

Stock Code: 5450



2023 Annual Report

(Translation)

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I. Letter to the Shareholders

Dear shareholders,

In 2023, the business performance was adversely affected by tightening consumer demand compared to the previous year. Both year's revenue and net profit faced significant pressures, exhibiting a decline. The primary markets experiencing contraction in orders extended beyond China to include the United States, Central and South America, and European markets. This decline was largely attributed to the downstream of customers' destocking activities and the derivative effects of inflation. Order contraction persisted into July of the first half of the year, primarily affecting water-related products, safety protection products, and the apparel market. Both overseas and domestic facilities were impacted. Following adjustments in various operational strategies, a gradual recovery commenced and continued until the year-end.

Below is the report on the 2023 and 2024 business plans:

1. 2023 Business Report

(1). 2023 Business Achievement Report

A. Income and Expenses:

- a The Net Operating Revenue in 2023 was NT \$ 1,611,660 thousand, an decrease of NT\$ 402,999 thousand, compared to the Net Operating Revenue in 2022 of NT \$ 2,014,659 thousand. The Consolidated Net Revenues in 2023 was NT \$ 2,411,798 thousand, an decrease of NT\$ 670,429 thousand, compared to the Consolidated Net Revenues in 2022 of NT\$ 3,082,227 thousand.
- b The Cost of Revenue in 2023 was NT\$ 1,181,423 thousand, which was 73.30% of the Net Operating Revenue. The Consolidated Cost of Revenue in 2023 was NT\$ 1,806,711 thousand, which was 74.91% of the Consolidated Net Operating Revenue.
- c The Operating Expenses in 2023 was NT\$ 368,708 thousand, which was 22.88% of the Net Operating Revenue. The Consolidated Operating Expenses in 2023 was NT\$ 586,123 thousand, which was 24.30% of the Consolidated Net Operating Revenue.

B. Net Profit

- a The Net Income in 2023 was NT\$ 12,546 thousand. The Earnings Per Share (EPS) was NT\$ 0.10.
- b The Consolidated Net income in 2023 was NT\$ 12,546 thousand. The Earnings Per Share (EPS) was NT\$ 0.10.

(2). Report on Budget Implementation

Not applicable, the company has not prepared a financial forecast for 2023.

(3). Analysis of Financial Balance and Profitability

Unit: NT\$; %

Item	Ratio (%)
Return on Assets (ROA)	0.88
Return on Equity (ROE)	0.75
Profit Before Tax to Capital Stock	3.28
Net profit margin	0.52
Basic earnings per share	0.10

(4). Research & Development Results

The consolidated research and development expense in 2023 was NT\$ 74,137 thousand, which was 3.07% of the consolidated net operating revenue.

Textile Composites

A. In 2023, significant tangible benefits have been gradually realized in the development of Eco-Family initiatives. With materials products oriented towards the principles of Reduce, Replace, and Recycle, they have gained recognition from major brands and consumers, contributing to a revenue share exceeding 20%, which continues to rise rapidly. Particularly in the field of polymers, whether in sponge foaming or specialty film products, advancements in the substitution of bio-based materials and the enhancement of substitution ratios to the application of recycled materials have steadily gained market certification and customer recognition. This positions them as products with significant potential for the future.

B. In terms of environmental-friendly processes, we have developed Supraccoat, a solvent-free solution that can completely eliminate VOCs emissions. Through assessment and analysis, we have also reduced the overall production costs of this product line. This solution not only meets the specific requirements of sustainability and environmental protection but also enhances the product's gross profit margin. In the future, it will serve as a powerful tool for expanding revenue and acquiring new orders for our company.

C. The development of protective equipment prioritizes functionality, thus utilizing yarn colors and environmentally friendly processes as the current development focus. As for functional enhancements, future efforts will be directed towards multifunctional integration and the development of high-priced, high-margin new products, such as

arc flash protection, gradually establishing a foundation for tapping into new niche markets.

Chemical Product

A. Continuously increasing partnerships with advanced development suppliers enables the introduction of novel and unique products, aligning with current market trends centered around environmental protection, energy efficiency, sustainability, and natural materials. Emphasizing environmentally certified products ensures fulfillment of customer and market demands.

B. To enhance the Company's reputation in various industries, we have proactively introduced antimicrobial plastic materials that cater to more customers and generate higher profits in non-textile business segments.

Electronic Product

Plasma equipment is important in different manufacturing processes. It has a wide range of uses (e.g., in food production, auto parts manufacturing, glass product manufacturing, and electronics manufacturing process). Through compressed air ionization, surface dust is removed by high-pressure air. The currently developed plasma power supply is a low-temperature atmospheric pressure plasma that uses Arc-jet nozzles. Continuous efforts are being made to strengthen strategic partnerships to shorten development cycles and continuously enhance production efficiency. This includes shortening product lead times and improving product quality. The trend of Edge Computing, ChatGPT, and other AI functionalities continues to drive demand for AI PCs, with the majority of the market expecting AI PCs to hit the market in the second half of 2024. Modular designs with output power ranging from 800W to 3KW are planned as the main power output configurations. Power supply manufacturers are optimistic about the "AI PC specification upgrade" that follows.

2. 2024 Business Plan for Production and Sales

(1). Operations Strategy

In the face of ongoing challenges in 2024, we aim to leverage the diverse applications of our products to unlock new market opportunities. Our company has always been a Taiwan-based enterprise with a global outlook. This year, we intend to harness Taiwan's energy to facilitate the development of our overseas subsidiaries, which are one of the driving forces of our future growth. Another key focus is the accelerated development of sustainable green products. Aligning with the increasing trend of ESG recognition among brands and consumers, we will strengthen the market promotion of our green products, expand market share, and establish our image as a partner in the green

supply chain, thereby enhancing revenue and profitability. Thirdly, we will maximize the integration of technology, applying it to product and production management for digitization and even intelligence, to create differentiated competitiveness and penetrate advanced segments of the supply chain market.

Textile Composites

A. Implementing Sustainable Carbon Reduction Development

In line with sustainable development planning, we continue to conduct product carbon footprint assessments and organizational carbon inventories based on the previous year, actively pursuing energy-saving and carbon reduction initiatives. Carbon reduction is not only an environmental consideration but also a competitiveness factor in expanding markets and reducing costs. We engage in communication and care with key stakeholders.

B. Aligning with Brand Carbon Reduction Trends

Focusing primarily on safety protection, outdoor, and sports leisure markets, we continuously engage in diversified market collaborations across industries and domains. We provide niche and environmentally friendly composite materials with carbon reduction capabilities, complemented by comprehensive international certifications, to meet the needs of brand customers and establish the company's differentiated core competitiveness.

C. Continuous Refinement of Key Advantages

Combining Taiwan and overseas deployments, we employ a matrix-style management and support system to maximize the development benefits of overseas subsidiaries. We utilize technology and digitization to streamline and strengthen product, production, and management processes. Introducing AI mechanisms enhances quality management and improves production efficiency, while reinforcing talent retention systems and cultivating local talent. This realizes the core competitiveness of continuous refinement of key advantages.

Chemical Product

A. As clients gradually move their production bases overseas and increasingly prefer local delivery as an alternative, the domestic market is facing a declining demand. Therefore, the Company has to establish new subsidiaries overseas to meet market demand.

B. Unfavorable factors affecting the development of Taiwan's textile industry such as rising cost, shrinking production scale and declining customer base have had a great impact on the Company's financial performance. One alternative to dealing with the challenges is to develop new opportunities in non-textile industries. For example, enabling additives of chemicals in the plastics industry would be our business target,

which has more advantages than the domestic textile industry.

Electronic Product

In response to the energy shortage caused by the Russia-Ukraine war, power supply products with energy storage, energy-saving, and green energy features have become mainstream. Home energy storage devices (non-high power energy storage devices) have therefore become the basis for product development and market assessment, and through joint development with other companies in the same field will be able to roll out the application of related products. This technology will also be extended to medical communication and other related products, providing stable and safe power supplies, energy storage equipment, and AI medical health-related products. This initiative aims to prepare for the global aging population, promoting healthy aging. As for power supplies, the plan includes the development of next-generation fanless PD 3.1 (Type C interface) power supplies. The feature of PD 3.1 fast charging is its compatibility with a wider range of devices. It is not limited to charging mobile phones; devices like the latest iPad Pro, MacBook, and gaming laptops support PD charging. This is expected to rapidly increase market share and product visibility.

(2). Estimated Number of Items Sold

Items	Estimated Number of Items Sold
Textile Composites (Note 1)	173,775,000
Chemical Product (Note 2)	368,000
Electronic Product (Note 3)	889,000

Note 1: The product units are PCS, BAG, M and YDS.

Note 2: The product unit is KG.

Note 3: The product unit is PCS.

(3). Key Sales and Marketing Policies

- A. Carry out Sustainable Carbon-reduction Development: Following the international sustainability indicators SASB-Apparel, Accessories, and Footwear for the textile, apparel, and footwear industries, we manage key indicators and continuously develop green materials research and explore green supply chains.
- B. In Line with Brand carbon-reduction Trends: Continuously optimizing the promotion tools for green marketing, integrating planning with international green certifications, and combining the value chains upstream and downstream to provide customers with comprehensive solutions for developing trend demands.
- C. Continuous Improvement of Key Advantages: Through digitized management, we

leverage the complementary operational benefits between Taiwan and overseas bases, refine quality management, enhance production efficiency, and strengthen the sustainable inheritance of talents.

3. Company Development Strategies

(1). Enhancing Innovative Research and Development to Boost Core Competitiveness Continuously

We have been aggressive in leveling up our core technological competence. In terms of Research and Development, the Company has established 3 primary principles governing product innovations: Lightweight, High performance and/or with intelligence, and Sustainability. Each of these principles is applied in the plan to build a laboratory.

(2). Upgrade Digital Technology To Provide Real-Time And Precise Management

In order to achieve real-time global management and precise decisionmaking, we are undergoing comprehensive digital technology upgrades. This includes drilling into multidimensional data for analysis, integrating production scheduling, simplifying processes, and transitioning from passive to proactive precision marketing. These efforts aim to provide strategic management, management control, and operational layers with comprehensive information data, ensuring the company's competitive advantage in the digital age. Additionally, the company will continue to strengthen information security risk management and maintain information security through the ISO 27001 system framework.

(3). Implement Sustainable Management with Talent Sustainability Planning

Establishing a skill management system and consistently investing in diversified education and training serve as initiatives to enhance employee capabilities. Simultaneously, initiating a talent sustainability succession plan ensures the company maintains an ample talent pool. This not only contributes to sustainable development but also addresses future changes in market demands and technological trends.

(4). Proactively Manage Risks and Build a Strong Control Mechanism

In accordance with the TCFD framework for climate-related financial disclosures, we aim to understand both the actual and potential climate risks and opportunities, identify and assess their materiality and significance, and formulate various risk prevention, mitigation, and adaptation strategies. This is to enhance our risk management mechanisms, ensuring swift and effective responses to various challenges as they arise.

4. Impacts on competitive, legal and general environment

(1). Actively Phasing Out Fossil Fuels And Investing In Green And Renewable Materials Research

Due to the influence of the United Nations Framework Convention on Climate Change (UNFCCC), Naliang International is committed to actively phasing out fossil fuels, aligning with key discussion topics at COP 28. Since 2020, the company has successfully replaced heavy oil steam boilers with natural gas steam boilers, thereby reducing carbon emissions. Simultaneously, it continues research and development on green and recycled materials under the Eco-Family initiative, reducing reliance on petroleum and actively engaging in the recycling and reuse of waste, not only contributing to environmental protection but also keeping pace with trends in the international business environment, enhancing the company's sustainability competitiveness.

(2). Diversifying Markets And Spreading Risks Through Shipments To Three Locations Amidst Anticipated Economic Slowdown And Geopolitical Uncertainties

In response to the anticipated slowdown in economic growth and the geopolitical uncertainties, the company has adopted a proactive approach by diversifying its markets and spreading risks through shipments to three different locations. It focuses on various sectors such as the safety and protection market, outdoor leisure and sports market, medical and care market, industrial market, home textile market, automotive materials market, and bedding market, among others. By maintaining competitive advantages in different markets, the company aims to enhance its resilience and flexibility to cope with uncertain environmental changes, ensuring stable revenue performance.

We are grateful for the continued support and encouragement from each shareholder. We look forward to further growing the business with you.

2024 Annual Shareholders' Meeting

Warm regards,

Chairman: Shao, Ten-Po

II. Company Overview

1. Date of incorporation: August 11, 1989

2. Company milestone

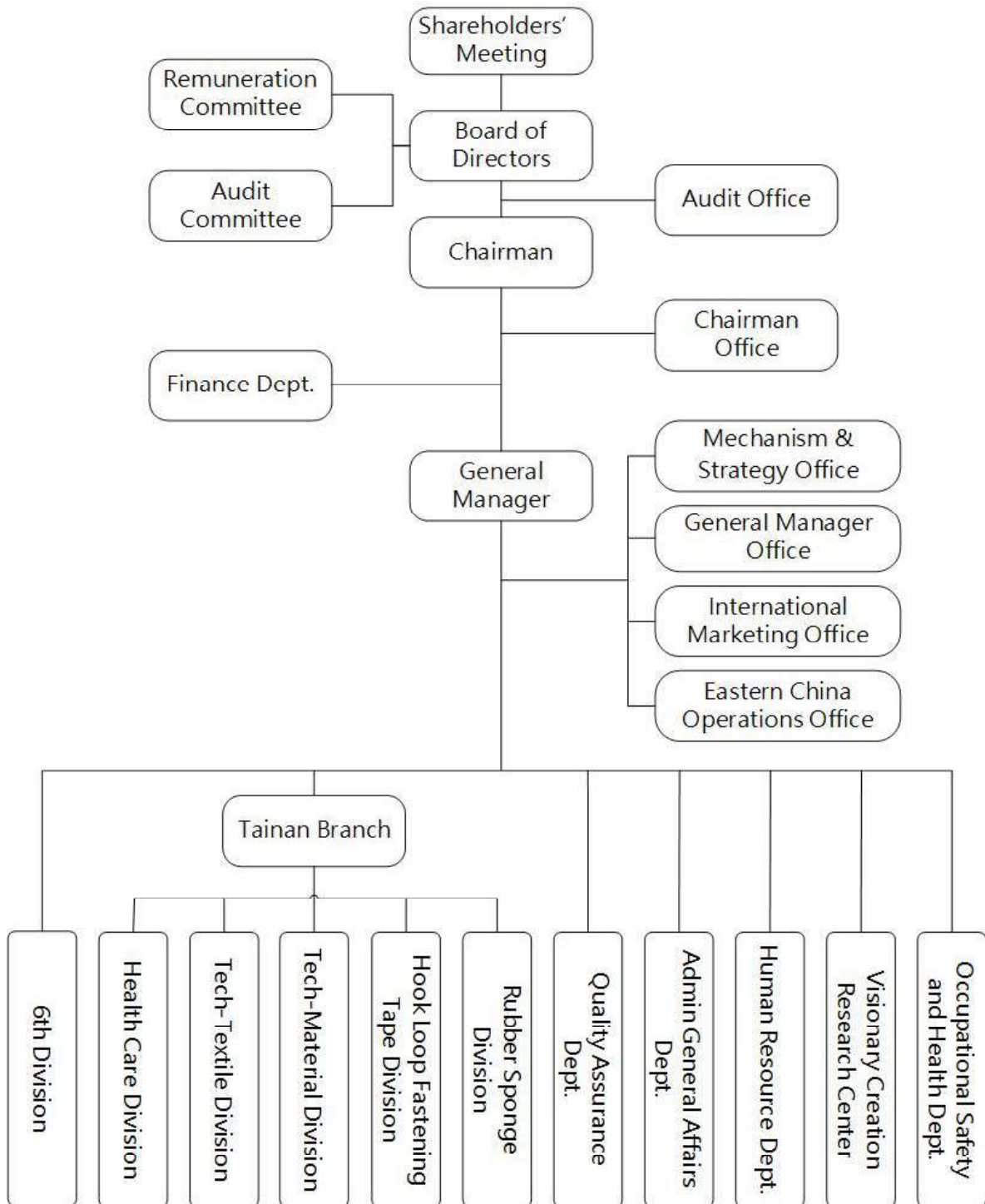
1989	August	Establishment of the Company. Registered on Sec. 1, Fuxing S. Rd., Taipei City. Paid-in capital at ten million NTD.
2000	August 22	Listed on the Taipei Exchange.
2009	December	Share acquisition of NAM LIONG ENTERPRISE CO., LTD., EVER DEVELOPMENT INVESTMENT CO., LTD. and Mr. Lin, Chia-Ching.
2010	January	Acquisition of NAM LIONG ENTERPRISE CO., LTD., EVER DEVELOPMENT INVESTMENT CO., LTD. and Mr. Lin, Chia-Ching exceeds minimum acquisition. (22,676,513 shares) Fulfillment of condition for the acquisition announced.
	September	Board of directors intends to acquire 100% shares by GREENCHEM INTERNATIONAL CO., LTD. via investment.
	October	Acquisition of 100% shares by GREENCHEM INTERNATIONAL CO., LTD. by the Company at NT\$ 240,000,000.
2011	December	Establishment of Remuneration Committee by the Company.
2012	June	PROLINK MICROSYSTEMS CORPORATION renamed.
2013	March	Board of directors intends to acquire 100% shares by ELEMENTECH INTERNATIONAL CO., LTD. via investment.
	March	Board of directors intends to invest in PROLINK INTERNATIONAL (HONG KONG) CO., LIMITED via a third region then through which to invest in the subsidiary in Kuenshang City, Jiangsu Province, PRC.
	April	Acquisition of 100% shares by ELEMENTECH INTERNATIONAL CO., LTD. by the Company at NT\$ 94,500,000.
2016	October	Acquisition of 16,221,501 shares by ZI LIONG ENTERPRISE CO., LTD. from the Company via horizontal division by NAM LIONG ENTERPRISE CO., LTD..
2018	June	Adoption of private placement by Shareholders' Meeting.

	December	Board of directors intends to acquire 100% shares by NAM LIONG ENTERPRISE CO., LTD. via investment.
2019	January	1 st private placement in 2018 (72 million shares).
	January	Acquisition of 100% shares by NAM LIONG ENTERPRISE CO., LTD. by the Company at NT\$ 612,000,000.
	November	Adoption of liquidation of PROLINK INTERNATIONAL (HONG KONG) CO., LIMITED and LINKMAX ELECTRONICS & COMMUNICATION CO., LTD. by Board of directors.
2020	June	PROLINK MICROSYSTEMS CORPORATION renamed NAM LIONG GLOBAL CORPORATION, adopted by Shareholders' Meeting and approved by MOEA; listed NamLiong.
	August	Adoption of short-form merger with NAM LIONG ENTERPRISE CO., LTD. by Board of directors. The reference date of merger is Dec. 31, 2020. The Company is a surviving company. NAM LIONG ENTERPRISE CO., LTD. is a dissolved company.
	December	Short-term merger with NAM LIONG ENTERPRISE CO., LTD..
2021	February	Approval of short-term merger with NAM LIONG ENTERPRISE CO., LTD. by MOEA.
2022	November	1 st private placement (72 million shares) for 2018 listed on the Taipei Exchange.
2023	March	1 st issue of guaranteed convertible bonds in Taiwan.

III. Corporate Governance

1. Organisation structure

(1). Organisation chart



(2). Main duties of each division

Audit Office	<ul style="list-style-type: none"> ■ Responsible for tracking and audit of internal system control and management guideline by entire company. Advises on rectification and ensures effective implementation of internal system control and management guideline. ■ Preparation, implementation, and presentation of annual audit plan. ■ Correction and tracking of internal control punches and irregularities. ■ Occasional audit to subsidiaries.
Finance Dept.	<ul style="list-style-type: none"> ■ Responsible for supervision, management, and implementation of audit accounts and other business by company. ■ Compiles information and analyse and review business operation for monthly managerial decision-making. ■ Solely responsible for company governance. In charge of board of directors and shareholders' operation. ■ Supervision, management, and implementation of company finance operation and budget planning.
Chairman Office	<ul style="list-style-type: none"> ■ Strategy Chief is appointed to be responsible for visionary strategy, long-term company planning, research of economic trend and company operation management guideline.
Mechanism & Strategy Office	<ul style="list-style-type: none"> ■ Responsible for mid- and long-term company planning, preparation and facilitation of annual overall operation plan, facilitation of planning of sound overall internal control mechanism and operation of system (information compilation), planning and implementation of project assignments.
General Manager Office	<ul style="list-style-type: none"> ■ Supervises the company and each business department in terms of work planning, follow-up of progress and communication and coordination. ■ Calculation, analysis, and review of business performance of each department. ■ Supervision of abnormal inventory supply chain.
International Marketing Office	<ul style="list-style-type: none"> ■ In charge of planning mid-to-short-term annual marketing strategies, international collaboration and introduction, supervision of brand partner missions, and various matters related to import and export customs clearance.
Eastern China Operations Office	<ul style="list-style-type: none"> ■ In accordance with the directives and operational strategies of the head office, assist in the implementation and execution of various departmental units in the East China region, and facilitate the linkage of supply chain partners, assisting in comprehensive communication and coordination between both parties.
Occupational Safety and Health Dept.	<ul style="list-style-type: none"> ■ Responsible for occupational and safety and health planning and implementation.

Admin General Affairs Dept.	■ Management of general affairs.
Quality Assurance Dept.	■ Responsible for quality control, document control, and assisting in the management of internal and external audits within the management system.
Human Resource Dept.	■ Responsible for staff management, conflict resolution and response; promulgation and implementation of human resources articles; training programmes based on targets and development.
Visionary Creation Research Center	■ Short, mid-, long-term R&D strategy planning, integration of internal R&D resources; evaluation of external cooperation Acknowledgement Matters.
Rubber Sponge Division	■ Production and sales of highly-elastic foam and composite material.
Hook Loop Fastening Tape Division	■ Production and sales of buckles and strips and other fabric products.
Tech-Material Division	■ Production and sales of polymer materials, special materials monomer and composite materials.
Tech-Textile Division	■ Responsible for production and sales of special textile, fibre, spinning, weaving, and special post-processing.
Health Care Division	■ Responsible for production and sales of topical health technology products.
6th Division	■ Responsible for international agency export and sales, international agency introduction and sales, and various comprehensive projects.

2. Information on the director, general manager, vice general manager, senior manager, heads of divisions and branches

(1). Profiles of director

Director (1)

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding By Nominee Arrangement		Education and Important Experience	Selected Current Position at NL And Other Companies	Executives or Directors Who Are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	ZI LIONG ENTERPRISE CO., LTD.	-	June 23, 2022	3	March 5, 2010	88,221,501	72.08	88,221,501	72.07	-	-	-	-	-	-	-	-	-	-
		Representative: Shao, Ten-Po	Male 71~80	June 23, 2022		-	-	-	-	Director	Hsiao, Chung-Hu	Brother	Director	Hsiao, Yu-Chiao	Father/Daughter	-	-	-	-	-
Director	R.O.C.	ZI LIONG ENTERPRISE CO., LTD.	-	June 23, 2022	3	March 5, 2010	88,221,501	72.08	88,221,501	72.07	-	-	-	-	-	-	-	-	-	-
		Representative: Hsiao, Chung-Hu	Male 61~70	June 23, 2022		-	-	-	-	Director	Shao, Ten-Po	Brother	Chairman	Shao, Ten-Po	Brother	-	-	-	-	-
Director	R.O.C.	Chang, Shun-Ching	Male 51~60	June 23, 2022	3	October 1, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-

April 27, 2024

April 27, 2024

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding By Nominee Arrangement		Education and Important Experience	Selected Current Position at NL And Other Companies	Executives or Directors Who Are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Pai, Ching-Jen	Male 51~60	June 23, 2022	3	March 5, 2010	-	-	-	-	-	-	-	-	NL: Chief Financial Officer Other companies: Note 5	-	-	-	-	
Director	R.O.C.	Hsiao, Yu-Chiao	Female 41~50	June 23, 2022	3	June 24, 2013	-	-	-	-	-	-	-	-	NL: Senior Manager Other companies: Note 6	Chairman	Shao, Ten-Po	Father/Daughter	-	
Director	R.O.C.	EVER DEVELOPMENT INVESTMENT CO., LTD.	-	June 23, 2022	3	June 20, 2016	537,760	0.44	537,760	0.44	-	-	-	-	Graduate Institute of Finance MA, National Cheng Kung University Associate by the Company Pacific Lutheran University General Business Administration Business Office Lead, DONGGUAN PROPRENE SPORTING GOODS CO.,LTD Operation Director, Xu Tai Sports Bag Co., Ltd	-	-	-	-	
Director	R.O.C.	Representative: Wang, Shih-Ting	Female 41~50	June 23, 2022	3	June 23, 2022	-	-	-	-	-	-	-	-	NL: Executive Senior Manager Other companies: Note 7	-	-	-	-	

April 27, 2024

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding By Nominee Arrangement		Education and Important Experience	Selected Current Position at NL And Other Companies	Executives or Directors Who Are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Huang, Chung-Hui	Male 61~70	June 23, 2022	3	June 20, 2016	-	-	-	-	-	-	-	-	EMBA, National Cheng Kung University CPA by Ernst & Young Global Limited Contractor specialist professor at Southern Taiwan University of Science and Technology Contractor instructor by National Cheng Kung University	NL: None Other companies: Note 8	-	-	-	-
Independent Director	R.O.C.	Huang, Wen-Ming	Male 71~80	June 23, 2022	3	June 25, 2019	-	-	-	-	-	-	-	-	EMBA, National Cheng Kung University Manager by Taiwan Bank	NL: None Other companies: None	-	-	-	-
Independent Director	R.O.C.	Tsao, Ching-Ming	Male 61~70	June 23, 2022	3	June 23, 2022	-	-	-	-	-	-	-	-	EMBA, National Cheng Kung University Financial Manager, FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. Audit Lead at Ernst & Young Global Limited	NL: None Other companies: Note 9	-	-	-	-

Note 1: Chairman and President (or someone with an equivalent job responsibility, i.e. the highest ranking manager of the company) are not (1) the same person, (2) in a marital relationship with each other, or (3) within one degree of consanguinity.

Note 2: Chairman of U-LONG HIGH-TECH TEXTILE CO., LTD., Chairman of UNION LINE TEXTILE CO., LTD., Chairman of Skycosmos Sport and outdoor products Ltd., Chairman of TIONG LIONG INDUSTRIAL CO., LTD., Chairman of DECORTEC HOLDING CO., LTD., Chairman of TIEN JIANG ENTERPRISE CO., LTD., Chairman of HONG LIONG TEXTILE CO., LTD., Chairman of Bi Hai Entertainment Co., Ltd., Chairman of EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD., Chairman of EVER DEVELOPMENT INVESTMENT CO., LTD., Chairman of JSM Agricultural Development Co., Ltd., Chairman of Gu Hong Investment Co., LTD., Chairman of ZI LIONG ENTERPRISE CO., LTD., Chairman of Gu Yi Investment Co., LTD., Chairman of Shi Jin Culture and Art Co., Ltd., Chairman of Jiafeng Maoliang Investment Co., Ltd., Chairman of Quanye Kangyang Development Co., Ltd., Chairman of Lioingtex Innovation Enterprises Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Aquatic Solar Power Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Farm and Aquatic Solar Power Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of Tian Mao Investment Holding Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of GREENRAY BIOMEDICAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of AGRO-GREEN INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Solar Power Co., Ltd., Chairman of SICOM ENTERPRISE CO., LTD., Legal representative of Winning Industrial Co.,Ltd., Director of HONG LI TEXTILE CO., LTD., Director of GREAT & MAGNIFICENT CO., LTD., Director of Universal Mean Great Health Technology Co., Ltd., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DECORTEC CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Heng Ding Biotechnology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Yuan Yun Food Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Chia Yuan BioTech Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of Fuding Hong Liong Textile Technology Co., Ltd., Director of Hong Liong International Holdings Limited, Director of Nan Yang Enterprise Co., Ltd. (Hong Kong), Director of GREAT FORTUNE HOLDING Co., Ltd., Director of Sino Max International Holding Co., Ltd., Director of HONTEX INTERNATIONAL HOLDINGS Co., Ltd., Director of GreatHealth Industry Development Co., Ltd., Director of Sino Max International (Cayman) Corporation, Director of Realpro Holdings Ltd, Director of GREEN SUSTAINABILITY INTERNATIONAL LIMITED (SAMOA).

Note 3: Chairman of Xin Yan Investment CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of ELEMENTECH INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of DECORTEC CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of GREENCHEM INTERNATIONAL CO., LTD., Legal representative of Zhongshan Tongjiong Tech-textile Technology Co., Ltd., Director of TIONG LIONG INDUSTRIAL CO., LTD., Director of ZI LIONG ENTERPRISE CO., LTD., Director of U-LONG HIGH-TECH TEXTILE CO., LTD., Director of UNION LINE TEXTILE CO., LTD., Director of Blue Coast Entertainment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of ETERNALCARE BUSINESS LTD., The Authorized Representative of the Juristic Person acts as the Director of Jiafeng Maoliang Investment Co., Ltd., Supervisor of TIEN JIANG ENTERPRISE CO., LTD., Supervisor of DECORTEC HOLDING CO., LTD., Supervisor of HONG LIONG TEXTILE CO., LTD., Supervisor of HONG LI TEXTILE CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of AGRO-GREEN INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of Liongtex Innovation Enterprises Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Shanghai Huiliang Textile Accessories Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Vietnam Zhongju Industrial Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Vietnam Tronjen Industrial Co., Ltd., Director of TA HSIN COMPANY LIMITED, Director of Tiong Liong Holdings (Cayman) Co., Ltd., Director of Tiong Liong Tradings (Samoa) Co., Ltd., Director of JIN LIAMY ENTERPRISE Co., Ltd., Director of Precise Asia Holdings Ltd., Director of Realpro Holdings Ltd., Director of First Win Group Ltd., The Authorized Representative of the Juristic Person acts as the Director of Tiong Liong Holdings (Hong Kong) Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of TIONG CHUN INTERNATIONAL,PT.

Note 4: Director of Jiafeng Maoliang Investment Co., Ltd. Director, The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Nantec Textile Co., Ltd., The Authorized Representative of the Juristic Person acts as

the Director of SPEEDBEST INTERNATIONAL LIMITED.

Note 5: Chairman of EARS MANAGEMENT & CONSULTANT COMPANY, The Authorized Representative of the Juristic Person acts as the Chairman of ETERNALCARE BIOTECH INC., Director of EVER DEVELOPMENT INVESTMENT CO., LTD., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD, Director of JSM Agricultural Development Co., Ltd., Director of YOHO BEACH RESORT CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., Supervisor of Gu Hong Investment Co., LTD., Supervisor of ETERNALCARE BUSINESS LTD., Supervisor of Quanye Kangyang Development Co., Ltd., Supervisor of Universal Mean Great Health Technology Co., Ltd., Supervisor of CHENG LIANG INVESTMENT CO., LTD., Supervisor of EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENCHEM INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENRAY BIOMEDICAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of Jiafeng Maoliang Investment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENRAYS INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD, The Authorized Representative of the Juristic Person acts as the Supervisor of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD, Director of TA HSIN COMPANY LIMITED, Director of JIN LIAMY ENTERPRISE COMPANY LIMITED, Director of CROWN DREAM DEVELOPMENT LIMITED, Director of ELEMENTECH (HONG KONG) LIMITED, Director of NAM LIONG(H.K.) CO., LIMITED, Director of JSM Agricultural Development (Hong Kong) Co., Ltd., Director of HONG LIONG TEXTILE COMPANY, Manager of Tien Pou International Ltd., Taiwan Branch, Director of Gold Formosa Ltd..

Note 6: Chairman of ETERNALCARE BUSINESS LTD., Chairman of CHENG LIANG INVESTMENT CO., LTD, Legal representative of SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD, Legal representative of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD, Legal representative of DONGGUAN PROPENE SPORTING GOODS CO., LTD, Director of CATHAY CONSOLIDATED INC., Director of ORIENTAL GREEN ENERGY TECHNOLOGY INC., Director of EARS MANAGEMENT & CONSULTANT COMPANY, Director of EVER DEVELOPMENT INVESTMENT CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of TAYUN PHOTONICS INC., The Authorized Representative of the Juristic Person acts as the Director of JSM Green Field (Taiwan) CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of JSM Agricultural Development Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of Skycosmos Sport and outdoor products Ltd., Director of JSM Agricultural Development (Hong Kong) Co., Ltd, Director of TA HSIN COMPANY LIMITED.

Note 7: Chairman of Cheng Zhe Investment Co., Ltd., Legal representative of JIAXING NANXIONG POLYMER CO., LTD., Director of ZI LIONG ENTERPRISE CO., LTD, Director of HONG LI TEXTILE CO., LTD., Director of Universal Mean Great Health Technology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of Longmen Seaview Resort Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of U-LONG HIGH-TECH TEXTILE CO., LTD, Supervisor of TIONG LIONG INDUSTRIAL CO., LTD..

