

**NAK SEALING TECHNOLOGIES
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2024 AND 2023**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Nak Sealing Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nak Sealing Technologies Corporation and subsidiaries (the "Group") as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months and six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Notes 4(3) and 6(5), the financial statements of certain insignificant consolidated subsidiaries and investment accounted for using equity method were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$131,637 thousand and NT\$114,919 thousand, constituting 2.40% and 2.19% of the consolidated total assets as at June 30, 2024 and 2023, respectively, total liabilities amounted to NT\$15,802 thousand and NT\$20,321 thousand, constituting 0.92% and 1.14%

of the consolidated total liabilities as at June 30, 2024 and 2023, respectively, and the total comprehensive income amounted to NT\$4,837 thousand, NT\$2,461 thousand, NT\$15,944 thousand and NT\$786 thousand, constituting 2.69%, 1.04%, 3.97% and 0.17% of the consolidated total comprehensive income for the three months and the six months then ended, respectively.

Qualified conclusion

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

Wu, Sung-Yuan

Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

August 9, 2024

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

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 348,102	6	\$ 519,086	10	\$ 408,395	8
1136	Current financial assets at amortised cost	6(2)	466,591	9	163,482	3	50,158	1
1150	Notes receivable, net	6(3)	411,238	7	292,711	5	357,749	7
1170	Accounts receivable, net	6(3)	1,032,372	19	1,093,010	21	1,107,810	21
1180	Accounts receivable - related parties	7(2)	31,154	1	34,321	1	23,552	1
1200	Other receivables		46,032	1	29,752	-	19,076	-
130X	Inventories	6(4)	989,434	18	1,041,309	20	1,164,842	22
1470	Other current assets		61,836	1	62,351	1	56,478	1
11XX	Current Assets		<u>3,386,759</u>	<u>62</u>	<u>3,236,022</u>	<u>61</u>	<u>3,188,060</u>	<u>61</u>
Non-current assets								
1550	Investments accounted for under equity method	6(5)	43,357	1	33,215	1	32,750	1
1600	Property, plant and equipment	6(6) and 8	1,881,125	34	1,843,053	35	1,837,243	35
1755	Right-of-use assets	6(7)	51,514	1	51,907	1	53,390	1
1780	Intangible assets		28,989	-	21,195	-	17,319	-
1840	Deferred income tax assets	6(19)	68,460	1	84,153	2	85,947	2
1900	Other non-current assets	7(2)	32,269	1	22,709	-	30,358	-
15XX	Non-current assets		<u>2,105,714</u>	<u>38</u>	<u>2,056,232</u>	<u>39</u>	<u>2,057,007</u>	<u>39</u>
1XXX	Total assets		<u>\$ 5,492,473</u>	<u>100</u>	<u>\$ 5,292,254</u>	<u>100</u>	<u>\$ 5,245,067</u>	<u>100</u>

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(8)	\$ -	-	\$ -	-	\$ 130,000	3
2150	Notes payable		1,256	-	1,339	-	2,925	-
2170	Accounts payable		129,012	2	122,728	2	164,772	3
2200	Other payables	6(9)	958,140	18	477,888	9	841,143	16
2230	Current income tax liabilities		97,255	2	230,307	5	135,675	3
2280	Current lease liabilities		1,690	-	2,504	-	3,407	-
2320	Long-term liabilities, current portion	6(10)	11,320	-	11,320	-	11,320	-
2399	Other current liabilities, others	6(16)	12,592	-	13,075	-	16,845	-
21XX	Current Liabilities		<u>1,211,265</u>	<u>22</u>	<u>859,161</u>	<u>16</u>	<u>1,306,087</u>	<u>25</u>
Non-current liabilities								
2540	Long-term borrowings	6(10)	62,260	1	67,920	1	73,580	1
2570	Deferred income tax liabilities	6(19)	409,020	7	368,510	7	364,401	7
2580	Non-current lease liabilities		539	-	922	-	1,089	-
2600	Other non-current liabilities	6(11)	25,330	1	30,991	1	42,251	1
25XX	Non-current liabilities		<u>497,149</u>	<u>9</u>	<u>468,343</u>	<u>9</u>	<u>481,321</u>	<u>9</u>
2XXX	Total Liabilities		<u>1,708,414</u>	<u>31</u>	<u>1,327,504</u>	<u>25</u>	<u>1,787,408</u>	<u>34</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(12)	831,613	15	831,613	16	831,613	16
Capital surplus								
3200	Capital surplus	6(13)	214,743	4	214,743	4	214,743	4
Retained earnings								
3310	Legal reserve	6(14)	983,793	18	884,775	17	884,775	17
3320	Special reserve		197,664	4	166,780	3	166,779	3
3350	Unappropriated retained earnings		1,703,636	31	2,060,482	39	1,561,885	30
Other equity interest								
3400	Other equity interest	6(15)	(151,956)	(3)	(197,664)	(4)	(205,623)	(4)
31XX	Equity attributable to owners of the parent		<u>3,779,493</u>	<u>69</u>	<u>3,960,729</u>	<u>75</u>	<u>3,454,172</u>	<u>66</u>
36XX	Non-controlling interest		4,566	-	4,021	-	3,487	-
3XXX	Total equity		<u>3,784,059</u>	<u>69</u>	<u>3,964,750</u>	<u>75</u>	<u>3,457,659</u>	<u>66</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments								
Significant Disasters Loss								
3X2X	Total liabilities and equity	10	<u>\$ 5,492,473</u>	<u>100</u>	<u>\$ 5,292,254</u>	<u>100</u>	<u>\$ 5,245,067</u>	<u>100</u>

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7(2)	\$ 987,425	100	\$ 1,289,616	100	\$ 1,943,916	100	\$ 2,419,099	100
5000 Operating costs	6(4)(18)	(585,069)	(59)	(760,452)	(59)	(1,161,323)	(60)	(1,441,496)	(60)
5900 Net operating margin		402,356	41	529,164	41	782,593	40	977,603	40
5920 Realized profit (loss) from sales		7,156	-	(2,882)	-	9,028	1	(5,049)	-
5950 Net operating margin		409,512	41	526,282	41	791,621	41	972,554	40
Operating expenses	6(18)								
6100 Selling expenses		(46,559)	(5)	(54,608)	(4)	(91,578)	(5)	(103,827)	(4)
6200 General and administrative expenses		(80,008)	(8)	(87,284)	(7)	(162,625)	(8)	(172,039)	(7)
6300 Research and development expenses		(19,395)	(2)	(19,796)	(1)	(38,757)	(2)	(37,366)	(2)
6450 Expected credit loss	12(2)	(13,197)	(1)	-	-	(13,197)	(1)	-	-
6000 Total operating expenses		(159,159)	(16)	(161,688)	(12)	(306,157)	(16)	(313,232)	(13)
6900 Operating profit		250,353	25	364,594	29	485,464	25	659,322	27
Non-operating income and expenses									
7100 Interest income		5,368	1	1,465	-	7,074	-	2,446	-
7010 Other income		501	-	1,154	-	985	-	2,014	-
7020 Other gains and losses	6(17)	2,002	-	14,021	1	25,046	1	13,549	1
7050 Finance costs		(424)	-	(1,576)	-	(824)	-	(3,785)	-
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(5)	1,632	-	41	-	11,658	1	(1,464)	-
7000 Total non-operating income and expenses		9,079	1	15,105	1	43,939	2	12,760	1
7900 Profit before income tax		259,432	26	379,699	30	529,403	27	672,082	28
7950 Income tax expense	6(19)	(93,042)	(9)	(99,057)	(8)	(173,907)	(9)	(179,853)	(8)
8200 Profit for the period		\$ 166,390	17	\$ 280,642	22	\$ 355,496	18	\$ 492,229	20

