

**NANTEX INDUSTRY CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of review**

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

### **Basis for qualified conclusion**

As explained in Note 4(3), the financial statements and related information disclosed in Note 13 of an insignificant consolidated subsidiary, Nanmat Technology Co., Ltd., were not reviewed by independent auditors. Total assets of the subsidiary amounted to NT\$2,030,891 thousand and NT\$1,522,071 thousand, constituting 11.83% and 7.30% of the consolidated total assets, and total liabilities amounted to NT\$440,857 thousand and NT\$480,166 thousand, constituting 16.82% and 7.23% of the consolidated total liabilities as at March 31, 2023 and 2022, respectively, and the total comprehensive income

amounted to NT\$72,409 thousand and NT\$64,246 thousand, constituting 34.18% and 7.20% of the consolidated total comprehensive income for the three months then ended, respectively.

## Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of an insignificant consolidated subsidiary and the information disclosed in Note 13 been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Lin, Yung-Chih

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

May 9, 2023

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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**  
**MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets	Notes	March 31, 2023		December 31, 2022		March 31, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 7,734,965	45	\$ 7,497,677	43	\$ 11,523,324	55
1110	Current financial assets at fair value through profit or loss	6(2)	30,180	-	31,050	-	30,870	-
1136	Current financial assets at amortised cost	6(1)(3) and 8	2,383,534	14	2,858,386	17	2,107,747	10
1150	Notes receivable, net	6(4)	133,585	1	146,524	1	257,564	1
1170	Accounts receivable, net	6(4)	668,760	4	664,687	4	1,139,836	6
1200	Other receivables		28,454	-	50,726	-	91,486	1
130X	Inventories	6(5)	1,613,991	9	1,617,070	9	1,325,143	6
1410	Prepayments		338,897	2	314,796	2	387,413	2
11XX	<b>Total current assets</b>		<u>12,932,366</u>	<u>75</u>	<u>13,180,916</u>	<u>76</u>	<u>16,863,383</u>	<u>81</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	587,209	4	577,922	3	488,620	2
1600	Property, plant and equipment	6(7) and 8	2,776,685	16	2,784,917	16	2,832,713	14
1755	Right-of-use assets	6(8) and 7	131,049	1	136,376	1	100,974	1
1780	Intangible assets	6(9)	12,949	-	13,629	-	14,788	-
1840	Deferred income tax assets	6(24)	31,301	-	31,411	-	51,136	-
1915	Prepayments for equipment		63,880	-	60,730	-	80,529	-
1920	Guarantee deposits paid	8	6,253	-	6,893	-	2,630	-
1975	Net defined benefit asset	6(14)	157,381	1	149,460	1	28,661	-
1990	Other non-current assets		468,113	3	453,652	3	373,764	2
15XX	<b>Total non-current assets</b>		<u>4,234,820</u>	<u>25</u>	<u>4,214,990</u>	<u>24</u>	<u>3,973,815</u>	<u>19</u>
1XXX	<b>Total assets</b>		<u>\$ 17,167,186</u>	<u>100</u>	<u>\$ 17,395,906</u>	<u>100</u>	<u>\$ 20,837,198</u>	<u>100</u>

(Continued)

**NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2023		December 31, 2022		March 31, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(10)	\$ 70,000	-	\$ 180,000	1	\$ 100,000	1
2110	Short-term notes and bills payable	6(11)	-	-	-	-	9,994	-
2130	Current contract liabilities	6(17)	69,102	-	70,985	-	137,361	1
2150	Notes payable		89	-	-	-	-	-
2170	Accounts payable		268,061	2	271,835	2	407,396	2
2200	Other payables	6(12)(16)	1,430,223	8	802,976	5	4,238,000	20
2230	Current income tax liabilities	6(24)	293,434	2	244,131	1	1,226,471	6
2280	Current lease liabilities	6(8) and 7	18,878	-	21,783	-	18,004	-
2320	Long-term liabilities, current portion	6(13) and 8	15,000	-	17,500	-	40,000	-
21XX	<b>Total current liabilities</b>		<u>2,164,787</u>	<u>12</u>	<u>1,609,210</u>	<u>9</u>	<u>6,177,226</u>	<u>30</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(13) and 8	10,000	-	12,500	-	56,667	-
2570	Deferred income tax liabilities	6(24)	354,607	2	362,620	2	342,078	2
2580	Non-current lease liabilities	6(8) and 7	81,685	1	83,780	1	50,134	-
2640	Net defined benefit liabilities	6(14)	10,156	-	8,831	-	13,045	-
25XX	<b>Total non-current liabilities</b>		<u>456,448</u>	<u>3</u>	<u>467,731</u>	<u>3</u>	<u>461,924</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>2,621,235</u>	<u>15</u>	<u>2,076,941</u>	<u>12</u>	<u>6,639,150</u>	<u>32</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(15)	4,924,167	29	4,924,167	28	4,924,167	24
Capital surplus								
3200	Capital surplus	4(3)	28,939	-	28,939	-	608	-
Retained earnings								
3310	Legal reserve	6(16)	2,420,743	14	2,420,743	14	1,683,582	8
3320	Special reserve		433,442	2	433,442	3	433,442	2
3350	Unappropriated retained earnings		5,846,654	34	6,652,642	38	6,695,309	32
Other equity interest								
3400	Other equity interest	6(6)	(46,114)	-	(36,367)	-	(120,443)	(1)
31XX	<b>Total equity attributable to owners of the parent</b>		<u>13,607,831</u>	<u>79</u>	<u>14,423,566</u>	<u>83</u>	<u>13,616,665</u>	<u>65</u>
36XX	Non-controlling interest		<u>938,120</u>	<u>6</u>	<u>895,399</u>	<u>5</u>	<u>581,383</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>14,545,951</u>	<u>85</u>	<u>15,318,965</u>	<u>88</u>	<u>14,198,048</u>	<u>68</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 17,167,186</u>	<u>100</u>	<u>\$ 17,395,906</u>	<u>100</u>	<u>\$ 20,837,198</u>	<u>100</u>

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)  
(Reviewed, not audited)