Note 8: T.Y.C. BROTHER INDUSTRIAL CO., LTD. Independent Director, O-TA PRECISION INDUSTRY CO., LTD. Independent Director, FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. Independent Director.

Note 9: Consultant of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD..

Table 1: Profiles of dominant shareholders of institutional shareholders

April 27, 2024

Name of Institutional Shareholders	Main Shareholders of Institutional Shareholders
ZI LIONG ENTERPRISE CO., LTD.	Shao, Ten-Po 22.77%, Gu Yi Investment CO., LTD. 19.91%, Xin Yan Investment CO., LTD. 15.57%, Hung, Chun-Chih 8.13%, Hsiao, Jung-Chu 6.24%, Cheng Zhe Investment Co., Ltd. 4.13%, Hsiao, Chung-Hu 3.72%, Qi Hong Investment CO., LTD. 3.51%, Li, Jung-Liang 3.12%, Ku, Chia-Sheng 3.12%
EVER DEVELOPMENT INVESTMENT CO., LTD.	Shao, Ten-Po 79.36%, Hsiao, Chung-Hu 20.64%

Table 2: Main shareholders of institutional shareholders

April 27, 2024

Name of Institutional Shareholders	Main Shareholders of Institutional Shareholders
Gu Yi Investment CO., LTD.	Shao, Ten-Po 91.75%, Lin, Hsiu-E 8.25%
Xin Yan Investment CO., LTD.	Hsiao, Chung-Hu 68.51%, Shao, Ten-Po 26.39%, Lai, Yu-Li 5.10%
Cheng Zhe Investment Co., Ltd.	Wang, Chen-Che 19.10%, Chen, Yu 19.10%, Wang Huang, Pi-Yun 17.80%, Wang, Shih-Ting 12.90%, Wang, Chien-Chao 11.80%, Wang, Chuan-Cheng 10.00%, Chen, Yi-Hsiao 9.30%
Qi Hong Investment CO., LTD.	Hung, Chun-Chih 73.81%, Shao, Ten-Po 26.19%

Director (2)

A. Directors' professional qualifications and independence analysis

Qualification Name	Professional Qualifications and Experience	Independence Status (Note)	Number of Other Listed Companies Concurrently Serving as an Independent Director
Chairman: ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	1. Please refer to Director (1) (P.13~17) for details on qualification and experience of directors. 2. No director is of matters stated in Art. 30 of Company Act.	N/A	-
Director: ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao, Chung-Hu			-
Director: Chang, Shun-Ching			-
Director: Pai, Ching-Jen			-
Director: Hsiao, Yu-Chiao			-
Director: EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Shih-Ting			-
Independent Director: Huang, Chung-Hui			3
Independent Director: Huang, Wen-Ming			-
Independent Director: Tsao, Ching-Ming			-

Note: 1. Authority, legal person or one's behalf other than stated by Art. 27 of Company Act.

2. An independent director by other listed companies of which the number is equal to or under three.

3. Not of any following matters for the past two years prior to and during service:

(1) An employee by the company or its affiliated companies.

(2) A director or supervisor by the company or its affiliated companies.

(3) A shareholder, or whose spouse or minor children, or a substantial shareholder with a shareholding ratio over 1% or from top 10 of the company as natural person.

(4) Manager of No. 1 or spouse, kinship within second grade, or immediate family within third grade of whom from

aforementioned two items.

- (5) A director, supervisor, or employee by legal person whose direct shareholding ratio of listed shares exceeds five percent, from top 5 by the company, or an appointed behalf as a director or supervisor of whom by the company pursuant to Art. 27-1 or 2 of Company Act.
- (6) A director, supervisor, or employee in control of over half of Board of directors' seats or shareholding ratio of voting rights by the company or other companies.
- (7) With a second title as chairman, general manager, or an equivalent position, or spouse of whom by the company or other companies or institutes, director (chief), supervisor (chief), or employee by other companies or institutes.
- (8) A director(chief), supervisor(chief), manager by a specific company or institute of financial or business liaisons with the company, or a shareholder with a shareholding ratio over five percent of the company.
- (9) A specialist having audited or having been remunerated over five hundred thousand NTD with the past two years for one's commercial, legal, financial, accounting, or other relevant services, corporate owner, corporate partner, director (chief), supervisor (chief), manager with sole, partner proprietorship by the company or affiliated companies, and spouse of whom, to which in case a member of Remuneration Committee, Public Tender Review Committee or Special Merger Committee who exercises one's power pursuant to the act or regarding provisions of Business Mergers And Acquisitions Act, is not subject.

B. Diversity and independence of Board of Directors

a Diversity policy of Board of Directors

Board of Directors by the company is elected with rigorous process, in consideration of background diversity, profession, and experience. Reputation of one's ethics practice and leadership is appreciated as well. All members of Board of Directors are industrially and practically experienced, including two female director. Diversity implementation of Board of Directors as following:

Director Name	Gender	Operational Judgement	Accounting and Financial Analyticity	Operation & Management	Risk-Solving	Industrial Understanding	International Market Understanding	Leadership	Decision-making
ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	M	✓		✓	✓	✓	✓	✓	✓
ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao, Chung-Hu	M	✓		✓	✓	✓	✓	✓	✓
Chang, Shun-Ching	M	✓		✓	✓	✓	✓	✓	✓
Pai, Ching-Jen	M	✓	✓	✓	✓	✓		✓	✓
Hsiao, Yu-Chiao	F	✓		✓	✓	✓	✓	✓	✓
EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Shih-Ting	F	✓		✓	✓	✓	✓	✓	✓
Huang, Chung-Hui	M	✓	✓	✓	✓	✓		✓	✓
Huang, Wen-Ming	M	✓	✓	✓	✓	✓			✓
Tsao, Ching-Ming	M	✓	✓	✓	✓	✓	✓		✓

b Independence of Board of Directors

The company has 9 director seats, including 3 independent director seats, accounting 33.33%. No member from the Board of Directors has items stated in Securities and Exchange Act Art. 26-3 No.3 & No.4; 3 directors are either spouses or kinship within second grade, which does not exceed half of director seats.

(2). General manager, vice general manager, senior manager, heads of divisions and branches

April 27, 2024

Title	Nationality	Name	Gender	Service Date of First Term	Shares Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Important Experience	Selected Current Position at Other Companies	Executives, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Shao, Ten-Po	Male	June 23, 2022	-	-	-	-	-	-	Honorary doctorate of National Chiayi University Honorary doctorate of Chaoyang University of Technology	Note 1	-	-	-	-
Strategy Director	R.O.C.	Wang, Chuan-Cheng	Male	December 2020	-	-	-	-	-	-	5 year junior college mechanical engineering programme, Affiliated Senior Industrial Vocational Continuing Education High School of National Cheng Jung University Vice Chairman of NAM LIONG ENTERPRISE CO., LTD.	Note 2	-	-	-	-
General Manager	R.O.C.	Chang, Shun-Ching	Male	June 2019	-	-	-	-	-	-	Chemical Engineering BA, Feng Chia University Vice General Manager by the company	Note 3	-	-	-	-
Chief Financial Officer	R.O.C.	Pai, Ching-Jen	Male	December 2020	-	-	-	-	-	-	Graduate Institute of Finance MA, National Cheng Kung University Senior Manager by the Company	Note 4	-	-	-	-
Accounting Manager / Corporate Governance Officer	R.O.C.	Su, Meng-Hsu	Female	August 2016	-	-	-	-	-	-	Graduate Institute of Accounting MA, Yuan Ze University Assistant manager of Deloitte Touche Tohmatsu Limited	None	-	-	-	-
Finance Manager	R.O.C.	Chiu, Shu-Chen	Female	July 2023	-	-	-	-	-	-	Department of Accounting, Fu Jen Catholic University Manager by the Company	Note 5	-	-	-	-

Note 1: Chairman of U-LONG HIGH-TECH TEXTILE CO., LTD., Chairman of UNION LINE TEXTILE CO., LTD., Chairman of Skycosmos Sport and outdoor products Ltd., Chairman of TIONG LIONG INDUSTRIAL CO., LTD, Chairman of DECORTEC HOLDING CO., LTD, Chairman of TIEN JIANG ENTERPRISE CO., LTD, Chairman of HONG LIONG TEXTILE CO., LTD, Chairman of Bi Hai Entertainment Co., Ltd., Chairman of EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD, Chairman of EVER DEVELOPMENT INVESTMENT CO., LTD, Chairman of SICOM ENTERPRISE CO., LTD, Chairman of JSM Agricultural Development Co., Ltd., Chairman of Gu Hong Investment CO., LTD., Chairman of Zi LIONG ENTERPRISE CO., LTD., Chairman of Gu Yi Investment CO., LTD., Chairman of Shi Jin Culture and Art Co., Ltd., Chairman of Jiafeng Maoliang Investment Co., Ltd., Chairman of Quanye Kangyang Development Co., Ltd., Chairman of Liongtex Innovation Enterprises Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Aquatic Solar Power Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of Tian Mao Investment Holding Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of AGRO-GREEN INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of HONG LI TEXTILE CO., LTD., Director of GREAT & MAGNIFICENT CO., LTD., Director of Universal Mean Great Health Technology Co., Ltd., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DECORTEC CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Heng Ding Biotechnology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Yuan Yun Food Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Chia Yuan BioTech Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of Fuqing Hong Liong Textile Technology Co., Ltd., Director of Hong Liong International Holdings Limited, Director of Nan Yang Enterprise Co., Ltd. (Hong Kong), Director of GREAT FORTUNE HOLDING Co., Ltd., Director of Sino Max International Holding Co., Ltd., Director of HONTEX INTERNATIONAL HOLDINGS Co., Ltd., Director of GreatHealth Industry Development Co., Ltd., Director of Sino Max International (Cayman) Corporation, Director of Realpro Holdings Ltd., Director of GREEN SUSTAINABILITY INTERNATIONAL LIMITED (SAMOA).

Note 2: Director of JSM Agricultural Development Co., Ltd. Director, UNION LINE TEXTILE CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Jiafeng Maoliang Investment Co., Ltd.

Note 3: Director of Jiafeng Maoliang Investment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Nantec Textile Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of SPEEDBEST INTERNATIONAL LIMITED.

Note 4: Chairman of EARS MANAGEMENT & CONSULTANT COMPANY, The Authorized Representative of the Juristic Person acts as the Chairman of ETERNALCARE BIOTECH INC., Director of EVER DEVELOPMENT INVESTMENT CO., LTD., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD, Director of JSM Agricultural Development Co., Ltd., Director of YOHO BEACH RESORT CO., LTD, The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., Supervisor of Gu Hong Investment CO., LTD, Supervisor of ETERNALCARE BUSINESS LTD, Supervisor of Quanye Kangyang Development Co., Ltd., Supervisor of Universal Mean Great Health Technology Co., Ltd., Supervisor of CHENG LIANG INVESTMENT CO., LTD., Supervisor of EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD, The Authorized Representative of the Juristic Person acts as the Supervisor of GREENCHEM INTERNATIONAL CO., LTD, The Authorized Representative of the Juristic Person acts as the Supervisor of GREENRAY BIOMEDICAL CO., LTD, The Authorized Representative of the Juristic Person acts as the Supervisor of Jiafeng Maoliang Investment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD, The Authorized Representative of the Juristic Person acts as the Supervisor of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD, Director of TA HSIN COMPANY LIMITED, Director of JIN LIAMY ENTERPRISE COMPANY LIMITED, Director of CROWN DREAM DEVELOPMENT LIMITED, Director of ELEMENTECH (HONG KONG) LIMITED, Director of NAM LIONG(H.K.) CO., LIMITED, Director of JSM Agricultural Development (Hong Kong) Co.,

Ltd., Director of HONG LIONG TEXTILE COMPANY, Manager of Tien Pou International Ltd., Taiwan Branch, Director of Gold Formosa Ltd.

Note 5: The Authorized Representative of the Juristic Person acts as the Supervisor of JIAXING NANXIONG POLYMER CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of DONGGUAN PROPENE SPORTING GOODS CO., LTD.

3. Director (including independent director), general manager and vice general manager remuneration

(1). Director and independent director remuneration

Unit: NT\$ thousands

Title	Name	Director Remuneration						Remuneration Received as Employee				Amount and Ratio of Total A, B, C, and D to Net Income after Tax		Remuneration from a non-Subsidiary Investee Company or Parent Company			
		Remuneration (A)		Pension (B)		Director Remuneration (C) (Note)		Operation Fee (D)		Amount and Ratio of Total A, B, C, and D to Net Income after Tax		Remuneration Received as Employee (G) (Note)			Amount and Ratio of Total A, B, C, D, E and F to Net Income after Tax		
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	Cash	Stock			NL	All Consolidated Entities
Chairman	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	-	-	50	-	50	24	24	24	74	6,828	-	-	6,902	6,902	55.01%	-
Director	ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao, Chung-Hu	-	600	50	-	218	12	704	62	1,522	-	-	-	62	1,522	12.13%	-
Director	Chang, Shun-Ching	-	-	50	-	50	24	24	74	5,274	5,274	9	-	5,465	5,465	43.56%	-
Director	Pai, Ching-Jen	-	-	50	-	106	18	96	68	1,715	1,715	4	-	1,867	1,867	14.88%	-
Director	Hsiao, Yu-Chiao	-	-	50	-	50	24	48	74	1,404	1,404	-	-	1,561	1,561	12.44%	-

Unit: NT\$ thousands

Title	Name	Director Remuneration						Remuneration Received as Employee						Amount and Ratio of total A, B, C, D, E and F to Net Income after Tax		Remuneration from a non-Subsidiary Investee Company or Parent Company						
		Remuneration (A)		Pension (B)		Director Remuneration (C) (Note)		Operation Fee (D)		Amount and Ratio of Total A, B, C, and D to Net Income after Tax		Salaries Bonus, and Special Allowance, etc. (E)		Pension(F)			Remuneration Received as Employee (G) (Note)					
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	Cash	Stock		NL	All Consolidated Entities	Cash	Stock		
																					Ratio	Percentage
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Shin-Ting	-	-	50	24	24	24	74	0.59%	74	0.59%	1,527	76	76	1,527	76	76	1,677	13.37%	1,677	13.37%	-
Independent Director	Huang, Chung-Hui	368	-	50	144	144	144	562	4.48%	562	4.48%	-	-	-	-	-	-	562	4.48%	562	4.48%	-
Independent Director	Huang, Wen-Ming	368	-	50	144	144	144	562	4.48%	562	4.48%	-	-	-	-	-	-	562	4.48%	562	4.48%	-
Independent Director	Tsao, Ching-Ming	368	-	50	144	144	144	562	4.48%	562	4.48%	-	-	-	-	-	-	562	4.48%	562	4.48%	-

1. Please specify remuneration policy, system, standard and structure for independent directors, and justify in terms of their scope, risk, work time and other associating factors with remuneration:

Independent director remuneration depends on one's participation and contribution to company operation and is remunerated on a monthly basis and fixed amount. No floating bonus. Independent directors are obliged to supervise and contact the management of the company for company information regularly. The current annual remuneration is reasonable.

2. Besides aforesaid disclosure, please specify the remuneration from service at any company stated in the Business Report of Board of Directors (E.g. Parent company/any company from financial statement/Third-party investee other than employees' advisor, etc.): None.

Note: Director and supervisor remuneration and employee remuneration for 2023 have been adopted by Board of Directors votes.

(2). General manager and vice general manager remuneration

Unit: NT\$ thousands

Title	Name	Pay (A)		Pension(B)		Bonus, and Special Allowance, etc. (C)		Remuneration Received as Employee (D) (Note)				Amount and Ratio of Total A, B, C and D to Net Income after Tax(%)		Remuneration from a non-subsidiary Investee Company or Parent Company
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL		Cash	Stock	NL	All Consolidated Entities	
								Cash	Stock					
General Manager	Chang, Shun-Ching	2,700	2,700	108	108	2,574	2,574	9	-	9	-	5,391	42.97%	-
Strategy Director	Wang, Chuan-Cheng	2,262	2,262	108	108	604	604	8	-	8	-	2,982	23.77%	-
Chief Financial Officer	Pai, Ching-Jen	1,309	1,309	80	80	405	405	4	-	4	-	1,798	14.33%	-

Note: Employee remuneration for 2023 have been adopted by Board of Directors votes.

(3). Top 5 supervisor remuneration

Unit: NT\$ thousands

Title	Name	Pay (A)		Pension(B)		Bonus, and Special Allowance, etc. (C)		Remuneration Received as Employee (D) (Note)				Amount and Ratio of Total A, B, C and D to Net Income After Tax(%)		Remuneration from a non-subsidiary Investee Company or Parent Company	
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	All Consolidated Entities		NL	All Consolidated Entities				
								Cash	Stock			Cash	Stock		
Chairman	Shao, Ten-Po	3,960	3,960	-	-	2,868	2,868	-	-	-	-	6,828	6,828	54.42%	54.42%
General Manager	Chang, Shun-Ching	2,700	2,700	108	108	2,574	2,574	9	-	9	-	5,391	5,391	42.97%	42.97%
Strategy Director	Wang, Chuan-Cheng	2,262	2,262	108	108	604	604	8	-	8	-	2,982	2,982	23.77%	23.77%
Chief Financial Officer	Pai, Ching-Jen	1,309	1,309	80	80	405	405	4	-	4	-	1,798	1,798	14.33%	14.33%
Accounting Manager / Corporate Governance Officer	Su, Meng-Hsu	1,199	1,199	80	80	461	461	4	-	4	-	1,744	1,744	13.90%	13.90%

Note: Employee remuneration for 2023 have been adopted by Board of Directors votes.

(4). Managers who allocate employee remuneration and allocation details

Unit: NT\$ thousands; April 30, 2024

	Title	Name	Stock	Cash	Total	Ratio of Total to Net Income after Tax (%)
Manager	Strategy Director	Wang, Chuan-Cheng	-	8	8	0.06
	General Manager	Chang, Shun-Ching	-	9	9	0.07
	Chief Financial Officer	Pai, Ching-Jen	-	4	4	0.03
	Accounting Manager	Su, Meng-Hsu	-	4	4	0.03
	Finance Manager	Chiu, Shu-Chen	-	5	5	0.04

Note: Employee remuneration for 2023 have been adopted by Board of Directors votes.

(5). Compare remuneration analysis for directors, supervisors, general manager and vice general managers in the most recent two fiscal years by the company and by all companies included in the consolidated financial statements ratio to income after tax, and specify remuneration policy, standard and combination, promulgation procedure for directors, supervisors, general manager and vice general managers, and business performance and future risk relativity

A. Analysis of director, supervisor, general manager, and vice general manager remuneration ratio to net income after tax from the company and consolidated report for the past two years: director, supervisor, general manager, and vice general manager remuneration ratio to net income after tax from the company for the past two years as following:

Unit: NT\$ thousands

Year	Total remuneration for Directors, Supervisors, General Manager, and Vice General Manager (Note)		Ratio of Total to Net Income after Tax(%)	
	NL	All Consolidated Entities	NL	All Consolidated Entities
111	35,429	37,283	19.95	20.99
112	22,202	23,820	176.96	189.86

Note: Remuneration includes transport reimbursement, bonus, pay, bonus, and employee remuneration.

- B. Remuneration policy, standard and combination, promulgation procedure business performance and future risk relativity
- a Director remuneration: includes transport reimbursement, business operation pays and remuneration. The remuneration depends on one's participation in business operation and contribution; Remuneration Committee is authorized to settle director and supervisor remuneration pursuant to articles of incorporation, and shall present to Board of Directors for adoption and to Board of Shareholders.
 - b General manager and vice general manager remuneration: the remuneration is determined pursuant to remuneration standard of the company and reference to standard of same industry. The bonus and employee remuneration are allocated depending on articles of incorporate and references to business performance and one's contribution to the company. Remuneration and bonus shall be reviewed by Remuneration Committee and adopted by Board of Directors. Employee remuneration shall be adopted by Board of Directors and presented to Board of Directors.
 - c In consideration of potential risks of the company in future, directors of the company do not have other remuneration. In the event that directors and supervisors operate company business, they may be remunerated or reimbursed for transport. The company shall remunerate based on common standard of same industry regardless of balance.
 - d Net income after tax is a result of the past two years by the company. The remuneration depends on business performance and references to remuneration standard of same industry.

4. Implementation of corporate governance

(1). Operation of the Board of Directors

A total of 4 (A) meetings of Board of Directors were held in 2023. The attendance of directors and supervisors were as following:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) 【B/A】 (Note)	Remarks
Chairman	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	4	0	100	
Director	ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao, Chung-Hu	2	2	50	
Director	Chang, Shun-Ching	4	0	100	
Director	Pai, Ching-Jen	3	1	75	
Director	Hsiao, Yu-Chiao	4	0	100	
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Shih-Ting	4	0	100	
Independent Director	Huang, Chung-Hui	4	0	100	
Independent Director	Huang, Wen-Ming	4	0	100	
Independent Director	Tsao, Ching-Ming	4	0	100	

Note: (1) In the event of director departure takes place by the book closure date, their departure date shall be specified with actual presence ratio(%), counted by one' s participation in Board of Director meetings.

(2) In the event of election of director by the book closure date, former and precedent directors shall both be specified, with annotation of either former or precedent on the director column, newly- or re-elected and election date. Actual presence rate(%) is calculated by one's actual attended Board of Director meetings during one's service.

Other mentionable items:

A. If any of the matters referred to in Article 14-3 of the Securities and Exchange Act or other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors occur, the dates of the meetings, sessions, contents of motion, all

independent directors' opinions and the company' s response shall be specified:
N/A.

B. Implementation of conflict of interest shall state directors, subject, reason for conflict, and voting result. Implementation of avoidance of conflict of interest amid 2023 Board of Director Meeting as following:

Directors	Proposal	Reason for Avoidance of Conflict of Interest & Voting Result
Shao, Ten-Po	The land leasing case of our company's plant.	Directors other than those with conflicts of interest stipulated by Art. 206-2 of Company Act hereof have adopted without objection.
Shao, Ten-Po Hsiao, Chung-Hu Wang, Shih-Ting Hsiao, Yu-Chiao	Intention for cash capital increase in TIONGLIONG INDUSTRIAL CO., LTD. by the company.	

C. Listed companies shall disclose self-evaluation frequency, term, evaluation scope, approach, and evaluation details, etc.

Evaluation Frequency	Evaluation Term	Evaluation Scope	Evaluation Method	Evaluation Content
Annual	2023	Overall Board of Directors	Insider self-evaluation of Board of Directors	Participation in operation, quality of decision-making by the Board of Directors, composition and organisation of Board of Directors, election and self-development of directors, internal control.
		Respective director from the Board	Self-evaluation by members Board of Directors	Understanding of company goal and targets, understanding of directors' duties, participation in company operation, governance and communication of internal relations, profession and continual development of directors, internal control, etc.
		Functional Committee	Self-evaluation of Functional Committee	Participation in business operation of the company by Remuneration Committee, Audit Committee, understanding of committees' duties, decision making quality of committees, composition of committees and election of members, internal control

D. Improvement in competency of current and most recent years' Board of Directors and evaluation of implementation:

a Towards improvement of competency of Board of Directors

- (a) We implement corporate governance and endeavors for transparency in operation, convene Board of Directors meeting quarterly and present operation in meeting.
- (b) We arrange trainings for development in profession of directors and supervisors per year.

b Implementation:

- (a) The company promulgated meeting guideline for Board of Directors and convenes regularly so that it is applied in practice by law.
- (b) The company established Remuneration Committee that facilitates in management of remuneration functionality for Board of Directors.
- (c) The company established Audit Committee in place of supervisors.

(2). Operation of Audit Committee

A total of 3 (A) meetings of the Audit Committee were held in 2023. The attendance of independent directors is as following:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) 【B/A】 (Note)	Remarks
Independent Director	Huang, Chung-Hui	4	0	100	
Independent Director	Huang, Wen-Ming	4	0	100	
Independent Director	Tsao, Ching-Ming	4	0	100	

Note: (1) In the event of independent director departure takes place by the book closure date, their departure date shall be specified with actual presence ratio(%), counted by one's participation in Audit Committee.

(2) In the event of election of independent director by the book closure date, former and precedent independent director shall both be specified, with annotation of either former or precedent on the independent director column, newly- or re-elected and election date. Actual presence rate(%) is calculated by one's actual attended Audit Committee during one's service.

Other mentionable items:

A. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response shall be specified:

a Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date of Audit Committee Meeting	Subject	Expression of Advice or Objection by Independent Directors	Resolution of Audit Committee	Company Response to Expression by Audit Committee
March 29, 2023	Implementation report of financial derivatives, endorsement guarantee, and financing provided to other parties.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Implementation of internal audit by the company.			
	The company's 2023 Parent Company Only Financial Statements, Consolidated Financial Statements and Business Report.			
	2022 Internal Control Statement.			
	Handle the independence assessment of the appointed accountant in 2023.			
	Appointment of the company's accounting firm for 2023.			
	Formulate the company's "Measures for Pre-Approval of Non-Confirmed Services Provided by Certified Public Accountants" and the pre-approval of the 2023 Non-Confirmed Services List.			
	The land leasing case of our company's plant.			
May 10, 2023	Implementation report of financial derivatives, endorsement guarantee, and financing provided to other parties.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Implementation of internal audit by the company.			
	2023 Q1 Financial Statements of the company.			
	Appointment of the company's Financial Manager.			
	Discuss the case of overdue accounts receivable is not a capital loan.			
	Advance payment is not a capital loan.			

Date of Audit Committee Meeting	Subject	Expression of Advice or Objection by Independent Directors	Resolution of Audit Committee	Company Response to Expression by Audit Committee
August 9, 2023	Implementation report of financial derivatives, endorsement guarantee, and financing provided to other parties.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Implementation of internal audit by the company.			
	The company changed the certification CPA and CPA independent assessment case.			
	2023 Q2 Financial Statements of the company.			
	Cash capital increase for subsidiary NAM LIONG ENTERPRISE CO., LTD (VIET NAM).			
November 8, 2023	Implementation report of financial derivatives, endorsement guarantee, and financing provided to other parties.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board.	N/A
	Report on the leasing situation of the Dong He Plant of the Company.			
	Implementation of internal audit by the company.			
November 8, 2023	2024 audit plan by the company.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board.	N/A
	2023 Q3 Financial Statements of the company.			
	The CPA adjustment case at fees by the company.			
	Change of cash capital increase to subsidiary NAM LIONG ENTERPRISE CO., LTD (VIET NAM).			
	Cash capital increase for subsidiary ELEMENTECH INTERNATIONAL CO., LTD.			
	Intention for cash capital increase in TIONG LIONG INDUSTRIAL CO., LTD. by the company.			
	Discuss the case of overdue accounts receivable is not a capital loan.			
	Discuss the case of advance payment is not a capital loan.			

B. Rest items not approved by Audit Committee and approved by over two-thirds Directors except aforesaid items: N/A.

(3). Corporate governance implementation status and deviations from " Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and cause

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles"?	✓		No material deviation.
2. Shareholding structure & shareholders' rights (1). Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?		✓	No material deviation.
(3). Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		No material deviation.
(4). Does the company establish internal rules against prohibition to insiders trading with undisclosed information?	✓		No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
		<p>securities with un-disclosed information on the basis of one's role or control as a knower of the company, in order to protection investors and to secure the company's rights.</p>	
<p>3. Composition and Responsibilities of the Board of Directors (1). Does the Board develop and implement a diversified policy for the composition of its members?</p>	✓	<p>(1). The company has promulgated corporate governance practice guideline to reinforce the structure of the Board of Directors which states the composition of the Board of Directors shall take account of diversification policy, e.g. diverse profession background, duties or gender, etc.; members of the Board of Directors shall overall be in possession of knowledge, skills, and characters required for duty implementation. In order to achieve the corporate governance targets, directors shall have following competence as following:</p> <ul style="list-style-type: none"> A. Operation judgement. B. Accounting and financial analytic C. Governance management D. Crisis management E. Industry knowledge F. Mastering international market G. Leadership H. Decision-making <p>For diversification of Board of Director members, please refer to Director (2) of the annual report P19~ P20.</p>	No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
(2). Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2). Other than Remuneration Committee and Audit Committee, the company established a merger committee for the current requirements of the company. It resolves if merger plans and transactions are fair and reasonable and reports the resolution to Board of Directors or Board of Shareholders.
(3). Has the company established a standard to assess the performance of the Board and implement it annually, and are the performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	✓		(3). The company has formulated the "Board of Directors Performance Evaluation Methods", including its evaluation methods, and has submitted the results of the 2023 performance evaluation to the Board of Directors on March 12, 2024.
(4). Does the company regularly evaluate the independence of CPAs?	✓		(4). The company evaluates CPA at least once a year in accordance with regulations. The company's CPA is appointed with the approval of the board of directors. It has no interest relationship with the company and strictly adheres to independence. Please see the following table "CPA Independence and Competency Evaluation Form" for the evaluation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
4. Have TWSE/GTSM listed companies appointed a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?		✓	No material deviation.
5. Has the company established a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		No material deviation.
6. Does the company commission a professional shareholder service agency to deal with shareholder affairs?	✓		No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
<p>7. Information Disclosure</p> <p>(1). Has the company set up a corporate website to disclose both financial conditions and corporate governance details?</p> <p>(2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3). Has the company announced and report annual financial statements within two months after the end of each fiscal year, and announced and presented Q1, Q2, and Q3 financial statements, as well as monthly operation results by the stipulated deadline?</p>	✓	N	<p>(1). The company and its subsidiaries established a company website: http://www.namliong-global.com. Financial operation and corporate governance are disclosed.</p> <p>Subsidiary website has information on company products. It allows understanding of company operations for shareholders and the public.</p> <p>(2). The company appoints exclusively a role for disclosure of material information of the company and inputs to MOPS and company website and implements spokesperson system. Other information of important subsidiaries shall be disclosed by the parent company as a proxy announcer. The information of the company will be disclosed adequately.</p> <p>(3). The company does not yet manage to announce and declare annual financial statements within two months from end of fiscal year. Q1, Q2, Q3 financial statements and monthly business operation were declared by the deadline.</p>
<p>8. Is there any other important information to facilitate a better understanding of the company's governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training</p>	✓		<p>(1). Employee rights: The company and subsidiaries treat employees with integrity. We promulgated employee benefit measures, trainings, etc, and pay tribute to their diverse talents pursuant to Labor Standards Act in order to protect legal rights and equal opportunities of the employees.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?		<p>(2). Contractor enquiry: The company and affiliates are well-trained and established a Labor benefit committee. Labor relations and trust are built via benefit committee operation and benefit affairs.</p> <p>(3). Shareholder relations: The company has a contact solely in charge of reception of shareholders' feedbacks, and the information is disclosed on MOPS and the company website. It allows investors to be informed of business operation, and communicates with investors via Board of Shareholders and spokesperson.</p> <p>(4). Suppliers: the company and affiliates have evaluated suppliers for years. The company and affiliates have established good cross-relations with suppliers throughout years.</p> <p>(5). Rights of stakeholders: stakeholders may communicate and advise the company to ensure their legal rights.</p> <p>(6). Self-development of directors: the company encourages directors to participate in trainings. Please refer to following table Self-development of directors for details.</p> <p>(7). Implementation of risk management policy and risk evaluation criteria: the company and subsidiaries promulgated internal conventions by law for risk management and evaluation. Relevant operation meets relevant regulations in order to employ resources efficiently, prevent accidents' occurrence, and protect company assets.</p> <p>(8). Implementation of customer policy: the company and affiliates maintain sound relations with customers and our common goal is ultimate customer satisfaction. We respond to customer enquiry and</p>	

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" and Cause
	Y	N	
		Summary feedbacks for products and maintain good relations to achieve company margins. (9). The company has purchased relevant liability insurance for directors and managers.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: The company prioritises structure and operation indicators of Board of Directors and reinforces competency of Board of Directors and meeting efficiency so that evaluation indicators and deviation of the company can be mastered. Evaluation is supervised beyond literalism, and towards advanced, revolutionary, efficient Board of Directors.			