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NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(15)	\$ 15,732	1	(\$ 53,991)(5)	\$ 57,357	3	(\$ 45,304)(2)	
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(15)	776	-	(760)	-	12	-	(3,116)
8399	Income tax relating to the components of other comprehensive income	6(19)	(3,243)	-	10,960	1	(11,427)	-	9,710
8360	Components of other comprehensive income that will be reclassified to profit or loss		13,265	1	(43,791)(4)	45,942	3	(38,710)(1)	
8300	Total other comprehensive income (loss) for the period		<u>\$ 13,265</u>	<u>1</u>	<u>(\$ 43,791)(4)</u>	<u>\$ 45,942</u>	<u>3</u>	<u>(\$ 38,710)(1)</u>	
8500	Total comprehensive income for the period		<u>\$ 179,655</u>	<u>18</u>	<u>\$ 236,851</u>	<u>18</u>	<u>\$ 401,438</u>	<u>21</u>	<u>\$ 453,519</u>
Profit , attributable to:									
8610	Owners of the parent		\$ 166,226	17	\$ 280,110	22	\$ 355,185	18	\$ 491,583
8620	Non-controlling interest		164	-	532	-	311	-	646
			<u>\$ 166,390</u>	<u>17</u>	<u>\$ 280,642</u>	<u>22</u>	<u>\$ 355,496</u>	<u>18</u>	<u>\$ 492,229</u>
Comprehensive income attributable to:									
8710	Owners of the parent		\$ 179,430	18	\$ 236,268	18	\$ 400,893	21	\$ 452,740
8720	Non-controlling interest		225	-	583	-	545	-	779
			<u>\$ 179,655</u>	<u>18</u>	<u>\$ 236,851</u>	<u>18</u>	<u>\$ 401,438</u>	<u>21</u>	<u>\$ 453,519</u>
Basic earnings per share									
9750	Total basic earnings per share	6(20)	\$ 2.00		\$ 3.37		\$ 4.27		\$ 5.91
9850	Total diluted earnings per share		\$ 1.99		\$ 3.36		\$ 4.25		\$ 5.89

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
		Share capital - common stock	Additional paid-in capital	Premium from merger	Legal reserve	Special reserve	Unappropriated retained earnings				
Six months ended June 30, 2023											
Balance at January 1, 2023		\$ 831,613	\$ 208,642	\$ 6,101	\$ 820,541	\$ 191,973	\$ 1,575,045	(\$ 166,780)	\$ 3,467,135	\$ 16,562	\$ 3,483,697
Profit for the period		-	-	-	-	-	491,583	-	491,583	646	492,229
Other comprehensive income (loss)	6(15)	-	-	-	-	-	-	(38,843)	(38,843)	133	(38,710)
Total comprehensive income (loss)		-	-	-	-	-	491,583	(38,843)	452,740	779	453,519
Appropriation and distribution of 2022 earnings	6(14)										
Legal reserve appropriated		-	-	-	64,234	-	(64,234)	-	-	-	-
Special reserve appropriated		-	-	-	-	(25,194)	25,194	-	-	-	-
Cash dividends		-	-	-	-	-	(465,703)	-	(465,703)	-	(465,703)
Deregistration of subsidiary		-	-	-	-	-	-	-	-	(13,854)	(13,854)
Balance at June 30, 2023		\$ 831,613	\$ 208,642	\$ 6,101	\$ 884,775	\$ 166,779	\$ 1,561,885	(\$ 205,623)	\$ 3,454,172	\$ 3,487	\$ 3,457,659
Six months ended June 30, 2024											
Balance at January 1, 2024		\$ 831,613	\$ 208,642	\$ 6,101	\$ 884,775	\$ 166,780	\$ 2,060,482	(\$ 197,664)	\$ 3,960,729	\$ 4,021	\$ 3,964,750
Profit for the period		-	-	-	-	-	355,185	-	355,185	311	355,496
Other comprehensive income	6(15)	-	-	-	-	-	-	45,708	45,708	234	45,942
Total comprehensive income		-	-	-	-	-	355,185	45,708	400,893	545	401,438
Appropriation and distribution of 2023 earnings	6(14)										
Legal reserve appropriated		-	-	-	99,018	-	(99,018)	-	-	-	-
Special reserve appropriated		-	-	-	-	30,884	(30,884)	-	-	-	-
Cash dividends		-	-	-	-	-	(582,129)	-	(582,129)	-	(582,129)
Balance at June 30, 2024		\$ 831,613	\$ 208,642	\$ 6,101	\$ 983,793	\$ 197,664	\$ 1,703,636	(\$ 151,956)	\$ 3,779,493	\$ 4,566	\$ 3,784,059

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 529,403	\$ 672,082
Adjustments			
Adjustments to reconcile profit (loss)			
Realized (profit) loss from sales		(9,028)	5,049
Depreciation expense-property, plant and equipment	6(6)(18)	80,386	78,331
Depreciation expense-right-of-use assets	6(7)(18)	1,948	2,961
Amortization expense	6(18)	11,424	9,499
Expected credit loss	12(2)	13,197	-
Loss on disposal of property, plant and equipment	6(17)	901	285
Disaster loss	6(17)	2,353	-
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(5)	(11,658)	1,464
Interest revenue		(7,074)	(2,446)
Financial cost-bank loan		789	3,735
Financial cost-lease liabilities	6(7)	52	50
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(108,039)	(72,775)
Accounts receivable(include related parties)		50,608	(7,208)
Other receivables		4,379	12,089
Inventories		51,696	77,650
Other current assets		515	(3,493)
Changes in operating liabilities			
Notes payable		(83)	(318)
Accounts payable		6,284	(53,819)
Other payables		(85,554)	(39,343)
Other current liabilities		(483)	(3,089)
Net defined benefit liability		(8,328)	(6,120)
Cash inflow generated from operations		523,688	674,584
Interest received		6,900	2,431
Interest paid		(835)	(3,850)
Income taxes paid		(262,839)	(158,792)
Net cash flows from operating activities		<u>266,914</u>	<u>514,373</u>

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NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 301,045)	\$ -
Proceeds from disposal of financial assets at amortised cost		-	1,341
Increase in other receivables due from related parties		-	(244)
Acquisition of property, plant and equipment	6(21)	(156,437)	(120,097)
Proceeds from disposal of property, plant and equipment		1,170	135
Acquisition of intangible assets		(18,851)	(9,844)
Decrease in other non-current assets		1,474	2,970
Net cash flows used in investing activities		(473,689)	(125,739)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds of short-term loans	6(22)	-	1,490,000
Repayments of short-term loans	6(22)	-	(1,850,000)
Repayments of long-term debt	6(22)	(5,660)	(5,660)
Payments of lease liabilities	6(22)	(1,174)	(2,165)
Payments to non-controlling interest for deregistration of subsidiary	4(3)	-	(13,319)
Net cash flows used in financing activities		(6,834)	(381,144)
Effect of exchange rate changes on cash and cash equivalents		42,625	(37,088)
Net decrease in cash and cash equivalents		(170,984)	(29,598)
Cash and cash equivalents at beginning of period		519,086	437,993
Cash and cash equivalents at end of period		\$ 348,102	\$ 408,395

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

1. History and Organization

The Nak Sealing Technologies Corporation (the “Company”) was established in August 1976. The Company and subsidiaries (the “Group”) are primarily engaged in the processing and manufacturing of each kind of oil seal, manufacturing rubber machinery and metal modules, and import and export businesses.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on August 9, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial Instruments’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the Group expects that the above standards and interpretations have no significant impact to the Group’s consolidated financial statements.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, 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. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements of the Group have been prepared under the historical cost convention:

Defined benefit 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.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED ("SMOOTH")	Engaged in general investment activities.	100	100	100	Note 1
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Expanding market share in Southeast Asia through sales of seals and accessories.	100	100	100	Note 4
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD. ("SHOWMOST")	Engaged in general investment activities.	100	100	100	Note 4
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., Ltd.	Manufacturing of rubber products.	100	100	100	Notes 3 and 5
SHOWMOST INTERNATIONAL CO., LTD. ("SHOWMOST")	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	Selling seals and accessories.	60	60	60	Note 4

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
SMOOTH TRACK ASSOCIATES LIMITED ("SMOOTH")	NAK HONGKONG CO., LTD.	Engaged in general investment activities.	100	100	100	Note 1
SMOOTH TRACK ASSOCIATES LIMITED ("SMOOTH")	Guangzhou Mt. Port Automotive Technology Limited Company	Professional technical services industry.	-	-	-	Notes 2 and 4
NAK HONGKONG CO., LTD.	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacturing of various types of seals and accessories.	100	100	100	Note 1

Note 1: Significant subsidiaries.