Items	Notes	Three months ended March 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(17)	\$ 2,238,084	100	\$ 3,494,991	100
5000	Operating costs	6(5)(9)(14)(22)(23)	( 1,708,049)	( 76)	( 2,426,115)	( 69)
5900	Net operating margin		530,035	24	1,068,876	31
	Operating expenses	6(9)(14)(22)(23) and 12				
6100	Selling expenses		( 109,483)	( 5)	( 214,055)	( 6)
6200	General and administrative expenses		( 180,560)	( 8)	( 234,786)	( 7)
6300	Research and development expenses		( 19,702)	( 1)	( 25,834)	( 1)
6450	Expected credit impairment (loss) gain	12	( 43)	-	443	-
6000	Total operating expenses		( 309,788)	( 14)	( 474,232)	( 14)
6900	Operating profit		220,247	10	594,644	17
	Non-operating income and expenses					
7100	Interest income	6(3)(18)	104,383	5	19,584	1
7010	Other income	6(19)	3,837	-	2,284	-
7020	Other gains and losses	6(2)(20) and 12	( 45,934)	( 2)	187,571	5
7050	Finance costs	6(7)(8)(21) and 7	( 673)	-	( 762)	-
7000	Total non-operating income and expenses		61,613	3	208,677	6
7900	<b>Profit before income tax</b>		281,860	13	803,321	23
7950	Income tax expense	6(24)	( 60,294)	( 3)	( 189,842)	( 5)
8200	<b>Profit for the period</b>		\$ 221,566	10	\$ 613,479	18
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8316	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	6(6)	\$ 10,421	-	( \$ 14,697)	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 20,124)	( 1)	293,191	8
8367	Unrealised (losses) gains on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(6)	( 44)	-	259	-
8300	<b>Other comprehensive (loss) income for the period</b>		( \$ 9,747)	( 1)	\$ 278,753	8
8500	<b>Total comprehensive income for the period</b>		\$ 211,819	9	\$ 892,232	26
	Profit attributable to:					
8610	Owners of the parent		\$ 178,845	8	\$ 577,630	17
8620	Non-controlling interest		42,721	2	35,849	1
	Profit for the period		\$ 221,566	10	\$ 613,479	18
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 169,098	7	\$ 856,383	25
8720	Non-controlling interest		42,721	2	35,849	1
	Total comprehensive income for the period		\$ 211,819	9	\$ 892,232	26
	Earnings per share (in dollars)	6(25)				
9750	Basic		\$ 0.36		\$ 1.17	
9850	Diluted		\$ 0.36		\$ 1.17	

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Equity attributable to owners of the parent										
	Share Capital	Capital Surplus	Retained Earnings			Other Equity Interest				Non-controlling interest	Total equity
	Notes	Common stock	Changes in equity of associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>Three months ended March 31, 2022</u>											
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 period		-	-	-	-	577,630	-	-	577,630	35,849	613,479
Other comprehensive income (loss) for the period	6(6)	-	-	-	-	-	293,191	( 14,438 )	278,753	-	278,753
Total comprehensive income (loss)		-	-	-	-	577,630	293,191	( 14,438 )	856,383	35,849	892,232
Distribution of 2021 net income:											
Cash dividends	6(16)	-	-	-	-	( 3,446,917 )	-	-	( 3,446,917 )	-	( 3,446,917 )
Balance at March 31, 2022		\$ 4,924,167	\$ 608	\$ 1,683,582	\$ 433,442	\$ 6,695,309	(\$ 160,422)	\$ 39,979	\$ 13,616,665	\$ 581,383	\$ 14,198,048
<u>Three months ended March 31, 2023</u>											
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 period		-	-	-	-	178,845	-	-	178,845	42,721	221,566
Other comprehensive income (loss) for the period	6(6)	-	-	-	-	-	( 20,124 )	10,377	( 9,747 )	-	( 9,747 )
Total comprehensive income (loss)		-	-	-	-	178,845	( 20,124 )	10,377	169,098	42,721	211,819
Distribution of 2022 net income:											
Cash dividends	6(16)	-	-	-	-	( 984,833 )	-	-	( 984,833 )	-	( 984,833 )
Balance at March 31, 2023		\$ 4,924,167	\$ 28,939	\$ 2,420,743	\$ 433,442	\$ 5,846,654	(\$ 160,654)	\$ 114,540	\$ 13,607,831	\$ 938,120	\$ 14,545,951

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Notes	Three months ended March 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 281,860	\$ 803,321
Adjustments			
Adjustments to reconcile profit (loss)			
Losses on valuation of financial assets at fair value through profit or loss	6(2)(20)	870	210
Expected credit impairment loss (gain)	12	43	( 443 )
Reversal of inventory market price decline	6(5)	( 37 )	( 720 )
Depreciation	6(7)(8)(22)	83,659	90,078
Losses on disposals of property, plant and equipment	6(20)		
Amortisation	6(9)(22)	123	150
Interest income	6(18)	745	730
Interest expense	6(21)	( 104,383 )	( 19,584 )
Unrealised exchange loss		673	762
		2,370	20,073
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		12,939	( 21,795 )
Accounts receivable		( 4,118 )	446,690
Other receivables		16,367	16,156
Inventories		3,106	( 172,392 )
Prepayments		( 24,101 )	( 58,957 )
Net defined benefit assets		149,460	( 7,744 )
Other non-current assets		( 171,842 )	( 9,387 )
Changes in operating liabilities			
Current contract liabilities		( 1,883 )	40,568
Notes payable		89	-
Accounts payable		( 3,774 )	( 7,398 )
Other payables		( 351,720 )	( 883,597 )
Current refund liabilities		-	( 20,418 )
Net defined benefit liabilities		1,325	( 847 )
Cash (outflow) inflow generated from operations		( 108,229 )	215,456
Interest received		110,288	16,389
Interest paid		( 820 )	( 854 )
Income tax paid		( 18,894 )	( 89,385 )
Net cash flows (used in) from operating activities		( 17,655 )	141,606

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Notes	Three months ended March 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Cash paid for acquisition of current financial assets at amortised cost		(\$ 2,291,838 )	(\$ 696,339 )
Proceeds from disposal of current financial assets at amortised cost		2,764,320	1,026,248
Acquisition of financial assets at fair value through other comprehensive income		-	( 21,095 )
Cash paid for acquisition of property, plant and equipment	6(26)	( 69,353 )	( 23,443 )
Interest paid for acquisition of property, plant and equipment	6(7)(21)(26)	( 163 )	-
Increase in intangible assets	6(9)	-	( 118 )
Increase in prepayments for equipment		( 3,150 )	( 47,301 )
Decrease (increase) in guarantee deposits paid		640	( 1,530 )
Net cash flows from investing activities		<u>400,456</u>	<u>236,422</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(27)	( 110,000 )	( 70,000 )
Payment of lease liabilities	6(27)	( 5,451 )	( 5,592 )
Increase in long-term borrowings	6(27)	20,000	60,000
Decrease in long-term borrowings	6(27)	( 25,000 )	( 5,000 )
Net cash flows used in financing activities		( 120,451 )	( 20,592 )
Effect of foreign exchange rate changes		( 25,062 )	168,869
Net increase in cash and cash equivalents		237,288	526,305
Cash and cash equivalents at beginning of period	6(1)	<u>7,497,677</u>	<u>10,997,019</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 7,734,965</u>	<u>\$ 11,523,324</u>

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

(Reviewed, not audited)

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 May 9, 2023.