■ Self-development of directors of the company

Title	Name	Term of Training		Organiser	Session	Hour(s) of Training
		Start	End			
Chairman	Shao, Ten-Po	September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	Business Risk Management and Corporate Governance	3
Director	Hsiao, Chung-Hu					
Director	Chang, Shun-Ching					
Director	Pai, Ching-Jen					
Director	Hsiao, Yu-Chiao					
Director	Wang, Shih-Ting					
Independent Director	Huang, Chung-Hui	September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	A new level of corporate governance - establishing an enterprise operating with integrity	3
Independent Director	Huang, Wen-Ming					
Independent Director	Tsao, Ching-Ming					

■ Auditor's qualifications and independence assessment

	Evaluation Items	Evaluation Result
1.	As of the latest audit, there have been no circumstances where no replacement had happened for seven years.	■ Y □ N
2.	There is no major conflict of financial interests with the client.	■ Y □ N
3.	To avoid having any inappropriate relationship with the client.	■ Y □ N
4.	The CPAs should ensure that their assistants are honest, fair, and independent.	■ Y □ N
5.	The CPA cannot audit the financial statements for organizations they served for within two years before they took the job.	■ Y □ N
6.	The CPAs' name cannot be used by others.	■ Y □ N
7.	The CPA does not hold any stocks of the Company or its affiliated enterprises.	■ Y □ N
8.	The CPA does not loan money from the Company or its affiliated enterprises.	■ Y □ N
9.	The CPA has no joint investment or profit-sharing relationship with the Company or its affiliated enterprises.	■ Y □ N
10.	The CPA does not concurrently hold a regular position in the Company or its affiliated enterprises and receive fixed salary.	■ Y □ N
11.	The CPA does not involve the managerial decision-making of the Company or its affiliated enterprises.	■ Y □ N
12.	The CPA has not engaged in any other business that could compromise their independence.	■ Y □ N
13.	The CPA is not the spouse, direct blood relatives, direct marriage relatives or a relative within second degree in kinship with the management personnel of the Company.	■ Y □ N
14.	The CPA has not received any commission related to the business.	■ Y □ N
15.	As for now, there have been no incidents of the CPA disciplinary action or damage to the principle of independence.	■ Y □ N

The Audit Committee and the Board of Directors of the Company approved that the CPAs meet the requirements of independent assessment, the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and AQIs on March 12, 2024.

(4). Composition and operation of Remuneration Committee

The Board of Directors of the company established Remuneration Committee and its articles of incorporation pursuant to Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. Remuneration Committee aims at facilitation of evaluation of remuneration, policy, and system for directors, supervisors, and managers from its profession and advises to Board of Directors for its decision making. Articles of incorporate of Remuneration Committee is accessible on the company website.

A. Remuneration Committee members

Title	Credential Name	Credential and Experience	Independent (Note)	Number of Other Listed Companies Where Entitled Independent Director	Remarks
Convenor Independent Director	Huang, Chung-Hui	Please refer to Director (1) (P.13~17) for details on qualification and experience of directors.	All committee members conform to the following: 1. Conforms to Financial Supervisory Commission decreed Art. 14-6 of Securities Exchange Act and relevant provisions of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange(Note) 2. A (substantial) shareholder, whose spouse or minor children are a shareholder of the company. 3. No remunerated commercial, legal, financial, accounting, or other service by the company or its affiliated companies within the past two years.	3	
Independent Director	Huang, Wen-Ming			-	
Independent Director	Tsao, Ching-Ming			-	

Note: Not of any following matters for the past two years prior to and during service:

- (1). An employee by the company or its affiliated companies.
- (2). A director or supervisor by the company or its affiliated companies.

- (3). A shareholder, or whose spouse or minor children, or a substantial shareholder with a shareholding ratio over 1% or from top 10 of the company as natural person.
- (4). Manager of No. 1 or spouse, kinship within second grade, or immediate family within third grade of whom from aforementioned two items.
- (5). A director, supervisor, or employee by legal person whose direct shareholding ratio of listed shares exceeds five percent, from top 5 by the company, or an appointed behalf as a director or supervisor of whom by the company pursuant to Art. 27-1 or 2 of Company Act.
- (6). A director, supervisor, or employee in control of over half of Board of directors' seats or shareholding ratio of voting rights by the company or other companies.
- (7). With a second title as chairman, general manager, or an equivalent position, or spouse of whom by the company or other companies or institutes, director (chief), supervisor (chief), or employee by other companies or institutes.
- (8). A director(chief), supervisor(chief), manager by a specific company or institute of financial or business liaisons with the company, or a shareholder with a shareholding ratio over five percent of the company.
- (9). A specialist having audited or having been remunerated over five hundred thousand NTD with the past two years for one's commercial, legal, financial, accounting, or other relevant services, corporate owner, corporate partner, director (chief), supervisor (chief), manager with sole, partner proprietorship by the company or affiliated companies, and spouse of whom, to which in case a member of Remuneration Committee, Public Tender Review Committee or Special Merger Committee who exercises one's power pursuant to the act or regarding provisions of Business Mergers And Acquisitions Act, is not subject.

B. Remuneration Committee Operation

a Total of 3 Remuneration Committee members of the Company.

b Term of members of the 5th Committee: June 23, 2022 until June 22, 2025. A total of 4 Remuneration meeting (A) were held in 2023, member' credential and attendance to following:

Title	Name	Attendance in Person(B)	Attendance by Proxy	Attendance Rate (%) 【 B/A 】 (Note)	Remarks
Convenor	Huang, Chung-Hui	4	0	100	
Member	Huang, Wen-Ming	4	0	100	
Member	Tsao, Ching-Ming	4	0	100	

Note: (1) In the event of member departure takes place by the book closure date, their departure date shall be specified with actual presence ratio(%), counted by one's participation in Remuneration Committee meetings.

(2) In the event of election of member by the book closure date, former and precedent member shall both be specified, with annotation of either former or precedent on the member column, newly- or re-elected and election date. Actual presence rate(%) is calculated by one's actual attended Remuneration Committee meetings during one's service.

Other mentionable items:

A. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to Pay & Remuneration committee's opinion (E.g. the remuneration adopted by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): N/A.

B. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: N/A.

(5). Fulfillment of CSR and deviations and causes from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
1. Has the company established CSR structure and (non-)exclusive CSR promotion unit? Has Board of Directors authorised high managerial positions solely and supervised?		(1). The Company officially established the Sustainable Development Promotion Committee in February 2023, consisting of six functional subcommittees: A. Sustainability Report Subcommittee B. Greenhouse Gas Inventory and Carbon Footprint Subcommittee C. Energy Conservation and Carbon Reduction Subcommittee D. Eco-Family Subcommittee E. Care and Concern Subcommittee F. Integrity Governance and Risk Management Subcommittee.	No material deviation.
2. Has the Company evaluated risks associating environment, society, and company governance regarding company operation and promulgated related risk management or strategy based on materiality principle?	✓	(2). The Company submits quarterly reports to the Board of Directors on "Sustainable Development Planning and Greenhouse Gas Inventory and Verification Plans and Implementation Progress" for supervision. The Company conducts risk assessments related to environmental, social, and corporate governance issues relevant to the company's operations through the identification of key issues, impact assessment, significant issue information reporting, and annual review based on the identification process	No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
		of significant issues in 2023, setting management goals and implementing relevant strategies for ten significant issues.	
3. Environment (1). Has the Company established environment management industry-wise?	✓	(1). The company and subsidiaries abide by EHS rules and relevant provisions and align with EHS development. We established and improve environment management system and train our fellows with proper environmental protection concept. We acquired Environment Management System ISO14001 (Ref. 20001995 UM15) and Global Recycling Standard (GRS) and appoint senior EHS manager to maintain environment management. The Company verifies plant environmental management and social labor management using the Sustainable Apparel Coalition (SAC)'s sustainability measurement tool Higg FEM Plant Environmental Management and FLSM Social Labor Management at Main Plant site.	No material deviation.
(2). Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓	(2). The company and subsidiaries promote comprehensive energy reduction measures; meanwhile energy reduction for the plant is being worked on by replacing old energy-consuming equipment. Energy-reducing equipment is preferred for procurement. We encourage parties to improve energy consuming efficiency and inspect the capacity of high-energy consuming equipment.	No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
(3). Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
(4). Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		<p>(4). The company conducted an inventory of greenhouse gas emissions in 2023, with greenhouse gas Scope 1 and Scope 2 emissions totaling 7,655.6745 tons of CO2e in 2022. The inventory scope includes the headquarters, Main Plant, the Niao Song Plant, and the Ren Ai Plant, identifying carbon hotspots and evaluating and implementing related carbon reduction plans.</p> <p>In 2023, our company's total water usage was 90,466 tons, with 833 tons at the headquarters, 77,658 tons at the plant, 5,941 tons at the Niao Song Plant, and 6,034 tons at the Ren Ai Plant, resulting in a reduction of 35,432 tons compared to 2022. Water reduction management policies include regular implementation of water pipe inspection plans, installation of timers to stop water supply during non-production hours, installation of water-saving devices, and increased use of recycled wastewater. Water-saving measures are also promoted through daily meetings to enhance staff water-saving awareness.</p> <p>In 2023, our company's total industrial waste amounted to 812.7497 tons, with 2.0857 tons at the headquarters, 716.7600 tons at the plant, 82.1700 tons at the Niao Song Plant, and 11.7340 tons at the Ren Ai Plant, representing a reduction of 106.9143 tons compared to 111. The proportion</p>	No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
			of industrial waste prepared for reuse and recycling was 56.15%, an increase of 19.30% compared to 2022. Policies for waste reduction include enhancing recycling of industrial waste within the plant and implementing solid recovered fuel (SRF) or other reuse projects externally to further reduce environmental impact, as well as promoting staff garbage classification to improve general household waste recycling.
4. Social Topics (1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1). The company and subsidiaries abide by Taiwan's Labor law, Universal Declaration of Human Rights, International Labor Organisation spirits and promulgated internal control system and relevant management guideline to ensure employees' legal rights and non-discriminatory policy in recruitment, etc. Taiwan's Labor law includes mainly following: A. Labor Standards Act B. Occupational Safety and Health Act C. Act of Gender Equality in Employment D. Employment Service Act E. Labor Insurance Act F. National Health Insurance Act G. Act for Protecting Worker of Occupational Accidents H. Employee Welfare Fund Act I. People with Disabilities Rights Protection Act

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause								
	Y	N									
		<p>J. Labor Pension Act</p> <p>Aforesaid regulations are all abided by with promulgation of management guideline by the company.</p> <p>The company advocates universal human rights as a policy and here is its implementation:</p> <table border="1"> <thead> <tr> <th>Universal Human Rights Policy</th> <th>Implementation by The Company</th> </tr> </thead> <tbody> <tr> <td>Child Labor ban</td> <td>Child and minor Labor ban and misjudgment remedy have been established; all employees must be at least 18.</td> </tr> <tr> <td>Non-forced Labor</td> <td>Anti-punishment, forced Labor, prison Labor management procedure has been established. Foreign Labor contractors guard their own passports, passbooks, and debit cards.</td> </tr> <tr> <td>Employee freedom of assembly and association</td> <td>Protection management procedure of freedom of association and beliefs has been established. Employees are encouraged to take part in association activities and subsidised.</td> </tr> </tbody> </table>	Universal Human Rights Policy	Implementation by The Company	Child Labor ban	Child and minor Labor ban and misjudgment remedy have been established; all employees must be at least 18.	Non-forced Labor	Anti-punishment, forced Labor, prison Labor management procedure has been established. Foreign Labor contractors guard their own passports, passbooks, and debit cards.	Employee freedom of assembly and association	Protection management procedure of freedom of association and beliefs has been established. Employees are encouraged to take part in association activities and subsidised.	
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Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
	Summary		
		<p>Establishment of safe and healthy work environment</p> <p>Compliance with basic wage</p> <p>Legal work and breaks</p> <p>Anti-discriminatory and anti-harassment</p>	<p>ISO-45001 and ISO-14001 management system has been established and qualified for external audit.</p> <p>The minimum wage of the wage structure by the company shall not be inferior to local basic wage and additional benefits shall be offered.</p> <p>The company offers annual leaves, personal leaves, and relevant leaves by law. No work exceeding maximum legal Labor hours is forced for employees.</p> <p>We have established an anti-discriminatory management procedure and sexual harassment reporting and response measures. We are dedicated to establishing a safe, fair, and healthy work environment.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
		<p>Summary</p> <p>Protection of female coworkers</p> <p>We have established ISO-45001 management system and are dedicated to four projects regarding protection of employee health as a government policy.</p> <p>Aforesaid is our compliance with universal human rights policy.</p>	
(2). Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		<p>No material deviation.</p> <p>(2). The company and subsidiaries have established following: A. Remuneration complies with basic wage and reflects business performance or result in employee remuneration and bonus. B. Annual, personal, illness, menstrual, family-care, quarantine/accompany, maternal, maternal-care, maternal accompany, maternal-care accompany, wedding, funeral, and business leaves. C. Other benefits: a Employee benefit remuneration: birthday gift money, new year gift, Lantern Festival gift money, child scholarship, liaised shops, maternity subsidy, wedding subsidy, family funeral subsidy, travel subsidy, hospitalisation subsidy, company insurance. b Occasional self-owned products with employee discounts.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
(3). Does the company provide a healthy and safe working environment and organise training on health and safety for its employees on a regular basis?		<p>(3). Employees are deemed important assets to the company and subsidiaries. We offer a good work environment and training to enhance employee competency.</p> <p>In order to prevent occupational hazards and protect safety and health of all employees, we acquired occupational safety and health management system ISO45001 certificate (ref. 010-22002-O). We implement management based on PDCA principle so that highly risky work is identified in workplace, and unacceptable risky work is selected for rectification. In order to ensure employee physical and mental health, a health-check is conducted for all employees every two years regularly. On-site doctors and nurses are appointed for management of special cases from health checks, instruction and health education, health promotion for employees, etc., as well implementation of four projects (prevention of human error hazards, disease prevention from irregular work load, illegal violation during duties, maternal health protection). Highly-risked employees are interviewed to prevent occupational disease and protect physical and mental health of employees.</p> <p>In 2023, a total of 14 employee occupational accidents occurred within the company's Taiwan operations, all of which were traffic accidents. The number of employee</p>	No material deviation.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
		<p>occupational accidents accounted for 2.68% of the total number of employees.</p> <p>Based on the local occupational safety and health regulations of each operating base and the ISO 45001: 2018 occupational safety and health management system standard, the company uses the PDCA cycle concept - Plan, Do, Check, Act as the basis of the management structure to construct an occupational safety and health management system and set up The Occupational Safety and Health Committee identifies all possible risks in the working environment, formulates management methods and control procedures, and regularly conducts internal audits to effectively prevent various accidents and protect the health and safety of workers.</p> <p>The company has formulated "Emergency Response Management Procedures" in response to various disaster events. The fire emergency response organization and work responsibilities are clearly defined in the procedures, and fire protection plans are submitted in accordance with the law.</p> <p>Fire prevention managers are set up in each plant area and hold two meetings every year. Fire drills are conducted to promote fire prevention knowledge and improve personnel's fire prevention awareness, so that personnel are familiar with</p>	

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
			emergency escape routes and emergency measures. At the same time, fire protection equipment is regularly inspected and maintained to ensure that it is in normal working condition. There were no fire incidents in 2023.
(4). Does the company provide its employees with career development and training sessions?	✓		<p>(4). The company and subsidiaries have established employee training system, in order to facilitate the establishment of employee competency, which ranges from the following four:</p> <p>A. Onboard training: Employees are oriented with onboard training to familiarise them with company culture, rules and safety and health rules, so that employees are familiarised with work environment.</p> <p>B. OJT training: each department conducts annual OJT training based on our fellows' competence requirements.</p> <p>C. Annual training: HR arranges annual training based on training requirements proposed by each department in combination with company strategy and targets.</p> <p>D. External training: each party assigns personnel or employees appli for training at external institutes.</p> <p>E. Other occasional or training by protect.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5) The products and service of the company and subsidiaries comply overall with regulatory and international standard, with contact for professional service. Many products of the company acquired OEKO TEX certificate and acquired EU REACH limited material tests or US California 65 Test. General hook-and-loop fasteners all comply with 38 environmental toxic material standards, which ensures care-free use of our products in terms of health concerns.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights and its implementation?	✓		(6) The company and subsidiaries promulgated supplier evaluation orientation procedure and cooperation contract on supplier principle and conduct; it ensures raw materials comply with order or contractual quality, comply with belonging locale or local law of trade, and human rights requirements of employees. Should suppliers violate environment protection, occupational safety health, or Labor rights or other regulatory, the company will re-evaluate the agreement and potential.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance or guarantee from a third party verification unit?	✓		The company printed 2020 CSR Report pursuant to GRI Standards-2021 in 2021 and published on company website; not yet certified by a third-party. Our planning is to prepare 2022 CSR Report in 2023 and repeat by year and for certification or guarantee from a third-party.

Evaluation Item	Implementation Status		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Cause
	Y	N	
6. Should the company have established CSR guideline pursuant to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please specify its deviation hereof in implementation: The company has established CSR principle and has no material deviation from practice.			
7. Other useful information for explaining the status of corporate social responsibility practices: The company and subsidiaries abide by life and environment respect as core value, as well as promotion of CSR. Eco-family strategy has been promulgated towards green products' integration with 3R-Replace, Recycle, Reduce, in order to develop biotech and circular economy; we have acquired USDA biomass product label, Oeko-Tex Standard 100 certification, Bluesign certification, UL certification, FSC Forest Stewardship Council verification, Sustainable Apparel Alliance (SAC) sustainability measurement tool Higg FEM plant environmental management and FLSM social labor verification, etc. Various green product certifications and verifications; and been promoting energy saving, carbon and waste reduction movements as environmental protection; we appreciate all-round development of employees, human rights, justice, careerpath as for the society. We were chosen as 1111 Human Resources' Happy Companies for 2023. Other CSR promotions have been disclosed in same annual report.			

Disclosure of climate-related information for listed companies - Execution status of climate-related information

Item	Implementation Status
<p>1. Describing the supervision and governance of the board of directors and management on climate-related risks and opportunities.</p>	<p>(1). The company regularly convenes the board of directors, and the Sustainable Development Promotion Committee reports to the board of directors on the greenhouse gas inventory and verification schedule and implementation status quarterly as required by the Financial Supervisory Commission.</p> <p>(2). The company has established the Sustainable Development Promotion Committee, which consists of six functional subcommittees: A. Sustainability Report Subcommittee B. Greenhouse Gas Inventory and Carbon Footprint Subcommittee C. Energy Conservation and Carbon Reduction Subcommittee D. Eco-Family Subcommittee E. Care and Concern Subcommittee F. Integrity Governance and Risk Management Subcommittee. Meetings are held twice a year, reviewing the company's climate change strategy and goals at the beginning of each year, managing climate change risks and opportunities, reviewing implementation progress, discussing future plans, and reporting to the board of directors. The Integrity Governance and Risk Management Subcommittee is authorized by the Sustainable Development Promotion Committee to lead and identify potential climate risks and opportunities. Significant risks and opportunities are identified every three years, with annual reviews to ensure appropriateness.</p> <p>(3). The company conducted its first climate risk assessment in 2024, focusing on high-risk factors from 12 climate risk items for subsequent analysis. The company also identified feasible opportunities and formulated response measures. In terms of climate change mitigation, the company is developing low-carbon production, energy management, and carbon information disclosure projects; in terms of climate change adaptation, the company has implemented enhanced disaster prevention measures and improved the resilience of the supply chain to climate change.</p>
<p>2. Describing how identified climate risks and opportunities affect business, strategy, and finance (short-term, medium-term, long-term).</p>	<p>(1). The Sustainable Development Promotion Committee discusses and identifies climate risks and opportunities affecting the company at its annual meeting, and, in conjunction with external experts, assesses the likelihood and financial impact to screen for significant transformational climate risks, physical climate risks, and transformational climate opportunities. The risk interval definition is short-term for 1-3 years, medium-term for 3-10 years, and long-term for over 10 years.</p> <p>(2). The impacts of relevant risks and opportunities on the company are as follows:</p> <ul style="list-style-type: none"> ● Policy and regulatory risks (related to carbon taxes and renewable energy regulations): Compliance with climate change response laws will increase operating costs, with carbon fees of NT\$300 per ton and a requirement for renewable energy contracts to account for over 10% of capacity.

Item	Implementation Status
	<ul style="list-style-type: none"> ● Market risks (changes in customer behavior): Increased demand for low-carbon products (providing product carbon footprint certification) by customers to enhance the company's image and reputation, leading to potential loss of orders and a decrease in market share, resulting in reduced revenue or increased operating costs. ● Technological transformation risks (products and technologies challenged by low-carbon technologies): Increasing market requirements for energy-saving technology thresholds, or the company's inability to develop low-carbon products, resulting in increased product development costs or operating costs.
3. Describing the financial impact of extreme weather events and transformation actions.	Acute physical risks (impact of extreme weather events) such as short-term droughts or heavy rains leading to increased maintenance costs or operational disruptions, thereby increasing operating costs, reducing revenue, and asset losses.
4. Describing how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	The Sustainable Development Promotion Committee conducts climate risk and opportunity identification and assessment every three years, with annual reviews for adjustments based on actual operational environments. Routine risk management is conducted by various business units according to internal control procedures, with regular reporting of progress and results to the Sustainable Development Promotion Committee by each working group.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be explained.	The company has implemented the TCFD methodology for climate risk identification and assessment since the beginning of 2024: Transition risk scenarios adopt IPCC AR6 SSP5-8.5 (high emissions scenario) and SSP1-1.9 (net-zero emissions scenario) for carbon cost assessment, while physical risks adopt downscaled data from TCCIP AR6 and the 3D disaster potential maps from the National Disaster Prevention and Rescue Technology Center for drought and flood risk assessment.
6. If there is a transformation plan to manage climate-related risks, the content of the plan, as well as the indicators and objectives used to identify and manage physical and transition risks,	<p>Once the baseline investigation of greenhouse gas inventory and energy equipment is completed, specific risk transformation response plans and control indicator goals will be formulated. Currently, relevant energy-saving measures have been initiated as follows:</p> <p>Initiating energy-saving and carbon reduction actions based on corporate social responsibility and goals of sustainable green production, aiming to reduce paper usage and greenhouse gas emissions. Specific measures include internal material recycling and reuse, promoting turning off lights when not in use, replacing faulty air conditioners with variable-frequency</p>

Item	Implementation Status															
should be explained.	ones, fully adopting LED lights, and using electronic forms and approval processes. The annual electricity saving rate is set at 1%, and the target was achieved in 2023; additionally, the greenhouse gas reduction target for 2025 is set at a 10% reduction compared to the 2021 baseline year.															
7. If internal carbon pricing is used as a planning tool, the pricing basis should be explained.	The company introduced TCFD project counseling in 2024 and will subsequently promote an internal carbon pricing system as a reference for carbon reduction cost assessment.															
8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning periods, annual progress, etc. If carbon offsetting or purchase of renewable energy certificates (RECs) is used to achieve relevant goals, the sources and quantities of offset carbon credits or RECs should be explained.	After completing the TCFD project counseling in 2024, the company will then set specific climate goals and execution details, as well as whether to use carbon offsets or purchase Renewable Energy Certificates (RECs) thereafter.															
9. Disclosure of greenhouse gas inventory and verification status, reduction goals, strategies, and specific action plans.	<p>(1). Greenhouse gas inventory and assurance situation of the company in the past two years: Describing the emissions (metric tons CO₂e), intensity (metric tons CO₂e per million dollars), and data coverage range of greenhouse gases in the past two years.</p> <table border="1" data-bbox="1129 230 1444 1579"> <thead> <tr> <th data-bbox="1129 678 1217 1579">Company-specific Data</th> <th data-bbox="1129 678 1217 1077">2022</th> <th data-bbox="1129 678 1217 1579">2023 (Preliminary inventory results)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1217 678 1262 1579">Scope 1 (metric tons CO₂e)</td> <td data-bbox="1217 678 1262 1077">3,240.999</td> <td data-bbox="1217 678 1262 1579">3,133.486</td> </tr> <tr> <td data-bbox="1262 678 1308 1579">Scope 2 (metric tons CO₂e)</td> <td data-bbox="1262 678 1308 1077">4,416.162</td> <td data-bbox="1262 678 1308 1579">3,761.840</td> </tr> <tr> <td data-bbox="1308 678 1355 1579">Total emissions (metric tons CO₂e)</td> <td data-bbox="1308 678 1355 1077">7,657.161</td> <td data-bbox="1308 678 1355 1579">6,895.326</td> </tr> <tr> <td data-bbox="1355 678 1444 1579">Intensity (metric tons CO₂e/NT\$ million)</td> <td data-bbox="1355 678 1444 1077">3.8</td> <td data-bbox="1355 678 1444 1579">4.3</td> </tr> </tbody> </table>	Company-specific Data	2022	2023 (Preliminary inventory results)	Scope 1 (metric tons CO ₂ e)	3,240.999	3,133.486	Scope 2 (metric tons CO ₂ e)	4,416.162	3,761.840	Total emissions (metric tons CO ₂ e)	7,657.161	6,895.326	Intensity (metric tons CO ₂ e/NT\$ million)	3.8	4.3
Company-specific Data	2022	2023 (Preliminary inventory results)														
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Intensity (metric tons CO ₂ e/NT\$ million)	3.8	4.3														

Item	Implementation Status
	<p>(2). Greenhouse gas assurance information: Describing the assurance situation in the past two years as of the date of annual report printing, including the assurance scope, assurance entity, assurance criteria, and assurance opinion. According to the Sustainable Development Roadmap for listed companies, verification operations will be completed by a third-party notary unit in 2028.</p> <p>(3). Greenhouse gas reduction targets, strategies, and specific action plans: Describing the baseline year and data, reduction targets, strategies, specific action plans, and achievement status of the reduction targets.</p> <p>Specific risk transformation response plans and control indicator goals will be formulated after completing TCFD project counseling and baseline investigation of energy equipment.</p>

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from the purchase of electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions from company activities not covered by energy indirect emissions, but from other sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions data shall be processed according to the schedule specified in Article 10, paragraph 2 of this standard, while information on other indirect emissions may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated based on revenue (in NT\$ million) should be disclosed at least.

Note 5: Processing shall be carried out according to the schedule specified in Article 10, paragraph 2 of this standard. If the company fails to obtain a complete greenhouse gas assurance opinion by the printing date of the annual report, it shall be noted as "Complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it shall be noted as "Complete assurance information will be disclosed on the MOPS", and complete assurance information shall be disclosed in the annual report for the next fiscal year.

Note 6: The assurance institution shall comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Securities and Futures Institute regarding the assurance institution in the sustainability report.

Note 7: Processing shall be carried out according to the schedule specified in Article 10, paragraph 2 of this standard.

Note 8: The base year shall be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to the regulations specified in Article 10, paragraph 2 of this standard, companies with capital of NT\$10 billion or more shall complete the inventory of the consolidated financial statements for 2024 in 2025. Therefore, the base year is 2024. If the company has completed the inventory of the consolidated financial statements in advance, the earlier year may be used as the base year. In addition, the data for the base year may be calculated as a single year or as an average of several years.

(6). Fulfillment of ethical corporate management and deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and measures taken

Evaluation Item	Implementation		Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	
<p>1. Establishment of ethical corporate management policies and programmes</p> <p>(1). Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? ✓</p> <p>(2). Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? ✓</p>			<p>No material deviation.</p> <p>No material deviation.</p>

Evaluation Item	Implementation		Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause	
	Y	N		Summary
(3). Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3). The company prohibits fraud and profiteering and insider trading by Ethical Corporate Management Best Practice Principles and Ethical Corporate Procedure and Conduct Guideline with punishment and appeal approaches. The company pays attention to development of domestic and international ethical corporate provisions, to which the ethical corporate and promotion measures of the company are pursuant for review, in order to improve the implementation of ethical corporate.	No material deviation.
2. Implementation of ethical corporate management (1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1). The company and affiliates conduct fair and transparent business activities and is informed of credit history of the trading partners via background check and open information. The contract with clients shall include Ethical Corporate Management Best Practice Principles policy and clauses that stipulate in the event of violation to ethics by the trading partner, suspension or termination of contract will apply at any time.	No material deviation.
(2). Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2). Finance department is in charge of Ethical Corporate Management Best Practice Principles by the company and is supervised by the Board of Directors.	No material deviation.

Evaluation Item	Implementation		Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	
(3). Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓	(3). Directors, managers, and employees by the company and affiliates shall abide by regulation and internal control standard. All employees shall sign an NDR. They are obliged to maintain operation, documents and clients' information, etc. absolutely confidential. Meeting guideline for Board of Directors by the company states avoidance shall apply in the event that directors have conflict of interests with subject matters of the meeting or the legal person one represents.	No material deviation.
(4). Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessment and promulgate audit plans to audit the systems accordingly to prevent unethical conduct, or commission external auditors to audit?	✓	(4). The company and affiliates promulgated and implement effective audit system, internal control system, internal audit system and management guideline which auditors conduct spot check; it may be commissioned to CPA auditors. A specialised agency may be commissioned herefor.	No material deviation.
(5). Does the company regularly hold internal and external training on ethical corporate management?	✓	(5). The company and affiliates organise meetings and trainings regularly and promote Ethical Corporate Management Best Practice Principles and relevant provisions.	No material deviation.
3. Whistle-blowing implementation (1). Has the Company established both a reward/disciplinary system for whistle blowing, and personnel exclusive for defendant appeal?	✓	(1). The company and affiliates allow reporting unethical conducts to competent supervisors against violation to Ethical Corporate Management Best Practice Principles and as well to a management member. Upon reception of reporting, the management will report the chairman; the chairman will assign to	No material deviation.

Evaluation Item	Implementation		Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	
(2). Has the Company promulgated a standard investigation procedure against whistle-blowing, and follow-up measures and confidential measures post-investigation?	✓		investigate independently. (2). The company and affiliates shall maintain reporting confidential during investigation, so that it will cause no irrelevant disruption or impact to the whistleblower. Subsequent measures will be taken after the completion of the investigation based on its gravity; it will be reported to the competent authority or judicial institute if applicable.
(3). Does the company provide whistleblower protection against improper aftermath?	✓		(3). The company and affiliates shall maintain the confidentiality of the whistleblower, and protect and secure the whistleblower and reporting. The relevant involved in the investigation hereof shall not disclose, in order to make sure the whistleblower does not incur any improper aftermath, revenge, or threat.
4. Reinforcement of information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The company has disclosed Ethical Corporate Management Best Practice Principles details on the company website and MOPS.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: Conduct of the company and affiliates with each trading partner is arranged based on Ethical Corporate Management Best Practice Principles, which was adopted by the Board of Directors. Board of Directors and the management are committed to implementing and in internal management and external business activities.			No material deviation.
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amendment to Ethical Corporate Principles in terms of company policies): Integrity is the basis of the company and affiliates. We urge all employees to be integrate and responsible for investors, users, and the society. Besides, the trading partners with the company and affiliates are mostly long liaised. All contact with major trading partners is participated in by major management and specialists as a team, in order to ensure fair and open business principle and secure long and sound relations.			No material deviation.

(7). Should there be company governance principles and regarding sections by company, please disclose where accessible:

The company has a corporate governance section on company website. Please refer to regarding governance guideline and provision our company website: <http://www.namliong-global.com>. It is also accessible via MOPS.

(8). Other important disclosure regarding corporate governance is accessible via: the company has disclosed on MOPS for latest information updated for shareholders by the company.

A. In order to manage internal material information, the company has informed all directors and managers of Insider Trading Prevention Guideline, in order to prevent insider trading.

B. MOPS: <http://mops.twse.com.tw>

C. Company Website: <http://www.namliong-global.com>

(9). Implementation of internal control system shall disclose following

A. Internal control system statement

NAM LIONG GLOBAL CORPORATION (Stock code: 5450)

Statement on Internal Control

Date: March 12, 2024

The Company states the following with regard to its internal control system in 2023, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1). control environment (2). risk assessment (3). control activities (4). information and communications (5). monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 (date) its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any,

specifically listed in the Appendix— effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.)
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 12, 2024(date), where all of the attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

NAM LIONG GLOBAL CORPORATION

Chairman: Shao, Ten-Po

General Manager: Chang, Shun-Ching

B. CPA audit report shall be disclosed against Internal control system commissioned to CPA audit: N/A.

(10). Company or its staff are disciplined, or measures against violators of internal control that will impact shareholder's rights or securities price by recent year until closure of annual report: please specify the discipline, material punch and rectification: N/A.

(11). Important resolution of Board of Shareholders and Directors

A. Conclusion and Implementation from Board of Shareholders and Directors Meetings by end of recent fiscal year and until annual report closure:

Date of Meeting	Resolution	Review of Implementation	Remarks
Annual Shareholders' meeting on June 27, 2023	<u>Report Matters:</u> 1. 2022 Business Report. 2. Audit Committee's Review Report on the 2022 Financial Statements. 3. Report on Investment Business. 4. Distribution of Employees' and Directors' Compensation in 2022. 5. Report on 1st Domestic Secured Convertible Bond Issue <u>Acknowledgement Matters:</u> 1. Adoption of the 2022 Business Report and Financial Statements. 2. Adoption of the Proposal for 2022 Distribution of Earnings	All proposals have been implemented based on amended criteria.	Adopted by overall present shareholders accordingly.