Note 2: Given market factors and business strategies, on August 4, 2022, the Board of Directors of the Group resolved to liquidate Guangzhou Mt. Port Automotive Technology Limited Company. The subsidiary was deregistered and dissolved on June 12, 2023.

Note 3: Song Quan International Co., Ltd. increased its cash capital amounting to \$15,000 thousand for the years ended December 31, 2024 and 2023. The effective date was set on April 22, 2024 and April 10, 2023, respectively. The registration for the change had been completed.

Note 4: The financial statements of the entity as of and for the three months ended June 30, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 5: Although the financial statements of the entity as of and for the three months ended June 30, 2024 and 2023 did not meet the definition of a significant subsidiary, its financial statements were reviewed by the 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:

None.

(4) Classification of current and non-current items

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

classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Impairment of non-financial assets

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

(6) 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.

(7) Current and deferred 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. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 1,246	\$ 1,446	\$ 2,154
Demand deposits	311,429	472,202	367,395
Foreign currency deposit	35,161	45,257	38,566
Checking accounts	<u>266</u>	<u>181</u>	<u>280</u>
	<u>\$ 348,102</u>	<u>\$ 519,086</u>	<u>\$ 408,395</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. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Time deposits (with maturity date over three months)	<u>\$ 466,591</u>	<u>\$ 163,482</u>	<u>\$ 50,158</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 4,024</u>	<u>\$ 15</u>
	<u>Six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 4,704</u>	<u>\$ 29</u>

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	<u>\$ 411,238</u>	<u>\$ 292,711</u>	<u>\$ 357,749</u>
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 1,059,821	\$ 1,106,874	\$ 1,121,616
Less: Allowance for uncollectible accounts	<u>(27,449)</u>	<u>(13,864)</u>	<u>(13,806)</u>
	<u>\$ 1,032,372</u>	<u>\$ 1,093,010</u>	<u>\$ 1,107,810</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 926,178	\$ 411,238	\$ 927,752	\$ 292,711	\$ 979,701	\$ 357,749
1 to 30 days	88,728	-	111,685	-	114,791	-
31 to 90 days	15,884	-	43,074	-	14,216	-
91 to 180 days	6,722	-	11,789	-	3,910	-
181 to 360 days	12,594	-	5,263	-	1,984	-
Over 361 days	9,715	-	7,311	-	7,014	-
	<u>\$1,059,821</u>	<u>\$ 411,238</u>	<u>\$1,106,874</u>	<u>\$ 292,711</u>	<u>\$1,121,616</u>	<u>\$ 357,749</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,406,479 thousand.

C. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$411,238 thousand, \$292,711 thousand and \$357,749 thousand ; and accounts receivable was \$1,032,372 thousand, \$1,093,010 thousand and \$1,107,810 thousand, respectively.

D. The Company has no notes and accounts receivable pledged to others as collateral.

E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	June 30, 2024		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 297,268	(\$ 4,877)	\$ 292,391
Work in progress	264,617	(7,132)	257,485
Finished goods	484,466	(44,908)	439,558
	<u>\$ 1,046,351</u>	<u>(\$ 56,917)</u>	<u>\$ 989,434</u>

	December 31, 2023		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 322,160	(\$ 5,758)	\$ 316,402
Work in progress	227,253	(6,023)	221,230
Finished goods	552,396	(48,719)	503,677
	<u>\$ 1,101,809</u>	<u>(\$ 60,500)</u>	<u>\$ 1,041,309</u>

	June 30, 2023		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 292,381	(\$ 8,794)	\$ 283,587
Work in progress	321,990	(7,795)	314,195
Finished goods	611,691	(44,631)	567,060
	<u>\$ 1,226,062</u>	<u>(\$ 61,220)</u>	<u>\$ 1,164,842</u>

The cost of inventories recognised as expense for the period :

	Three months ended June 30	
	2024	2023
Cost of goods sold	\$ 589,294	\$ 757,029
Gain on reversal of market value decline and obsolete and slow-moving inventories	(3,935)	3,418
Others	(290)	5
	<u>\$ 585,069</u>	<u>\$ 760,452</u>
	Six months ended June 30	
	2024	2023
Cost of goods sold	\$ 1,165,960	\$ 11,441,837
Gain on reversal of market value decline and obsolete and slow-moving inventories	(3,935)	209
Others	(702)	(550)
	<u>\$ 1,161,323</u>	<u>\$ 11,441,496</u>

A. The Group reversed a previous inventory write-down because it sold certain inventories which were previously provided with allowance for the three months and the six months ended June 30, 2024.

B. On May 30, 2024, the sixth plant owned by the Company absorbed some fire damage. The book value of the inventory which were damaged by the fire amounted to \$179 thousand. The Company has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(5) Investments accounted for using equity method

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	June 30, 2024	December 31, 2023	June 30, 2023	Shareholding ratio
KISH NAK OIL SEAL MFG.CO.,LTD. ("KISH NAK")	\$ -	(\$ 2,668)	\$ 1,223	49%
NAK TOTAL SEALING SOLUTIONS PTY LTD. ("NAK TOTAL")	16,697	10,395	13,440	49%
BUSINESS FRIEND LIMITED ("BUSINESS FRIEND")	984	946	1,000	33.34%
NAK INTERNATIONAL LTD.("NAK INTERNATIONAL")	25,676	21,874	17,087	33.33%
	<u>43,357</u>	<u>30,547</u>	<u>32,750</u>	
Add:Transfer to "other non- current liabilities"	-	2,668	-	
	<u>\$ 43,357</u>	<u>\$ 33,215</u>	<u>\$ 32,750</u>	

A. Share of profit of associates and joint ventures accounted for using equity method are as follows:

	Three months ended June 30	
	2024	2023
Share of profit/(loss) of associates and accounted for under equity method:		
KISH NAK OIL SEAL MFG.CO.,LTD.	\$ -	(\$ 9)
NAK TOTAL SEALING SOLUTIONS PTY LTD.	380	307
BUSINESS FRIEND LIMITED	7	5
NAK INTERNATIONAL LTD.("NAK INTERNATIONAL")	1,245	(262)
	<u>1,632</u>	<u>41</u>
Other comprehensive income (loss), net of tax	622	(608)
Total comprehensive income (loss)	<u>\$ 2,254</u>	<u>(\$ 567)</u>

	Six months ended June 30	
	2024	2023
Share of profit/(loss) of associates and accounted for under equity method:		
KISH NAK OIL SEAL MFG.CO.,LTD.	\$ 2,668	(\$ 18)
NAK TOTAL SEALING SOLUTIONS PTY LTD.	4,606	(3,040)
BUSINESS FRIEND LIMITED	(15)	(16)
NAK INTERNATIONAL LTD.("NAK INTERNATIONAL")	4,399	1,610
	11,658	(1,464)
Other comprehensive income (loss), net of tax	10	(2,493)
Total comprehensive income (loss)	\$ 11,668	(\$ 3,957)

- B. The investment profit or loss recognized for the above investments accounted for using equity method was based on associates' financial statements of the same reporting period which were not reviewed by the independent auditors.
- C. The carrying amount of KISH NAK OIL SEAL MFG.CO., LTD. had become negative as its operation incurred loss for the year ended December 31, 2023. Therefore, the carrying amount was reversed to other non-current liabilities amounting to \$2,668 thousand and the balance became \$0.