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”) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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

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 IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 of the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			March 31, 2023	December 31, 2022	
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%	—

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			March 31, 2022		
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments		100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals		44.20%	(Note 1)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry Co., Ltd.	Manufacture and sales of rubber and latex		100.00%	—

Note 1 : The Group has control over Nanmat Technology Co., Ltd. as the Group holds more than half of the voting rights of the Board of Directors.

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’).

The financial statements and related information disclosed in Note 13 of an insignificant consolidated subsidiary, Nanmat Technology Co., Ltd., were not reviewed by independent auditors.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income tax

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

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

There have been no significant changes during the period. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash:			
Cash on hand	\$ 352	\$ 352	\$ 352
Checking accounts and demand deposits	<u>3,408,369</u>	<u>1,749,361</u>	<u>6,524,039</u>
	<u>3,408,721</u>	<u>1,749,713</u>	<u>6,524,391</u>
Cash equivalents:			
Time deposits	<u>4,326,244</u>	<u>5,747,964</u>	<u>4,998,933</u>
	<u>\$ 7,734,965</u>	<u>\$ 7,497,677</u>	<u>\$ 11,523,324</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of March 31, 2023, December 31, 2022 and March 31, 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 30,000	\$ 30,000	\$ 30,000
Valuation adjustment	<u>180</u>	<u>1,050</u>	<u>870</u>
	<u>\$ 30,180</u>	<u>\$ 31,050</u>	<u>\$ 30,870</u>

- A. For the three months ended March 31, 2023 and 2022, the Group recognised net loss from changes in fair values in the amount of \$870 and \$210, respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others as of March 31, 2023, December 31, 2022 and March 31, 2022.
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Current financial assets at amortised cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current items:			
Time deposits maturing over three months	\$ 2,379,534	\$ 2,854,386	\$ 2,103,747
Time deposits pledged	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
	<u>\$ 2,383,534</u>	<u>\$ 2,858,386</u>	<u>\$ 2,107,747</u>

- A. The Group recognised interest income in profit or loss in relation to financial assets at amortised cost in the amount of \$36,621 and \$ 7,563 for the three months ended March 31, 2023 and 2022, respectively.
- B. As of March 31, 2023, December 31, 2022 and March 31, 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 March 31, 2023, December 31, 2022 and March 31, 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 133,585	\$ 146,524	\$ 257,564
Accounts receivable	\$ 669,221	\$ 665,103	\$ 1,140,361
Less: Loss allowance	( 461)	( 416)	( 525)
	<u>\$ 668,760</u>	<u>\$ 664,687</u>	<u>\$ 1,139,836</u>

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 636,097	\$ 133,585	\$ 576,818	\$ 146,524
Less than 90 days	32,960	-	88,173	-
Over 90 days	164	-	112	-
	<u>\$ 669,221</u>	<u>\$ 133,585</u>	<u>\$ 665,103</u>	<u>\$ 146,524</u>

  

	<u>March 31, 2022</u>	
	Accounts receivable	Notes receivable
Not past due	\$ 954,682	\$ 257,564
Less than 90 days	185,634	-
Over 90 days	45	-
	<u>\$ 1,140,361</u>	<u>\$ 257,564</u>

The above ageing analysis was based on past due date.

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

	March 31, 2023		
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 2,369	(\$ 579)	\$ 1,790
Raw materials	715,575	( 19,654)	695,921
Supplies	67,146	( 71)	67,075
Work in progress	128,680	( 12,426)	116,254
Finished goods	757,550	( 24,599)	732,951
	<u>\$ 1,671,320</u>	<u>(\$ 57,329)</u>	<u>\$ 1,613,991</u>

	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
	<u>\$ 1,674,426</u>	<u>(\$ 57,356)</u>	<u>\$ 1,617,070</u>

	March 31, 2022		
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 1,332	(\$ 543)	\$ 789
Raw materials	640,154	( 15,089)	625,065
Supplies	54,975	( 70)	54,905
Work in progress	148,081	( 9,647)	138,434
Finished goods	531,572	( 25,622)	505,950
	<u>\$ 1,376,114</u>	<u>(\$ 50,971)</u>	<u>\$ 1,325,143</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31,	
	2023	2022
Cost of goods sold	\$ 1,692,113	\$ 2,410,584
(Gain) loss on physical inventory	( 369)	1,319
Revenue from sale of scraps	( 4,270)	( 7,262)
Reversal of inventory market price decline (Note)	( 37)	( 720)
Total cost of goods sold	<u>\$ 1,687,437</u>	<u>\$ 2,403,921</u>

(Note) For the three months ended March 31, 2023 and 2022, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the



inventories which were previously provided with allowance were subsequently used and sold.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity instruments			
Listed stocks	\$ 125,435	\$ 125,435	\$ 109,052
Unlisted stocks	<u>290,326</u>	<u>291,416</u>	<u>282,681</u>
	415,761	416,851	391,733
Valuation adjustment	<u>141,104</u>	<u>130,683</u>	<u>68,394</u>
	<u>556,865</u>	<u>547,534</u>	<u>460,127</u>
Debt instrument			
Corporate bond	30,904	30,904	30,904
Valuation adjustments	<u>(560)</u>	<u>(516)</u>	<u>(2,411)</u>
	<u>30,344</u>	<u>30,388</u>	<u>28,493</u>
	<u>\$ 587,209</u>	<u>\$ 577,922</u>	<u>\$ 488,620</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to its book value as at March 31, 2023, December 31, 2022 and March 31, 2022.
- B. 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:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>10,421</u>	(\$ <u>14,679</u> )
Dividend income recognised in profit or loss held at end of period	\$ <u>-</u>	\$ <u>-</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>44</u> )	\$ <u>259</u>
Interest income recognised in profit or loss	\$ <u>-</u>	\$ <u>-</u>

- C. As of March 31, 2023, December 31, 2022 and March 31, 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.