B. Important resolution of Board of Directors in recent year and by end of closure date of annual report

Date of Meeting	Resolution
March 29, 2023	<ul style="list-style-type: none"> • Adoption of amendment to "Year End Incentive Bonus" by the company. • Adoption of allocation of 2022 year end bonus by the company. • Adoption of allocation of business performance and incentive bonus for 2022 by the company. • Adoption of 2022 parent company only financial statement, consolidated financial statement and business report. • Adoption of 2022 distribution of earnings by the company. • Adoption of 2022 employees' and directors' and supervisors' compensation by the company. • Adoption of 2022 internal control system disclaimer by the company. • Adoption of 2023 business plan proposal by the company.

Date of Meeting	Resolution
	<ul style="list-style-type: none"> • Adoption of commission of CPA independence evaluation for 2023. • Adoption of commission of CPA agency by the company for 2023. • Adoption of "Promulgation of Pre-approval Guideline of Offer of Unguaranteed Credit by CPA Service" and list of un-guaranteed service for pre-approval for 2023 by the company. • Adoption of amendment to "Rules of Procedure for Board of Directors Meetings" by the company. • Adoption of amendment to "Sustainable Development Best Practice Principles" by the company. • Adoption of amendment to "Corporate Governance Best Practice Principles" by the company. • Adoption of intention for application for extension in export of quota for short-term credit to Tainan Branch from The Export-Import Bank of the Republic of China that is March 31 due to business requirements. • Adoption of intention on business requirements for application for extension in short-term consolidated quota at Tainan Branch, Mega International Commercial Bank that is Dec. 15 due. • Adoption of intention for application for quota of medium-term loan at Bank of Kaohsiung. • Adoption of acquisition for quota of loan at Bank SinoPac by the company. • Adoption of land lease for the plant of the company. • Adoption of convention of 2023 shareholders' meeting and Acknowledgement Matters by the company.
May 10, 2023	<ul style="list-style-type: none"> • Adoption of 2023 Q1 consolidated financial statements by the company. • Adoption of extension in endorsement guarantee for financing requirements of subsidiary by the company. • Adoption of appointment of finance manager by the company. • Adoption of appointment of corporate governance manager by the company • Adoption of intention for cancellation of Donghe Office of Nam Liong Global Corporation. • Adoption of overdue receivable not for fund lending. • Adoption of advance payment not for fund lending.
August 09, 2023	<ul style="list-style-type: none"> • Adoption of the company changed the certification CPA and CPA independent assessment. • Adoption of 2023 Q2 consolidated financial statements by the company. • Adoption of cash capital increase for subsidiary NAM LIONG ENTERPRISE CO., LTD (VIET NAM). • Adoption of amending the company's approval authority form.

Date of Meeting	Resolution
	<ul style="list-style-type: none"> • Adoption of First Bank Tainan Branch's short-term credit line is NT\$30 million and will expire on August 5, 2023. In view of actual business needs, we plan to apply for renewal. • Adoption of Bangkok Bank approved limit
November 08, 2023	<ul style="list-style-type: none"> • Adoption of 2024 audit plan by the company. • Adoption of 2023 Q3 consolidated financial statements by the company. • Adoption of amendment to grade salary scale by the company. • Adoption of amendment to the company's "Year-end Bonus Measures" by the company. • Adoption of "Remuneration Received as Employee Measures " by the company. • Adoption of adjusting the company's organizational structure. • Adoption of the CPA adjustment case at fees by the company. • Adoption of change cash capital increase for subsidiary NAM LIONG ENTERPRISE CO., LTD (VIET NAM). • Adoption of cash capital increase for subsidiary ELEMENTECH INTERNATIONAL CO., LTD. • Adoption of intention for cash capital increase in TIONG LIONG INDUSTRIAL CO., LTD. by the company. • Adoption of overdue receivable not for fund lending. • Adoption of advance payment not for fund lending. • Adoption of the short-term comprehensive quota of Shin Kong Bank Dong Tainan Branch will expire on December 21, 2023. In view of actual business needs, we plan to apply for renewal. • Adoption of the short-term comprehensive credit line of Mega International Commercial Bank Tainan Branch expires on December 15, 2023. In view of actual business needs, we plan to apply for renewal.
February 2, 2024	<ul style="list-style-type: none"> • Adoption of changes to the company's grade and salary scale. • Adoption of allocation of 2023 year end bonus by the company. • Adoption of change of the company's stock agency.
March 12, 2024	<ul style="list-style-type: none"> • Adoption of allocation of business performance and incentive bonus for 2023 by the company. • Adoption of 2023 parent company only financial statement, consolidated financial statement and business report. • Adoption of 2023 distribution of earnings by the company. • Adoption of 2023 employees' and directors' and compensation by the company. • Adoption of 2023 internal control system disclaimer by the company. • Adoption of 2024 business plan proposal by the company. • Adoption of commission of CPA independence evaluation for 2024. • Adoption of commission of CPA agency by the company for 2024. • Adoption of amendment to "Rules of Procedure for Board of Directors Meetings" by the company.

Date of Meeting	Resolution
	<ul style="list-style-type: none"> • Adoption of the short-term credit line of the Export-Import Bank of the Republic of China Tainan Branch will expire on March 31, 2024. In view of actual business needs, we plan to apply for renewal. • Adoption of Shin Kong Bank Yongkang Branch's short-term comprehensive quota expires on December 21, 2023. In view of actual business needs, we plan to apply for renewal. • Adoption of the land lease case of the company's plant. • Adoption of advance payment is not a capital loan. • Adoption of the Board of Directors resolved to convene the 2024 Annual Shareholders' Meeting
May 08, 2024	<ul style="list-style-type: none"> • Adoption of 2024 Q1 consolidated financial statements by the company. • Adoption of the capital increase record date of ordinary shares converted from the 1st domestic secured convertible bond. • Adoption of amendment to "Articles of Incorporate" by the company. • Adoption of Panhsin Bank Tainan Branch's application for medium-term loan quota. • Adoption of amendment to "Business Performance Incentive Guideline" by the company. • Adoption of allocation of business performance for 2024Q1 by the company.

(12). Recorded or written objection summary of directors or supervisors against material adoption by end of recent year or closure of annual report: N/A.

(13). Resignation/Discharge summary of general manager, general manager, accounting manager, finance manager, internal audit manager, company governance manager and R&D manager etc. by end of recent year or closure of annual report: N/A.

5. CPA commission details

Unit: NT\$ thousands

Audit Agency	Auditor	Audit Term	Commission	Non-Audit Commission	Total	Remarks
Deloitte & Touche	Chang, Cheng-Hsiu (Begin:2023Q2)	2023/01/01 -	4,010	430 (Tax Compliance Audit)	4,440	
	Huang, Hsiu-Chun					
	Chuang, Pi-Yu (2023Q1)	2023/12/31				
	Hsu, Ying-Ying		-	160 (Note)	160	

Note: Mainly consists of transferred commission fee.

- (1). Change of audit agency and if reduction in remunerated commission to previous fiscal year, please disclose the old and new commission and reason: N/A.
- (2). If reduction over 10% in remunerated commission to previous fiscal year, please disclose the old and new commission, ratio and reason: N/A.

6. Details on change of auditors

(1). On precedent CPA

Date of change	Adopted by the board of directors on August 09, 2023		
Reason and justification for change	In order to cooperate with Deloitte & Touche's CPA rotation system, the company's financial reports will be audited by accountants Chang, Cheng-Hsiu and Huang, Hsiu-Chun starting from 2023Q2.		
Commissioner termination or CPA refusal of commission	litigant	CPA	Commissioner
	Case	N/A	
	Termination of commission		
Refusal of (re-)commission			
Reason and justification of approval of audit report other than non-reservation within two years	Audit reports with no expression of reservation opinions was issued in 2022 and 2023		
Disagreement with issuer	Y		Audit principle or practice
			Disclosure of financial statements
			Verification scope or steps
			Other
	N		
	Remarks: N/A		
Other disclosure (Art. 10 Para. 6 Sec. 1-4~Sec.1-7 disclosure matters of same principle)	N/A		

(2) CPA Successor

Auditor agency	Deloitte & Touche's
CPA name	Chang, Cheng-Hsiu Huang, Hsiu-Chun
Date of commission	August 09, 2023
Audit measures for specific transactions or audit principle and possible advice items and result issued on financial statements before commission	None.
Written disagreements of succeeding CPA to precedent auditors	None.

(3) Reply letter of present auditors to matters from same principle Art. 10 Para. 6 Sec. 1 and Sec. 2-3: N/A.

7. Disclose chairman, general manager, financial or accounting manager having served at the CPA agency or its affiliated business within the past year with their names and titles, and term of service at CPA agencies or its affiliates: N/A.

8. Transfer of shares from director, supervisor, manager whose shareholding ratio is over 10% and alteration in stock pledge by end of fiscal year and closure of annual report

Transfer of shares from supervisors, directors, managers, and major shareholders

Title	Name	2023		As of April 27, 2024	
		Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference
Chairman (Re-elected on June 23, 2022)	ZI LIONG ENTERPRISE CO., LTD.	-	-	-	-
	Representative: Shao, Ten-Po	-	-	-	-
Director (Re-elected on June 23, 2022)	ZI LIONG ENTERPRISE CO., LTD.	-	-	-	-
	Representative: Hsiao, Chung-Hu	-	-	-	-
Director (Onboard on June 23, 2022)	Chang, Shun-Ching	-	-	-	-
Director (Re-elected on June 23, 2022)	Pai, Ching-Jen	-	-	-	-
Director (Re-elected on June 23, 2022)	Hsiao, Yu-Chiao	-	-	-	-
Director (Onboard on June 23, 2022)	EVER DEVELOPMENT INVESTMENT CO., LTD.	-	-	-	-
	Representative: Wang, Shih-Ting	-	-	-	-
Independent Director (Re-elected on June 23, 2022)	Huang, Chung-Hui	-	-	-	-
Independent Director (Re-elected on June 23, 2022)	Huang, Wen-Ming	-	-	-	-
Independent Director (Onboard on June 23, 2022)	Tsao, Ching-Ming	-	-	-	-

Title	Name	2023		As of April 27, 2024	
		Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference
Strategy Director	Wang, Chuan-Cheng	-	-	-	-
General Manager	Chang, Shun-Ching	-	-	-	-
Chief Financial Officer	Pai, Ching-Jen	-	-	-	-
Accounting Manager / Corporate Governance Officer	Su, Meng-Hsu	-	-	-	-
Finance Manager (Dismissal on July 10, 2024)	Lin, Hua-Tse	-	-	-	-
Finance Manager (Onboard on July 10, 2024)	Chiu, Shu-Chen	-	-	-	-
Major Shareholder	ZI LIONG ENTERPRISE CO., LTD.	-	-	-	-

Stock transfer

Name	Reason of Stock Transfer	Date of Transaction	Trading Partner	Relations between trading partner with company, directors, supervisors, managers, and shareholders with a shareholding ratio over ten percent	Number of Shares	Price
N/A						

Equity Pledge

Name	Reason for change in Equity Pledge	Date of Change	Trading Partner	Relations between trading partner with company, directors, supervisors, managers, and shareholders with a shareholding ratio over ten percent	Number of Shares	Shareholding Ratio	Equity Pledge Ratio	Pledge (Redemption) Amount
N/A								

9. Disclosure of top ten shareholders per ratio, or relatives, spouse, kinship within 2nd grade hereto

Top ten shareholders per ratio and relations among them

April 27, 2024; Unit: share %

Name	Shareholding		Shareholding by spouse, minor children		Substantial shareholding		Top ten shareholders per ratio, or relatives, spouse, kinship within 2nd grade hereto		Remarks
	Number of shares	%	Number of shares	%	Number of shares	%	Name	Relation	
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.07	-	-	-	-	-	-	
Representative: Shao, Ten-Po	-	-	-	-	-	-	HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	In-law	
HONG LI TEXTILE CO., LTD.	2,888,000	2.36	-	-	-	-	-	-	
Representative: Hung, Chun-Chih	-	-	-	-	-	-	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	In-law	
							EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Shao, Ten-Po	In-law	
Hung, Che-Yao	1,998,000	1.63	-	-	-	-	-	-	
Hsieh, Chih-Lin	1,259,000	1.03	-	-	-	-	-	-	
Chiang, Yung-Neng	1,077,000	0.88	-	-	-	-	-	-	
Hsieh, Shih-Ching	1,065,000	0.87	-	-	-	-	-	-	
Wang, Wan-Chen	820,000	0.67	-	-	-	-	-	-	
EVER DEVELOPMENT INVESTMENT CO., LTD.	537,760	0.44	-	-	-	-	-	-	
Representative: Shao, Ten-Po	-	-	-	-	-	-	HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	In-law	
LIN, SHU-YA	492,000	0.40	-	-	-	-	-	-	
LIN, CHIH-HUNG	380,000	0.31	-	-	-	-	-	-	

10. Shareholding ratio, consolidated comprehensive shareholding ratio held by the company, directors, supervisors, managers of the company with direct or indirect control over business

Consolidated shareholding ratio

May 22, 2024; Unit: share %

Investee	Investment by the company		Investment from directors, supervisors, managers to business under direct or indirect control		Comprehensive investment	
	Number of shares	%	Number of shares	%	Number of shares	%
GREENCHEM INTERNATIONAL CO., LTD.	8,000,000	100	-	-	8,000,000	100
ELEMENTECH INTERNATIONAL CO., LTD.	16,846,640	100	-	-	16,846,640	100
ELEMENTECH (HONG KONG) LIMITED	-	100	-	-	-	100
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	1,930,000	100	-	-	1,930,000	100
SPEEDBEST INTERNATIONAL LIMITED	6,810,000	100	-	-	6,810,000	100
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	-	100	-	-	-	100
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	-	100	-	-	-	100
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	-	100	-	-	-	100
JIAXING NANXIONG POLYMER CO., LTD.	-	100	-	-	-	100
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	-	100	-	-	-	100

IV. Fundraising

1. Capital and shares

(1). Source of equity capital

A. Formation of capital

Year/ Month	Issue price (NT\$)	Approved Share Capital		Paid-in share capital		Remarks		
		Number of shares (thousands)	Price (NT\$ thousands)	Number of shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share price disposition with non-cash property	Other
1989/08	10	1,000	10,000	1,000	10,000	Foundation of share capital	-	-
1990/10	10	2,500	25,000	2,500	25,000	15,000 cash capital increase	-	-
1997/09	10	5,000	50,000	5,000	50,000	25,000 cash capital increase	-	-
1997/12	10	18,000	180,000	18,000	180,000	130,000 cash capital increase	-	-
1998/07	10	27,000	270,000	20,300	203,000	21,600 capital increase from earning 1,400 capital increase from employee bonus	-	Note 1
1999/08	10	27,000	270,000	22,100	221,000	6,240 capital increase from earning 1,760 capital increase from employee bonus	-	Note 2

Year/ Month	Issue price (NT\$)	Approved Share Capital		Paid-in share capital		Remarks		
		Number of shares (thousands)	Price (NT\$ thousands)	Number of shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share price disposition with non-cash property	Other
2000/06	10	33,600	336,000	25,000	250,000	26,520 capital increase from earning 2,480 capital increase from employee bonus	-	Note 3
2001/03	30	33,600	336,000	30,000	300,000	50,000 cash capital increase	-	Note 4
2001/07	10	83,200	832,200	38,500	385,000	75,000 capital increase from earning 10,000 capital increase from employee bonus	-	Note 5
2002/07	10	83,200	832,200	51,804	518,040	115,500 capital increase from earning 17,540 capital increase from employee bonus	-	Note 6
2002/09	36	83,200	832,200	59,304	593,040	75,000 cash capital increase	-	Note 7
2003/06	10	83,200	832,200	76,225	762,250	148,260 capital increase from earning 20,950 capital increase from employee bonus	-	Note 8

Year/ Month	Issue price (NT\$)	Approved Share Capital		Paid-in share capital		Remarks		
		Number of shares (thousands)	Price (NT\$ thousands)	Number of shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share price disposition with non-cash property	Other
2004/05	10	106,645	1,066,450	89,061	890,613	45,735 capital increase from earning 68,603 capital increase from paid-in capital 14,025 capital increase from employee bonus	-	Note 9
2004/12	10	106,645	1,066,450	84,361	843,613	4,700,000 shares cancelled	-	Note 10
2005/03	10	106,645	1,066,450	83,161	831,613	1,200,000 shares cancelled	-	Note 11
2005/06	10	106,645	1,066,450	78,161	781,613	5,000,000 shares cancelled	-	Note 12
2005/07	10	106,645	1,066,450	76,661	766,613	1,500,000 shares cancelled	-	Note 13
2005/10	10	106,645	1,066,450	72,661	726,613	4,000,000 shares cancelled	-	Note14
2006/01	10	106,645	1,066,450	68,661	686,613	4,000,000 shares cancelled	-	Note15
2006/03	10	106,645	1,066,450	66,661	666,613	2,000,000 shares cancelled	-	Note16
2006/05	10	106,645	1,066,450	64,661	646,613	2,000,000 shares cancelled	-	Note17

Year/ Month	Issue price (NT\$)	Approved Share Capital		Paid-in share capital		Remarks		
		Number of shares (thousands)	Price (NT\$ thousands)	Number of shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share price disposition with non-cash property	Other
2006/07	10	106,645	1,066,450	61,661	616,613	3,000,000 shares cancelled	-	Note18
2006/10	10	106,645	1,066,450	58,661	586,613	3,000,000 shares cancelled	-	Note19
2006/12	10	106,645	1,066,450	55,661	556,613	3,000,000 shares cancelled	-	Note20
2009/02	10	106,645	1,066,450	50,392	503,923	5,269,000 shares cancelled	-	Note21
2019/01	10	200,000	2,000,000	122,392	1,223,923	72,000,000 shares of private replacement	-	Note22
2024/05	10	200,000	2,000,000	122,403	1,224,032	Convertible bonds converted into 10,989 shares	-	Note 23

Note 1: (98)Taiwan treasury (1) ref. 56205 approval of 4 July 1998.

Note 2: (99)Taiwan treasury (1) ref. 63199 approval of 22 July 1999.

Note 3: (00)Taiwan treasury (1) ref. 44962 approval of 24 May 2000.

Note 4: (01)Taiwan treasury (1) ref. 100196 approval of 16 Jan. 2001.

Note 5: (01)Taiwan treasury (1) ref. 137876 approval of 14 June 2001.

Note 6: Taiwan treasury 1 ref. 0910134003 approval of 21 June 2002.

Note 7: Taiwan treasury 1 ref. 0910134001 approval of 1 July 2002.

Note 8: Taiwan treasury 1 ref. 0920124203 approval of 3 June 2003.

Note 9: Taiwan treasury 1 ref. 0930124098 approval of 31 May 2004.

Note 10: Commercial sales 1 ref. 09301238780 approval of 16 Dec. 2004.

Note 11: Commercial sales 1 ref. 09401043240 approval of 28 March 2005.

Note 12: Commercial sales 1 ref. 09401096730 approval of 2 June 2005.

Note 13: Commercial sales 1 ref. 09401125680 approval of 13 July 2005.

Note 14: Commercial sales 1 ref. 09401199420 approval of 6 Oct. 2005.

Note 15: Commercial sales 1 ref. 09401269520 approval of 3 Jan. 2006.

Note 16: Commercial sales 1 ref. 09501048020 approval of 24 March 2006.

Note 17: Commercial sales 1 ref. 09501086960 approval of 11 May 2006.

Note 18: Commercial sales 1 ref. 09501150390 approval of 20 July 2006.

Note 19: Commercial sales 1 ref. 09501230390 approval of 13 Oct. 2006.

Note 20: Commercial sales 1 ref. 09501280500 approval of 18 Dec. 2006.

Note 21: Commercial sales 1 ref. 09801025460 approval of 13 Feb. 2009.

Note 22: Commercial sales 1 ref. 10801008480 approval of 28 Jan. 2019.

Note 23: As of May 22, 2024, the number of shares converted into convertible bonds is 10,989, and the change registration has not yet been completed.

B. Equity

Unit: shares

Equity	Approved Share Capital			Remarks
	Shares Outstanding	Unissued shares	Total	
Registered ordinary shares	122,403,239	77,596,761	200,000,000	Listed

C. Overall declaration system: N/A.

(2). Shareholding structure

April 27, 2024

Shareholders Number	Government Agency	Financial Institution	Other Legal Person	Individual	Foreign Institution and Foreigners	Total
	Number of employees	0	0	139	11,928	11
Number of shares held	0	0	91,864,902	30,216,805	321,532	122,403,239
Shareholding ratio	0.00%	0.00%	75.05%	24.69%	0.26%	100.00%

(3). Shareholding structure

A. Ordinary share

April 27, 2024

Shareholding Scale			Number of Shareholders	Number of shares held	Shareholding Ratio
1	to	999	9,776	280,979	0.23%
1,000	to	5,000	1,647	3,611,438	2.95%
5,001	to	10,000	282	2,296,002	1.88%
10,001	to	15,000	97	1,256,305	1.03%
15,001	to	20,000	71	1,310,814	1.07%
20,001	to	30,000	44	1,168,308	0.95%
30,001	to	40,000	33	1,198,951	0.98%
40,001	to	50,000	28	1,304,273	1.07%
50,001	to	100,000	46	3,290,908	2.69%
100,001	to	200,000	30	4,198,000	3.43%
200,001	to	400,000	15	4,129,000	3.37%
400,001	to	600,000	2	1,029,760	0.84%
600,001	to	800,000	0	0	0.00%
800,001	to	1,000,000	1	820,000	0.67%
1,000,001	to	99,999,999	6	96,508,501	78.84%
Total			12,078	122,403,239	100.00%

B. Preferred Stock: N/A.

(4). Major shareholders

April 27, 2024

Major shareholders	Shares	Number of shares held	Shareholding Ratio
ZI LIONG ENTERPRISE CO., LTD.		88,221,501	72.07%
HONG LI TEXTILE CO., LTD.		2,888,000	2.36%
Hung, Che-Yao		1,998,000	1.63%
Hsieh, Chih-Lin		1,259,000	1.03%
Chiang, Yung-Neng		1,077,000	0.88%
Hsieh, Shih-Ching		1,065,000	0.87%
Wang, Wan-Chen		820,000	0.67%
EVER DEVELOPMENT INVESTMENT CO., LTD.		537,760	0.44%
LIN, SHU-YA		492,000	0.40%
LIN, CHIH-HUNG		380,000	0.31%

(5). Share price, net worth, earning, dividend, and other information in the past two years

Unit: NT\$

Item	Year	2022	2023	As of May 22, 2024 (Note 4)
Price per share	Peak	21.50	25.80	22.80
	Bottom	16.10	17.35	18.00
	Mean	18.14	19.30	20.46
Net value per share	Before Distribution	13.39	13.60	14.05
	After Distribution	12.74	(Note 5)	N/A
Earning per share	Weighted average number of shares	122,392 thousand shares	122,392 thousand shares	122,392 thousand shares
	Earning per share	1.45	0.01	0.31
Dividend per share	Cash dividend	0.65	0.25(Note 5)	N/A
	Shares from earning	-	-	N/A
	Shares from paid-in capital	-	-	N/A
	Accumulative undistributed dividend	-	-	N/A
Return on Investment	Price to earning ratio (Note 1)	12.51	1,930.00	N/A
	Price to dividend ratio (Note 2)	27.91	77.20	N/A
	Dividend yield (Note 3)	3.58%	1.30%	N/A

Note 1: Price to Earning Ratio = Average Market Price / Earning per share.

Note 2: Price to dividend ratio = Average Market Price / Cash Dividends per Share.

Note 3: Dividend yield = Cash Dividends per Share / Average Market Price •

Note 4: Book value per share and earning per share shall be specified per latest quarter by date of annual report closure from audit; information in rest columns shall be updated until the current year by date of annual report closure.

Note 5: 2023 earning allocation has not been resolved by the Board of Shareholders. The company issued the first domestic guaranteed conversion corporate bonds. The creditor may apply for conversion of ordinary shares, which may affect the total number of outstanding shares and adjust the dividend rate.

(6). Dividend Policy by company & implementation

A. Dividend policy of articles of incorporate:

Dividend allocation policy by the company depends on current and future investment conditions, capital requirements, domestic and international competition conditions, capital requirements and sound financial planning, other factors, etc. for sustainability. Number of shares issued per year is equal to distributable total earning minus reservation for business performance conditions, set as 10% minimum; cash is preferred for dividend distribution and is 10% minimum of issued dividend total. Rest is distributed in dividends. No distribution of dividend will take place in the event of EPS under NT\$ 0.1.

B. Implementation:

The distribution of earnings by the company for 2023 is allocated from shareholder bonus of 2023's undistributed earnings at NT\$ 30,598,062.

C. Anticipated material change in dividend policy: N/A.

(7). Effects of stock grant proposal from shareholders' meeting to business performance and earning per share: N/A.

(8). Employee's and Director's compensation

A. Employee and Director Share Ownership Ratios or Range stipulated by Articles of Incorporation:

Articles of incorporate stipulates director remuneration shall be allocated not over two percent of annual earning before distribution of earnings by the company; two to twenty percent for employee remuneration. Should the company has accumulative loss, a reservation shall be kept herefor, then be allocated for employee and director remuneration according to the aforesaid ratio. Aforesaid employee remuneration shall be distributed in shares or cash including for conditioned official employees.

B. Accounting process in the event of difference between distribution basis of employee and director bonus, calculation basis of number of shares distributed to employee bonus, actual distributed amount for current year and estimation: Should there be change in employee remuneration and director and supervisor remuneration resolved by Board of Directors, the difference from change shall be arranged based on accounting process for change and resolved into the account by Board of Directors; it will not affect adopted financial statements.

- C. Distribution of bonus distribution adopted in the board of directors meeting:
- a 2023 employee remuneration and director remuneration by the company was adopted on March 8, 2024. Employee remuneration is NT\$ 569,000. Director remuneration is NT\$ 450,000. Aforesaid remuneration was all distributed in cash.
 - b Employee bonus and director bonus distributed in cash or stocks: should there be difference between annual recognition, the difference, cause, and resolution shall be disclosed: no difference exists between adopted employee remuneration and director and supervisor remuneration and 2023's recognition.
 - c Employee bonus distributed in stocks and its ratio to total of earnings after tax from parent company only financial statement & employee bonus: N/A.
- D. Actual distribution of employee and director bonus to previous year (including number of distributed shares, amount and price), and specify if difference between aforesaid and employee bonus and director bonus, and its reason and reaction: N/A.

(9). Company purchase of stocks: N/A.

2. Implementation of convertible bond

Types of Convertible Bond	1st Secured Convertible Bond
Issue Date	March 21, 2023
Face Value	NT\$ 100,000
Place of Issue and Exchange	N/A
Issue Price	The issue price is based on the 116.23% face value
Total Value	NT\$ 500,000,000
Interest Rate	0% Coupon rate
Issue Period	The issue period is 5 years, starting March 21, 2023. The maturity date is March 21, 2028.
Guarantee Institution	Land Bank of Taiwan
Trustee	Yuanta Commercial Bank
Underwriter	Jih Sun Securities Co., Ltd.
Certification Lawyer	Attorney Chiu, Ya-Wen, Far East Law Office
Certification CPA	Huang, Hsiu-Chun and Chuang, Pi-Yu, Deloitte & Touche
Redemption of Bonds	<p>The secured convertible bonds will be repaid in cash within ten business days (including the 10th business day) based on the bond's face value, with the exception of the following:</p> <ol style="list-style-type: none"> Bondholders are allowed to convert the secured convertible bonds into ordinary shares of the Company under Article 10 of relevant measures, or redeem secured convertible bonds in advance in accordance with Article 18. OR The Company exercises its right to repurchase secured convertible bonds from an over-the-counter market in accordance with Article 19. <p>If the repayment date falls on a closing day of the Taipei Stock Exchange, it will be postponed to the next business day.</p>
Outstanding principal	NT\$ 499,800,000
The articles of Redemption or Pay Off in advance	Please refer to convertible bond and conversion guideline by the company.
Restrictions	N/A
The name of Credit Evaluation Institution, Evaluate Date, Result of Corporate Bond Evaluation	N/A

Other Right	Amount of converted (exchanged or subscribed) ordinary shares, overseas depositary receipts or other securities as of the publication date of the annual report	As of May 22, 2024, a total of NT\$200,000 of convertible bond has been exercised, and a total of 10,989 ordinary shares have been converted.
	Issue and Transfer (Exchange or Purchase Plan)	Please refer to convertible bond and guideline by the company.
Issue and Transfer/ Exchange or Subscript Method for shares/ Possible Dilution Situation of Equity by Issuance Conditions and The Influence to Current Shareholders' Right		No significant impact yet
The Name of Entrusted Depository Institution		N/A

Convertible bond information

Unit: NT\$

Corporate Bond		First domestic guaranteed convertible bond	
Item	Year	2023	Current year as of May 22, 2024
	Market Price of Convertible Bond	Peak	134.00
Bottom		107.00	112.10
Mean		124.07	119.79
Convertible Price		18.2	18.2
Conversion (Effective) Price Per Date of Issuance		Conversion price was NT\$18.8 per issuance on March 21, 2023. Conversion price was NT\$ 18.2 on August 18, 2024.	
Fulfillment of Conversion Obligations		Issuance of new shares	

3. Preferred shares: N/A.
4. Global depository receipt: N/A.
5. Employee stock option: N/A.
6. Limitation to employee subscription to new stocks: N/A.
7. Merger or acquisition of new shares from other companies: N/A.

8. Implementation of capital allocation plan

(1). Plan and implementation of previous issuance or private placement of marketable securities by previous season of end of book closure:

Unit: NT\$

Issuance plan	First domestic guaranteed convertible bond			
Issuance	NT\$ 500,000,000			
Date of Issuance	March 21, 2023			
Purpose of Capital	Implementation	2023	Ahead of schedule, behind in progress, reasons, and improvement plans	
Repayment of Bank Loan	Expenditure	Estimation	581,140 thousand	After the fund raising was completed on March 17, 2023, arrangements were made to repay the bank borrowings, which was fully implemented in 2023Q2 according to the estimation plan, and there were no major abnormalities.
		De facto	581,140 thousand	
	Implementation	Estimation	100.00%	
		De facto	100.00%	
Actual Achievement of Scheduled Benefits	The company will repay bank borrowings in advance with the funds raised, which can save interest expenses and improve the financial structure, improving the company's overall operational competitiveness. The amount of funds raised this time will be fully used to repay bank borrowings. Based on the borrowing interest rate, it is expected that after repaying the borrowings, it will save approximately NT\$9,815 thousand in interest expenses in 2023. In the future, it will save up to about NT\$16,257 thousand in interest expenses each year. In addition to reducing the company's In addition to reducing the financial burden, it can also improve the financial structure and enhance solvency.			

(2). Previous issuances or private placement of securities of which the plan is complete in the past three years without significant benefit: N/A.

V. Operation

1. Business

(1). Scope of business

A. Core operating business

- C301010 Spinning of Yarn
- C302010 Weaving of Textiles
- C303010 Manufacture of Non-woven Fabrics
- C306010 Wearing Apparel
- C399990 Other Textile and Products Manufacturing
- C402030 Manufacture of Leather, Fur and Related Products
- C804020 Industrial Rubber Products Manufacturing
- C804990 Other Rubber Products Manufacturing
- C805020 Manufacture of Plastic Films and Bags
- C805990 Other Plastic Products Manufacturing
- C901060 Manufacture of Refractory Products
- CF01011 Medical Devices Manufacturing
- CI01020 Rug and Felt Manufacturing
- CK01010 Footwear Manufacturing
- CM01010 Case and Bag Manufacturing
- CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
- D101060 Self-usage power generation equipment utilizing renewable energy industry
- EZ05010 Instrument and Meters Installation Engineering
- F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
- F106050 Wholesale of Ceramic and Glassware
- F107170 Wholesale of Industrial Catalyst
- F107990 Wholesale of Other Chemical Products
- F108031 Wholesale of Medical Devices
- F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- F120010 Wholesale of Refractory Materials
- F199990 Other Wholesale Trade
- F203010 Retail Sale of Food, Grocery and Beverage
- F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories

- F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
- F206020 Retail Sale of daily commodities
- F207030 Retail Sale of Cleaning Supplies
- F207990 Retail Sale of Other Chemical Products
- F208031 Retail Sale of Medical Apparatus
- F208040 Retail Sale of Cosmetics
- F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- F220010 Retail Sale of Refractory Materials
- F299990 Retail Sale of Other Products
- F399040 Retail Sale No Storefront
- F401010 International Trade
- G799990 Other Transportation Support
- H703100 Real Estate Leasing
- I103060 Management Consulting
- I301010 Information Software Services
- IG03010 Energy Technical Services
- JE01010 Rental and Leasing
- JZ99990 Unclassified Other Services
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

B. Major products and business ratio

Unit: NT\$ thousands

Products	2023 gross sales	Ratio to business(%)
Textile Composites	2,197,589	91.12
Chemical Product	129,541	5.37
Electronic Product	84,668	3.51
Total	2,411,798	100.00

C. Current products (service) of the company

a Textile Composites

- (a) Hook loop and functional tapes
- (b) Functional protective textiles and products
- (c) Polymeric elastomer foam composite materials
- (d) Functional membrane and composite materials
- (e) Healthcare & bedding products

b Chemical Product

- (a) Technical chemicals
- (b) Polymer products

c Electronic Product

D. New products under development

Textile Composites

In the development of green environmental processes and recycled materials, our company continues to dedicate itself to Eco-Family, exploring various renewable materials, agricultural and fisheries waste materials, processing these environmentally friendly materials for reuse, and producing products that can replace petrochemical materials. The use of these alternative materials will help reduce reliance on finite petrochemical resources while reducing negative environmental impacts. The main development direction focuses on "Replace, Recycle, Reduce," including the development of environmentally friendly hook and loop series, recycled textile yarn and fabric development, bio-based rubber sponge material series, bio-based film materials (TPEE/TPAE), water-based environmentally friendly adhesive (Supracoa), and has obtained relevant certifications such as Oeko-Tex Standard 100 and GRS.