(6) Property, plant and equipment

Six months ended June 30, 2024

	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 615,184	\$ -	\$ -	\$ -	(\$ 51)	\$ 615,133
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,026,004	1,806	-	2,709	10,621	1,041,140
Machinery and equipment	1,209,420	64,025	(33,249)	13,874	12,800	1,266,870
Transportation equipment	37,043	270	-	14	277	37,604
Office equipment	86,132	6,782	(444)	-	(94)	92,376
Other equipment	623,782	15,056	(29,934)	904	1,317	611,125
Unfinished construction and equipment under acceptance	32,180	41,187	-	(17,501)	365	56,231
	<u>\$3,639,792</u>	<u>\$129,126</u>	<u>(\$ 63,627)</u>	<u>\$ -</u>	<u>\$ 25,235</u>	<u>3,730,526</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,056	\$ 200	\$ -	\$ -	\$ -	\$ 7,256
Buildings and structures	439,676	16,842	-	-	3,180	459,698
Machinery and equipment	830,182	34,181	(29,028)	-	7,492	842,827
Transportation equipment	30,030	1,516	-	-	248	31,794
Office equipment	72,187	5,086	(444)	-	(57)	76,772
Other equipment	417,608	22,561	(9,868)	-	753	431,054
	<u>\$1,796,739</u>	<u>\$ 80,386</u>	<u>(\$ 39,340)</u>	<u>\$ -</u>	<u>\$ 11,616</u>	<u>\$1,849,401</u>
Book value	<u>\$1,843,053</u>					<u>\$1,881,125</u>

Six months ended June 30, 2023

	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 350,356	\$ -	\$ -	\$ 264,802	(\$ 42)	\$ 615,116
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,010,341	8,437	-	7,934	(9,347)	1,017,365
Machinery and equipment	1,113,547	12,929	(4,047)	8,148	(9,875)	1,120,702
Transportation equipment	35,749	460	(41)	255	(250)	36,173
Office equipment	75,757	8,566	(196)	-	(76)	84,051
Other equipment	572,360	18,798	(383)	5,299	(1,056)	595,018
Unfinished construction and equipment under acceptance	46,235	65,625	-	(14,536)	(207)	97,117
	<u>\$3,214,392</u>	<u>\$114,815</u>	<u>(\$ 4,667)</u>	<u>\$ 271,902</u>	<u>(\$ 20,853)</u>	<u>3,575,589</u>
Accumulated depreciation and impairment						
Land improvements	\$ 6,652	\$ 203	\$ -	\$ -	\$ -	\$ 6,855
Buildings and structures	404,325	16,349	-	4,382	(2,714)	422,342
Machinery and equipment	795,585	31,363	(3,627)	-	(6,154)	817,167
Transportation equipment	27,225	1,751	(41)	-	(228)	28,707
Office equipment	64,515	4,271	(196)	-	(64)	68,526
Other equipment	370,942	24,394	(383)	332	(536)	394,749
	<u>\$1,669,244</u>	<u>\$ 78,331</u>	<u>(\$ 4,247)</u>	<u>\$ 4,714</u>	<u>(\$ 9,696)</u>	<u>\$1,738,346</u>
Book value	<u>\$1,545,148</u>					<u>\$1,837,243</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: None.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The aforementioned property, plant and equipment are all for own use.
- D. The investment property held by the Company's subsidiary, Song Quan International Co., Ltd., has been leased by the Company from 2023 and transferred as property, plant and equipment.
- E. On May 30, 2024, the sixth plant owned by the Company absorbed some fire damage. The book value of the buildings and equipment which were damaged by the fire amounted to \$22,216 thousand. The Company has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(7) Lease transactions — lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Land has the rights of possession, use and income according to the agreement and the use of land shall not be changed arbitrarily. Other 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 lease period of some transportation equipment leased by the Group does not exceed 12 months, and the underlying assets leased with low value are photocopiers and AED equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land-use right	\$ 49,213	\$ 48,301	\$ 48,589
Buildings	1,411	2,505	4,801
Transportation equipment (business vehicle)	890	1,101	-
	<u>\$ 51,514</u>	<u>\$ 51,907</u>	<u>\$ 53,390</u>

	<u>Three months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land-use right	\$ 336	\$ 330
Buildings	540	1,148
Transportation equipment (business vehicle)	94	-
	<u>\$ 970</u>	<u>\$ 1,478</u>

	<u>Six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land-use right	\$ 666	\$ 665
Buildings	1,094	2,296
Transportation equipment (business vehicle)	188	-
	<u>\$ 1,948</u>	<u>\$ 2,961</u>

- D. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets amounted to \$0 thousand, \$0 thousand, \$0 thousand and \$2,376 thousand, respectively.

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

Items affecting profit or loss	Three months ended June 30	
	2024	2023
Interest expense on lease liabilities	\$ 24	\$ 23
Expense on short-term lease contracts	133	163
Expense on variable lease payments	50	69
Expense on leases of low-value assets	-	-

Items affecting profit or loss	Six months ended June 30	
	2024	2023
Interest expense on lease liabilities	\$ 52	\$ 50
Expense on short-term lease contracts	275	278
Expense on variable lease payments	98	130
Expense on leases of low-value assets	-	31

F. For the three months and six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$1,037 thousand, \$1,340 thousand, \$1,599 thousand and \$2,654 thousand, respectively.

(8) Short-term borrowings

No such situation as of June 30, 2024 and December 31, 2023.

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 130,000	1.80%~1.83%	Property, plant and equipment

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Other payables

	December 31,		
	June 30, 2024	2023	June 30, 2023
Dividends payable	\$ 582,129	\$ -	\$ 465,703
Wages and bonus payable	129,376	234,093	134,940
Employees' compensation and directors' remuneration payable	90,686	71,438	76,430
Processing fees payable	51,825	51,288	49,918
Consumables expenses payable	29,518	31,121	32,117
Payable on machinery and equipment	14,962	31,239	23,910
Utility payable	8,581	6,199	10,672
Insurance payable	5,121	4,889	9,303
Repair and maintenance payable	5,111	4,100	7,077
Other accrued expenses	40,831	43,521	31,073
	<u>\$ 958,140</u>	<u>\$ 477,888</u>	<u>\$ 841,143</u>

(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	June 30, 2024
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 73,580
Less: Current portion			(11,320)
			<u>\$ 62,260</u>
Interest rate range			<u>2.22%</u>

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2023
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 79,240
Less: Current portion			(11,320)
			<u>\$ 67,920</u>
Interest rate range			<u>2.09%</u>

Type of borrowings	Borrowing period and repayment term	Collateral	June 30, 2023
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 84,900
Less: Current portion			(11,320)
			<u>\$ 73,580</u>
Interest rate range			<u>2.09%</u>

For information on guarantees provided for land and buildings, please refer to Note 8.

(11) Pensions

A (a) The Company has 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. The Company contributes monthly an amount equal to 6% 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 would assess the balance in the aforementioned labor pension reserve account by the end of

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 will make contributions for the deficit by next March.

- (b) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023, were \$175 thousand, \$273 thousand, \$383 thousand and \$545 thousand, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$5,965 thousand.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries 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 subsidiaries contribute monthly an amount based on 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.
- (b) The Company’s mainland China subsidiaries, KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. and Guangzhou Mt. Port Automotive Technology Limited Company, have 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 (PRC) are based on certain percentage of the contribution base for payments which is announced by the local government. Other than the monthly contributions, the Group has no further obligations. The contribution percentage for the six months ended June 30, 2024 and 2023, was as follows:

	Six months ended June 30	
	2024	2023
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	16%	16%
Guangzhou Mt. Port Automotive Technology Limited Company	-	14%

- (c) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023, were \$7,658 thousand, \$9,234 thousand, \$15,521 thousand and \$16,670 thousand, respectively.

(12) Share capital

As of June 30, 2024, the Company’s authorised capital was \$1,000,000 thousand, and the paid-in capital was \$831,613 thousand with a par value of \$10 per share. All proceeds from shares issued have been collected.