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- E. 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
<u>At January 1, 2023</u>								
Cost	\$ 461,888	\$ 18,064	\$ 1,835,842	\$ 6,130,981	\$ 7,960	\$ 783,581	\$ 97,511	\$ 9,335,827
Accumulated depreciation	-	( 16,100)	( 1,206,546)	( 4,773,541)	( 5,157)	( 549,566)	-	( 6,550,910)
	<u>\$ 461,888</u>	<u>\$ 1,964</u>	<u>\$ 629,296</u>	<u>\$ 1,357,440</u>	<u>\$ 2,803</u>	<u>\$ 234,015</u>	<u>\$ 97,511</u>	<u>\$ 2,784,917</u>
<u>Three months ended March 31, 2023</u>								
At January 1	\$ 461,888	\$ 1,964	\$ 629,296	\$ 1,357,440	\$ 2,803	\$ 234,015	\$ 97,511	\$ 2,784,917
Additions - cost	-	-	15,125	6,955	-	33,313	8,404	63,797
Disposal - cost	-	-	( 130)	( 266)	-	( 1,714)	-	( 2,110)
- accumulated depreciation	-	-	108	240	-	1,639	-	1,987
Depreciation	-	( 243)	( 15,225)	( 47,801)	( 183)	( 14,224)	-	( 77,676)
Reclassification (Note)	-	-	-	304	-	( 304)	-	-
Net exchange differences	-	-	1,504	3,930	-	324	12	5,770
At March 31	<u>\$ 461,888</u>	<u>\$ 1,721</u>	<u>\$ 630,678</u>	<u>\$ 1,320,802</u>	<u>\$ 2,620</u>	<u>\$ 253,049</u>	<u>\$ 105,927</u>	<u>\$ 2,776,685</u>
<u>At March 31, 2023</u>								
Cost	\$ 461,888	\$ 18,064	\$ 1,854,320	\$ 6,154,784	\$ 7,960	\$ 816,094	\$ 105,927	\$ 9,419,037
Accumulated depreciation	-	( 16,343)	( 1,223,642)	( 4,833,982)	( 5,340)	( 563,045)	-	( 6,642,352)
	<u>\$ 461,888</u>	<u>\$ 1,721</u>	<u>\$ 630,678</u>	<u>\$ 1,320,802</u>	<u>\$ 2,620</u>	<u>\$ 253,049</u>	<u>\$ 105,927</u>	<u>\$ 2,776,685</u>

(Note) Transferred from other equipment to machinery and equipment in the amount of \$304.

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2022</u>								
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)
	<u>\$ 461,888</u>	<u>\$ 3,889</u>	<u>\$ 562,979</u>	<u>\$ 1,270,241</u>	<u>\$ 3,534</u>	<u>\$ 221,970</u>	<u>\$ 330,457</u>	<u>\$ 2,854,958</u>
<u>Three months ended March 31, 2022</u>								
At January 1	\$ 461,888	\$ 3,889	\$ 562,979	\$ 1,270,241	\$ 3,534	\$ 221,970	\$ 330,457	\$ 2,854,958
Additions - cost	-	-	500	2,197	-	10,845	10,000	23,542
Transferred after acceptance inspection	-	-	59,068	39,883	-	228	( 99,179)	-
Disposal - cost	-	-	-	( 3,976)	-	( 1,284)	-	( 5,260)
- accumulated depreciation	-	-	-	3,860	-	1,250	-	5,110
Depreciation	-	( 481)	( 13,677)	( 57,362)	( 183)	( 12,336)	-	( 84,039)
Net exchange differences	-	-	9,813	19,712	-	2,156	6,721	38,402
At March 31	<u>\$ 461,888</u>	<u>\$ 3,408</u>	<u>\$ 618,683</u>	<u>\$ 1,274,555</u>	<u>\$ 3,351</u>	<u>\$ 222,829</u>	<u>\$ 247,999</u>	<u>\$ 2,832,713</u>
<u>At March 31, 2022</u>								
Cost	\$ 461,888	\$ 18,064	\$ 1,788,481	\$ 5,930,798	\$ 7,960	\$ 747,924	\$ 247,999	\$ 9,203,114
Accumulated depreciation	-	( 14,656)	( 1,169,798)	( 4,656,243)	( 4,609)	( 525,095)	-	( 6,370,401)
	<u>\$ 461,888</u>	<u>\$ 3,408</u>	<u>\$ 618,683</u>	<u>\$ 1,274,555</u>	<u>\$ 3,351</u>	<u>\$ 222,829</u>	<u>\$ 247,999</u>	<u>\$ 2,832,713</u>

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

	Three months ended March 31,	
	2023	2022
Amount of interest capitalised	\$ 163	\$ -
Interest rates for capitalisation	1.44%	-

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:

	March 31, 2023	December 31, 2022	March 31, 2022
	Carrying Amount	Carrying Amount	Carrying Amount
Land	\$ 76,961	\$ 78,308	\$ 41,658
Buildings	42,229	43,253	46,155
Machinery and equipment	9,906	13,038	10,564
Transportation equipment (Business vehicles)	1,953	1,777	2,597
	<u>\$ 131,049</u>	<u>\$ 136,376</u>	<u>\$ 100,974</u>

	Three months ended March 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 1,552	\$ 1,600
Buildings	1,025	1,024
Machinery and equipment	3,133	3,142
Transportation equipment (Business vehicles)	273	273
	<u>\$ 5,983</u>	<u>\$ 6,039</u>

C. For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets were \$451 and \$–, respectively.

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

	Three months ended March 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 476	\$ 333
Expense on short-term lease or leases of low-value assets	221	216

E. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$6,148 and \$6,141, respectively.

(9) Intangible assets

	Three months ended March 31, 2023			
	Trademarks	Patents	Computer Software	Total
<u>At January 1, 2023</u>				
Cost	\$ 2,004	\$ 1,268	\$ 19,981	\$ 23,253
Accumulated amortisation	( 1,157)	( 764)	( 7,491)	( 9,412)
Net exchange differences	-	-	( 212)	( 212)
Net value	<u>\$ 847</u>	<u>\$ 504</u>	<u>\$ 12,278</u>	<u>\$ 13,629</u>
<u>Three months ended March 31, 2023</u>				
At January 1	\$ 847	\$ 504	\$ 12,278	\$ 13,629
Amortisation	( 135)	( 58)	( 552)	( 745)
Net exchange differences	-	-	65	65
At March 31	<u>\$ 712</u>	<u>\$ 446</u>	<u>\$ 11,791</u>	<u>\$ 12,949</u>
<u>At March 31, 2023</u>				
Cost	\$ 2,004	\$ 1,268	\$ 19,981	\$ 23,253
Accumulated amortisation	( 1,292)	( 822)	( 8,043)	( 10,157)
Net exchange differences	-	-	( 147)	( 147)
Net value	<u>\$ 712</u>	<u>\$ 446</u>	<u>\$ 11,791</u>	<u>\$ 12,949</u>