To meet the market demand for finished products, our company will enter the medical industry, from material systems to medical auxiliary systems and health technology products. Meanwhile, we have obtained ISO 13485 certification, QMS certification, and manufacturing industry medical equipment business license to ensure product safety and reliability.

Chemical Product

Amid the environmental sustainability trend globally, we constantly invest in deodorant and sterilization 2-1 formula, which is a natural green type for sterilization, moisture absorption, warming, cooling, and developing green products accordingly. We have respect for life and the environment as a core company value.

Electronic Product

Besides our long endeavour in POS sales, we are focusing on the development of domestic power storage (not high energy storage) and power supply for internet communication products. We are developing Power over Ethernet (PoE). Amid the development of information in the future, internet, communication and consumer electronics, we are constantly developing new competitive products and gradually expanding the applications of each product.

(2). Industry overview

A. Current and future industry

Textile Composites

According to JEC's statistics, in the global textile composite market in 2022, mainly

used in aerospace, energy, as well as high-performance sports equipment such as skiing, protective gloves, helmets, etc.; nearly half of the output is in the Asian market, with China accounting for 28% of the total. Under the global trends of climate change and green transformation, the textile composite industry also faces challenges of carbon reduction and sustainable development. It must actively develop green and low-carbon recycled environmentally friendly materials to enhance product environmental performance and meet global trends and consumer demand.

The company is committed to providing high-quality, high-performance products and services to customers, with "Adaptation, Innovation, Maximizing Value Creation, and Building Sustainable New Business Models" as the core strategic thinking. In 2023, the company developed three major strategic directions: "Implementing Sustainable Carbon Reduction Development, Aligning with Brand Carbon Reduction Trends, and Continuously Improving Key Advantages. "

In the safety protection market, lightweight protection combined with the development of intelligent equipment products is promoted, with a focus on respecting life and intelligence. By combining special fibers or additives with higher tensile strength and durability textile materials or polymer foaming technology, they are used in personal safety, outdoor extreme sports, or work safety protection applications, committed to providing the necessary protection for the human body. In the outdoor sports and leisure market, high-functionality, high-comfort, and high-durability outdoor sports apparel materials are developed for application. In the medical and care market, functional material applications are extended, and functional materials are designed to have technological content to meet the needs of health care.

Chemical Product

Functional auxiliaries have diverse and broad applications. The products shall comply with various industrial requirements with new usages. Amid the industrial change, market shift, technical advancements and calls for green companies, functional auxiliaries are facing challenges in terms of environmental sustainability. In recent years there has been an increase in environmental concerns, and there are calls for more environmentally-friendly products, which limits industrial development. For this goal, alongside with the reduction of trade barriers, we are phasing out non-environmentally friendly products into low-pollution processes and working on the R&D of functional products, etc.

Functional auxiliaries have had ups and downs amid the environmental change. The market is phasing out non-environmentally friendly products, and flows amid conditions of the downstream industry. In order to move towards

environmental-friendliness and sustainability, we shall enhance research and development continuously. We expand our market and move forward to low-pollution processes and high-added value and environmentally friendly products, so that new opportunities will be created and sustainability will be implemented amid the call.

Electronic Product

Power supply is a key component of all electronic products. Its application ranges from information, internet, communication, industry, national defense, aerospace equipment and consumer electronics, etc. The requirements for products are highly correlated to downstream market conditions, while it is not subject to market conditions of a given downstream industry, it is growing amid the rise of the application of each product. We therefore foresee the margin in the Power supply.

Taiwan's Power supply started to develop in the 60s. Manual wiring was conducted at an early stage. Amid the beginning 80s video game consoles' fever, switching power supply started to develop. There were barely a few companies in the beginning. Amid the later flourishing of personal computers and the information industry, it became nearly 300 companies in 1997. Under the following impact of the Asian Financial Crisis in 1998, low-globalised, small, weak companies were phased out. Currently there are nearly one hundred companies. Most big application companies have relocated their production plants overseas (majority of which transferred to Mainland China and South East Asia) due to production costs and downstream applications. Power supply suppliers relocated their production plants overseas, in order to reduce product costs and facilitate customer access.

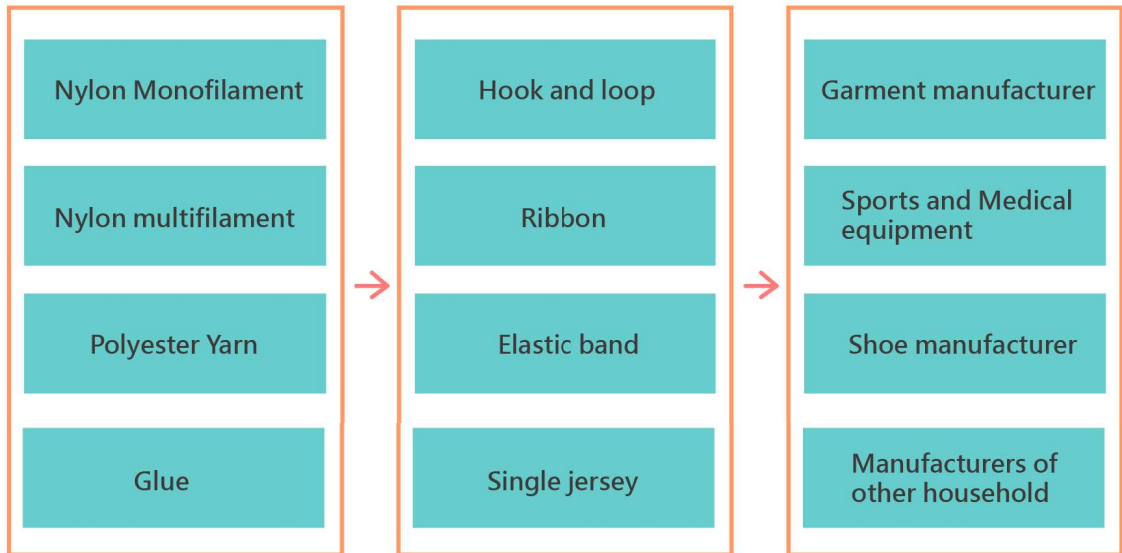
The market has recently changed amid end product applications. Upstream supplies tend not to spare inventory for long and increase the price due to demands from the market. Downstream customers shorten the lead time and reduce the costs. Large and slow companies are incurring immense adversity and transform or exit from the market.

Mainland Chinese plants are thriving and enter the international market with high demands of Mainland China. Price competition in the market is therefore stiff. Domestic medium and small Power supply suppliers transform to developers of specific applications of the Power supply.

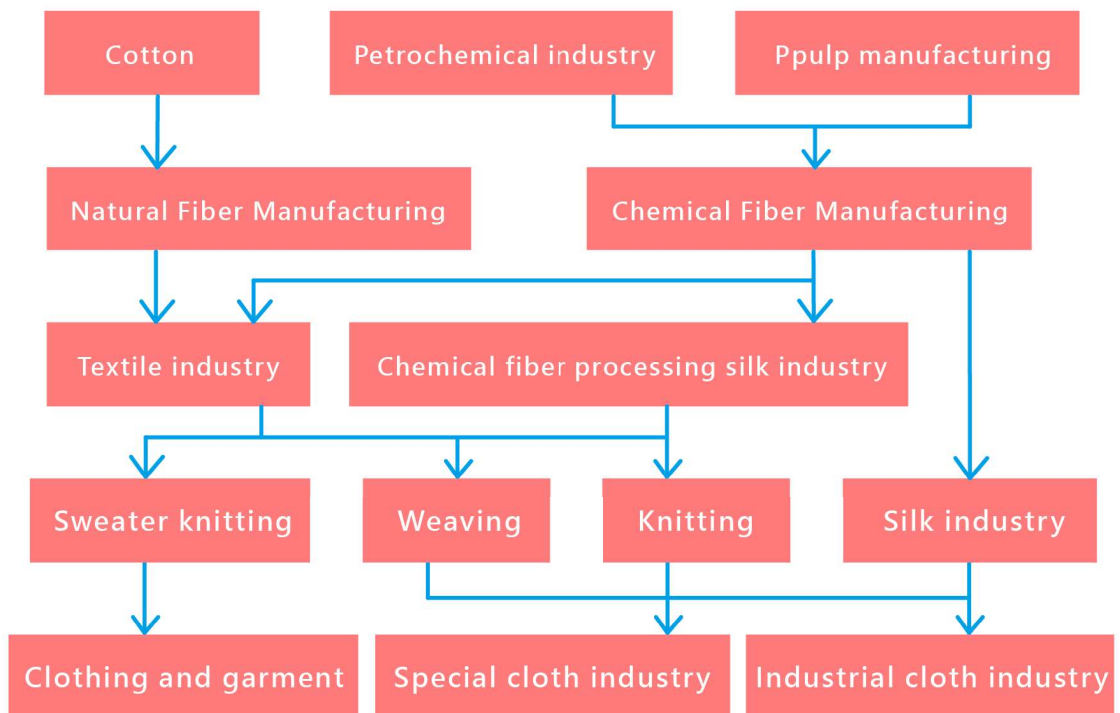
B. Association of up-, mid-, and downstream industries

Textile Composites

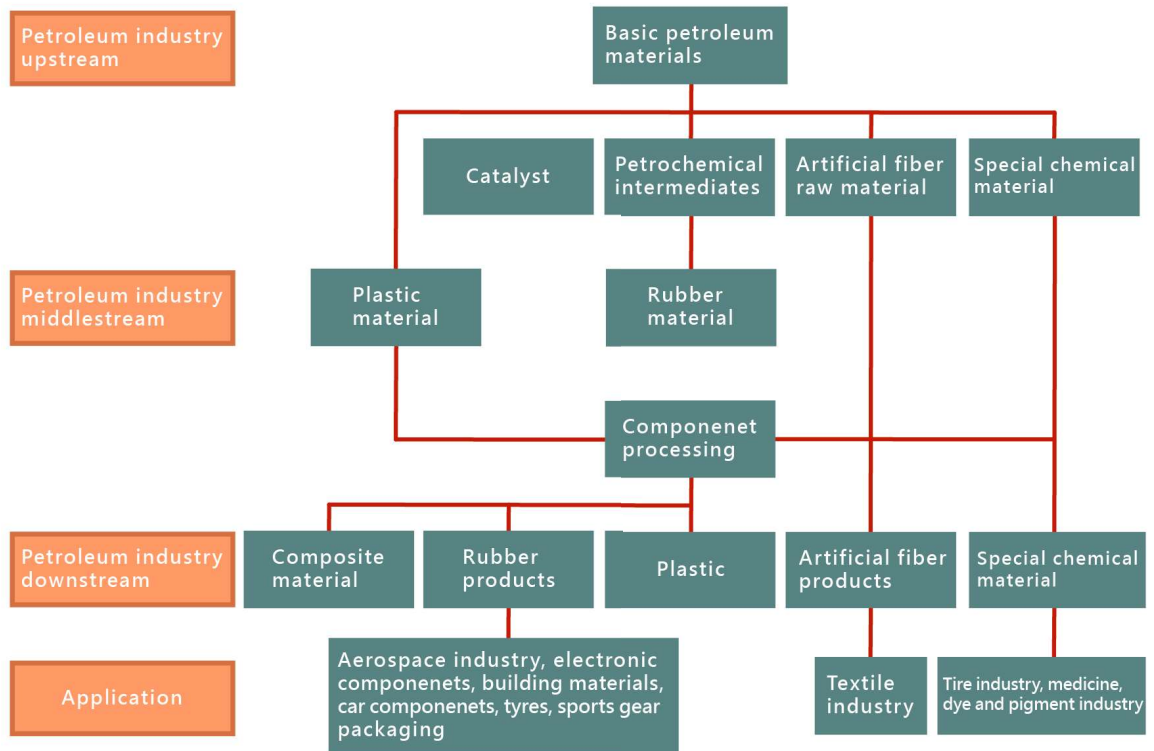
■ Hook loop and functional tapes



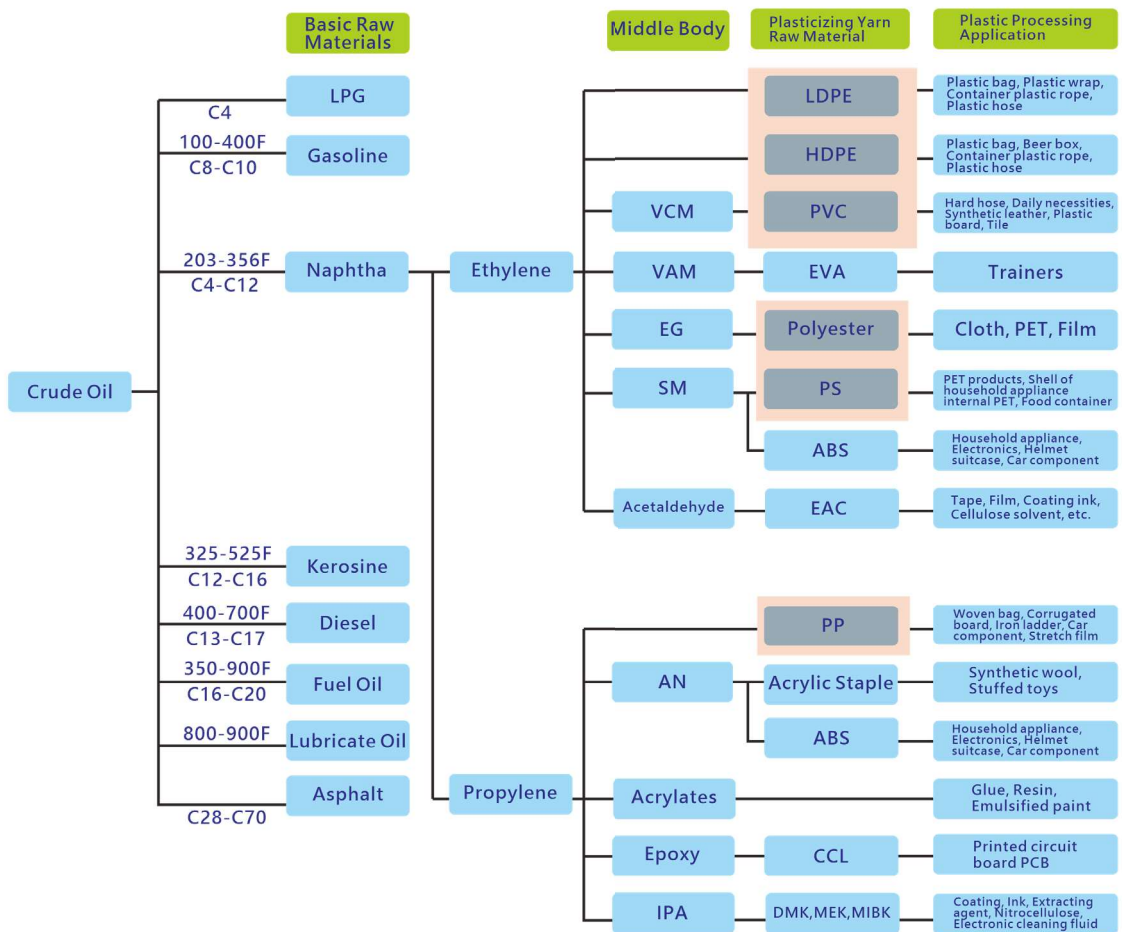
■ Functional protective textiles and products



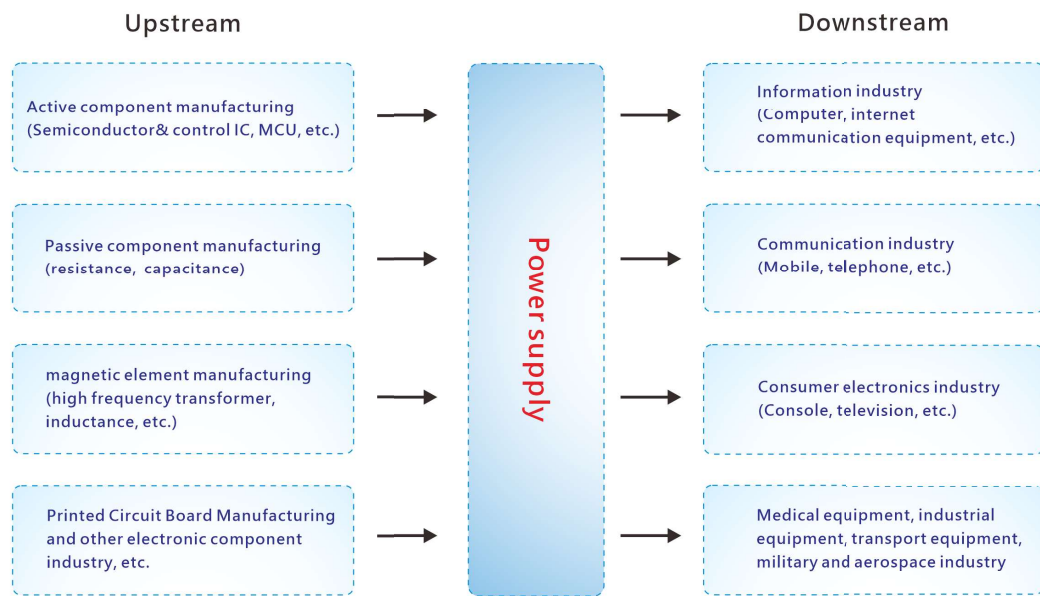
■ Polymeric elastomer foam composite materials



Chemical Product



Electronic Product



C. Development trend and competitive of products

Product development trend

a Textile Composites

The overall textile and polymer industry is easily affected by changes in the international economy, such as currency inflation in various countries and the sharp rise in oil prices caused by international wars, resulting in material shortages, short chains, broken chains, and price increases, severely affecting company operations. To maintain the operation and profitability of the company, changes must be made to production, sales methods, and new product development.

■ Hook loop and functional tapes

In order to meet the diversified market and special needs of customers, efforts are made to develop environmentally friendly series of hook and loop fasteners, new products, or customized products, combining different processing processes and multi-level processing applications to provide highly customized products and services, further consolidating customer relationships, while expanding applications in different industries, increasing sales of existing products, or market share.

■ Functional protective textiles and products

In response to the needs of work safety protection, personal safety, and special sports protection, special textile fibers and related products are developed, and mixed recycled and recycled yarn applications are launched, ARMORTEX®

(abrasion-resistant fabric, cut-resistant fabric, non-slip fabric, elastic fabric, reflective fabric, multifunctional fabric) and ZEROMELTS® (fireproof fabric) are developed and promoted, continuously optimized towards the goals of improving comfort and increasing protection, to meet the needs of various industries in protection applications.

■ Polymeric elastomer foam composite materials

In recent years, efforts have been made to develop bio-based rubber sponges, bio-based thermoplastic sponges, and wear-resistant non-slip fabrics made from recycled rubber sponges, to replace some petrochemical raw materials. These products are not only used in various consumer markets, such as outdoor sports equipment and water markets, but also in industrial markets. In the future, we will move towards supercritical foam fluid technology, bio-based and recycled materials development, actively cooperate with international brands to jointly achieve sustainable development goals.

■ Functional membrane and composite materials

Efforts are made to develop TPEE thermoplastic polyester elastomer, TPAE thermoplastic polyamide elastomer, inflatable materials, various functional films, functional masterbatches, combined with different production and processing technologies such as moisture-reactive PUR/oil-based PU roller coating & scraper, and obtain material certification and verification to ensure quality and physical property requirements; efforts will continue to be made in the production process to be free of plasticizers, and materials can be reused, towards the goals of carbon reduction and circular economy.

b Chemical Product

■ Technical Chemicals

Specific chemical products are of industrial single type chemical material or various chemical compounds or formulae for the improvement of product characteristics or to endow specific functions; it takes up a minor cost of downstream customers and is mostly produced per batch, thus it is highly-priced with small quantity.

Taiwan's specialized industry focuses on the regional application market as its main operation. The overall industry is highly influenced and affected by the international economy. The industrial development lacks a self-owned technique. Overall, the specialized industry focuses on sales of reputed foreign brands as its main business.

Covid-19 policies of zero-tolerance have been lifted in terms of border reopening, economy reopening, while we cannot be optimistic about the overall industry. In the future, the domestic market will shrink due to the

relocation of the downstream industry, which will affect the industry-wide competition. The company shall develop the international market and cooperate and integrate with international brands as a goal to work on.

Sanitation and production, environmental protection, recycling and other environmental issues will have a sound impact on the development of chemical products. The company will overcome the crisis and create opportunities by investing in development of new products. Product development aims to produce and make use of green, natural products, cooperation and creation with process suppliers downstream.

■ Polymer Products

Polymer products are an application of petrochemical basic raw materials. It is an old industry with wide usage downstream and irreplaceable, ranging from coating, adhesive, ink, caulk, etc. Through adjustment in formulae, it will reflect characteristics and functions; thus, it is widely applied to leather, synthetic leather, fiber, electronics, architecture, aerospace transport, papermaking, cars, optoelectronics information, etc. It is highly associated from beginning until the end. It is an indispensable basic industry of Taiwan, and a key to enhancing the competitiveness for downstream industries.

Currently Mainland China is the largest petrochemical market in Asia, and as well the most competing region. The recent Mainland Chinese petrochemical industry is expanding its capability for its products. It is anticipated that it will import less and thus self-dependent. Without good production conditions and stable quality, Taiwan's plants cannot compete with Mainland Chinese competitors. We cannot depend on the Mainland Chinese market. We shall develop proactively the emerging markets to spread the risk.

Currently, our domestic petrochemical companies shall transform and upgrade towards diversification in products, in terms of shift to high added value products. Taiwan lacks energy resources and is dense. Domestic production and outsourcing are both high-cost. Only when we maintain innovation and environmental-friendliness for the industry, we will then withstand the harsh and surging competition from Mainland China. There will probably be loads of room for development. It will allow reduction of dependence on bulk products and diversity in development.

c Electronic Product

Given that semiconductor materials have become more efficient and smaller, Power supplies are renovating. Portable Power supplies have downsized. Power supplies of other applications seek increase in power conversion; the company invests in the study of material application and develops new products against

different applications in the market. We anticipate shifting from having only one single product in the market.

Competition

a Textile Composites

The company adopts innovative research and development technologies in the development of textile composites, and through complete international certification, ensures the requirements of relevant physical properties. Combining upstream and downstream supply chains to jointly construct a sustainable ecosystem, while having multiple production bases in the Asian region; in terms of marketing, providing cross-disciplinary, cross-industry integrated solutions, responding quickly to customer needs, winning the high trust and recognition of international brand customers, these efforts continue to establish core competitive advantages in the textile composite industry competition.

To maintain sustained core competitive advantages, in terms of production efficiency, continuous optimization of old equipment is necessary, and the degree of automation in production must be improved. Through system recording of production conditions for each batch and application of automated inspection systems, production speed and product quality stability can be accelerated. At the same time, phased planning for personnel succession is emphasized to ensure smooth production processes. In marketing layout, promotion is conducted in a global manner. In addition to participating in traditional international professional exhibitions, online marketing tools are also utilized to allow customers to actively search for relevant information, thereby expanding market share.

b Chemical Product

■ Technical Chemicals

Taiwan's special chemical plants have added value with a huge difference from just being one single global brand. Taiwan's special chemical plants are small in scope and have difficulty in resource integration and lack R & D resources, thus are difficult to manage. The special chemical industry faces completion from domestic as well as global brands. The company shall endeavor to develop high added value and diversified products.

The company will strive to grasp the development trend of green environmental protection products, establish independent technology, and focus on the development of product application needs, continuing the positioning as a "Solution Provider." In addition to chemical supply, we will also strengthen technical support and after-sales service, actively assisting

customers and creating value for demand.

■ Polymer Products

Polymer products have diverse and broad applications. New usages shall be developed for the products on customers' requirements downstream. Along with industrial change, market shift, technical advancements and green competitiveness, the polymer industry shall face challenges in environmental-friendliness and sustainability.

Taiwan's domestic market is phasing out. Export sales has become a key to development and Mainland China is seen as a major market. Customers downstream are relocating to Mainland China, ASEAN member states, and other emerging markets. Loads of companies establish plants locally in the emerging states. Mainland Chinese products are gradually having oversupply. It has become an industrial competition in place of cooperation across the Taiwan Strait. The polymer companies in Taiwan shall endeavor to develop high added value and diversified products.

Despite the mature development of the polymer industry, the lack of market information by the companies and their intentions for scale production might lead to excessive investment; under excessive productivity, companies accept small orders and price drops as chaos in supply and demand ensues.

The company focuses on the development of different green products for competitiveness with market segmentation to gain.

c Electronic Product

Under the impact of the China-US trade war, the increase in customs urged part of production plants to exit from Mainland China; the supply chain adjusted accordingly along with the phase-out of competition by different production plants overseas or medium and small plants without price competitiveness; the company has negotiated with outsourced plants in Taiwan and other countries in Asia (Vietnam). We divide the outsource commission against different customers and products, which leaves the forwarding option for customers and ensures competitiveness in the market.

(3). Technique and R&D

A. Technical level and R&D of operating business

a Textile Composites

Future R&D plan and investment:

R&D Product	Progress of R&D Plan and Schedule of Mass Production	Investment in R&D	Main Factor that Will Affect R&D Performance
Environmentally-friendly glue and process development	Under product development and trial production. Continue product expansion in 2024.	R&D cost overall makes up of personnel charge and product development.	<ol style="list-style-type: none"> 1. Product development and trial production of environmentally friendly composite adhesive applications, and continued to increase product items. 2. Development and trial production of environmentally friendly yarns, and successively adding product items. 3. Green and environmentally friendly sponges have been added to the series of products and new product development has continued.
WSR recycling (textiles and polymer materials) remanufactured composite material development project plan	Under product development and trial production. Continue product expansion in 2024.	R&D cost overall makes up of personnel charge and product development.	<ol style="list-style-type: none"> 1. TPU scraps are recycled and developed into new application materials, product development and formula trial production.

R&D Product	Progress of R&D Plan and Schedule of Mass Production	Investment in R&D	Main Factor that Will Affect R&D Performance
			2. Recycle sponge foam and laminate waste and develop new products.
Development of functional and anti-yellowing additives	Under product development and trial production. Continuously improve performance from 2021 to 2024	R&D cost overall makes up of personnel charge and product development.	Development of functional additives and anti-yellowing agents for TPU films, product development and trial production stages, and continuous improvement of performance and application.
Development of highly wear-resistant and environmentally friendly technological textiles	Under product development and trial production. Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	Add an environmentally friendly coating to wear-resistant cloth to improve wear-resistant properties and meet environmental demands.
Summer cooling quilt/cooling pad, graphene winter quilt/mattress	Under product development and trial production. Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1. Summer products are expected to evaluate market trends in 2024Q1, select suitable and competitive materials, and plan to launch them in Q2. 2. Graphene is expected to evaluate market

R&D Product	Progress of R&D Plan and Schedule of Mass Production	Investment in R&D	Main Factor that Will Affect R&D Performance
			trends in 2024Q2, select suitable and competitive materials, and plan to launch it in Q3 to Q4.
Development of marine waste recycling functional belts	Under product development and trial production. Development complete in 2023 to 2024.	R&D cost overall makes up of personnel charge and product development.	Use marine waste recycled materials to develop new circular economy products to enhance product value and comply with the trend of international brands' environmental demands.

b Electronic Product

We are based on niche products and develop in a specific market. We develop competitive products with integration of techniques of upstream and companies within the same industry. The R & D for products aims at power supply for communication and industrial use, PoE, household appliances, domestic power storage (not high energy storage) and power of medical equipment.

Future R&D plans and estimated investment:

R&D Product	Progress of R&D Plan and Schedule of Mass Production	Investment in R&D	Main Factor that Will Affect R&D Performance
60W Ethernet cable power supply (commercial)	Development started in 2022 Q2. To complete in 2023 Q2.	R&D cost overall makes up of personnel charge and product development.	1.Master of key materials 2.Knowledge of market prices 3.Reliability of commercial products
Developed fanless PD 3.1 Type C Output (Option) power supply	Development started in 2023 Q2. To complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	1.Master of key components and technologies 2.Knowledge of market prices

R&D Product	Progress of R&D Plan and Schedule of Mass Production	Investment in R&D	Main Factor that Will Affect R&D Performance
			3. Reliability of consumer and green energy products
Household energy storage equipment (non-high-power mobile energy storage machine)	Development started in 2022 Q2. To complete in 2023 Q2.	R&D cost overall makes up of personnel charge and product development.	Master of key materials

B. Investment R&D expenses in 2023 and as of March 31, 2024

Unit: NT\$ thousands

Item	Year	2023	As of March 31, 2024 (Note)
	R&D expenses		74,137
Operating revenue		2,411,798	599,964
Ratio to operating revenue		3.07%	2.89%

Note: Reviewed by CPA.

C. Developed products in 2023 to as of March 31, 2024

Year	Item	Profit
2023 to March 2024	GRS hook and loop fasteners	Completed development. Under mass production test.
	rTPEE film processing technology and film	Partial specification development completed, compliant with GRS specifications.
	Fully recycled single polyester composite	Test trial complete. Under mass production.
	Development of functional bio-sponges BIO-35 sponges	Development completed and USDA certified, and customer orders obtained.
	100% bio-based main gel sponge development	Test trial complete. Under mass production.
	Development of anti-cutting functional fabric using recycled coffee grounds as raw materials	Completed part of development. Continuing development

Year	Item	Profit
	Development of special structure abrasion-resistant fabric combined with branded yarns	Completed part of development. Continuing development
2023 to March 2024	Graphene technology titanium germanium zinc energy quilt	Completed development. Under mass production.
	Super graphene titanium germanium energy pants	Completed development. Under mass production.
	Graphene air conditioning freezing energy quilt	Completed development. Under mass production.
	Super graphene cloud pressure relief pillow, space pressure relief pillow	Completed development. Under mass production.
	Graphene cool energy bedsheet-style mattress	Completed development. Under mass production.
	Graphene energy pressure relief mattress	Completed development. Under mass production.
	Graphene titanium germanium heating scarf	Completed development. Under mass production.
	30W cable power supply (information equipment)	Completed development. Under mass production.
	High-voltage leakage protector (domestic)	Completed development. Under mass production.
	Plasma power supply derivatives (Dielectric barrier discharge wide type)	Completed development. Under mass production test.
	Fitness equipment power supply (Open Frame Type)	Completed development. Under mass production test.
Intelligent monitoring (street lighting)	Completed development. Under mass production test.	

(4). Long-, short-term business development plan

A. Short-term business development plan

a Textile Composites

■ Hook loop and functional tapes, Functional protective textiles and products

Actively expanding market share in the safety protection market, outdoor sports and leisure market, and medical and care market, while deepening interaction with key customers. The company combines market trends with the specific needs of brand customers for development, to secure a leading position in the market. Simultaneously, strengthening the real-time feedback system between business units, accelerating the flow of information, reducing customer waiting time, and closely cooperating with customers on a mutually

beneficial and trustworthy basis to achieve mutual growth.

■ Polymeric elastomer foam composite materials, Functional membrane and composite materials

Actively developing in the direction of market development, researching bio-based and recycled materials, combining relevant certifications (Bluesign, OEKO-TEX class 1, GRS, etc.), patents, and collaborating with brand-name suppliers (including well-known raw material suppliers), to expand market share in the safety protection market, outdoor sports and leisure market, and medical and care market, while deepening existing customer relationships.

For brand customers, providing comprehensive services from four production bases in Taiwan, Ka Shing, Dongguan in China, and Vietnam, offering various levels of bio-based and recycled materials, allowing brand customers to choose more environmentally friendly and sustainable materials without affecting profits, and even helping them create greater profits; meanwhile, striving for more cooperation opportunities.

b Chemical Product

(a) We endeavor in the domestic market of Mainland China and reinforce the development in specific markets, e.g., South East Asia and South Asia (Bangladesh, Sri Lanka), emerging markets, etc.