(13) Capital reserve

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par

value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders.
- B. The Company's dividend policy was summarised below: for the appropriation of earnings as proposed by the Board of Directors, the shareholders' total dividends should be more than 50% of accumulated distributable earnings, and the cash dividends should be more than 20% of the shareholders' total dividends. However, the appropriation ratio of retained earnings and the shareholders' dividends ratio could be adjusted by the resolution of the shareholders based on the actual profit and capital conditions of current year.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash 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.
- D. According to Jin-Guan-Zheng-Fa-Zi Letter No.1010012865, dated April 6, 2012, the net deduction of other shareholders' equity in the account that occurs in the current year, the same amount of special surplus reserve set aside from the current profit and loss as the undistributed earnings of the previous period shall not be distributed; however, the company has set aside a special surplus reserve when applying IFRS for the first time. As for the surplus reserve, the difference between the amount already set aside and the net deduction of other equity items should be set aside as a special surplus reserve.
- E. (a) In accordance with the regulations, the Company shall set aside special reserve from 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, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Company. The special reserve increased as a result of retained earnings arising from the conversing adoption

of IFRS by \$6,326 thousand.

F. The dividend distributions for the year 2023 and 2022, which was approved by the shareholders' meeting on June 20, 2024 and June 15, 2023, respectively, are as follows:

	Year ended December 31			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 99,018		\$ 64,234	
Provision for (reversal of) special reserve	30,884		(25,193)	
Cash dividends	582,129	\$ 7.0	465,703	\$ 5.6

G. Please refer to Note 6(19) for information regarding employees' compensation and directors' remuneration.

(15) Other equity items

	Six months ended June 30, 2024	
	Foreign currency translation	
At January 1	(\$	197,664)
Currency translation differences:		
- Group		57,123
- Taxes	(	11,425)
- Associates		12
- Taxes	(	2)
At June 30	(\$	<u>151,956)</u>
	Six months ended June 30, 2023	
	Foreign currency translation	
At January 1	(\$	166,780)
Currency translation differences:		
- Group	(	45,437)
- Taxes		9,087
- Associates	(	3,116)
- Taxes		623
At June 30	(\$	<u>205,623)</u>

(16) Operating revenue

	Three months ended June 30	
	2024	2023
Revenue from contracts with customers	\$ <u>987,425</u>	\$ <u>1,289,616</u>

	Six months ended June 30	
	2024	2023
Revenue from contracts with customers	\$ <u>1,943,916</u>	\$ <u>2,419,099</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Three months ended June 30, 2024

	Taiwan			China			Others			Total
	Complete			Complete			Complete			
	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	
Revenue from contracts with customers	<u>\$ 422,361</u>	<u>\$ 33,158</u>	<u>\$ 59,484</u>	<u>\$ 444,411</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 27,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,425</u>
Timing of revenue recognition										
At a point in time	<u>\$ 422,361</u>	<u>\$ 33,158</u>	<u>\$ 59,484</u>	<u>\$ 444,411</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 27,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,425</u>

Three months ended June 30, 2023

	Taiwan			China			Others			Total
	Complete			Complete			Complete			
	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	
Revenue from contracts with customers	<u>\$ 737,777</u>	<u>\$ 47,095</u>	<u>\$ 87,938</u>	<u>\$ 386,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,289,616</u>
Timing of revenue recognition										
At a point in time	<u>\$ 737,777</u>	<u>\$ 47,095</u>	<u>\$ 87,938</u>	<u>\$ 386,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,289,616</u>

Six months ended June 30, 2024

	Taiwan			China			Others			Total
	Complete			Complete			Complete			
	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	
Revenue from contracts with customers	<u>\$ 877,288</u>	<u>\$ 58,923</u>	<u>\$ 110,070</u>	<u>\$ 841,540</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 56,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,916</u>
Timing of revenue recognition										
At a point in time	<u>\$ 877,288</u>	<u>\$ 58,923</u>	<u>\$ 110,070</u>	<u>\$ 841,540</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 56,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,916</u>

Six months ended June 30, 2023

	Taiwan			China			Others			Total
	Complete			Complete			Complete			
	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	Oil seal	rubber mix	Others	
Revenue from contracts with customers	<u>\$ 1,393,834</u>	<u>\$ 77,731</u>	<u>\$ 167,392</u>	<u>\$ 720,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,419,099</u>
Timing of revenue recognition										
At a point in time	<u>\$ 1,393,834</u>	<u>\$ 77,731</u>	<u>\$ 167,392</u>	<u>\$ 720,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,419,099</u>

B. Contract liabilities (shown as other current liabilities)

The Group has recognised the following revenue-related contract liabilities:

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities:				
Contract liabilities- advance sales receipts	\$ 9,254	\$ 10,025	\$ 11,670	\$ 16,229

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three months ended June 30	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 313	\$ 783
	Six months ended June 30	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 8,179	\$ 11,647

(17) Other gains and losses

	Three months ended June 30	
	2024	2023
Foreign exchange gains, net	\$ 5,039	\$ 15,802
Disaster losses	(2,353)	-
Losses on disposals of property, plant and equipment	(552)	(294)
Other losses	(132)	(1,487)
	<u>\$ 2,002</u>	<u>\$ 14,021</u>
	Six months ended June 30	
	2024	2023
Foreign exchange gains, net	\$ 28,582	\$ 15,545
Disaster losses	(2,353)	-
Losses on disposals of property, plant and equipment	(901)	(285)
Other losses	(282)	(1,711)
	<u>\$ 25,046</u>	<u>\$ 13,549</u>

(18) Expenses by nature

	Three months ended June 30	
	2024	2023
Employee benefit expense		
Wages and salaries	\$ 195,311	\$ 235,707
Labour and health insurance fees	20,664	22,643
Pension costs	7,833	9,507
Directors' remuneration	1,730	1,838
Other employee benefit expenses	13,994	16,886
	<u>\$ 239,532</u>	<u>\$ 286,581</u>
Depreciation charge	<u>\$ 41,532</u>	<u>\$ 40,845</u>
Amortisations	<u>\$ 6,045</u>	<u>\$ 4,552</u>
	Six months ended June 30	
	2024	2023
Employee benefit expense		
Wages and salaries	\$ 387,594	\$ 464,271
Labour and health insurance fees	40,927	45,609
Pension costs	15,904	17,215
Directors' remuneration	3,460	3,512
Other employee benefit expenses	27,890	30,819
	<u>\$ 475,775</u>	<u>\$ 561,426</u>
Depreciation charge	<u>\$ 82,334</u>	<u>\$ 81,292</u>
Amortisations	<u>\$ 11,424</u>	<u>\$ 9,499</u>

- A. In accordance with the Articles of Incorporation of the Company, the Company shall distribute profits and ensure that the ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. The accrual of employees' compensation and directors' remuneration for the three months and six months ended June 30, 2024 and 2023, were as follows:

	Three months ended June 30	
	2024	2023
Employees' compensation	\$ 12,124	\$ 18,552
Directors' remuneration	1,400	1,200
	<u>\$ 13,524</u>	<u>\$ 19,752</u>
	Six months ended June 30	
	2024	2023
Employees' compensation	\$ 24,280	\$ 32,450
Directors' remuneration	2,900	2,600
	<u>\$ 27,180</u>	<u>\$ 35,050</u>

The abovementioned amounts are shown under wages and salaries expense. For the six months ended June 30, 2024 and 2023, the employees' compensation and directors' remuneration were

estimated and accrued based on distributable profit of current year as of the end of reporting period:

	Six months ended June 30	
	2024	2023
Employees' compensation ratio	4.95%	4.95%
Directors' remuneration ratio	0.59%	0.40%

C. Employees' compensation and directors' remuneration for 2023 amounting to \$58,506 thousand and \$5,000 thousand, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.