	Three months ended March 31, 2022			
	Trademarks	Patents	Computer Software	Total
<u>At January 1, 2022</u>				
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	<u>\$ 1,082</u>	<u>\$ 570</u>	<u>\$ 13,293</u>	<u>\$ 14,945</u>
<u>Three months ended March 31, 2022</u>				
At January 1	\$ 1,082	\$ 570	\$ 13,293	\$ 14,945
Additions - acquired separately	25	-	93	118
Amortisation	( 144)	( 66)	( 520)	( 730)
Net exchange differences	-	-	455	455
At March 31	<u>\$ 963</u>	<u>\$ 504</u>	<u>\$ 13,321</u>	<u>\$ 14,788</u>
<u>At March 31, 2022</u>				
Cost	\$ 2,217	\$ 1,268	\$ 19,837	\$ 23,322
Accumulated amortisation	( 1,254)	( 764)	( 6,555)	( 8,573)
Net exchange differences	-	-	39	39
Net value	<u>\$ 963</u>	<u>\$ 504</u>	<u>\$ 13,321</u>	<u>\$ 14,788</u>

Details of amortisation on intangible assets are as follows:

	Three months ended March 31,	
	2023	2022
Operating costs	\$ 147	\$ 130
Selling expenses	140	153
General and administrative expenses	430	408
Research and development expenses	28	39
	<u>\$ 745</u>	<u>\$ 730</u>

(10) Short-term borrowings

Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 70,000</u>	1.35% ~ 1.71%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 180,000</u>	1.35% ~ 1.73%	None
Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 100,000</u>	0.85% ~ 0.98%	None

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

(11) Short-term notes and bills payable

Type of borrowings	March 31, 2022	Interest rate	Collateral
Commercial papers payable	\$ 10,000	0.95%	None
Less: Unamortised discount	( 6)		
	\$ 9,994		

There was no such transaction for the three months ended March 31, 2023 and the year ended December 31, 2022.

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

B. For the three months ended March 31, 2022, the Group recognised interest expenses in profit or loss. Refer to Note 6(21) for details.

(12) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Wages and salaries payable	\$ 189,648	\$ 494,677	\$ 268,616
Employees' compensation and directors' remuneration payable	42,286	79,464	212,785
Payables on equipment	5,840	11,559	6,076
Dividends payable	984,833	-	3,446,917
Others	207,616	217,276	303,606
	\$ 1,430,223	\$ 802,976	\$ 4,238,000



(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>March 31, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from March 1, 2023 to March 9, 2025; interest is repayable monthly; principal is repayable quarterly from June 9, 2023	\$ 20,000	1.93%	None
	Borrowing period is from July 3, 2020 to July 3, 2023; interest is repayable monthly; principal is repayable quarterly from October 3, 2020	5,000	1.73%	None
		<u>25,000</u>		
Less: Current portion		( <u>15,000</u> )		
		<u>\$ 10,000</u>		

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2022</u>	<u>Interest rate</u>	<u>Collateral</u>
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
		<u>30,000</u>		
Less: Current portion		( <u>17,500</u> )		
		<u>\$ 12,500</u>		

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>March 31, 2022</u>	<u>Interest rate</u>	<u>Collateral</u>
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from February 7, 2022 to February 7, 2025; interest is repayable monthly; principal is repayable quarterly in installments from May 7, 2022.	\$ 30,000	1.10%	None
	Borrowing period is from March 9, 2022 to March 9, 2025; interest is repayable monthly; principal is repayable quarterly in installments from June 9, 2022.	30,000	1.10%	None
	Borrowing period is from July 3, 2020 to July 3, 2023; interest is repayable monthly; principal is repayable quarterly in installments from October 3, 2020.	15,000	1.35%	None
Secured borrowings	Borrowing period is from May 19, 2021 to May 19, 2024; interest is repayable monthly; principal is repayable monthly in installments from June 19, 2021.	21,667	1.00%	Buildings and structures
		<u>96,667</u>		
Less: Current portion		( <u>40,000</u> )		
		<u>\$ 56,667</u>		

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

(14) Pensions

- A. The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. However, those who were mandatorily retired because injury at work will receive 20% in addition. The Company and its domestic subsidiary contribute monthly an amount equal to 2%~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) For the aforementioned pension plan, the Group recognised pension costs of \$469 and \$1,339 for the three months ended March 31, 2023 and 2022, respectively.
  - (b) Expected contributions to the defined benefit pension plan of the Group for the next year amount to \$36,208.
- B. Effective July 1, 2005, the Company and its domestic subsidiary have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary contribute monthly an amount of no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the three months ended March 31, 2023 and 2022 were \$3,976 and \$3,685, respectively.
- C. The Company's mainland China subsidiary, Zhenjiang Nantex Chemical Industry., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (P.R.C.) are based on 20% of employees' monthly salaries and wages. Other than the monthly contributions, this subsidiary has no further obligations. The pension costs under the defined contribution pension plan of this subsidiary for the three months ended March 31, 2023 and 2022 were \$6,045 and \$5,548, respectively.

(15) Share capital

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

	Three months ended March 31,	
	2023	2022
Beginning and ending balance	492,417	492,417

B. As of March 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 Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012 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 \$3,446,917 (\$7.0 (in dollars) per share) for the year ended December 31, 2022. On March 7, 2023, the Board of Directors proposed for the distribution of cash dividends of \$984,833 (\$2.0 (in dollars) per share) from the 2022 earnings, which has not yet been distributed (listed as ‘Other payable’).

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Three months ended March 31, 2023			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 620,737	\$ 67,535	\$ -	\$ 688,272
Revenue from rubber products	258,107	842,000	-	1,100,107
Organic-inorganic materials	-	-	420,823	420,823
Others	-	-	28,882	28,882
	<u>\$ 878,844</u>	<u>\$ 909,535</u>	<u>\$ 449,705</u>	<u>\$ 2,238,084</u>
	Three months ended March 31, 2022			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	\$ 1,193,130	\$ 336,625	\$ -	\$ 1,529,755
Revenue from rubber products	400,497	1,140,152	-	1,540,649
Organic-inorganic materials	-	-	347,113	347,113
Others	43,152	-	34,322	77,474
	<u>\$ 1,636,779</u>	<u>\$ 1,476,777</u>	<u>\$ 381,435</u>	<u>\$ 3,494,991</u>

B. Contract liabilities

(a) On March 31, 2023, December 31, 2022 and March 31, 2022, the Group has recognised the revenue-related contract liabilities amounting to \$69,102, \$70,985 and \$137,361, 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 \$57,818 and \$85,839 were recognised as revenue for the three months ended March 31, 2023 and 2022, respectively.

