419, respectively.

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

			Quantity of purchase (in tonnes)	
Suppliers	Items	Price	December 31, 2023	December 31, 2022
CPC Corporation, Taiwan	Butadiene (BD)	Floating	18,882	20,646
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	10,800	46,800
BASF-YPC Company Limited	Butadiene (BD)	Floating	23,000	28,000
NanJing GongXi Chemical Limited Company	Butadiene (BD)	Floating	11,850	13,200
SINOPEC CHEMICAL COMMERCIAL HOLDING COMPANY LIMITED (EAST CHINA)	Butadiene (BD)	Floating	-	2,000
China Petrochemical Development Corp.	Acrylonitrile (AN)	Floating	18,000	18,000
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800

Suppliers	Items	Price	Quantity of purchase (in tonnes) December 31, 2023	December 31, 2022
YUGE (SHANGHAI) CHEMICAL CO., LTD.	Acrylonitrile (AN)	Floating	10,080	10,800
Shanghai Legend Petrochemical Co., Ltd.	Acrylonitrile (AN)	Floating	4,800	5,100
WeiQiang International Trade (SHANGHAI) Co., Ltd.	Acrylonitrile (AN)	Floating	2,622	2,760
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800

As of December 31, 2023, 58,216 tonnes of BD, 31,422 tonnes of AN and 1,422 tonnes of SM were purchased.

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

Endorser/guarantor	Party being endorsed/ guaranteed	Purpose	December 31, 2023	December 31, 2022
INTERMEDIUM INTERNATIONAL LIMITED	Veitnam Bao Minh Textile & Garment	Guarantee for borrowings	$ 98,184	$ 98,200

As of December 31, 2023 and 2022, Bao Minh Textile & Garment has drawn from the endorsements and guarantees in the amount of $71,773 and $71,785, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On January 3, 2024, the Board of Directors resolved the distribution of cash dividends of RMB 158,208,703.41 from the 2022 unappropriated retained earnings of the company's subsidiary, Zhenjiang Nantex Chemical Industry Co., Ltd.

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

	December 31, 2023		December 31, 2022	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	30,150	$	31,050
Financial assets at fair value through other comprehensive income				
Designation of equity instrument	$	607,220	$	547,534
Qualifying debt instrument		-		30,388
	$	607,220	$	577,922
Financial assets at amortised cost/Loans and receivables				
Cash and cash equivalents	$	8,253,468	$	7,497,677
Financial assets at amortised cost		2,015,576		2,858,386
Notes receivable		120,945		146,524
Accounts receivable		706,319		664,687
Other receivables		47,011		50,726
Guarantee deposits paid		3,345		6,893
	$	11,146,664	$	11,224,893
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	180,000	$	180,000
Accounts payable		256,649		271,835
Other payables		673,581		802,976
Long-term borrowings (including current portion)		12,500		30,000
	$	1,122,730	$	1,284,811
Lease liabilities	$	222,168	$	105,563

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:

	December 31, 2023		December 31, 2022	
	Foreign currency amount (in thousands)	Exchange rate	Foreign currency amount (in thousands)	Exchange rate
Financial assets				
Monetary items				
USD : NTD	$ 64,922	30.71	$ 100,212	30.71
USD : RMB	47,744	7.08	41,203	6.96
JPY : NTD	1,272,725	0.2172	577,585	0.2324
Financial liabilities				
Monetary items				
USD : NTD	3,006	30.71	2,802	30.71
USD : RMB	324	7.08	492	6.96

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 years ended December 31, 2023 and 2022 would have increased/decreased by $28,340 and $34,383, 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 years ended December 31, 2023 and 2022 amounted to $20,832 and $586,625, 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 years ended December 31, 2023 and 2022 would have increased/decreased by $302 and $311, respectively, 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 $6,072 and $5,475, 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 years ended December 31, 2023 and 2022, 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:

	Years ended December 31,	
	2023	2022
At January 1	$ 416	$ 942
Write-offs	-	(17)
Expected credit impairment loss (gain)	200	(526)
Effect of foreign exchange	(12)	17
At December 31	$ 604	$ 416

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:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 3,732,291	$ 4,067,090

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.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
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	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 181,038	$ -	$ -	$ -
Accounts payable	271,835	-	-	-
Other payables	802,976	-	-	-
Lease liability	23,540	10,164	27,756	54,476
Long-term borrowings (including current portion)	17,790	10,120	2,509	-

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, 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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
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
	$ 151,910	$ -	$ 485,460	$ 637,370

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 31,050	$ -	$ -	$ 31,050
Financial assets at fair value through other comprehensive income				
Equity securities	116,720	-	430,814	547,534
Debt secruities	30,388	-	-	30,388
	$ 178,158	$ -	$ 430,814	$ 608,972

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:

	Listed shares	Closed-end fund	Corporate bonds
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 years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	Equity securities
At January 1, 2023	$ 430,814
Gains recognised in other comprehensive income	54,667
Net exchange differences	(21)
At December 31, 2023	$ 485,460

	Equity securities
At January 1, 2022	$ 333,866
Additions	23,925
Gains recognised in other comprehensive income	63,395
Net exchange differences	9,628
At December 31, 2022	$ 430,814

G. For the years ended December 31, 2023 and 2022, 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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 441,597	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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 430,814	Discounted cash flow	Weighted average cost of capital	5.11%～10.23%	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

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:

			Year ended December 31, 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%	$ -	$ -	$ 64,958	($ 47,505)
	Price-book ratio multiplier	±10%	-	-	4,347	(4,347)
	Discount for lack of marketability	±10%	-	-	21,483	(21,483)
			$ -	$ -	$ 90,788	($ 73,335)

			Year ended December 31, 2022			
			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%	$ -	$ -	$ 41,972	($ 30,300)
	Discount for lack of marketability	±10%	-	-	5,475	(5,475)
			$ -	$ -	$ 47,447	($ 35,775)

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

(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:

	Year ended December 31, 2023			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 3,220,392	$ 3,785,949	$ 1,949,707	$ 8,956,048
Inter-segment revenue	13,151	855	-	14,006
Revenue from external customers	3,207,241	3,785,094	1,949,707	8,942,042
Interest income	75,429	316,269	10,408	402,106
Depreciation and amortisation	184,034	88,233	69,206	341,473
Finance cost	(2,955)	-	(2,020)	(4,975)
Segment income before tax	799,200	733,124	495,099	2,027,423
Capital expenditure for non-current assets	44,339	23,573	160,494	228,406

	Year ended December 31, 2022			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 5,013,577	$ 5,035,903	$ 1,742,356	$ 11,791,836
Inter-segment revenue	120,304	2,989	-	123,293
Revenue from external customers	4,893,273	5,032,914	1,742,356	11,668,543
Interest income	42,141	104,051	1,560	147,752
Depreciation and amortisation	185,822	131,105	56,972	373,899
Finance cost	(1,123)	-	(1,594)	(2,717)
Segment income before tax	1,494,499	1,047,502	410,870	2,952,871
Capital expenditure for non-current assets	101,880	39,206	144,900	285,986

(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 years ended December 31, 2023 and 2022 is provided as follows:

	Years ended December 31,	
	2023	2022
Reportable operating segments income before income tax	$ 2,027,423	$ 2,952,871
Write-offs of inter-segment income (loss)	(759,953)	(713,482)
Profit before income tax	$ 1,267,470	$ 2,239,389

(5) Information on products and services

Revenue from external customers is mainly from manufacture, processing and sales of latex, rubber, chemical materials and related products. Details of revenue are as follows:

	Years ended December 31,	
	2023	2022
Revenue from latex products	$ 2,620,321	$ 4,248,366
Revenue from rubber products	4,369,069	5,596,031
Organic-inorganic materials	1,840,630	1,595,337
Others	112,022	228,809
Total operating revenue	$ 8,942,042	$ 11,668,543

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 2,012,191	$ 2,477,797	$ 2,061,571	$ 2,348,404
China	3,770,524	1,008,698	4,958,365	1,100,900
Thailand	1,066,346	-	1,337,330	-
Malaysia	970,795	-	1,842,180	-
Others	1,122,186	-	1,469,097	-
	$ 8,942,042	$ 3,486,495	$ 11,668,543	$ 3,449,304

(7) Major customer information

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	$ 561,864	NANTEX	$ 1,129,553	NANTEX
B	721,455	NANTEX	740,478	NANTEX
C	727,178	Nanmat	671,032	Nanmat
	$ 2,010,497		$ 2,541,063	

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

		Party being endorsed/guaranteed												
Number	Endorser/ guarantor	Company name	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 Deceember 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	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
1	INTERMEDIUM INTERNATIONAL LIMITED	Veitnam Bao Minh Textile & Garment	(Note 1)	$ 1,825,533	$ 98,184	$ 98,184	$ 71,773	$ -	1.08%	$ 4,563,834	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 30.71) 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)

December 31, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 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	$ 30,150	-	$ 30,150	—
	Stocks:							
	Lushun Warehouse Co., Ltd.	Other related party	Non-current financial assets at fair value through other comprehensive income	2,700	341,359	15.00%	341,359	—
	President International Development Corp.	—	〃	8,820	94,358	0.67%	94,358	—
	Micro Sava Co., Ltd.	—	〃	1,021	234	0.52%	234	—
	Grand Bills Finance Corp.	—	〃	720	5,646	0.13%	5,646	—
	Formosa Chemicals & Fibre Corp.	—	〃	1,200	79,709	0.02%	79,709	—
	Formosa Petrochemical Corp.	—	〃	400	42,051	-	42,051	—
INTERMEDIUM INTERNATIONAL LIMITED	Veitnam Bao Minh Textile & Garment	Other related party	〃	-	43,863	8.50%	43,863	—

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry., Ltd.	1	Sales revenue	$ 13,151	Cash payment within 3 months	－

(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.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in China)

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	$ 1,799,716	$ 1,799,716	55,503,757	100.00%	$ 9,127,667	$ 598,115	$ 598,115	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	207,127	207,127	21,355,159	41.00%	760,695	394,726	161,838	Subsidiary

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

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 as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 （Note 3）	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	$ 2,075,996	Note 2	$ 1,698,263	$ -	$ -	$ 1,698,263	$ 367,815	100.00	$ 367,815	$ 3,985,436	$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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.	$ 1,698,263	$ 2,075,996	$ 9,142,567

(Note 1) Including capital increase out of earnings amounting to $377,733.
(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 audited 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 30.71, RMB 1 : USD 0.1408.
Profit or loss are translated using the average exchange rate for year ended December 31, 2023 as follows: USD 1 : TWD 31.15, RMB 1 : USD 0.1413.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Other
Zhenjiang Nantex Chemical Industry., Ltd.	$ 13,151	-	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	-

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Number of shares held: Common share	Number of shares held: Preferred share	Ownership (%)	Footnote
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.