D. Information about 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.

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 63,225	\$ 87,971
Tax on undistributed surplus earnings	13,054	6,032
Prior year income tax underestimation (overestimation)	1,408	(8,848)
Total current tax	77,687	85,155
Deferred tax:		
Origination and reversal of temporary differences	15,355	13,902
Total deferred tax	15,355	13,902
Income tax expense	\$ 93,042	\$ 99,057
	Six months ended June 30	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 114,669	\$ 151,372
Tax on undistributed surplus earnings	13,054	6,032
Prior year income tax underestimation (overestimation)	1,408	(8,869)
Total current tax	129,131	148,535
Deferred tax:		
Origination and reversal of temporary differences	44,776	31,318
Total deferred tax	44,776	31,318
Income tax expense	\$ 173,907	\$ 179,853

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

	Three months ended June 30	
	2024	2023
Currency translation differences	(\$ 3,243)	\$ 10,960
	Six months ended June 30	
	2024	2023
Currency translation differences	(\$ 11,427)	\$ 9,710

B. The table below listed the year which the Company and its domestic subsidiaries' income tax returns have been assessed and approved by the Tax Authority:

Company name	Approval year
NAK SEALING TECHNOLOGIES CORPORATION	2022
Song Quan International Co., Ltd.	2022

C. Situation of applicable tax rate:

Subsidiaries and affiliates	Application of income tax law	Applicable tax rate:
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Enterprise Income Tax Law of the People's Republic of China	25%
NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Corporate Income Tax Act of Thailand	20%
NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	Corporate Tax Law	25%
Song Quan International Co., Ltd.	Profit-seeking Enterprise Income Tax	20%

	Six months ended June 30, 2024		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 355,185	83,161	\$ 4.27
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	355,185	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	361	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 355,185	83,522	\$ 4.25
	Six months ended June 30, 2023		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 491,583	83,161	\$ 5.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	491,583	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	341	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 491,583	83,502	\$ 5.89

When calculated the diluted earnings per share, potential ordinary shares will be included in the number of weighted-average outstanding shares if potential ordinary shares had diluted effects, based on the assumption that employees' bonus will be distributed in the form of shares.

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	Six months ended June 30	
	2024	2023
Purchase of property, plant and equipment	\$ 129,126	\$ 114,815
Add: Opening balance of payable on equipment	31,239	16,123
Ending balance of prepayments for business facilities	28,962	23,462
Less: Ending balance of payable on equipment	(14,962)	(23,910)
Opening balance of prepayments for business facilities	(17,928)	(10,393)
Cash paid during the period	<u>\$ 156,437</u>	<u>\$ 120,097</u>

(22) Changes in liabilities from financing activities

	Long-term borrowings		Dividends payable	Liabilities from financing activities-gross
		Lease liability		
January 1, 2024	\$ 79,240	\$ 3,426	\$ -	\$ 82,666
Changes in cash flow from financing activities	(5,660)	(1,174)	-	(6,834)
Changes in other non-cash items	-	(23)	582,129	582,106
June 30, 2024	<u>\$ 73,580</u>	<u>\$ 2,229</u>	<u>\$ 582,129</u>	<u>\$ 657,938</u>

	Short-term borrowings	Long-term borrowings	Lease liability	Dividends payable	Liabilities from financing activities-gross
January 1, 2023	\$ 490,000	\$ 90,560	\$ 4,285	\$ -	\$ 584,845
Changes in cash flow from financing activities	(360,000)	(5,660)	(2,165)	-	(367,825)
Changes in other non-cash items	-	-	2,376	465,703	468,079
June 30, 2023	<u>\$ 130,000</u>	<u>\$ 84,900</u>	<u>\$ 4,496</u>	<u>\$ 465,703</u>	<u>\$ 685,099</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
KISH NAK OIL SEAL MFG. CO., LTD. ("KISH NAK")	Affiliated Companies
NAK INTERNATIONAL LTD. ("NAK INTERNATIONAL")	Affiliated Companies
NAK TOTAL SEALING SOLUTIONS PTY LTD. ("NAK TOTAL")	Affiliated Companies

(2) Significant related party transactions

A. Operating revenue:

	Three months ended June 30	
	2024	2023
Sales of goods:		
- Associates	\$ 50,625	\$ 39,759
	Six months ended June 30	
	2024	2023
Sales of goods:		
- Associates	\$ 79,739	\$ 70,647

Goods are sold to related parties at the same price to general customers. The collection term usually was 90 days after delivery, and 30~180 days after delivery for general customers.

B. Receivables from related parties:

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable:			
- Associates	\$ 33,955	\$ 37,122	\$ 26,353
Less: Allowance for uncollectible accounts	(2,801)	(2,801)	(2,801)
	<u>\$ 31,154</u>	<u>\$ 34,321</u>	<u>\$ 23,552</u>
Long-term receivables (shown as other non-current assets):			
- Associates	\$ 24,426	\$ 24,426	\$ 24,426
Less: Allowance for uncollectible accounts	(24,426)	(24,426)	(24,426)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) The receivables from related parties arise mainly from sales. The receivables are due 180 days after the date of sales. The receivables are unsecured in nature and bear no interest.

(b) For the year ended December 31, 2020, loss allowance for accounts receivable due from related parties of \$24,426 thousand was transferred into loss allowance for long-term receivables due from related parties, and past due credit loss had been provisioned in full amount for the receivables of the related party-Iran.

(c) The aforementioned past due accounts transferred to other receivables was a reclassification of accounts receivable which had exceeded the credit term. The ageing analysis is as follows:

		December 31,		
	Ageing distribution	June 30, 2024	2023	June 30, 2023
		Overdue aging	Overdue aging	Overdue aging
- Associates	More than 360 days	<u>\$ 24,426</u>	<u>\$ 24,426</u>	<u>\$ 24,426</u>

C. Loans to/from related parties: Refer to Note 13(1) A. for details.

(3) Key management compensation

	Three months ended June 30	
	2024	2023
Short-term employee benefits	\$ 11,361	\$ 10,951
Post-employment benefits	162	188
Total	<u>\$ 11,523</u>	<u>\$ 11,139</u>

	Six months ended June 30	
	2024	2023
Short-term employee benefits	\$ 20,963	\$ 21,355
Post-employment benefits	372	376
Total	<u>\$ 21,335</u>	<u>\$ 21,731</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Property, plant and equipment	<u>\$ 848,331</u>	<u>\$ 854,961</u>	<u>\$ 859,199</u>	Long-term and short-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	<u>\$ 39,436</u>	<u>\$ 33,660</u>	<u>\$ 33,502</u>

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's total unused letters of credit for the import of raw materials and machinery equipment were \$8,309 thousand, \$1,945 thousand and \$7,361 thousand, respectively.

10. Significant Disaster Loss

On May 30, 2024, a fire damaged the sixth plant owned by the Company and destroyed some equipment and inventories in the plant. The book value of the damaged properties amounted to \$22,395 thousand, including equipment and inventories of \$22,216 thousand and \$179 thousand, respectively. The Company has relevant property insurance and has filed a claim to the insurance company and the estimated insurance claims that can be obtained amounted to \$20,042 thousand. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are based on the industrial scale of the industry the Group operated in, considering industrial future growth and product development, to set appropriate market share in order to plan the corresponding capital expenditure. Accordingly, the Group calculates the needed operating capital based on the financial operation plan, finally, considering operating profit and cash inflows arise from product competitiveness, determines the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 348,102	\$ 519,086	\$ 408,395
Financial assets at amortised cost-current	466,591	163,482	50,158
Notes receivable	411,238	292,711	357,749
Accounts receivable (including related parties)	1,063,526	1,127,331	1,131,362
Other receivables	46,032	29,752	19,076
Guarantee deposits paid (shown as other non-current assets)	978	1,591	1,784
	<u>\$ 2,336,467</u>	<u>\$ 2,133,953</u>	<u>\$ 1,968,524</u>
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ -	\$ 130,000
Notes payable	1,256	1,339	2,925
Accounts payable	129,012	122,728	164,772
Other accounts payable	958,140	477,888	841,143
Long-term borrowings (including current portion)	73,580	79,240	84,900
	<u>\$ 1,161,988</u>	<u>\$ 681,195</u>	<u>\$ 1,223,740</u>
Lease liability	<u>\$ 2,229</u>	<u>\$ 3,426</u>	<u>\$ 4,496</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, interest rate risk and price risk), credit risk and liquidity risk.
- (b) For the risk management, the Group's treasury identifies, evaluates and hedges financial risks

in close co-operation with the Group's operating units, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of current residual capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate 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, EUR, JPY, AUD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB, THD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,830	32.4500	\$ 383,884
EUR:NTD	4,956	34.7100	172,023
JPY:NTD	132,276	0.2020	26,720
AUD:NTD	80	21.5200	1,722
<u>Non-monetary items</u>			
USD:NTD	\$ 822	32.4500	\$ 26,660
AUD:NTD	776	21.5200	16,697
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,333	7.2700	\$ 43,256
EUR:NTD	21,220	34.7100	736,546