(18) Interest income

	Three months ended March 31,	
	2023	2022
Interest income from bank deposits	\$ 67,762	\$ 12,021
Interest income from financial assets at amortised cost	36,621	7,563
	<u>\$ 104,383</u>	<u>\$ 19,584</u>

(19) Other income

	Three months ended March 31,	
	2023	2022
Other income	\$ 3,837	\$ 2,284

(20) Other gains and losses

	Three months ended March 31,	
	2023	2022
Net currency exchange (losses) gains	(\$ 44,771)	\$ 188,948
Losses on financial assets at fair value through profit or loss	( 870)	( 210)
Losses on disposal of property, plant and equipment	( 123)	( 150)
Other losses	( 170)	( 1,017)
	<u>(\$ 45,934)</u>	<u>\$ 187,571</u>

(21) Finance costs

	Three months ended March 31,	
	2023	2022
Interest expense		
Bank loans	\$ 360	\$ 429
Lease liabilities	476	333
	<u>836</u>	<u>762</u>
Less: Capitalisation of qualifying assets	( 163)	-
	<u>\$ 673</u>	<u>\$ 762</u>

(22) Expenses by nature

	Three months ended March 31, 2023		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 99,485	\$ 165,833	\$ 265,318
Depreciation	62,521	21,138	83,659
Amortisation	147	598	745
	<u>\$ 162,153</u>	<u>\$ 187,569</u>	<u>\$ 349,722</u>
	Three months ended March 31, 2022		
	Operating cost	Operating expense	Total
Employee benefits expense	\$ 123,940	\$ 225,789	\$ 349,729
Depreciation	70,298	19,780	90,078
Amortisation	130	600	730
	<u>\$ 194,368</u>	<u>\$ 246,169</u>	<u>\$ 440,537</u>

(23) Employee benefit expense

	Three months ended March 31, 2023		
	Operating cost	Operating expense	Total
Salaries and wages	\$ 80,202	\$ 123,889	\$ 204,091
Labour and health insurance expenses	8,720	8,014	16,734
Pension costs	5,926	4,564	10,490
Other personnel expenses	4,637	29,366	34,003
	<u>\$ 99,485</u>	<u>\$ 165,833</u>	<u>\$ 265,318</u>

  

	Three months ended March 31, 2022		
	Operating cost	Operating expense	Total
Salaries and wages	\$ 104,851	\$ 171,792	\$ 276,643
Labour and health insurance expenses	8,286	8,185	16,471
Pension costs	5,994	4,578	10,572
Other personnel expenses	4,809	41,234	46,043
	<u>\$ 123,940</u>	<u>\$ 225,789</u>	<u>\$ 349,729</u>

- A. Under the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the three months ended March 31, 2023 and 2022, the Company's employees' compensation was accrued at \$4,200 and \$12,180, respectively; while directors' remuneration was accrued at \$6,300 and \$18,270, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the three months ended March 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. 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:

	Three months ended March 31,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 60,476	\$ 146,284
Prior year income tax under estimation	7,721	7,171
Total current tax	<u>68,197</u>	<u>153,455</u>
Deferred tax:		
Origination and reversal of temporary differences	( 7,903)	36,387
Income tax expense	<u>\$ 60,294</u>	<u>\$ 189,842</u>

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of May 9, 2023.

(25) Earnings per share

	Three months ended March 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 178,845</u>	492,417	<u>\$ 0.36</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 178,845		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	<u>658</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 178,845</u>	<u>493,075</u>	<u>\$ 0.36</u>



	Three months ended March 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 577,630	492,417	\$ 1.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 577,630		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,128	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 577,630	494,545	\$ 1.17

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 63,797	\$ 23,542
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')	( 5,840)	( 6,076)
Interest capitalisation	( 163)	-
Cash paid for purchase of property, plant and equipment	\$ 69,353	\$ 23,443

B. Investing activities with no cash flow effects:

	Three months ended March 31,	
	2023	2022
Appropriation of cash dividends	\$ 984,833	\$ 3,446,917
Less: Ending balance of payable on cash dividends	( 984,833)	( 3,446,917)
Cash paid for cash dividends	\$ -	\$ -

(27) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
<u>Three months ended March 31, 2023</u>					
At January 1	\$ 180,000	\$ -	\$ 105,563	\$ 30,000	\$ 315,563
Changes in cash flows from financing activities	( 110,000)	-	( 5,451)	( 5,000)	( 120,451)
Changes in other non-cash items	-	-	451	-	451
At March 31	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 100,563</u>	<u>\$ 25,000</u>	<u>\$ 195,563</u>
	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
<u>Three months ended March 31, 2022</u>					
At January 1	\$ 170,000	\$ 9,999	\$ 73,730	\$ 41,667	\$ 295,396
Changes in cash flows from financing activities	( 70,000)	-	( 5,592)	55,000	( 20,592)
Changes in unamortised discount or premium	-	( 5)	-	-	( 5)
At March 31	<u>\$ 100,000</u>	<u>\$ 9,994</u>	<u>\$ 68,138</u>	<u>\$ 96,667</u>	<u>\$ 274,799</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tainan Spinning Co., Ltd. (Tainan Spinning)	Entity with significant influence to the Group
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	Other related party
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 1~2 years and 20 years, respectively. Rents are paid monthly.

(b) Lease liabilities

(i) Outstanding balance

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Tainan Spinning	\$ 45,000	\$ 45,733	\$ 47,887
Lushun Warehouse	8,577	11,411	8,609
	<u>\$ 53,577</u>	<u>\$ 57,144</u>	<u>\$ 56,496</u>

(ii) Interest expense

	Three months ended March 31,	
	2023	2022
Tainan Spinning	\$ 252	\$ 267
Lushun Warehouse	46	23
	<u>\$ 298</u>	<u>\$ 290</u>

B. Endorsements and guarantees

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

(3) Key management compensation

	Three months ended March 31,	
	2023	2022
Salaries and other short-term employee benefits	<u>\$ 43,199</u>	<u>\$ 89,648</u>

8. PLEGDED ASSETS

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

Pledged asset	March 31, 2023	December 31, 2022	March 31, 2022	Purpose
Pledged time deposits (Note 1)	\$ 4,000	\$ 4,000	\$ 4,000	Customs guarantee
Land (Note 2)	448,185	448,185	461,888	Collateral for borrowing facilities
Buildings and structures, net (Note 2)	15,478	15,883	27,425	Collateral for borrowing facilities
Guarantee deposits paid	413	413	415	Performance guarantee
	<u>\$ 468,076</u>	<u>\$ 468,481</u>	<u>\$ 493,728</u>	

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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group's remaining balance due for construction in progress and prepayment for equipment were \$50,623, \$46,169 and \$16,995, respectively.