(b) We reinforce natural and environmentally friendly products to open up opportunities in the market.

(c) We seek strategic partners and expand their overseas market via current customer relations.

(d) We expand business level via brand agents and supplier associations and develop customer brands.

c Electronic Product

(a) We participate in professional forums and exhibitions and conduct heterogeneous development via information provided by TAITRA, in order to expand business level.

(b) We associate strategically with Mainland Chinese power plants and integrate resources against low-priced market or varying product specifications.

(c) We reinforce cooperation with suppliers and contractors and seek strategic partners. We cooperate on the development of products and reduce development costs of products and inventory, to improve product competitiveness.

(d) We analyze current customers and target potential customers for deepening relations.

(e) We seek new product lines and develop via cross-industry alliance.

B. Long-term business development plan

- a Continuous innovation in the development of textile composites: Actively developing sustainable products with new functions and entering new markets, developing high-value-added products, and increasing product profitability.
- b Establishing a global sales network: Seeking appropriate agents or distributors according to market potential, and utilizing AI to optimize online marketing and traffic tools, increasing international visibility. Apart from building a professional image, this also enhances exposure on search engines like Google, increasing potential customer visits and understanding opportunities.
- c Continuing to participate in international exhibitions: Strengthening brand promotion by participating in major international exhibitions (e.g., DEMA Dive Show in the USA, Foam Expo in the USA), increasing international visibility, attracting media attention and coverage through interactive experiences at the events, and participating in relevant professional forums and exhibitions.
- d Expanding overseas production bases: Primarily developing in Southeast Asia, expanding into the ASEAN region including Vietnam, India, Indonesia, and Thailand, and gradually expanding to the Middle East, Eastern Europe, and Africa.
- e Establishing sustainable supply chain relationships: Optimizing brand image and market cultivation, finding reliable suppliers and international renowned manufacturers, forming alliances to develop new products or becoming their OEM factories, establishing cooperative partnerships together.
- f Continuing to promote sustainability: Continuously promoting the company's sustainable development goals, promoting energy conservation and environmental protection, optimizing employee benefits, actively participating in social welfare activities, and responding promptly to social issues of concern to enhance the company's good corporate image and credibility.

2. Market and product & sales

(1). Market analysis

A. Analysis of available sales regions of product and service by company

Unit: NT\$ thousands

Region \ Year	2022		2023	
	Sales	Ratio	Sales	Ratio
Taiwan	782,359	25.38%	579,533	24.03%
Asia	1,430,336	46.41%	1,057,617	43.85%
America	410,621	13.32%	413,679	17.15%
Europe	317,421	10.30%	251,701	10.44%
Other	141,490	4.59%	109,268	4.53%
Total	3,082,227	100.00%	2,411,798	100.00%

B. Market share and supply and demand of market in future and margin

Market share

a Textile Composites

■ Hook loop and functional tapes, Functional protective textiles and products

Currently the major sale location is focused on Taiwan and Mainland China. There is still room for growth in the US and Europe markets. We are expanding our global business. However, due to the current global situation and the Covid-19 pandemic, progress has been slow. To enhance the visibility of existing brands in the market, we enhance the exposure of the existing brand in the current market. We associate with brands and customers strategically. Sales shall improve their competence and enhance the knowledge of different materials, reflect customers' requirements in a timely manner and advise customers properly. We shorten the R&D and production schedule of products, facilitate the efficiency of product development, and thus achieve customer satisfaction. We integrate the material supply chain with materials from affiliates and other supply chains. We strive for OEM, ODM cooperation with brands.

■ Polymeric elastomer foam composite materials, Functional membrane and composite materials

We expanded to other markets outside Asia. We are developing the existing domestic market and Mainland Chinese market. We are establishing strong roots in Taiwan, with our foot in the World.

We improve our brand's image and reputation, develop the overseas market, seek cooperation with global brands. We concentrate on tracking the current developing projects of flagship brand customers and discuss the information sources with customers or use it; we strive to understand and forecast future

market trends. We promote to target customers. We analyze the product requirements of our key customers whose turnover has a significant increase. We integrate the supply chain and facilitate a customised production development.

b Chemical Product

The current sales region focuses on Taiwan and Mainland China. There is room for growth for direct customers overseas. We are estimating the potential of setting a sales point overseas since the lifting of measures for the Covid-19 pandemic. Our target is having a sales agent in ASEAN states, South Asia and the Middle East.

The company introduces OEM, an access to brands, production plants, facilitated by stronger relations with brands via acquisition of product agents and distribution rights, so that products can be introduced then for orders. The mode allows quick contact with customers and expand customer service coverage.

c Electronic Product

The sales region focuses on US and Europe (appr. 40%) accompanying Asia (Japan and Taiwan appr. 38%). We are endeavoring in US and Europe, Japan, and Taiwan markets and enhancing development in Brazil and other emerging markets.

Future supply and demand of the market

a Textile Composites

■ Hook loop and functional tapes, Functional protective textiles and products

We implement functional application and sustainability and environmental-friendliness; we increase our exposure via trade fairs or exhibitions. We respond and handle customer's orders promptly, filter unsuitable customers and target core customers. We are optimistic and responsible for maintaining good relations in the market and our customers. Polymeric elastomer foam composite materials, Functional membrane and composite materials

We lack experience in customer development in India/Vietnam/Japan and other foreign markets. We develop qualified agents and traders and evaluate their willingness for cooperation and business ideas and suitability. We visit downstream distributors or end customers to understand the competence and evaluation of different distributors. We enhance development of upstream materials and suitability with the downstream market.

b Chemical Product

Polymer products and special chemical products have been a severe red sea market for the longest time. The competition has not eased despite loads of

customers downstream relocating overseas, while the competition relocated overseas. The output value will still grow, while customers downstream transfer to technical areas from the old industry. Non-toxic products replace products with highly toxic substances so that competitiveness is enhanced in the industry.

The concept of creating non-toxic products is gaining awareness. Even Mainland China - the major market is moving towards development of energy saving and carbon reduction and environmentally-friendly products. Non-toxic environmentally friendly products will be the mainstream market. The company has been developing this category. Aside from going with the trend, we are allowing ourselves to transform into a green production company.

c Electronic Product

Due to the diversification of electronics in future, the overall market will have an increase in demand, and overall it will be of diversification with limited quantity. Companies with sufficient research and development resources and timely reaction will for sure create more opportunities and margin; the company constantly invests in the development of new products. Diversification of products increases. In response to international trends and rapid industrial change, the company evaluates every process of investment in new products, as the key to success is to screen properly the market and customers.

C. Pros and cons of niche competition and development vision and response

Niche competition

a Textile Composites

■ Global Digital Marketing Layout

Since 2020, our company has actively utilized the advantages of our core and differentiated products to construct comprehensive content. Overcoming constraints of manpower and time, we have initiated global digital marketing tools, successfully attracting proactive inquiries from clients. In 2023, our digital marketing activities expanded globally, accumulating an increase of 5,228 customer inquiries since implementation and bringing in growth of over 498 new customers through online transactions. This demonstrates the significance of digital marketing to our business. In recent years, through continuous adjustment and optimization of content, we have deepened our focus on customer needs, optimized product marketing keywords, and improved graphic and textual content to expand global development opportunities.

■ Innovative Research and Development of Differentiated Textile Composite Materials

In terms of innovative research and development, we are committed to

creating high-tech textiles and composite polymer materials using sustainable recycled materials (Eco-Family series), lightweight materials, and intelligent composite materials. In addition to collaborating with long-term supply chains, we actively explore new sustainable suppliers to gain competitive advantages in new raw materials. By combining diverse innovative and processing technologies, we provide highly customized materials and finished product services, creating a one-stop shopping experience. In recent years, our efforts in developing environmentally friendly materials have gained recognition from brand customers, gradually increasing order volume and deepening cooperation relationships with brand customers, which has become our competitive advantage.

b Chemical Product

- (a) We will promote self-owned brand and OEM co-exists. We integrate technical core, customize products with special specifications. We plan our market strategy for OEM opportunities to increase business power.
- (b) We master our product techniques and associate with suppliers upstream.
- (c) Positioning ourselves as a "Solution Provider," we not only supply chemicals but also enhance technical support and after-sales service, actively assisting customers and creating value for their needs.

c Electronic Product

- (a) We integrate techniques and profession in the market of specific applications with fast and complete service and new competitive products. We are increasing market share as well as the gross margin of our products.
- (b) We increase service and components agent so that it will deepen our customer relations, e.g., we offer customized magnetic and hardware components, apply for safety certificates for our customers, provide product testing, etc.

Advantages

a Textile Composites

■ Increasing Demand in the Medical and Healthcare Markets

Affected by international conflicts, demand for medical industry-related consumables has increased, contributing to the growth in sales of hook and loop fasteners and various functional woven tapes. In the future, we will maintain excellent quality to meet the high specifications of the medical industry. We will also strengthen cooperation with partner factories to enhance service capabilities in the later stages of processing, allowing customers to experience the convenience of one-stop shopping and deepen customer loyalty.

■ Providing Diverse Composite Textile Materials

Committed to the innovation of diversified and environmentally friendly textile composite materials, including hook and loop fasteners and various functional woven tapes, special textile protective products and materials, polymer elastomer foamed composite materials, functional films, and composite materials. With various processing techniques, we can meet the special needs of customers across industries and domains.

Regardless of the development of biomass materials or recycled materials, our achievements have been validated through various certifications (such as USDA Bio-Based Product Label, Oeko-Tex Standard 100 certification, Bluesign certification, UL certification, FSC Forest Management Committee verification, Sustainable Apparel Coalition (SAC) Higg FEM Plant Environmental Management and FLSM Social Labor Verification), our capabilities and product reliability have continuously improved, leading to an increasing proportion of orders from foreign brand customers.

b Chemical Product

(a)(a) Environmental friendliness is a universal value. Promotion of non-toxic products and environmentally-friendly policy boosts the demand of business clients for the category.

(b)(b) Long-term development in the market and sound relations with important customers allows a foot in the door.

(c)(c) We master cost-effective and core technical competence and productivity.

(d)(d) We have an experienced business team with stable financial structure, business competency and profitability.

c Electronic Product

In response to compilation of information safety standard (IEC60950-1) and video safety standard (IEC60065-1), the new video and information communication standard (IEC62368-3), we applied for the safety standard at an early time. We were facing completion among the same players in the industry. The company consists of an experienced team and can respond to customer requirements in a timely manner.

The products of the company will associate with cross-industry players and build different product lines with flexible lead time. We can negotiate material inventory with customers. It will be advantageous for an unstable market with a short-lead time.

Disadvantages

a Textile Composites

(a) Increase in Personnel Costs: Faced with the annual rise in minimum wages and

inflation, coupled with a growing awareness of labor rights and human rights protection, the company's personnel costs have increased.

(b) Volatility in Raw Material Prices: Fluctuations in raw material prices are driven by international conflicts and climate change-induced imbalances in supply and demand. These fluctuations significantly impact customer order demands and the company's profitability.

(c) Geopolitical Risks: The unpredictable nature of international geopolitical dynamics necessitates continuous enhancement of operational capabilities across diverse locations to mitigate the impact of geopolitical risks.

b Chemical Product

(a) The employee turnover rate is high. It hampers the technique development and industrial competitive.

(b) Environmental concerns emerge. Environmental standard is getting strict and hampers certain production aspects.

(c) Raw materials are susceptible to international market fluctuations and hampers cost control.

c Electronic Product

Big brands dominate customers and product market with abundant resources and scale; meanwhile, the thriving Mainland Chinese plants causes severe price competition. Mainland China has abundant resources and capital. It brings overwhelming competition.

Response

a Textile Composites

(a) Coping with Annual Increases in Personnel Costs

- Maximize order efficiency through automated systems.
- Gradually introduce self-operated equipment to improve production quality and reduce labor costs.
- Enhance employee skills and efficiency through On-the-Job Training (OJT) to utilize human resources more effectively.

(b) Strategies for Coping with Large Fluctuations in Raw Material Prices

- Continuously monitor trends in raw material prices and adjust procurement strategies based on demand forecasts to optimize purchasing.
- Strengthen cooperation and communication with suppliers to stabilize the supply of raw materials.
- Develop new suppliers to reduce dependence on a single supplier and mitigate risks from fluctuations in raw material prices.

(c) Measures to Address Geopolitical Risks

- Strengthen operations at the Vietnam plant to diversify risks and reduce

dependence on a single region.

- Evaluate operational layouts in other Southeast Asian regions to find more stable operating environments to address the impact of geopolitical risks.

b Chemical Product

- (a) We promote automatic and electric production process to reduce manpower.
- (b) We orient employees, increase remuneration and benefits, reduce work load, and create a quality work environment.
- (c) We are replacing environmental-hampering solvent products with green non-toxic products. Meanwhile we optimise waste water treatment equipment and commission waste disposal to professional parties regularly.
- (d) We develop high added value products and reduce material cost.

c Electronic Product

We concentrate our limited resources and elevate component integration and integrate supply chain. We enhance contact with important customers and overall service quality and level. We respond to customer requirements in a timely manner. We are certified before our competitors in terms of our products. We are improving product quality and developing new market share and new products.

(2). Main purpose and production process of major products

a Textile Composites

■ Hook loop and functional tapes

Divided into standard and special functional hook and loop fasteners, plastic injection hooks, napping fabrics, and knitted tape series, etc. We are working on product diversification. It can apply to tags, loafer fasteners and package. The production is via weaving machine that weaves rough belts, and then it will be carved for hook and be an end product.

■ Functional protective textiles and products

Other than general textiles, it is highly resistant, elastic, tough, and compatible fabric with other functions. It protects the weak body part under adverse conditions. Suitable for various types of protective clothing and supplies with functions such as puncture resistance, cut resistance, abrasion resistance, and fire resistance. The production method involves using functional yarns to weave functional fabrics, which are then used in special areas requiring protection.

■ Polymeric elastomer foam composite materials

Foam is enclosed. Different rubbers can be applied depending on requirements (e.g., chloroprene rubber, styrene-butadiene rubber, EVA, etc.).

The products are water-proof, thermal-insulating, and buffer, suitable for wetsuits, surfing suits, swimsuits, sweat suits, medical protective gear, insoles, sports gear, bags, etc. The production of foaming sponge is via combination of foaming resin, foam aide, and adhesive resin (adhesive to end product).

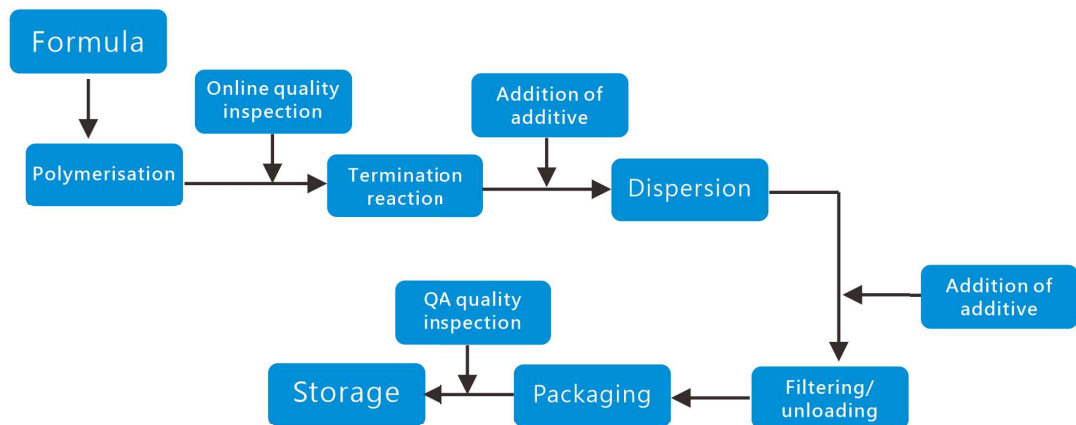
■ Functional membrane and composite materials

Polymer films, thermoplastics, TPU films, TPEE films, micro-porous films are wind-proof, water-proof, moisture permeable and environmental friendly, suitable for wind jackets, raincoats, jackets, car cover, sleeping bags, etc. The production is via heating plastic particles then coating or blowing in order to get film products.

b Chemical Product

(a) Polymer products supply synthetic leather, split leather, genuine leather, textile, and shoes, and other industrial use, etc.

(b) Special chemical supply mainly for garment textile, shoe materials, cotton filling, furniture and bed, medical cloth and rubber plastic foaming and injection, and other industrial use, etc.



c Electronic Product

The main purpose of Power supply is power conversion. It can be categorised into 1. AC to AC 2. AC to DC 3. DC to AC 4. DC to DC; the company products include all types of conversion, mainly AC to DC. Its installation is attached or embedded, attached; attachment can be wall or desk insertion, replaceable AC plugs; embedding can be shell or open, then be categorised into ten groups based on details and use.

The main production process is via mounting chip resistor and component, plug-in of general electronics, soldering, product test and package phase.

(3). Supply condition of main materials

Materials	Origin	Supplier	Upstream inventory	Supply
Plastic pellets	China	Zhejiang HuaFeng	Stable	Good
Cloth	Taiwan	TRUEWAY	Stable	Good
Rough matte belt	Taiwan	WONDERFUL	Stable	Good

(4). Customers with a gross sale over ten percent and their sales and ratio in either year of the past two years.

A. Major suppliers with net purchase over 10 % for the past two years

Unit: NT\$ thousands

No.	2022			2023			2024 as of previous quarter					
	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
1	-	-	-	-	-	-	-	-	-	-	-	-
	Other	1,688,619	100.00		Other	1,171,881	100.00		Other	312,274	100.00	
	Net purchase	1,688,619	100.00		Net purchase	1,171,881	100.00		Net purchase	312,274	100.00	

B. Major customers for the past two years

Unit: NT\$ thousands

No.	2022			2023			2024 as of previous quarter					
	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
1	-	-	-	-	-	-	-	-	-	-	-	-
	Other	3,082,227	100.00		Other	2,156,401	89.41		Other	528,794	88.14	
	Net purchase	3,082,227	100.00		Net purchase	2,411,798	100.00		Net purchase	599,964	100.00	

(5). Yield of the past two years

Unit: NT\$ thousands

Production Volume value	Year	2022			2023		
		Capacity	Yield	Output value	Capacity	Yield	Output value
Main Products							
Textile Composites (Note 3)		229,048,637	207,047,188	2,453,094	226,678,000	183,367,040	1,931,218
Electronic Product (PCS)		5,221,156	2,746,037	184,849	1,800,000	1,080,554	71,875
Chemical Product(KG)		1,029,172	308,331	64,194	330,000	255,203	43,781

Note 1: Capacity implies the quantity the company produces under normal function with use of current production equipment and consideration of necessary suspension, holidays, other factors, etc.

Note 2: Yield includes commissioned quantity.

Note 3: Unit ranges from PCS, BAG, M, and YDS, etc.

(6). Sales value of the past two years

Unit: NT\$ thousands

Production Volume value	Year	2022				2023			
		Domestic		Export		Domestic		Export	
		Yield	Value	Yield	Value	Yield	Value	Yield	Value
Main Products									
Textile Composites (Note)		86,996,669	671,084	106,967,286	2,046,664	77,736,694	520,726	98,896,919	1,676,863
Electronic Product (PCS)		460,062	74,200	1,477,433	138,421	254,905	38,557	445,866	46,111
Chemical Product(KG)		94,875	27,942	330,412	114,783	48,539	20,249	1,638,304	109,292
Other Product (PCS)		40,609	9,133	-	-	-	-	-	-
Total			782,359		2,299,868		579,532		1,832,266

Note: Unit ranges from PCS, BAG, M, and YDS, etc.

3. Employee information by past two years and end of March 31, 2024

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct labor	373	329	326
	Indirect and management sales staff	454	428	429
	Total	827	757	755
Average age			41.95	42.03
Average service term			10.88	10.91
Highest Degree	PhD	0.36%	0.40%	0.40%
	Master's	6.29%	6.47%	6.23%
	Bachelor's	38.33%	41.35%	41.99%
	High School (including) and below	55.02%	51.78%	51.38%

4. Environmental cost

(1). Environmental damage (including indemnity and environmental protection inspection of violations to environmental law. Specify disposition date, disposition reference number, violated articles, violated content, disposition details) by recent year end and closure of annual report shall be disclosed:

No.	Date of disposition	Disposition reference	Violation concerned	Disposition
1	April 18, 2023	Occupational permit ref. 1120042939	Air Pollution Control Act Art. 36 Par. 1, Article 5 Penalty Guidelines, Art. 3, Par. 1, Item 2-1	NT\$ 3,000 fine
	<p><u>Violation concerned:</u> The small truck was stopped and inspected, and the test results exceeded the limit specified in Article 5 of the Air Pollutant Emission Standards for Mobile Pollution Sources.</p>			
2	October 19, 2023	Occupational permit ref. 1120130146	Water Pollution Control Act Art. 7 Sec. 1	NT\$ 105,000 fine
	<p><u>Violation concerned:</u> After inspection, a group of water samples were taken from the discharge outlet and submitted for inspection. The test values did not meet the limits specified in the discharge water standards for the printing and dyeing finishing industry.</p>			

(2). Current and potential loss and response. Shall it fail to be reckoned, it shall be justified by fact: N/A.

5. Labor relations

(1). Employee benefits, development, training, pension, and its implementation, and Labor agreement and employee protection:

A. Employee benefits, development, training:

a Benefits: includes labor insurance, universal health insurance, company accident insurance, holiday bonus, wedding/funeral subsidy, birthday coupon, birth subsidy, child scholarship, association activities and subsidy, department eat-out, annual employee health check, year end banquet and lantern festival lottery, employee travel, meal cheques, employee discounts, liaised shops.

b Employee benefit remuneration committee: The company established the Employee Remuneration Committee that looks after employees' welfare, facilitate wellbeing, and maintain labor relations as main purpose. Employees elect members for the said committee who organise and execute employee benefit plans with reference to company advice. Labor relations are strengthened hence and employees are oriented.

c On-the-job training: onboard training is provided to new employees. Employees during service will be trained based on one's function, self-conducted or commissioned professional and management training. Complete training system will improve the profession and competency of employees. °

Training details for 2023

Training	Sessions	Number of Participants	Total hours	Total expenses (NT\$)
1. Onboard	25	98	458	-
2. Profession and competency	100	470	3,624	399,796
3. Leadership	25	325	2,230	142,485
4. General education	44	557	2,970	134,594
Total	194	1,450	9,282	676,875

Training details of managers for 2023

Title	Name	Date Elected	Term of training		Organiser	Session	Hour(s) of training
			Start	End			
General Manager	Chang, Shun-Ching	June 1, 2019	September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	Business Risk Management And Corporate Governance	3
			September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	A New Level Of Corporate Governance - Establishing An Enterprise Operating With Integrity	3

Title	Name	Date Elected	Term of training		Organiser	Session	Hour(s) of training
			Start	End			
Chief Financial Officer	Pai, Ching-Jen	Dec. 1, 2020	September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	Business Risk Management And Corporate Governance	3
			September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	A New Level Of Corporate Governance - Establishing An Enterprise Operating With Integrity	3
Accounting Manager / Corporate Governance Officer	Su, Meng-Hsu	Aug. 10, 2016	August 7, 2023	August 7, 2023	Taipei Exchange	2023 Insider Equity Publicity Briefing For Listed And Emerging Companies	3
			September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	Business Risk Management And Corporate Governance	3
Accounting Manager / Corporate Governance Officer	Su, Meng-Hsu	Aug. 10, 2016	September 27, 2023	September 27, 2023	Taiwan Corporate Governance Association	A New Level Of Corporate Governance - Establishing An Enterprise Operating With Integrity	3
			September 28, 2023	September 28, 2023	Accounting Research and Development Foundation	Relevant Policy Development And Internal Management Practice Of Latest ESG CSR And Self-Prepared Financial Statement	6
			October 06, 2023	October 06, 2023	Accounting Research and Development Foundation	Practical Analysis Of The Latest "Sustainable Development Action Plan" And The Impact Of Net-Zero Carbon Emissions On Financial Reporting	6
			October 16, 2023	October 17, 2023	Accounting Research and Development Foundation	Accounting Manager Training At Issuer Securities Issuer	12
			November 22, 2023	November 22, 2023	The Institute of Internal Auditors-Chinese Taiwan	How To Adjust Internal Control Systems To Adapt To New ESG Standards	6
			December 12, 2023	December 12, 2023	The Institute of Internal Auditors-Chinese Taiwan	Interpretation Of Financial Analysis Indicators And Prevention Of Operational Risks	6

d Employee training subsidy: the company encourages constant development and training for employees. Besides annual planning of employee training, commissioned training from business requirements will be covered or partially reimbursed by the company. Should employees study and apply for part-time universities, it will be awarded or reimbursed.

B. Pension and implementation

The pension of the company and subsidiaries is subject to former and current pension act. Pension is allocated per month by law to the personal pension account of the Bureau of Labor Insurance and account of Supervisory Committee of Business Entities' Labor Retirement Reserve.

C. Labor agreement and maintenance of employee benefits

a Labor conference: there is a regular labor conference every three months. Labor and company representative discuss and communicate issues for agreement and implementation.

b Q&A and appeal: the company pays attention to employees' Q&A. Employees may express themselves towards direct manager or General Manager vis-à-vis or via written form to a designated letter box. It allows communication and advice exchange between Labor and the company.

c Protection of employee benefits: our employee benefits are implemented pursuant to the Labor act and regulations. We offer, in addition, comprehensive and complete health care and assistance for coworkers, e.g., locale nursery, health check, company insurance and first-aid assistance, etc.

(2). Specify date, reference, violated rules, violation of disposition and disposition details from loss of Labor disputes in recent year and by closure date of report issue: N/A.

(3). Current and potential estimation of cost and response measures. Shall estimation fail, please justify by fact.: N/A.

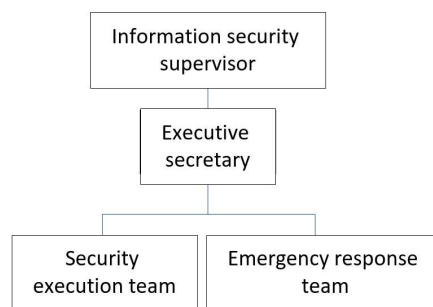
6. Cyber security management

(1). Information on cyber risk management structure, information security policy, concrete management plan and resources for information security management.

A. Information security risk management structure

a In order to reinforce cyber security management, data security, system and internet security, reduction of cyber risks, we established a cyber security implementation team and facilitate cyber security audit internally and externally regularly by the company.

b Cyber security team: One cyber security supervisor and one executive secretary, including security execution team, emergency response team.



B. Cyber security policy:

The cyber security policy was promulgated so that it allows the cyber security management to be implemented, function, be supervised and managed, prevail, thus the confidentiality, integrity, and availability of the information system by the company will be ensured. It serves as a guideline for employees and ensures the right of the entire employees. We anticipate the entire employees understand, implement, and maintain the business targets of the company.

a Improvement of cyber security, management of security

We supervise entire staff to implement cyber security. No one is left behind from cyber security. We inform cyber security per year to improve cyber security awareness. Shall there be violation to cyber security, the violator will be disciplined pursuant to disciplinary rules.

b Complementing cyber protection. Ensuring operation to prevail.

Everyone in the company implements the cyber security system, in order to protect information and asset from improper management of outer and inner personnel that risks leaks, damage, or loss. Proper cyber security measures are selected to reduce risks to an acceptable level for constant supervision, review, and audit of the ISMS system. It ensures operation to prevail and suitability is achieved.

C. Management details and invested cyber security resources

The invested cyber information management includes that of the current year by the company includes:

- a Following ISO27001 procedures and undergoing re-evaluation in March 2024, obtaining certification, and planning to upgrade to ISO 27001 2022 version starting September 2024, keeping up with advancements to promote information security environment improvements, verified by certification authorities and obtaining certification.
- b The company's core TIPTOP system originally ran on IE, but due to Microsoft's policy discontinuing IE, the TIPTOP system and CR report upgrade project were completed in July 2024 to ensure uninterrupted system operation.
- c Conducting malicious email social engineering simulation exercises and providing information security education and training for high-risk personnel to enhance information security awareness and sensitivity across all units.
- d The company's external firewalls and core switches are reallocated according to existing resources to enhance network usage management, blocking malicious websites and non-work-related content, thus increasing the level of information security.

(2). Specify loss, potential effects and measures from material information security events from the recent year end and closure date of annual report; shall estimation fail, please justify by fact: N/A.

7. Important contracts:

Type of contract	Creditor	Term of contract	Details	Limitation
Credit	Land Bank of Taiwan Co., Ltd.	Sep. 29, 2020~ Sep. 28, 2025	Syndicated Loan	N/A

VI. Financial Statement

1. Recent five-year condensed balance sheets and statement of comprehensive income, CPAs and comments of audit

(1). Recent five-year condensed balance sheets and consolidated statement of comprehensive income

Condensed balance sheets-IFRS application

Unit: NT\$ thousands

Item	Year	Financial Statement for the Last Five Years					Financial Statement as of March 31, 2024
		2019	2020	2021	2022 (Re-settlement)	2023	
Current assets		1,535,447	1,621,069	1,878,271	1,795,323	1,678,789	1,690,817
Property, plant and equipment		1,010,501	924,505	1,059,156	1,064,128	951,614	939,927
Intangible assets		92,931	92,182	92,148	92,965	94,264	94,368
Other assets		194,447	338,270	402,612	487,850	701,051	694,221
Total assets		2,833,326	2,976,026	3,432,187	3,440,266	3,425,718	3,419,333
Current liabilities	Before distribution	919,738	901,874	1,172,630	1,134,722	777,820	731,079
	After distribution	919,738	901,874	1,246,065	1,214,277	(Note 1)	-
Non-current liabilities		766,728	844,876	809,820	666,390	983,769	969,076
Total liabilities	Before distribution	1,686,466	1,746,750	1,982,450	1,801,112	1,761,589	1,700,155
	After distribution	1,686,466	1,746,750	2,055,885	1,880,667	(Note 1)	-
Equity attributable to shareholders of the parent company		1,146,860	1,229,276	1,449,737	1,639,154	1,664,129	1,719,178
Share capital		1,223,923	1,223,923	1,223,923	1,223,923	1,223,923	1,223,923
Capital surplus		32,321	32,321	57,621	57,621	100,683	100,683
Retained earnings (for loss coverage)	Before distribution	(77,753)	(4,512)	145,969	250,428	183,438	221,568
	After distribution	(77,753)	(4,512)	72,534	170,873	(Note 1)	-
Other equity		(31,631)	(22,456)	22,224	107,182	156,085	173,004
Treasury stock		-	-	-	-	-	-
Non-controlling equity		-	-	-	-	-	-
Total equity	Before distribution	1,146,860	1,229,276	1,449,737	1,639,154	1,664,129	1,719,178
	After distribution	1,146,860	1,229,276	1,376,302	1,559,599	(Note 1)	-

Note 1: 2023 Distribution of earnings has not been resolved by the Shareholders' Meeting.

Note 2: The company launched amendment to IAS 12 on Jan. 1, 2023, deferred tax related to assets and liabilities arising from a single transaction. Temporary difference between all deductible and taxable regarding lease and decommission on Jan. 1, 2022 shall be corrected. Liabilities with deferred income tax and asset with deferred income tax will be recognised. Retroceable re-settlement was applied for 2022.

Condensed consolidated statement of comprehensive income -IFRS application

Unit: NT\$ thousands

Item	Year	Financial Statement for the Last Five Years					Financial Statement as of March 31, 2024
		2019 (Re-settlement)	2020	2021	2022	2023	
Operating revenue		2,914,426	2,675,589	3,356,900	3,082,227	2,411,798	599,964
Gross profit		749,432	676,490	871,762	820,094	605,087	173,988
Profit from operations		148,933	113,455	190,929	139,914	18,964	23,913
Non-operating income and expenses		(34,586)	(25,868)	(14,836)	51,585	21,203	26,928
Profit before income tax		114,347	87,587	176,093	191,499	40,167	50,841
Operating profit before tax		70,931	66,465	150,255	177,619	12,546	38,130
Discontinued loss		-	-	-	-	-	-
Net profit for the year		70,931	66,465	150,255	177,619	12,546	38,130
Other comprehensive income (income after tax)		(36,682)	15,951	44,906	85,233	48,922	16,919
Total comprehensive income for the year		34,249	82,416	195,161	262,852	61,468	55,049
Comprehensive profit attributable to Shareholders of the parent		70,931	66,465	150,255	177,619	12,546	38,130
Profit attributable to non-controlling equity		-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent		34,249	82,416	195,161	262,852	61,468	55,049
Comprehensive income attributable to non-controlling		-	-	-	-	-	-
Earning per share (NT\$)		0.58	0.54	1.23	1.45	0.10	0.31

Note: The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. on Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement.