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,658	30.7050	\$ 450,074
EUR:NTD	6,134	33.9800	208,433
JPY:NTD	248,389	0.2170	53,900
AUD:NTD	670	20.9800	14,057
<u>Non-monetary items</u>			
USD:NTD	743	30.7050	22,820
AUD:NTD	495	20.9800	10,395
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,694	7.104	\$ 52,014
<u>Non-monetary items</u>			
IRR:NTD	\$ 32,536,585	0.0001	\$ 2,668
June 30, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,965	31.1400	\$ 466,010
RMB:NTD	1,541	4.2820	6,599
EUR:NTD	8,176	33.8100	276,431
JPY:NTD	235,261	0.2150	50,581
AUD:NTD	631	20.6200	13,011
<u>Non-monetary items</u>			
IRR:NTD	\$ 11,676,828	0.0001	\$ 1,168
USD:NTD	32	31.1400	996
AUD:NTD	918	20.6200	18,929

- iii. Due to various types of foreign currency, the total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023, aggregately amounted to \$5,039 thousand, \$15,802 thousand, \$28,582 thousand and \$15,545 thousand, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Six months ended June 30, 2024			
		Sensitivity analysis			
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	7,678	\$	-
EUR:NTD	2%		3,440		-
JPY:NTD	2%		534		-
AUD:NTD	2%		34		-
<u>Non-monetary items</u>					
USD:NTD	2%		-	NA	
EUR:NTD	2%		-	NA	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	865	\$	-
EUR:NTD	2%		14,731	\$	-
		Six months ended June 30, 2023			
		Sensitivity analysis			
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	9,320	\$	-
RMB:NTD	2%		132		-
EUR:NTD	2%		5,529		-
JPY:NTD	2%		1,012		-
AUD:NTD	2%		260		-
<u>Non-monetary items</u>					
IRR:NTD	2%	\$	-	NA	
USD:NTD	2%		-	NA	
AUD:NTD	2%		-	NA	

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group continuously observes the future development and market trends of

investees.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings which were issued at variable rates let the Group be exposed to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the six months ended June 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 10 basis points with all other variables held constant, profit after tax for the three months and six months ended June 30, 2024 and 2023, would have increased/decreased by \$32 thousand, \$12 thousand, \$29 thousand and \$86 thousand, respectively.

(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 notes receivable and accounts receivable (including related parties) based on the agreed terms, other receivables and guarantee deposits paid and the contract cash flows of time deposits stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire company's concern. Examined credit of banks, only banks assessed with good credit rating would be accepted as transaction counterparty. 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 their 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 the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The following indicators are used to determine whether the credit impairment of financial assets has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments; and
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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.

- v. The default occurs when the contract payments are past due over 1 year.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group applies the modified approach on notes receivable and accounts receivable based on the loss rate methodology to estimate the expected credit loss.
- viii. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, thus, the provision matrix did not further distinguish customer segments, the expected credit losses were calculated from the past due date of accounts receivable.
- ix. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On June 30, 2024, December 31, 2023 and June 30, 2023, the loss rate methodology is as follows:

June 30, 2024	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 361 days	Total
Expected loss rate	0.15%	1.13%	11.53%	47.29%	82.40%	100.00%	
Total book value	\$ 926,178	\$ 88,728	\$ 15,884	\$ 6,722	\$ 12,594	\$ 9,715	\$ 1,059,821
Loss allowance	<u>(\$ 1,345)</u>	<u>(\$ 1,001)</u>	<u>(\$ 1,832)</u>	<u>(\$ 3,179)</u>	<u>(\$ 10,377)</u>	<u>(\$ 9,715)</u>	<u>(\$ 27,449)</u>

December 31, 2023	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 361 days	Total
Expected loss rate	0.04%	0.32%	1.50%	16.26%	61.96%	100.00%	
Total book value	\$ 927,752	\$ 111,685	\$ 43,074	\$ 11,789	\$ 5,263	\$ 7,311	\$ 1,106,874
Loss allowance	<u>(\$ 376)</u>	<u>(\$ 355)</u>	<u>(\$ 644)</u>	<u>(\$ 1,917)</u>	<u>(\$ 3,261)</u>	<u>(\$ 7,311)</u>	<u>(\$ 13,864)</u>

June 30, 2023	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 361 days	Total
Expected loss rate	0.03%	0.27%	12.78%	62.40%	97.63%	100.00%	
Total book value	\$ 979,701	\$ 114,791	\$ 14,216	\$ 3,910	\$ 1,984	\$ 7,014	\$ 1,121,616
Loss allowance	<u>(\$ 289)</u>	<u>(\$ 309)</u>	<u>(\$ 1,817)</u>	<u>(\$ 2,440)</u>	<u>(\$ 1,937)</u>	<u>(\$ 7,014)</u>	<u>(\$ 13,806)</u>

- x. The Group assessed the expected loss rate of financial assets at amortised cost, notes receivable, other accounts (excluding receivables due from related parties) receivable and guarantee deposits paid was remote, thus, the balances of loss allowance as of June 30, 2024, December 31, 2023 and June 30, 2023 were not significant.
- xi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>Six months ended June 30, 2024</u>	
	<u>Allowance for uncollectible accounts</u>	
At January 1	\$	13,864
Provision of impairment loss		13,197
Effect of foreign exchange		388
At June 30	<u>\$</u>	<u>27,449</u>
	<u>Six months ended June 30, 2023</u>	
	<u>Allowance for uncollectible accounts</u>	
At January 1	\$	14,026
Effect of foreign exchange	(	220)
At June 30	<u>\$</u>	<u>13,806</u>

- xii. The Group transferred past due accounts receivable due from related parties into other accounts receivable due from related parties (long-term receivables due from related parties) and provisioned credit losses, the table of changes in loss allowance was as follows:

	<u>June 30, 2024</u>	
	<u>Loss allowance for accounts receivable due from related parties</u>	
At January 1 (June 30)	\$	<u>2,801</u>

	<u>June 30, 2024</u>	
	<u>Loss allowance for long-term receivables due from related parties</u>	
At January 1 (June 30)	\$	<u>24,426</u>

	<u>June 30, 2023</u>	
	<u>Loss allowance for accounts receivable due from related parties</u>	
At January 1 (June 30)	\$	<u>2,801</u>

	<u>June 30, 2023</u>	
	<u>Loss allowance for long-term receivables due from related parties</u>	
At January 1 (June 30)	\$	<u>24,426</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling capital requirement forecasts of the Group to ensure it has sufficient capital to meet operational requirements while maintaining sufficient headroom on its undrawn committed borrowing facilities at any time.
- ii. Surplus cash held by the operating entities over and above balance required for working

capital management are transferred to the Group treasury. Group treasury invests surplus cash 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 above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	June 30, 2024	December 31, 2023	June 30, 2023
Floating rate:			
Expiring within one year	\$ 1,300,000	\$ 1,243,000	\$ 1,113,000
Expiring beyond one year	-	-	-

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 for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	June 30, 2024				Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	
Notes payable	\$ 1,244	\$ 12	\$ -	\$ -	\$ 1,256
Accounts payable	105,692	23,320	-	-	129,012
Other payables	675,729	282,411	-	-	958,140
Lease liability	630	1,246	250	345	2,471
Long-term borrowings (including current portion)	3,228	9,589	12,566	53,437	78,820

	December 31, 2023				Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	
Notes payable	\$ 1,189	\$ 150	\$ -	\$ -	\$ 1,339
Accounts payable	98,019	24,709	-	-	122,728
Other payables	246,272	231,616	-	-	477,888
Lease liability	730	2,021	883	524	4,158
Long-term borrowings (including current portion)	3,234	9,613	12,610	59,505	84,962

June 30, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Short-term borrowings	\$ 130,283	\$ -	\$ -	\$ -	\$ 130,283
Notes payable	2,126	799	-	-	2,925
Accounts payable	126,490	38,282	-	-	164,772
Other payables	604,582	236,561	-	-	841,143
Lease liability	1,185	2,314	1,452	-	4,951
Long-term borrowings (including current portion)	3,263	9,701	12,728	65,780	91,472

(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 Company's investments in listed stocks and beneficiary certificates were 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.