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's unused letters of credit amounted to \$19,132, \$3,419 and \$40,682, respectively.

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

Suppliers	Items	Price	Quantity of purchase (in tonnes)		
			March 31, 2023	December 31, 2022	March 31, 2022
CPC Corporation, Taiwan	Butadiene (BD)	Floating	18,882	20,646	20,646
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	10,800	46,800	46,800

Suppliers	Items	Price	Quantity of purchase (in tonnes)		
			March 31, 2023	December 31, 2022	March 31, 2022
BASF-YPC Company Limited	Butadiene (BD)	Floating	23,000	28,000	28,000
NanJing GongXi Chemical Limited Company	Butadiene (BD)	Floating	11,850	13,200	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	18,000
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800	4,800
YUGE (SHANGHAI) CHEMICAL CO.,	Acrylonitrile (AN)	Floating	10,080	10,800	10,800
Shanghai Legend Petrochemical Co., Ltd.	Acrylonitrile (AN)	Floating	4,800	5,100	5,100
WeiQiang International Trade (SHANGHAI) Co., Ltd.	Acrylonitrile (AN)	Floating	2,622	2,760	2,760
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800	1,800

As of March 31, 2023, 28,236 tonnes of BD, 8,334 tonnes of AN and 243 tonnes of SM were purchased.

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

Endorser/guarantor	Party being endorsed/ guaranteed	Purpose	March 31, 2023	December 31, 2022	March 31, 2022
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	Guarantee for borrowings	\$ 97,368	\$ 98,200	\$ 91,533

As of March 31, 2023, December 31, 2022 and March 31, 2022, Bao Minh Textile & Garment has drawn from the endorsements and guarantees in the amount of \$71,177, \$71,785 and \$66,911, respectively.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a

going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 30,180	\$ 31,050	\$ 30,870
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 556,865	\$ 547,534	\$ 460,127
Qualifying debt instrument	30,344	30,388	28,493
	<u>\$ 587,209</u>	<u>\$ 577,922</u>	<u>\$ 488,620</u>
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 7,734,965	\$ 7,497,677	\$ 11,523,324
Financial assets at amortised cost	2,383,534	2,858,386	2,107,747
Notes receivable	133,585	146,524	257,564
Accounts receivable	668,760	664,687	1,139,836
Other receivables	28,454	50,726	91,486
Guarantee deposits paid	6,253	6,893	2,630
	<u>\$ 10,955,551</u>	<u>\$ 11,224,893</u>	<u>\$ 15,122,587</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 70,000	\$ 180,000	\$ 100,000
Short-term notes and bills payable	-	-	9,994
Notes payable	89	-	-
Accounts payable	268,061	271,835	407,396
Other payables	1,430,223	802,976	4,238,000
Long-term borrowings (including current portion)	25,000	30,000	96,667
	<u>\$ 1,793,373</u>	<u>\$ 1,284,811</u>	<u>\$ 4,852,057</u>
Lease liabilities	<u>\$ 100,563</u>	<u>\$ 105,563</u>	<u>\$ 68,138</u>

## 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:

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	Foreign currency amount		Foreign currency amount	
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(in thousands)</u>	<u>Exchange rate</u>
<u>Financial assets</u>				
Monetary items				
USD : NTD	\$ 81,558	30.45	\$ 100,212	30.71
USD : RMB	42,829	6.86	41,203	6.96
JPY : NTD	736,176	0.2288	577,585	0.2324
<u>Financial liabilities</u>				
Monetary items				
USD : NTD	2,331	30.45	2,802	30.71
USD : RMB	141	6.86	492	6.96
			<u>March 31, 2022</u>	
			Foreign currency amount	
			<u>(in thousands)</u>	<u>Exchange rate</u>
<u>Financial assets</u>				
Monetary items				
USD : NTD			\$ 151,941	28.625
USD : RMB			54,222	6.35
JPY : NTD			49,295	0.2353
<u>Financial liabilities</u>				
Monetary items				
USD : NTD			2,328	28.625
USD : RMB			92	6.35

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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$30,396 and \$46,750, respectively.

- (v) The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022 amounted to (\$44,771) and \$188,948, 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$302 and \$309, 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 \$5,569 and \$4,601, 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 three months ended March 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:

	Three months ended March 31,	
	2023	2022
At January 1	\$ 416	\$ 942
Reversal of impairment loss (gain)	43 (	443)
Effect of foreign exchange	2	26
At March 31	<u>\$ 461</u>	<u>\$ 525</u>

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

(c) Liquidity risk

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Floating rate:			
Expiring within one year	<u>\$ 4,235,342</u>	<u>\$ 4,067,090</u>	<u>\$ 3,070,083</u>

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

<u>March 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 70,226	\$ -	\$ -	\$ -
Notes payable	89	-	-	-
Accounts payable	268,061	-	-	-
Other payables	1,430,223	-	-	-
Lease liability	20,554	9,952	27,691	52,273
Long-term borrowings (including current portion)	15,303	10,121	-	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 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	-
<u>March 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 100,157	\$ -	\$ -	\$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	407,396	-	-	-
Other payables	4,238,000	-	-	-
Lease liability	19,150	6,960	14,335	35,598
Long-term borrowings (including current portion)	40,778	35,454	21,807	-

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, short-term notes and bills payable, accounts payable, other payables, current refund liabilities, long-term borrowings (including current portion) are approximate to their fair values.