Condensed parent company only balance sheets-IFRS application

Unit: NT\$ thousands

Item	Year	Financial Statement for the Last Five Years					Financial Statement as of March 31, 2024
		2019 (Re-settlement)	2020	2021	2022	2023	
Current assets		735,884	748,474	958,310	981,367	868,071	N/A
Property, plant and equipment		622,679	527,523	637,890	640,755	563,338	
Intangible assets		2,960	2,627	2,620	3,441	4,802	
Other assets		1,083,957	1,124,267	1,319,285	1,428,051	1,673,222	
Total assets		2,445,480	2,402,891	2,918,105	3,053,614	3,109,433	
Current liabilities	Before distribution	632,761	532,588	835,371	936,116	611,319	
	After distribution	632,761	532,588	908,806	1,015,671	(Note 1)	
Non-current liabilities		665,859	641,027	632,997	478,344	833,985	
Total liabilities	Before distribution	1,298,620	1,173,615	1,468,368	1,414,460	1,445,304	
	After distribution	1,298,620	1,173,615	1,541,803	1,494,015	(Note 1)	
Equity attributable to shareholders of the parent company		1,146,860	1,229,276	1,449,737	1,639,154	1,664,129	
Share capital		1,223,923	1,223,923	1,223,923	1,223,923	1,223,923	
Capital surplus		32,321	32,321	57,621	57,621	100,683	
Retained earnings (for loss coverage)	Before distribution	(77,753)	(4,512)	145,969	250,428	183,438	
	After distribution	(77,753)	(4,512)	72,534	170,873	(Note 1)	
Other equity		(31,631)	(22,456)	22,224	107,182	156,085	
Treasury stock		-	-	-	-	-	
Non-controlling equity		-	-	-	-	-	
Total equity	Before distribution	1,146,860	1,229,276	1,449,737	1,639,154	1,664,129	
	After distribution	1,146,860	1,229,276	1,376,302	1,559,599	(Note 1)	

Note 1: 2023 Distribution of earnings has not been resolved by the Shareholders' Meeting.

Note 2: The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. on Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement.

Condensed consolidated statement of comprehensive income -IFRS application

Unit: NT\$ thousands

Item \ Year	Financial Statement for the Last Five Years					Financial Statement as of March 31, 2024
	2019 (Re-settlement)	2020	2021	2022	2023	
Operating revenue	1,736,874	1,580,760	1,987,624	2,014,659	1,611,660	N/A
Gross profit	471,527	420,898	559,279	544,812	431,397	
Profit from operations	93,467	68,310	126,336	98,488	62,689	
Non-operating income and expenses	4,667	3,965	30,201	84,666	(35,284)	
Profit before income tax	98,134	72,275	156,537	183,154	27,405	
Operating profit before tax	70,931	66,465	150,255	177,619	12,546	
Discontinued loss	-	-	-	-	-	
Net profit for the year	70,931	66,465	150,255	177,619	12,546	
Other comprehensive income (income after tax)	(36,682)	15,951	44,906	85,233	48,922	
Total comprehensive income for the year	34,249	82,416	195,161	262,852	61,468	
Comprehensive profit attributable to Shareholders of the parent	70,931	66,465	150,255	177,619	12,546	
Profit attributable to non-controlling equity	-	-	-	-	-	
Comprehensive income attributable to Shareholders of the parent	34,249	82,416	195,161	262,852	61,468	
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	
Earning per share (NT\$)	0.58	0.54	1.23	1.45	0.10	

Note: The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. on Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement.

(2). Five-year CPA names and audit commentary

Audit Year	CPA	Commentary
2023	Chang, Cheng-Hsiu, Huang, Hsiu-Chun	No expression of reservation
2022	Huang, Hsiu-Chun, Chuang, Pi-Yu	No expression of reservation
2021	Huang, Hsiu-Chun, Chuang, Pi-Yu	No expression of reservation
2020	Chuang, Pi-Yu, Huang, Hsiu-Chun	No expression of reservation
2019	Chiu, Cheng-Chun, Chuang, Pi-Yu	No expression of reservation

2. Financial Statement for the past five years

(1). Consolidated financial analysis-IFRS application

Analysis		Year	Financial Statement for the past five years					Year end as of March 31, 2024
			2019	2020	2021	2022 (Re-settlement)	2023	
Financial structure (%)	Debt ratio	59.52	58.69	57.76	52.35	51.42	49.72	
	Ratio of long-term capital to property, plant and equipment	189.37	224.35	213.33	216.16	278.25	286.00	
Solvency (%)	Current ratio	166.94	179.74	160.17	158.21	215.83	231.27	
	Quick ratio	122.25	132.05	114.54	111.70	170.71	184.47	
	Interest coverage ratio	6.54	4.37	7.79	7.47	2.80	14.22	
Operating performance	Receivable turnover rate (times)	5.20	4.96	5.75	5.68	5.49	5.35	
	Average cash recovery day	70	74	63	64	66	68	
	Inventory turnover rate (times)	5.69	4.93	5.34	4.40	4.26	5.14	
	Payable turnover rate (times)	6.99	6.11	7.23	7.89	8.09	8.02	
	Average days in sales	64	74	68	83	86	71	
	Property, plant, and equipment turnover rate (times)	3.17	2.76	3.38	2.90	2.39	2.53	
	Total assets turnover rate (times)	1.06	0.92	1.04	0.90	0.70	0.70	
Profitability	Return on total assets (%)	3.17	3.00	5.33	5.88	0.88	1.20	
	Return on stockholders' equity (%)	6.28	5.59	11.21	11.50	0.75	2.25	
	Pre-tax income to paid-in capital (%)	9.34	7.15	14.38	15.64	3.28	4.15	
	Profit ratio (%)	2.43	2.48	4.47	5.76	0.52	6.35	
	Earnings per share (NT\$)	0.58	0.54	1.23	1.45	0.10	0.31	
Cash flow	Cash flow ratio (%)	19.46	12.26	10.98	36.82	28.03	(0.52)	
	Cash flow adequacy ratio (%)	100.07	112.74	66.90	86.46	112.37	133.02	
	Cash reinvestment ratio (%)	6.27	3.67	3.99	10.46	3.70	(0.10)	
Leverage	Operating leverage	4.77	5.51	4.21	5.43	29.55	6.86	
	Financial leverage	1.16	1.29	1.15	1.26	(5.71)	1.19	
Please justify the financial rate change for the past two years. (is exempted if difference falls below 20%)								
1.Ratio of long-term capital to property, plant and equipment: cause of change is due to increase in non-current liabilities.								
2.Current ratio/Quick ratio/Cash flow ratio: cause of change is due to current liabilities reduced.								
3.Interest coverage ratio/Pre-tax income to paid-in capital: cause of change is due to operating profit before tax reduced.								

- 4.Total assets turnover rate/Profit ratio: cause of change is due to decrease operating revenue reduced.
- 5.Return on total assets/Return on stockholders' equity/Earning per share: cause of change is due to net profit for the year reduced.
- 6.Cash flow adequacy ratio: cause of change is due to inventory reduced.
- 7.Cash reinvestment ratio: cause of change is due to increase in other non-current assets and operating funds.
- 8.Operating leverage: cause of change is due to operating revenue, variable operating costs and expenses and profit from operations reduced.
- 9.Financial leverage: cause of change is due to profit from operations reduced.

Note 1: Formulae of the table as following:

1. Financial structure

(1) Debt to asset ratio= $\frac{\text{total liabilities}}{\text{total Asset}}$

(2) Ratio of long-term capital to property, plant and equipment= $\frac{\text{total equity} + \text{non-current liabilities}}{\text{net capital from property, plant and equipment}}$

2.Solvency

(1) Current ratio= $\frac{\text{current assets}}{\text{current liabilities}}$

(2) Quick ratio= $\frac{\text{current assets} - \text{inventory} - \text{Prepayment}}{\text{current liabilities}}$

(3) Interest coverage ratio= $\frac{\text{net profit of income tax and interest expense}}{\text{interest expense}}$

3.Operating performance

(1) Accounts receivable turnover (including accounts receivable and operation note receivable)= $\frac{\text{net sales}}{\text{remaining average receivable turnover}}$ (Accounts receivable turnover (including accounts receivable and operation note receivable))

(2) Average days in sales= $\frac{365}{\text{Accounts receivable turnover}}$

(3) Inventory turnover= $\frac{\text{cost of goods sold}}{\text{average inventory}}$

(4) Accounts payable turnover (including accounts payable and operation note payable)= $\frac{\text{cost of goods sold}}{\text{remaining average receivable turnover}}$ (Accounts payable turnover (including payable turnover and operation note payable))

(5) Average days in sales= $\frac{365}{\text{Inventory turnover}}$

(6) Property, plant and equipment turnover= $\frac{\text{net sales}}{\text{average net income from property, plant and equipment}}$

(7) Total asset turnover= $\frac{\text{net sales}}{\text{average asset total}}$

4.Profitability

(1) Return on total assets= $\frac{\text{net profit for the year} + \text{interest expense} \times (1 - \text{tax rate})}{\text{average asset total}}$

(2) Return on stockholders' equity= $\frac{\text{net profit for the year}}{\text{平均 total equity}}$

(3) Profit ratio= $\frac{\text{net profit for the year}}{\text{net sales}}$

(4) Earning per share= $\frac{\text{comprehensive profit attributable to Shareholders of the parent} - \text{Preferred share dividend}}{\text{Weighted Average Shares}}$

5.Cash flow

(1) Cash flow ratio= $\frac{\text{operation net cash flow}}{\text{current liabilities}}$

(2) Net Cash flow adequacy ratio= $\frac{\text{net cash flow of past five years}}{(\text{capital expenditure} + \text{inventory increase} + \text{cash dividend})}$ within five year

(3) Cash reinvestment ratio= $\frac{\text{operation net cash flow} - \text{Cash dividend}}{(\text{property, plant and equipment gross} + \text{long-term investment} + \text{other non-current asset} + \text{operation capital})}$

6.Leverage

(1) Operating leverage= $\frac{\text{Net operating revenue} - \text{variable operating costs and expenses}}{\text{profit from operations}}$

(2) Financial leverage= $\frac{\text{profit from operations}}{(\text{profit from operations} - \text{interest expense})}$

Note 2: The company launched amendment to IAS 12 on Jan. 1, 2023, deferred tax related to assets and liabilities arising from a single transaction. Temporary difference between all deductible and taxable regarding lease and decommission on Jan. 1, 2022 shall be corrected. Liabilities with deferred income tax and asset with deferred income tax will be recognized. Retraceable re-settlement was applied for 2022.

(2). Parent company only financial statement-IFRS application

Analysis		Year	Financial Statement for the past five years					Year end as of March 31, 2024
		2019 (Re-settlement)	2020	2021	2022	2023		
Financial structure(%)	Debt to asset ratio	53.10	48.84	50.31	46.32	46.48	N/A	
	Ratio of long-term capital to property, plant and equipment	291.12	354.54	326.50	330.46	443.44		
Solvency(%)	Current ratio	116.30	140.54	114.71	104.83	141.99		
	Quick ratio	79.72	101.62	80.43	73.17	106.38		
	Interest coverage ratio	6.38	4.30	9.95	8.95	2.58		
Operating performance	Accounts receivable turnover(times)	5.98	5.32	5.83	5.76	5.20		
	Average days in sales	61	69	63	63	70		
	Inventory turnover (times)	5.89	5.43	6.04	5.25	4.79		
	Accounts payable turnover (times)	6.91	6.19	6.79	7.25	7.14		
	Average days in sales	62	67	60	70	76		
	Property, plant and equipment turnover (times)	3.39	2.75	3.41	3.15	2.67		
	Total asset turnover (times)	0.72	0.65	0.74	0.67	0.52		
Profitability	Return on total assets (%)	3.54	3.47	6.17	6.56	0.85		
	Return on stockholders' equity (%)	6.28	5.59	11.21	11.50	0.75		
	Pre-tax income to paid-in capital (%)	8.02	5.91	12.78	14.96	2.23		
	Profit ratio (%)	4.08	4.20	7.55	8.81	0.77		
	Earning per share (NT\$)	0.58	0.54	1.23	1.45	0.10		
Cash flow	Cash flow ratio (%)	13.98	0.19	11.98	21.33	22.60		
	Cash flow adequacy ratio (%)	63.84	65.64	59.64	85.24	86.68		
	Cash reinvestment ratio (%)	6.62	0.08	7.08	4.52	1.82		
Leverage	Operating leverage	4.76	5.66	4.08	5.11	6.36		
	Financial leverage	1.24	1.47	1.16	1.30	1.38		
<p>Justify the cause for financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <p>1.Ratio of long-term capital to Property, Plant and Equipment: cause of change is due to increase in non-current liabilities</p> <p>2.Current ratio/Quick ratio: cause of change is due to current liabilities reduced.</p> <p>3.Interest coverage ratio/Pre-tax income to paid-in capital: cause of change is due to operating profit before tax</p>								

reduced.

4.Total assets turnover rate/Profit ratio: cause of change is due to operating revenue reduced.

5.Return on total assets/Return on stockholders' equity/Earning per share: cause of change is due to net profit for the year reduced.

6.Cash reinvestment ratio: cause of change is due to increase in other non-current asset and operating funds.

7.Operating leverage: cause of change is due to profit from operations reduced.

Note 1: Formulae of the table as following:

1.Financial structure

(1) Debt to asset ratio= $\frac{\text{total liabilities}}{\text{total Asset}}$

(2) Ratio of long-term capital to property, plant and equipment= $\frac{(\text{total equity} + \text{non-current liabilities})}{\text{net capital from property, plant and equipment}}$

2.Solvency

(1) Current ratio= $\frac{\text{current assets}}{\text{current liabilities}}$

(2) Quick ratio= $\frac{(\text{current assets} - \text{inventory} - \text{Prepayment})}{\text{current liabilities}}$

(3) Interest coverage ratio= $\frac{\text{net profit of income tax and interest expense}}{\text{interest expense}}$

3.Operating performance

(1) Accounts receivable turnover (including accounts receivable and operation note receivable)= $\frac{\text{net sales}}{\text{remaining average receivable turnover}}$ (Accounts receivable turnover (including accounts receivable and operation note receivable))

(2) Average days in sales= $\frac{365}{\text{Accounts receivable turnover}}$

(3) Inventory turnover= $\frac{\text{cost of goods sold}}{\text{average inventory}}$

(4) Accounts payable turnover (including accounts payable and operation note payable)= $\frac{\text{cost of goods sold}}{\text{remaining average receivable turnover}}$ (Accounts payable turnover (including payable turnover and operation note payable))

(5) Average days in sales= $\frac{365}{\text{Inventory turnover}}$

(6) Property, plant and equipment turnover= $\frac{\text{net sales}}{\text{net income from property, plant and equipment}}$

(7) Total asset turnover= $\frac{\text{net sales}}{\text{average asset total}}$

4.Profitability

(1) Return on total assets= $\frac{(\text{net profit for the year} + \text{interest expense} \times (1 - \text{tax rate}))}{\text{average asset total}}$

(2) Return on stockholders' equity= $\frac{\text{net profit for the year}}{\text{平均 total equity}}$

(3) Profit ratio= $\frac{\text{net profit for the year}}{\text{net sales}}$

(4) Earning per share= $\frac{(\text{Comprehensive profit attributable to Shareholders of the parent} - \text{Preferred share dividend})}{\text{Weighted Average Shares}}$

5.Cash flow

(1) Cash flow ratio= $\frac{\text{operation net cash flow}}{\text{current liabilities}}$

(2) Net Cash flow adequacy ratio= $\frac{\text{net cash flow of past five years}}{(\text{capital expenditure} + \text{inventory increase} + \text{cash dividend})}$ within five year

(3) Cash reinvestment ratio= $\frac{(\text{operation net cash flow} - \text{Cash dividend})}{(\text{property, plant and equipment gross} + \text{long-term investment} + \text{other non-current asset} + \text{operation capital})}$

6.Leverage

(1) Operating leverage= $\frac{(\text{Net operating revenue} - \text{variable operating costs and expenses})}{\text{profit from operations}}$

(2) Financial leverage= $\frac{\text{profit from operations}}{(\text{profit from operations} - \text{interest expense})}$

Note 2: The company launched amendment to IAS 12 on Jan. 1, 2023, deferred tax related to assets and liabilities arising from a single transaction. Temporary difference between all deductible and taxable regarding lease and decommission on Jan. 1, 2022 shall be corrected. Liabilities with deferred income tax and asset with deferred income tax will be recognized. Retraceable re-settlement was applied for 2022.

3. Audit Report of recent annual financial statements from Audit Committee

NAM LIONG GLOBAL CORPORATION

Audit Committee' s Review Report

The 2023 business report, parent company only financial statements and consolidated financial statements of the Company were prepared by its Board of Directors and certified by Chang, Cheng-Hsiu and Huang, Hsiu-Chun of Deloitte & Touche. The aforementioned reports, business report, parent company only financial statements and consolidated financial statements as well as earnings distribution proposal were reviewed by the Committee and are certified true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2024 Annual Shareholders' Meeting

NAM LIONG GLOBAL CORPORATION

Convener of Audit Committee

Huang, Chung-Hui

March 12, 2024

4. Consolidated financial statement of recent year audited by CPA

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, the entities that are required to be included in the consolidated financial statements of NAM LIONG GLOBAL CORPORATION, in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared under the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of Affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, NAM LIONG GLOBAL CORPORATION and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare,

NAM LIONG GLOBAL CORPORATION

By

Shao, Ten-Po
Chairman

March 12, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
NAM LIONG GLOBAL CORPORATION

Opinion

We have audited the consolidated financial statements of NAM LIONG GLOBAL CORPORATION and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Sales to Specific Customers

The Group's sales of specific customers was different from the overall sales trend the amount was substantial in 2023. Therefore, authenticity of revenue for the sales to specific customers is identified as one of the key audit matters for the year ended December 31, 2023.

In connection with the above key audit matter, the following audit procedures were performed:

1. We understood, and evaluated relevant operating procedures and internal controls for sales transactions. Also, we tested the design on of the internal controls and the effectiveness of the implementation.
2. We obtained details of sales to breakdown from specific customers, and reviewed relevant documents of revenue recognition, including the original orders, delivery notes, and actual amount received to verify the authenticity of revenue recognition.
3. We obtained details of subsequent sales returns from specific customers, and verified the reasonableness of the returns.

Other Matter

We have audited and issued an unmodified opinion with an explanatory paragraph on the parent company only financial statements of NAM LIONG GLOBAL CORPORATION as of and for the years ended December 31, 2023 and 2022.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

ent, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chang, Cheng-Hsiu and Huang, Hsiu-Chun.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original

Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023		December 31, 2022 (Restated)	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 781,609	23	\$ 730,742	21
1136	Financial assets at amortized cost – current (Notes 4, 9 and 27)	78,624	2	46,863	1
1150	Notes receivable – non-related parties (Notes 4 and 10)	74,253	2	35,954	1
1160	Notes receivable – related parties (Notes 4, 10 and 26)	7,758	-	11,309	-
1170	Accounts receivable – non-related parties (Notes 4 and 10)	306,841	9	354,095	10
1180	Accounts receivable – related parties (Notes 4, 10 and 26)	40,371	1	46,909	2
1220	Current tax assets (Notes 4 and 22)	2,081	-	1,857	-
130X	Inventories (Notes 4, 5 and 11)	335,043	10	511,778	15
1470	Other current assets (Note 26)	52,209	2	55,816	2
11XX	Total current assets	<u>1,678,789</u>	<u>49</u>	<u>1,795,323</u>	<u>52</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4, 8 and 25)	286,314	8	205,273	6
1535	Financial assets at amortized cost – non-current (Notes 4, 9 and 27)	110,000	3	-	-
1600	Property, plant and equipment (Notes 4, 13 and 27)	951,614	28	1,064,128	31
1755	Right-of-use assets (Notes 4, 14, 27 and 28)	186,603	5	212,150	6
1760	Investment properties (Notes 4, 15 and 27)	55,687	2	-	-
1805	Goodwill (Notes 4 and 16)	88,813	3	88,813	3
1821	Intangible assets (Note 4)	5,451	-	4,152	-
1840	Deferred tax assets (Notes 4 and 22)	52,343	2	53,699	2
1990	Other non-current assets	10,104	-	16,728	-
15XX	Total non-current assets	<u>1,746,929</u>	<u>51</u>	<u>1,644,943</u>	<u>48</u>
1XXX	TOTAL	<u>\$3,425,718</u>	<u>100</u>	<u>\$3,440,266</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 27)	\$ 130,000	4	\$ 362,143	11
2110	Short-term notes and bills payable (Notes 17 and 27)	-	-	29,871	1
2120	Financial liabilities at fair value through profit or loss – current (Notes 4, 7, 18 and 25)	2,150	-	-	-
2150	Notes payable – non-related parties	15,712	-	15,107	1
2160	Notes payable – related parties (Note 26)	534	-	527	-
2170	Accounts payable – non-related parties	194,440	6	203,878	6
2180	Accounts payable – related parties (Note 26)	9,037	-	7,230	-
2219	Other payables (Note 26)	138,350	4	174,555	5
2230	Current tax liabilities (Notes 4 and 22)	19,629	1	11,451	-
2280	Lease liabilities – current (Notes 4, 14 and 27)	33,609	1	30,114	1
2320	Current portion of long-term borrowings (Notes 17, 27 and 28)	223,207	6	220,607	6
2399	Other current liabilities	11,152	-	79,239	2
21XX	Total current liabilities	<u>777,820</u>	<u>22</u>	<u>1,134,722</u>	<u>33</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Notes 4, 18, 25 and 27)	527,856	16	-	-
2540	Long-term borrowings (Notes 17, 27 and 28)	284,925	8	456,238	13
2570	Deferred tax liabilities (Notes 4 and 22)	42,434	1	47,458	1
2580	Lease liabilities – non-current (Notes 4, 14 and 27)	127,903	4	153,453	5
2640	Net defined benefit liability – non-current (Notes 4 and 19)	-	-	9,065	-
2645	Guarantee deposits received	651	-	176	-
25XX	Total non-current liabilities	<u>983,769</u>	<u>29</u>	<u>666,390</u>	<u>19</u>
2XXX	Total liabilities	<u>1,761,589</u>	<u>51</u>	<u>1,801,112</u>	<u>52</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 18, 20 and 23)				
3100	Share capital	1,223,923	36	1,223,923	36
3211	Capital surplus	100,683	3	57,621	2
	Retained earnings				
3310	Legal reserve	32,386	1	14,597	-
3350	Unappropriated earnings	151,052	4	235,831	7
3300	Total Retained earnings	183,438	5	250,428	7
3400	Other equity	156,085	5	107,182	3
3XXX	Total equity	<u>1,664,129</u>	<u>49</u>	<u>1,639,154</u>	<u>48</u>
	TOTAL	<u>\$3,425,718</u>	<u>100</u>	<u>\$3,440,266</u>	<u>100</u>

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4 and 26)	\$ 2,411,798	100	\$ 3,082,227	100
5110	OPERATING COSTS (Notes 4, 11, 19, 21 and 26)	<u>1,806,711</u>	<u>75</u>	<u>2,262,133</u>	<u>74</u>
5900	GROSS PROFIT	<u>605,087</u>	<u>25</u>	<u>820,094</u>	<u>26</u>
	OPERATING EXPENSES (Notes 4, 10, 19, 21 and 26)				
6100	Selling and marketing expenses	153,380	6	181,162	6
6200	General and administrative expenses	355,267	15	410,025	13
6300	Research and development expenses	74,137	3	90,095	3
6450	Expected credit loss recognized (reversed)	<u>3,339</u>	<u>-</u>	<u>(1,102)</u>	<u>-</u>
6000	Total operating expenses	<u>586,123</u>	<u>24</u>	<u>680,180</u>	<u>22</u>
6900	PROFIT FROM OPERATIONS	<u>18,964</u>	<u>1</u>	<u>139,914</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4, 13, 18 and 21)	(2,720)	-	916	-
7050	Finance costs (Notes 4 and 21)	(27,439)	(1)	(30,670)	(1)
7100	Interest revenue	10,769	-	3,352	-
7190	Other income (Notes 4, 21, and 26)	41,570	2	29,074	1
7230	Foreign exchange gains (Notes 4, 21 and 29)	871	-	52,847	2
7590	Miscellaneous disbursements	<u>(1,848)</u>	<u>-</u>	<u>(3,934)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>21,203</u>	<u>1</u>	<u>51,585</u>	<u>2</u>

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 40,167	2	\$ 191,499	6
7950	INCOME TAX EXPENSE (Notes 4 and 22)	(27,621)	(1)	(13,880)	-
8200	NET PROFIT FOR THE YEAR	<u>12,546</u>	<u>1</u>	<u>177,619</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	461	-	344	-
8316	Unrealized gains on investments in equity instruments at fair value through other comprehensive income	62,787	3	73,614	3
8349	Income tax related to items that will not be reclassified subsequently	(442)	-	(69)	-
8310		<u>62,806</u>	<u>3</u>	<u>73,889</u>	<u>3</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(14,037)	(1)	11,899	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	153	-	(555)	-
8360		(13,884)	(1)	<u>11,344</u>	-
8300	Other comprehensive income (loss), net of income tax	<u>48,922</u>	<u>2</u>	<u>85,233</u>	<u>3</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 61,468</u>	<u>3</u>	<u>\$ 262,852</u>	<u>9</u>
	EARNINGS PER SHARE (Note 23)				
9710	Basic	<u>\$ 0.10</u>		<u>\$ 1.45</u>	
9810	Diluted	<u>\$ 0.07</u>		<u>\$ 1.44</u>	

(Concluded)

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital (Notes 4 and 20)		Capital surplus (Notes 4, 12, 18 and 20)	Retained Earnings (Notes 4, 7, 19 and 20)		Unappropriated Earnings	Other equity			Total Equity
		Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operation (Notes 4 and 22) (\$ 24,031)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 8)	Total Equity	
A1	BALANCE AT JANUARY 1, 2022	122,392	\$ 1,223,923	\$ 57,621	\$ -	\$ 145,969				\$ 46,255	\$ 1,449,737
B1	Appropriation of 2021 earnings:										
B5	Legal reserve	-	-	-	14,597	(14,597)				-	-
	Cash dividends to shareholders	-	-	-	-	(73,435)				-	(73,435)
D1	Net profit for the year ended December 31, 2022	-	-	-	14,597	(88,032)				-	(73,435)
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	177,619				-	177,619
D5	Total comprehensive income (loss) in 2022	-	-	-	-	275		11,344		73,614	85,233
Z1	BALANCE AT DECEMBER 31, 2022	122,392	1,223,923	57,621	14,597	235,831		(12,687)		119,869	1,639,154
B1	Appropriation of 2022 earnings:										
B5	Legal reserve	-	-	-	17,789	(17,789)				-	-
	Cash dividends to shareholders	-	-	-	-	(79,555)				-	(79,555)
D1	Net profit for the year ended December 31, 2023	-	-	-	17,789	(97,344)				-	(79,555)
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	12,546				-	12,546
D5	Total comprehensive income (loss) in 2023	-	-	-	-	19		(13,884)		62,787	48,922
C5	Other changes in capital surplus: Equity component of convertible bonds issued by the Company	-	-	43,062	-	-				-	43,062
Z1	BALANCE AT DECEMBER 31, 2023	122,392	\$ 1,223,923	\$ 100,683	\$ 32,386	\$ 151,052		(\$ 26,571)		\$ 182,656	\$ 1,664,129

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 40,167	\$ 191,499
A20010	Adjustments for:		
A20100	Depreciation expense	119,565	112,730
A20200	Amortization expense	1,078	1,060
A20300	Expected credit loss recognized (reversed)	3,339	(1,102)
A20400	Net loss on financial liabilities at fair value through profit or loss	2,000	-
A20900	Finance costs	27,439	30,670
A21200	Interest revenue	(10,769)	(3,352)
A21300	Dividend income	(2,938)	(44)
A22500	Loss (Gain) on disposal of property, plant and equipment	767	(961)
A22800	Loss on disposal of intangible assets	-	45
A22900	Gain on disposal of right-of-use assets	(47)	-
A23700	Write-down of inventories	35,486	23,936
A24100	Unrealized foreign currency exchange losses	3,086	619
A29900	Gain from lease modification	-	72
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(34,748)	69,628
A31150	Accounts receivable	28,175	118,449
A31200	Inventories	142,396	(21,912)
A31240	Other current assets	(1,152)	15,901
A32130	Notes payable	612	(5,046)
A32150	Accounts payable	(7,566)	(114,530)
A32180	Other payables	(36,023)	(5,743)
A32230	Other current liabilities	(48,920)	35,737
A32240	Net defined benefit liabilities	(8,604)	273
A33000	Cash generated from operations	253,343	447,929
A33100	Interest received	10,769	3,352
A33300	Interest paid	(22,651)	(24,344)
A33500	Income taxes paid	(23,379)	(9,044)
AAAA	Net cash generated from operating activities	<u>218,082</u>	<u>417,893</u>

(Continued)

Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisitions of financial assets at fair value through other comprehensive income	(\$ 18,254)	(\$ 30,985)
B00040	Acquisitions of financial assets at amortized cost	(173,398)	-
B00050	Proceeds from disposal of financial assets at amortized cost	31,637	35,372
B02700	Acquisitions of property, plant, and equipment	(38,192)	(97,464)
B02800	Proceeds from disposal of property, plant and equipment	7,067	1,091
B03800	Decrease in guarantee deposits paid	1,190	4,235
B04500	Acquisitions of intangible assets	(2,377)	(1,922)
B05350	Acquisition of right-of-use assets	-	(208)
B07200	Decrease in prepayments for equipment	4,135	18,863
B07600	Dividends received	<u>2,938</u>	<u>44</u>
BBBB	Net cash used in investing activities	(<u>185,254</u>)	(<u>70,974</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(232,143)	(58,642)
C00600	Decrease in short-term notes and bills payable	(29,871)	(166)
C01200	Proceeds from convertible bonds	581,142	-
C01600	Proceeds from long-term borrowings	73,000	46,000
C01700	Repayments of long-term borrowings	(241,713)	(93,267)
C03000	Deposits received	480	-
C04020	Payments of lease liabilities	(38,517)	(37,261)
C04500	Cash dividends	(79,555)	(73,435)
C09900	Bond issue cost paid	(<u>5,000</u>)	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>27,823</u>	(<u>216,771</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(<u>9,784</u>)	<u>11,981</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	50,867	142,129
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>730,742</u>	<u>588,613</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 781,609</u>	<u>\$ 730,742</u>

(Concluded)

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

NAM LIONG GLOBAL CORPORATION (the "Company"), a Republic of China (R.O.C.) corporation, was incorporated in August 1989, and 100% merged with NAM LIONG ENTERPRISE CO., LTD. on December 31, 2020. The Company is the surviving company after the merger, while NAM LIONG ENTERPRISE CO., LTD. was the dissolved company. The Company engages mainly in the manufacturing and sales of rubber sponge, sponge lamination, hook and loop, flame retardant fabric, abrasion resistant fabric, TPU film, etc.

The Company's Original name "Prolink Microsystems Corporation" was officially changed to "NAM LIONG GLOBAL CORPORATION" in July, 2020.

The Company's stocks have been listed on the Taipei Exchange (TPEX) since August 22, 2000.

As of December, 2023 and 2022, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.08% equity interest in the Company.

The consolidated financial statements are presented the Company's functional currency, the New Taiwan dollars.

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

The consolidated financial statements were approved by the Board of Directors on March 12, 2024.

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

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

Except for the following, the initial application of the amendments to the IFRS endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and

recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application on January 1, 2022, and restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets, liabilities and equity for the current year

	December 31, 2023
Increase in deferred tax assets	<u>\$ 31,506</u>
Increase in assets	<u>\$ 31,506</u>
Increase in deferred tax liabilities	<u>\$ 31,506</u>
Increase in liabilities	<u>\$ 31,506</u>

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
December 31, 2022			
Deferred tax assets	<u>\$ 16,490</u>	<u>\$ 37,209</u>	<u>\$ 53,699</u>
Effect on assets	<u>\$ 3,403,057</u>	<u>\$ 37,209</u>	<u>\$ 3,440,266</u>
Deferred tax liabilities	<u>\$ 10,249</u>	<u>\$ 37,209</u>	<u>\$ 47,458</u>
Effect on liabilities	<u>\$ 1,763,903</u>	<u>\$ 37,209</u>	<u>\$ 1,801,112</u>
January 1, 2022			
Deferred tax assets	<u>\$ 20,227</u>	<u>\$ 43,910</u>	<u>\$ 64,137</u>
Effect on assets	<u>\$ 3,432,187</u>	<u>\$ 43,910</u>	<u>\$ 3,476,097</u>
Deferred tax liabilities	<u>\$ 10,895</u>	<u>\$ 43,910</u>	<u>\$ 54,805</u>
Effect on liabilities	<u>\$ 1,982,450</u>	<u>\$ 43,910</u>	<u>\$ 2,026,360</u>

b. The IFRS endorsed by the FSC for application beginning in 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not impact on the Group's financial position and financial performance.

c. The IFRS in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of Preparation

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

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

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

c. Classification of Current and Non-current Assets and Liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date).