B. Financial instruments not measured at fair value

The carrying amounts of refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, financial assets at amortised cost, long-term borrowings (including current portion) and guarantee deposits paid are approximate to their fair values.

C. Financial and non-financial instruments measured at fair value:

None.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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: Please refer to table 2.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Please refer to table 6.

14. Operating segments 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 were no significant changes in the composition of the Group's businesses, the basis for segment division, and the measurement basis for segment information during the current period.

(2) Information about segment profit or loss, assets and liabilities

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

Six months ended June 30, 2024	Taiwan	China	All other segments	Total
Revenue from external customers	\$ 1,046,281	\$ 841,579	\$ 56,056	\$ 1,943,916
Inter-segment revenue	174,890	500	-	175,390
Total segment revenue	\$ 1,221,171	\$ 842,079	\$ 56,056	\$ 2,119,306
Segment income	\$ 355,803	\$ 190,953	\$ 3,855	\$ 550,611

Six months ended June 30, 2023	Taiwan	China	All other segments	Total
Revenue from external customers	\$ 1,638,957	\$ 720,624	\$ 59,518	\$ 2,419,099
Inter-segment revenue	111,025	2,536	-	113,561
Total segment revenue	\$ 1,749,982	\$ 723,160	\$ 59,518	\$ 2,532,660
Segment income	\$ 492,797	\$ 170,651	\$ 6,417	\$ 669,865

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

	Six months ended June 30	
	2024	2023
Reportable segments revenue	\$ 2,119,306	\$ 2,532,660
Inter segment revenue	(175,390)	(113,561)
Consolidated operating income	<u>\$ 1,943,916</u>	<u>\$ 2,419,099</u>

	Six months ended June 30	
	2024	2023
Reportable segments income	\$ 550,611	\$ 669,865
Inter segment income	(195,115)	(177,636)
Income from continuing operations	<u>\$ 355,496</u>	<u>\$ 492,229</u>

NAK SEALING TECHNOLOGIES CORPORATION

Loans to others

Six months ended June 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum	Equity at end of year	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower (Note 1)	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
					outstanding balance during the six months ended June 30, 2024								Item	Value			
0	NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Other receivables	Y	\$ 24,426	\$ 24,426	\$ 24,426	2%	(1)	\$ -	-	\$ 24,426	-	-	\$ -	\$ 377,979	Note 3 , Note 4 and Note 5

Note 1: (1) For whom having business relationship with the Company, limit on total loans granted was 10% of the Company's net assets, limit on loans granted for a single party is the amount of transactions with the borrower in 1 year.
(2) For short-term financing, total financing activities should not be in excess of 20% of the Company's net assets. Limit on loans granted to a single party should not be in excess of 10% of the Company's net assets.
(3) Information for the six months ended June 30, 2024.

Note 2: (1) Having business relationship.
(2) Short-term financing.

Note 3: According to the Accounting Research And Development Foundation Interpretation 93-167, past due accounts receivable were transferred to other receivables.

Note 4: The amount the Company loans to KISH NAK OIL SEAL MFG. CO., LTD. had exceeded the amount of transactions with the borrower in 1 year, thus, the Company did not meet "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the Company had set a improvement plan and sent it to the audit committee.

Note 5: The Company had receivables due from related parties to KISH NAK OIL SEAL MFG. CO., LTD. in the amount of \$24,426 thousand which had provisioned past due credit loss in full amount. Please refer to Note 7(2) for information in relation to receivables due from related parties.

NAK SEALING TECHNOLOGIES CORPORATION

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Six months ended June 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at June 30, 2024	Percentage of total notes/accounts receivable (payable)	
NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Subsidiary	Sales	\$ 151,957	7.8%	Collection in 90 days after delivery	Note 1	Collection in 90 days after delivery	\$ 63,680	4.3%	None

Note 1: The price of finished goods sold to KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. was slightly lower than general customers.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

NAK SEALING TECHNOLOGIES CORPORATION
Significant inter-company transactions during the reporting periods
Six months ended June 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount (Note 2)	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Sales revenue	\$ 151,957	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery	7.8%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Sales revenue	12,233	The sales price was in consistent with general suppliers and collection in 90 days after delivery	0.6%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	1	Sales revenue	10,699	The sales price was in consistent with general suppliers and collection in 90 days after delivery	0.6%
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Accounts receivable	63,680	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery	1.2%

Note 1: Parent company to subsidiary.

Note 2: Only transaction amount exceeds NT\$10 million will be disclosed.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investees

Six months ended June 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net income of investee as of June 30, 2024	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED	British Virgin Islands	General investments business	\$ 155,266	\$ 155,266	4,787,379	100	\$ 1,868,085	\$ 185,942	\$ 185,942	
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Thailand	Oil seal sales	12,815	12,815	15,000	100	45,771	3,689	3,689	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Iran	Oil seal production and sales	4,865	4,865	150,548	49	- (	3,294)	2,668	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD.	Mauritius	General investments business	17,890	17,890	577,859	100	31,181	4,866	4,866	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	BUSINESS FRIEND LIMITED	Hong Kong	General investments business	-	-	-	33.34	984 (	46) (	15)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	NAK TOTAL SEALING SOLUTIONS PTY LTD.	Australia	Oil seal sales	13,957	13,957	4,900	49	16,697	9,401	4,606	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., LTD	Taiwan	Manufacture industry of rubber products	212,560	197,560	16,500	100	219,409	618	618	Note 3
SMOOTH TRACK ASSOCIATES LIMITED	NAK HONGKONG CO., LTD.	Hong Kong	General investments business	149,289	149,289	7,320,000	100	1,907,482	190,958	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK INTERNATIONAL LTD.	Russia	Oil seal sales	3,561	3,561	-	33.33	33,285	13,199	-	Note 1 and Note 2
SHOWMOST INTERNATIONAL CO., LTD.	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	India	Oil seal sales	1,149	1,149	2,097,865	60	6,843	776	-	Note 1 and Note 2

Note 1: The Company's reinvested second-tier subsidiary, and investment income (loss) recognised by the Company are not presented.

Note 2: Investment gains and losses are recognized based on the investee company's self-calculated financial statements for the same period and which have not been reviewed by independent auditors.

Note 3: The subsidiary, Song Quan International Co., Ltd., increased its cash capital amounting to \$15,000 thousand in 2024. The effective date was set on April 22, 2024. The registration for the change had been completed.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investments in Mainland China

Six months ended June 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee as of June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacture kinds of sealing products and its component	\$ 462,365	Note 2	\$ 148,385	\$ -	\$ -	\$ 148,385	\$ 190,958	100	\$ 190,958	\$ 1,906,757	\$ 1,606,216	Note 1 and Note 3

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 3: The financial statements that are reviewed and attested by R.O.C. parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Department of Investment Review of MOEA

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.

Note 2: Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA) is US\$9,500 thousand and the US dollar exchange rate is 32.4500.

NAK SEALING TECHNOLOGIES CORPORATION

Major shareholders information

June 30, 2024

Table 6

<u>Name of major shareholders</u>	<u>Name of shares held</u>	<u>Shares</u>	<u>Ownership (%)</u>
Fu Mao Mei Investment Co., Ltd.		9,368,488	11.26%
SHIH, CHENG-FU		4,500,000	5.41%