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

<u>March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 30,180	\$ -	\$ -	\$ 30,180
Financial assets at fair value through other comprehensive income				
Equity securities	116,920	-	439,945	556,865
Debt securities	30,344	-	-	30,344
	<u>\$ 177,444</u>	<u>\$ -</u>	<u>\$ 439,945</u>	<u>\$ 617,389</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 31,050	\$ -	\$ -	\$ 31,050
Financial assets at fair value through other comprehensive income				
Equity securities	116,720	-	430,814	547,534
Debt securities	30,388	-	-	30,388
	<u>\$ 178,158</u>	<u>\$ -</u>	<u>\$ 430,814</u>	<u>\$ 608,972</u>
<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 30,870	\$ -	\$ -	\$ 30,870
Financial assets at fair value through other comprehensive income				
Equity securities	113,660	-	346,467	460,127
Debt securities	28,493	-	-	28,493
	<u>\$ 173,023</u>	<u>\$ -</u>	<u>\$ 346,467</u>	<u>\$ 519,490</u>

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

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

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

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

E. For the three months ended March 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 three months ended March 31, 2023 and 2022:

	<u>Equity securities</u>
At January 1, 2023	\$ 430,814
Gains recognised in other comprehensive income	10,221
Net exchange differences	( 1,090)
At March 31, 2023	<u>\$ 439,945</u>
	<u>Equity securities</u>
At January 1, 2022	\$ 333,866
Additions	21,095
Losses recognised in other comprehensive income	( 12,217)
Net exchange differences	3,723
At March 31, 2022	<u>\$ 346,467</u>

G. For the three months ended March 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 March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 439,945	Discounted cash flow	Weighted average cost of capital	5.17% ~ 10.22%	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

	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
	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 346,467	Discounted cash flow	Weighted average cost of capital	7.71% ~ 9.97%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

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:

		Three months ended March 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%	\$ -	\$ -	\$ 38,681 (\$ 28,833)
	Discount for lack of marketability	±10%	-	-	5,695 ( 5,695)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,376</u> ( <u>\$ 34,528</u> )

			Three months ended March 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%	\$ -	\$ -	\$ 18,231	(\$ 14,154)
	Discount for lack of marketability	±10%	-	-	3,536	( 3,536)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,767</u>	<u>(\$ 17,690)</u>

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the three months ended March 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:

	Three months ended March 31, 2023			
	<u>NANTEX</u>	<u>INTERMEDIUM</u>	<u>Nanmat</u>	<u>Total</u>
Segment revenue	\$ 882,199	\$ 909,535	\$ 449,705	\$ 2,241,439
Inter-segment revenue	3,355	-	-	3,355
Revenue from external customers	878,844	909,535	449,705	2,238,084
Interest income	30,205	72,853	1,325	104,383
Depreciation and amortisation	44,556	22,668	17,180	84,404
Finance cost	321	-	352	673
Segment income before tax	183,003	171,539	90,511	445,053
Capital expenditure for non-current assets	16,173	8,391	48,102	72,666

	Three months ended March 31, 2022			
	<u>NANTEX</u>	<u>INTERMEDIUM</u>	<u>Nanmat</u>	<u>Total</u>
Segment revenue	\$ 1,648,069	\$ 1,476,777	\$ 381,435	\$ 3,506,281
Inter-segment revenue	11,290	-	-	11,290
Revenue from external customers	1,636,779	1,476,777	381,435	3,494,991
Interest income	3,393	16,172	19	19,584
Depreciation and amortisation	46,703	30,662	13,443	90,808
Finance cost	302	-	460	762
Segment income before tax	644,186	396,999	80,308	1,121,493
Capital expenditure for non-current assets	17,752	7,948	45,162	70,862

### (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 three months ended March 31, 2023 and 2022 is provided as follows:

	Three months ended March 31,	
	2023	2022
Reportable operating segments income before income tax	\$ 445,053	\$ 1,121,493
Write-offs of inter-segment loss	( 163,193)	( 318,172)
Profit before income tax	<u>\$ 281,860</u>	<u>\$ 803,321</u>

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Three months ended March 31, 2023

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed 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 March 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent subsidiary to company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
									accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company					
1	INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	(Note 1)	\$ 1,762,721	\$ 97,368	\$ 97,368	\$ 71,177	\$ -	1%	\$ 4,406,802	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 30.45) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2023				Footnote
				Number of shares (shares or units in thousands)	Book value	Ownership (%)	Fair value	
NANTEX INDUSTRY CO., LTD.	Beneficiary certificates: MILLERFUL NO.1 REIT	—	Current financial assets at fair value through profit or loss	3,000	\$ 31,080	-	\$ 31,080	—
	Stocks: Lushun Warehouse Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	2,700	222,758	15.00%	222,758	—
	President International Development Corp.	—	"	8,820	84,336	0.67%	84,336	—
	Micro Sava Co., Ltd.	—	"	1,021	234	0.52%	234	—
	Grand Bills Finance Corp.	—	"	720	5,030	0.13%	5,030	—
	Formosa Chemicals & Fibre Corp.	—	"	1,200	82,920	0.02%	82,920	—
	Formosa Petrochemical Corp.	—	"	400	34,000	-	34,000	—
	Bonds: NATWEST MARKETS PLC.	—	"	-	30,344	-	30,344	—
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	—	"	-	127,587	8.50%	127,587	—

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2023

Table 3

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry., Ltd.	1	Sales revenue	\$ 3,355	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 them are disclosed. In addition, the disclosure threshold for significant transactions is set at 10 million dollars.

(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)

Three months ended March 31, 2023

Table 4

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for	recognised by the Company	
				March 31, 2023	December 31, 2022				three months ended	three months ended	
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	\$ 1,799,716	\$ 1,799,716	55,503,757	100.00%	\$ 8,813,603	\$ 133,504	\$ 133,504	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	207,127	207,127	19,413,781	41.00%	651,914	72,409	29,688	Subsidiary

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 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 remitted from Taiwan		Accumulated	Net income of investee for the three months ended March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023 (Note 3)	Book value of investments in Mainland China as of March 31, 2023	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2023	to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023	amount of remittance from Taiwan to Mainland China as of March 31, 2023	amount of investment income remitted back to Taiwan as of March 31, 2023						
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	\$ 2,058,420	Note 2	\$ 1,683,885	\$ -	\$ -	\$ 1,683,885	\$ 82,586	100.00	\$ 82,508	\$ 3,798,140	\$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 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.	\$ 1,683,885	\$ 2,058,420	\$ 8,727,571

(Note 1) Including capital increase out of earnings amounting to \$374,535.

(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 30.45, RMB 1 : USD 0.1458.

Profit or loss are translated using the average exchange rate for three months ended March 31, 2023 as follows: USD 1 : TWD 30.39, RMB 1 : USD 0.1462

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

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

Three months ended March 31, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at March 31, 2023	%	Balance at March 31, 2023	Purpose	Maximum balance during three months ended March 31, 2023	Balance at March 31, 2023	Interest rate	Interest during three months ended March 31, 2023	Other	
Zhenjiang Nantex Chemical Industry., Ltd.	\$ 3,355	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -	-	-

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2023

Table 7

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

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

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