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

d. Basis of Consolidation

The consolidated financial statements combine the financial statements of the parent company and its subsidiaries controlled by the Company. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to keep their accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Please refer to Note 12 Table 4 and 5 for details on the subsidiaries (including the percentages of ownership and main businesses).

e. Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the prevailing exchange rates on transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the prevailing rates on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the prevailing rates on the date the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the prevailing exchange rates on the transaction dates and are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Group) are translated into

New Taiwan dollars using prevailing exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., disposal of the Group's entire interest in a foreign operation, or disposal of a subsidiary's partial interest in a foreign operation with loss of control, of which the retained interest is a financial asset in accordance with the accounting policy of financial instruments), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, semi-finished goods, and merchandise. Inventories are measured at the lower of cost or net realizable value. The comparison between costs and net realizable values is based on individual items except for the same category of inventory. The net realizable value is the estimated selling price in the ordinary course of business minus the estimated cost to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

g. Property, Plant and Equipment

Property, plant and equipment are measured at cost and subsequently measured at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. The cost includes professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of cost or net realizable value and recognized sales price and cost in profit or loss before ready for their intended use. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, property, plant and equipment are depreciated using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting date, with the effect of any changes in the estimates accounted for on a prospective basis.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

h. Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Owned investment real estate is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized using the straight-line method.

For a transfer of classification from inventories to investment properties, carrying amount ended for own use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost, as established at the date of business acquisition, less the accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current fiscal period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible Assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less any accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net proceeds from disposal and the carrying amount of intangible assets is recognized in profit or loss.

k. Impairment of Property, Plant and Equipment, Right-of-use assets, Investment properties and Intangible Assets other than Goodwill

At the end of each reporting period, the Group assesses for indications of impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill. If any such indication exists, the recoverable amount of the asset shall be estimated. If it is not possible to determine the recoverable amount for an individual asset, the Group shall estimate the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. If the recoverable amount of individual asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less any amortization or depreciation) of the asset or cash-generating unit without impairment loss recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

l. Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheets when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or

deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets held by the Group are classified as financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

i. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i) Financial assets are held within a certain business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other receivables, and refundable deposits) are measured at the gross carrying amount, as determined using the effective interest method, less any impairment loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except:

- i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of financial assets.
- ii) For purchased or originated financial assets that are not credit-impaired but have subsequently become credit impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in subsequent reporting period.

Credit-impaired financial assets are those in which the issuer or debtor has experienced significant financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or there is disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not a contingent consideration recognized by the acquirer in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of equity investments and will be transferred to retained earnings instead.

Dividends from investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is confirmed, unless such dividends clearly represent the recovery of a portion of the investment cost.

b) Impairment of financial assets

On each balance sheet date, the Group assesses the impairment loss on financial assets (including accounts receivable) at amortized cost on the basis of expected credit losses.

Accounts receivable are recognized as a loss allowance based on lifetime expected credit losses. For other financial instruments, a loss allowance for the 12-month expected credit losses shall be recognized for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses shall be recognized for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from a possible default event associated with a financial

instrument within 12 months after the balance sheet date, while the lifetime expected credit loss represents the expected credit loss arising from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following circumstances represent default events on financial assets:

- i. There is internal or external information indicating that it is impossible for the debtor to repay the debt.
- ii. The underlying debt is considered overdue based on the Group's payment terms, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is recognized based on the decrease in the carrying amounts in a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Group transfers the financial assets and substantially all the risks and rewards of ownership to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in equity instruments at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized at the amount of proceeds received, net of the direct cost of issuance.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and the carrying amounts are calculated based on weighted average by share type and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus-share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Revenue Recognition

After the Group identifies its performance obligations in contracts with customers, it shall allocate the transaction prices to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution as well as the selling price of the goods, has the primary responsibility for the sale of goods to future customers, and bears the risk of obsolescence. Trade receivables are recognized concurrently.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

Except for low-value asset leases and short-term leases that qualify for recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease term, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in the rate used to determine lease payments, the Group remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other lease terms and conditions. The Group elects to apply the practical expedient to all rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other revenues, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

o. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

p. Government Grants

Government grants are recognized only when they can be reasonably assured that the Group would comply with the conditions imposed by the government and that such grants could be received.

If the government grants are used to compensate for fees or losses incurred, or are given to the Group for the purpose of immediate financial support without related future costs, such grants may be recognized in profit or loss within the collection period.

q. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the non-discounted amount of the benefits expected to be paid in exchange for employee services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service that entitles them to the said contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses when incurred or settled. Remeasurement (including actuarial gains and losses, the effect of changes to the asset ceiling, and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur and included in retained earnings, and is not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent the deficit (surplus) of the defined benefit pension plan. Net defined benefit assets shall not exceed the present value of the refund of contributions from the plan or the reduction in future contributions.

r. Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined under the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is imposed in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized for all temporary differences between the carrying amount of assets and liabilities and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed on each balance sheet date to the extent that it is probable that sufficient taxable income will be available to recover all or part of the assets, with carrying amount increased.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year when the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management must make judgments, estimates and assumptions based on historical experience and other critical factors in related information that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of assumptions and estimation uncertainty - Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated costs to completion, and less the estimated costs required for the sale. The estimation of net realizable value is based on current market conditions and historical experience with sales of similar products. Changes in market conditions may have critical impacts on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and working capital	\$ 1,327	\$ 1,716
Checking accounts and demand deposits	686,378	686,039
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	93,904	42,987
	<u>\$ 781,609</u>	<u>\$ 730,742</u>

Interest rate ranges of demand deposit and time deposits at the balance sheet date were as follows:

	December 31	
	2023	2022
Demand deposit	0.05% ~ 1.45%	0.05% ~ 1.15%
Time deposits with original maturities of less than 3 months	4.60% ~ 5.40%	3.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(December 31, 2022: none)

	December 31
	2023
<u>Financial liabilities - current</u>	
Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting)	
- Redemption options and put options of convertible bonds (Note 18)	<u>\$ 2,150</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$ 286,314</u>	<u>\$ 205,273</u>

In November 2023, October 2022 and November 2021, the Group contributed to a cash capital increase for TIONG LIONG INDUSTRIAL CO., LTD. (TLI) at NT\$15 per share, and acquired 1,217,000 shares, 2,066,000 shares and 3,628,000 shares. For the years ended December 31, 2023 and 2022, the shareholding percentage are 14.29% and 13.52% respectively.

The Group invested in the aforementioned ordinary shares based on its medium-term and long-term strategies for making profit through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive income because they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Restricted demand deposits	\$ 13,226	\$ 29,863
Pledged time deposits	2,000	17,000
Time deposits with original maturities of less than 3 months	<u>63,398</u>	<u>-</u>
	<u>\$ 78,624</u>	<u>\$ 46,863</u>
<u>Non-current</u>		
Restricted demand deposits	<u>\$110,000</u>	<u>\$ -</u>

The market rates of financial assets at amortized cost at the balance sheet date were as follows:

	December 31	
	2023	2022
Restricted demand deposits	0.48% ~ 0.58%	0.20% ~ 0.46%
Pledged time deposits	0.15%	0.15% ~ 1.20%
Time deposits with original maturities of less than 3 months	1.55% ~ 5.20%	-

Please refer to Note 27 for pledged details on financial assets at amortized cost.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 74,769	\$ 36,470
Less: Allowance for impairment loss	(516)	(516)
	<u>\$ 74,253</u>	<u>\$ 35,954</u>
Gross carrying amount - related parties	<u>\$ 7,758</u>	<u>\$ 11,309</u>
 <u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 314,589	\$ 358,544
Less: Allowance for impairment loss	(7,748)	(4,449)
	<u>\$ 306,841</u>	<u>\$ 354,095</u>
Gross carrying amount - related parties	<u>\$ 40,371</u>	<u>\$ 46,909</u>

In order to control credit risks, the Group has investigated its customers' operating status and financial position before accepting new customers. The investigation would evaluate and ensure the credit quality and capacity of customers, whose credit limit and rating are reviewed annually. In addition, the Group reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for accounts receivable from possible credit risks.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses, which would be referred to customers' default history, current financial position, and industry economics. However, the Group's experience shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the Group sets expected credit losses rate based on the number of days past due.

The Group directly writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect of receivable recovery. The Group continues to engage in enforcement activities and recognizes receivable recovery in profit or loss.

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

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$413,633	\$11,608	\$ 4,378	\$ 7,868	\$437,487
Loss allowance (Lifetime expected credit losses)	(3,197)	(541)	(309)	(4,217)	(8,264)
Amortized cost	<u>\$410,436</u>	<u>\$11,067</u>	<u>\$ 4,069</u>	<u>\$ 3,651</u>	<u>\$429,223</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$420,967	\$15,423	\$15,810	\$ 1,032	\$453,232
Loss allowance (Lifetime expected credit losses)	(2,136)	(2,379)	(215)	(235)	(4,965)
Amortized cost	<u>\$418,831</u>	<u>\$13,044</u>	<u>\$15,595</u>	<u>\$ 797</u>	<u>\$448,267</u>

Changes in loss allowances for notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of year	\$ 4,965	\$ 6,031
Add: (Reversal) Provision for impairment loss in the year	3,339	(1,102)
Foreign exchange translation gains and losses	(40)	36
Balance at the end of year	<u>\$ 8,264</u>	<u>\$ 4,965</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	\$ 103,786	\$ 213,025
Work-in-process and semi-finished goods	111,383	158,199
Finished goods	97,408	102,772
Merchandise	22,466	37,782
	<u>\$ 335,043</u>	<u>\$ 511,778</u>

For the years ended December 31, 2023 and 2022, the cost of sales related to inventories were NT\$1,806,711 thousand and NT\$2,262,133 thousand, respectively. For the years ended December 31, 2023 and 2022, the cost of sales included inventory

write-down and obsolescence losses amounting to NT\$35,486 thousand and NT\$23,936 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated financial statements include the following subsidiaries:

Investor Company	Investee Company	Main Businesses	The proportion of the ownership		Remark
			2023	2022	
NAM LIONG GLOBAL CORPORATION	GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	Chemical product	100%	100%	-
NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	Electronic products trading	100%	100%	(1)
NAM LIONG GLOBAL CORPORATION	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN NAM LIONG)	Holding and investment	100%	100%	(3)
NAM LIONG GLOBAL CORPORATION	SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL)	Holding and investment	100%	100%	(3)
NAM LIONG GLOBAL CORPORATION	NAM LIONG ENTERPRISE CO., LTD (VIET NAM). (VIETNAM NAM LIONG)	Textile products (downstream)	100%	100%	(4)
GREENCHEM	GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. (GREENCHEM SHANGHAI)	Chemical product	100%	100%	-
ELEMENTECH INTERNATIONAL	ELEMENTECH (HONG KONG) LIMITED (ELEMENTECH HONG KONG)	Holding and investment	100%	100%	(2)
ELEMENTECH HONG KONG	SUZHOU GREATSUN ELECTRONICS ELECTRONICS & COMMUNICATIONS CO., LTD. (SUZHOU GREATSUN)	Electronic products trading and manufacturing	100%	100%	(2)
SPEEDBEST INTERNATIONAL	JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG)	Textile products (downstream)	100%	100 %	(3)
CAYMAN NAM LIONG and SPEEDBEST INTERNATIONAL	DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG)	Textile products (downstream)	100%	100%	(3)

- 1) ELEMENTECH's board of directors decided to implement a capital reduction of NT\$7,655 thousand to offset deficits, and issued ordinary shares for NT\$70,000 thousand with a par value of \$10, which were fully subscribed by the Company. The subscription base date was determined on November 8, 2023.

- 2) To implement its management strategies and establish a complete supply chain, ELEMENTECH INTERNATIONAL made an indirect investment for 100% shares (i.e., US\$1,000 thousand in March 2014, US\$500 thousand in June 2022, and US\$500 thousand in July 2022) through ELEMENTECH HONG KONG's direct investment in SUZHOU GREATSUN, whose main business is electronic product manufacturing.
- 3) As of December 31, 2023, the Company remitted US\$1,890 thousand from CAYMAN NAM LIONG and US\$761 thousand from SPEEDBEST INTERNATIONAL as indirect investments in DONG GUAN NAMLIONG for 70% and 30% equity holding in DONG GUAN NAMLIONG, respectively, totaling 100%. In addition, the Company remitted US\$8,583 thousand from SPEEDBEST INTERNATIONAL for 100% equity holding in JIAXING NANXIONG.
- 4) As of December 31, 2023, the Company holds 100% equity in VIETNAM NAM LIONG with US\$1,600 thousand in accumulated investment amount.

13. PROPERTY, PLANT AND EQUIPMENT

	2023						
	Balance at the beginning of year	Additions	Reductions	Reclassifications	Transfers to investment properties (Note 15)	Effects of foreign currency exchange differences	Balance at the end of year
<u>Cost</u>							
Land	\$ 243,715	\$ -	\$ -	\$ -	(\$ 43,064)	\$ -	\$ 200,651
Buildings	740,718	7,359	-	-	(27,179)	(4,693)	716,205
Machinery equipment	805,458	15,326	(2,092)	2,211	-	(5,060)	815,843
Transportation equipment	44,844	621	(629)	-	-	(222)	44,614
Miscellaneous equipment	212,509	14,886	(14,917)	15,344	-	(741)	227,081
Leasehold improvements	11,163	-	-	-	-	(167)	10,996
Construction in progress and equipment installation	<u>28,718</u>	<u>-</u>	<u>-</u>	<u>(16,256)</u>	<u>-</u>	<u>(227)</u>	<u>12,235</u>
	<u>2,087,125</u>	<u>\$ 38,192</u>	<u>(\$ 17,638)</u>	<u>\$ 1,299</u>	<u>(\$ 70,243)</u>	<u>(\$ 11,110)</u>	<u>2,027,625</u>
<u>Accumulated depreciation and impairment</u>							
Buildings	241,766	\$ 30,808	\$ -	\$ -	(\$ 14,108)	(\$ 1,298)	257,168
Machinery equipment	627,108	31,238	(2,091)	-	-	(3,648)	652,607
Transportation equipment	31,908	3,353	(629)	-	-	(174)	34,458
Miscellaneous equipment	115,460	15,340	(7,084)	-	-	(502)	123,214
Leasehold improvements	<u>6,755</u>	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134)</u>	<u>8,564</u>
	<u>1,022,997</u>	<u>\$ 82,682</u>	<u>(\$ 9,804)</u>	<u>\$ -</u>	<u>(\$ 14,108)</u>	<u>(\$ 5,756)</u>	<u>1,076,011</u>
Net	<u>\$ 1,064,128</u>						<u>\$ 951,614</u>

	Balance at the beginning of year	Additions	Reductions	Reclassifications	Effects of foreign currency exchange differences	Balance at the end of year
<u>Cost</u>						
Land	\$ 243,715	\$ -	\$ -	\$ -	\$ -	\$ 243,715
Buildings	549,139	13,363	(2,709)	180,258	667	740,718
Machinery equipment	777,982	33,176	(10,132)	-	4,432	805,458
Transportation equipment	41,375	6,208	(2,949)	-	210	44,844
Miscellaneous equipment	200,378	18,250	(7,026)	363	544	212,509
Leasehold improvements	8,919	2,112	-	-	132	11,163
Construction in progress and equipment under installation	201,725	24,355	-	(197,382)	20	28,718
	<u>2,023,233</u>	<u>\$ 97,464</u>	<u>(\$ 22,816)</u>	<u>(\$ 16,761)</u>	<u>\$ 6,005</u>	<u>2,087,125</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	214,921	\$ 28,857	(\$ 2,697)	\$ -	\$ 685	241,766
Machinery equipment	604,383	30,093	(10,083)	-	2,715	627,108
Transportation equipment	31,882	2,804	(2,912)	-	134	31,908
Miscellaneous equipment	107,061	15,029	(6,994)	-	364	115,460
Leasehold improvements	5,830	841	-	-	84	6,755
	<u>964,077</u>	<u>\$ 77,624</u>	<u>(\$ 22,686)</u>	<u>\$ -</u>	<u>\$ 3,982</u>	<u>1,022,997</u>
Net	<u>\$ 1,059,156</u>					<u>\$ 1,064,128</u>

The Group did not implement an impairment evaluation because there were no signs of impairment in 2023 and 2022.

The Group's property, plant and equipment were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings	
Main buildings	18~50 years
Plant maintenance and improvements	25~40 years
Others	3~20 years
Machinery equipment	1~31 years
Transportation equipment	2~10 years
Miscellaneous equipment	1~20 years
Leasehold improvements	2~5 years

Please refer to Note 27 for details on property, plant and equipment pledged as collateral for bank borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount of right-of-use assets		
Land	\$ 56,741	\$ 60,149
Buildings	127,763	150,517
Transportation equipment	<u>2,099</u>	<u>1,484</u>
	<u>\$ 186,603</u>	<u>\$ 212,150</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 14,095</u>	<u>\$ 2,342</u>
Depreciation of right-of-use assets		
Land	\$ 3,656	\$ 3,763
Buildings	31,187	29,853
Transportation equipment	<u>1,592</u>	<u>1,490</u>
	<u>\$ 36,435</u>	<u>\$ 35,106</u>

Except for the aforementioned additions and depreciation expenses, no significant subleasing and impairment loss of the right-of-use assets were recorded in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount of lease liabilities		
Current	<u>\$ 33,609</u>	<u>\$ 30,114</u>
Non-current	<u>\$ 127,903</u>	<u>\$ 153,453</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	2.19% ~ 2.32%	1.59% ~ 2.19%
Buildings	2.07% ~ 3.08%	1.59% ~ 3.08%
Transportation equipment	2.18% ~ 2.32%	1.75% ~ 2.21%

c. Material lease activities and terms

The Group leases certain land, buildings and transportation equipment for manufacturing and operations with lease terms of 2 to 20 years.

d. Other lease information

	December 31	
	2023	2022
Expenses related to short-term leases	<u>\$ 7,939</u>	<u>\$ 10,781</u>
Expenses related to low-value asset leases	<u>\$ 1,144</u>	<u>\$ 1,434</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 31</u>	<u>\$ 198</u>
Total cash outflow for leases	<u>\$ 47,631</u>	<u>\$ 49,674</u>

The Group leases certain buildings, transportation equipment as well as parking spaces which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group does not recognize related right-of-use assets and lease liabilities for such leases.

Please refer to Note 27 and 28 for details on right-of-use assets pledged as collateral for bank borrowings.

15. INVESTMENT PROPERTIES (As of the end of 2022: none)

	2023				Balance at the end of year
	Balance at the beginning of year	Additions	Reductions	Transfers from property, plant and equipment (Note 13)	
<u>Cost</u>					
Land	\$ -	\$ -	\$ -	\$ 43,064	\$ 43,064
Buildings	-	-	-	27,179	27,179
	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,243</u>	<u>70,243</u>
<u>Accumulated depreciation</u>					
Buildings	-	\$ 448	\$ -	\$ 14,108	14,556
	-	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 14,108</u>	<u>14,556</u>
Net	<u>\$ -</u>				<u>\$ 55,687</u>

The lease period for investment real estate is 3 years. The lessee does not have the preferential right to purchase investment real estate at the end of the lease period.

Except for the aforementioned depreciation expenses, no significant additions, disposals and impairment loss of the investment properties were recorded in 2023. The investment properties were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings

25~50 years

The determination of fair value for the investment properties as of December 31, 2023 was NT\$142,270 thousand. The fair value of investment properties is reference to market evidence of transaction prices for similar properties.

Please refer to Note 27 for details on investment properties pledged as collateral for bank borrowings

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows (December 31, 2022: none):

	<u>December 31</u>
	<u>2023</u>
Year 1	\$ 2,880
Year 2	2,880

16. Goodwill

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance, beginning of the year and end of the year	\$ 112,610	\$ 112,610
<u>Accumulated impairment loss</u>		
Balance, beginning of the year and end of the year	(23,797)	(23,797)
Net, end of the year	<u>\$ 88,813</u>	<u>\$ 88,813</u>

Goodwill of the Group is resulted from merging subsidiary GREENCHEM. At the time of impairment testing, goodwill is allocated to the minimum cash-generating units as follows:

Chemical product - GREENCHEM

The recoverable amount is estimated on the basis of value in use for goodwill impairment testing in 2023 and 2022, and the key assumption used were as follows:

- Each of the cash-generating units approved by the management on assessment date shall be the estimated expected cash flow in accordance with financial forecasts in the next 5 years.
- Cash flows beyond the five-year period is extrapolated using the stable growth rates 2%, which is adjusted by referring to macroeconomic growth rate.
- The discount rates used in 2023 and 2022 were respectively 7.72% and 7.03%, and reflected the market's evaluation of time value of money and relevant risks.

After evaluating in 2023 and 2022, the recoverable amount exceeded carrying amount evaluated, therefore goodwill was not impaired.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u>		
Bank loans	<u>\$ 130,000</u>	<u>\$ 362,143</u>

The market rates of the short-term borrowings at the balance sheet date were as follows:

	December 31	
	2023	2022
Bank loans	2.16% ~ 2.54%	1.76% ~ 3.11%

Short-term borrowings are pledged with bank deposits and time deposits, and joint and several guarantees are signed by chairman as well as directors. Please refer to Note 27 for details on short-term borrowings.

b. Short-term notes and bills payable (December 31, 2023: none)

	December 31, 2022	
	Interest rate	Amount
Commercial paper payable	1.82%	\$ 30,000
Less: Unamortized discount on notes and bills payable		(<u>129</u>)
		<u>\$ 29,871</u>

Joint and several guarantees of issued commercial paper are signed by the chairman as well as directors.

c. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings	\$ 508,132	\$ 676,845
Long-term borrowings, current portion	(<u>223,207</u>)	(<u>220,607</u>)
	<u>\$ 284,925</u>	<u>\$ 456,238</u>

	December 31	
	2023	2022
Maturity	2025~2036	2025~2036
Interest Rate	2.10% ~ 3.11%	1.93% ~ 2.97%

1) Joint and several guarantees of long-term borrowings from Bank of Panhsin and Bank of Kaohsiung Co., Ltd. are signed by the chairman of the Company.

- 2) Joint and several guarantees of long-term borrowings from Land Bank of Taiwan are signed by the chairman and chief strategy officer of the Company.
- 3) In September 2020, the Company entered into syndicated credit facility agreements, which are jointly and severally guaranteed by the chairman as well as chief strategy officer of the Company and ZI LIONG ENTERPRISE CO., LTD., and guaranteed with assets held by the Company and the Company's chairman. Due to other financial considerations, the Company canceled NT\$50,000 thousand of credit facility of Tranche C in August 2022 while the original syndicated credit facility was NT\$900,000 thousand, and has utilized the credit facility in November 2020.
- 4) Joint and several guarantees of GREENCHEM's long-term borrowings from Bank of Taiwan are signed by the chairman of the Company.

Please refer to Note 27 and 28 for pledged details on long-term borrowings.

18. BONDS PAYABLE (December 31, 2022: none)

	<u>December 31</u>
	<u>2023</u>
Secured domestic convertible bonds	\$500,000
Add: Premium on bonds payable	<u>27,856</u>
	<u>\$527,856</u>

The Company issued 5 thousand units of secured convertible corporate bonds in Taiwan on March 21, 2023 at an interest rate of 0% in New Taiwan dollars with a principal amount of NT\$500,000 thousand.

Holder of each corporate bond unit shall be entitled to convert into ordinary shares of the Company at NT\$18.8 per share. The conversion period is June 22, 2023 to March 21, 2028. If the corporate bonds are not converted by then, the circulating corporate bonds will be called in cash at face value within ten business days (including the tenth business day) after the maturity. However, after the issuance of the convertible bonds, in addition to the exchange of various securities issued by the company or private placement with common stock conversion rights or stock options for common shares or the issuance of new shares for employee remuneration, in the event that the company has issued When the number of ordinary shares increases (including but not limited to cash capital increase through issuance or private placement, conversion of surplus to capital increase, transfer of capital reserve to capital increase, company merger or transfer of shares of other companies to issue new shares, stock split and cash capital increase to participate in the issuance of overseas depositary receipts, etc.), re-issuance or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or the company's capital reduction other than the cancellation of treasury shares When the number of common shares is reduced, the conversion price shall be adjusted in accordance with the "Issuance and Conversion Regulations for the

First Secured Convertible bonds Issued by the Company (hereinafter referred to as the "Issuance and Conversion Regulations") Article 11.

From the day following the completion of the 3-month period after the issuance of these convertible bonds until 40 days before the end of the issuance period, if the closing price of the company's ordinary shares exceeds the conversion price of the convertible bonds by 30% or more for 30 consecutive business days, or if the total amount of outstanding convertible bonds not yet converted is less than 10% of the total issuance amount, the company may, at its discretion, redeem all outstanding convertible bonds at face value in cash.

The expiration date of 3 years after the issuance of the convertible bonds shall be the base date for the early sale of the converted bonds by the corporate bond holders. The corporate bond holders may notify the company in writing in accordance with the provisions of the issuance and conversion regulations. The company sells the bonds back to the company with the face value of the bonds plus interest compensation.

The convertible corporate bonds consist of liabilities and equity components, which are expressed as capital surplus – stock options under equity. The effective interest rate originally recognized for the liability component is 1.275%.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 576,142
Proceeds from issuance (less transaction costs of \$374 thousand)	(43,062)
Redemption and put options	(<u>150</u>)
Liability component at the date of issue (less transaction costs allocated to the liability component of \$4,626 thousand)	<u>\$ 532,930</u>

Movements in the debt host contract from the issue date until December 31, 2023 are as follows:

Liability component at the date of issue	\$ 532,930
Interest charged at an effective interest rate of 1.275%	(<u>5,074</u>)
Liability component at December 31, 2023	<u>\$ 527,856</u>

The changes in redemption and put options derivatives from the issuance date to December 31, 2023 are as follows:

Balance on issue date	(\$ 150)
Changes in fair value	(<u>2,000</u>)
Balance at December 31, 2023	<u>(\$ 2,150)</u>

Please refer to Note 27 for pledged details on bonds payable as collateral for bank borrowings.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, GREENCHEM and ELEMENTECH INTERNATIONAL adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company, GREENCHEM, and ELEMENTECH INTERNATIONAL make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries located in Mainland China are required by law to set aside endowment insurance, which is a defined contribution plan.

b. Defined benefit plans

GREENCHEM launched a retirement plan for appointed managers, whose pension is calculated based on the period of service and average monthly salaries for 6 months before the retirement date. Appointed managers are entitled to 2 base points for every year of service for the first 15 years, and 1 base point for each additional year thereafter, up to a maximum of 45 base points. GREENCHEM has settled the seniority of employees covered by defined benefit plans by the end of 2023.

The amounts included in the accompanying consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Net defined benefit liabilities	\$ <u> -</u>	\$ <u> 9,065</u>

Changes in net defined benefit liabilities were as follows:

	Present value of defined benefit plans	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1, 2022	\$ <u> 9,136</u>	\$ <u> -</u>	\$ <u> 9,136</u>
Service cost			
Current service cost	224	-	224
Interest expense	<u> 49</u>	<u> -</u>	<u> 49</u>
Recognized in profit or loss	<u> 273</u>	<u> -</u>	<u> 273</u>
Remeasurement			
Actuarial gain - changes in financial assumptions	(179)	-	(179)
Actuarial gain - experience adjustments	<u>(165)</u>	<u> -</u>	<u>(165)</u>
Recognized in other comprehensive income	<u>(344)</u>	<u> -</u>	<u>(344)</u>
Balance at December 31, 2022	<u> 9,065</u>	<u> -</u>	<u> 9,065</u>

	Present value of defined benefit plans	Fair value of plan assets	Net defined benefit liabilities
Service cost			
Current service cost	218	-	218
Interest expense	<u>103</u>	<u>-</u>	<u>103</u>
Recognized in profit or loss	<u>321</u>	<u>-</u>	<u>321</u>
Remeasurement			
Actuarial gain - experience adjustments	(<u>461</u>)	<u>-</u>	(<u>461</u>)
Recognized in other comprehensive income	(<u>461</u>)	<u>-</u>	(<u>461</u>)
Benefits paid	(<u>8,925</u>)	<u>-</u>	(<u>8,925</u>)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Defined benefit plans were recognized in profit or loss by category, as shown below:

	For the Year Ended December 31	
	2023	2022
Operating expenses	<u>\$ 321</u>	<u>\$ 273</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity as well as debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under a mandated management structure. However, in accordance with relevant regulations, the return generated from plan assets should not be below the interest rates of local banks for a 2-year time deposit.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit plans; however, this will be partially offset by an increase in the return on debt investments of plan assets.
- 3) Salary risk: The present value of the defined benefit plans is calculated based on the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the present value of the defined benefit plans.

The actuarial valuations of the present value of the defined benefit plans were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows (December 31, 2023: none):

	December 31
	2022
Discount rate	1.15%
Expected salary increase rate	2.00%

If there is a possible reasonable change in each of the significant actuarial assumptions, while all other assumptions remain constant, the present value of defined benefit plans would increase (decrease) as follows (December 31, 2023: none):

	<u>December 31</u> <u>2022</u>
Discount rate	
0.25% increase	(\$ 73)
0.25% decrease	<u> \$ 74</u>
Expected salary increase rate	
0.25% increase	<u> \$ 73</u>
0.25% decrease	(<u> \$ 73</u>)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit plans as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated (December 31, 2023: none).

	<u>December 31</u> <u>2022</u>
Average duration of the defined benefit plans	3 years

20. EQUITY

a. Share capital

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Issued and paid shares		
(in thousands)	<u>122,392</u>	<u>122,392</u>
Issued capital	<u>\$1,223,923</u>	<u>\$1,223,923</u>

A holder of issued common shares with a par value of NT\$10 per share is entitled to vote and receive dividends.

ZI LIONG ENTERPRISE CO., LTD., the Company's main shareholder, acquired 72,000,000 shares through private placement at NT\$612,000 thousand in January, 2019. The aforementioned effective registration for supplemental public issuance of securities through private placement was authorized by a competent authority on October 27, 2022.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	25,300	25,300
<u>Not to be used for any purpose</u>		
Stock options	43,062	-
	<u>\$ 100,683</u>	<u>\$ 57,621</u>

1) Such capital surplus may be used to offset a deficit. If the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, but only to a certain percentage of the Company's capital surplus and once a year.

2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy set forth in the Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall first be used to pay taxes, offset losses in previous years, allocate 10% of the remaining profit as legal reserve, and set aside or reverse a special reserve in accordance with the law and regulations. Moreover, the Company's board of directors shall use any remaining profit together with undistributed retained earnings as a basis for proposing a distribution plan (i.e., distribution of dividends and bonuses to shareholders), which shall be resolved at the shareholders' meeting. For policies provided in the Articles of Incorporation with regard to the distribution of employee compensation and remuneration of directors and supervisors, please refer to the employee compensation and remuneration of directors and supervisors in Note 21 (g).

The dividend distribution policy should reflect factors such as current and future investment environment, fund requirements, domestic and international competition, capital expenditure requirements, and sound financial planning of the Company for sustainable development. The total stock dividends to be distributed shall be no less than 10% of the distributable surplus, less the retained earnings subject to annual overall operational performance. Dividends shall be distributed in the form of cash as the first priority, and shall be no less than 10% of the total amount of dividends to be distributed. The remaining dividends shall be distributed in the form of stocks. However, if cash dividends are lower than NT\$0.1 per share, stock dividends will not be issued.

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

The Company appropriate a special reserve from the balance of retained earnings in the prior period against the full amount of "the cumulative net increases in fair value of investment properties in the prior period" and "the cumulative net decrease of other equity in the prior period". If the amount of retained earnings in the prior period is not enough for such appropriation, the Company should further compensate for the gap using the net profit after tax and the balances of other equity items in the current period.

The appropriation of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 27, 2023 and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 17,789	\$ 14,597
Cash dividends	\$ 79,555	\$ 73,435
Cash dividends per share (NT\$)	\$ 0.65	\$ 0.60

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 12, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 1,256
Cash dividends	\$ 30,598
Cash dividends per share (NT\$)	\$ 0.25

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June, 2024.

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2023	2022
Service revenue	\$ 7,818	\$ 3,560
Rental revenue	7,249	4,023
Dividend income	2,938	44
Energy sales revenue	1,858	6,249

	For the Year Ended December 31	
	2023	2022
Grants income	\$ -	\$ 900
Others	21,707	14,298
	<u>\$ 41,570</u>	<u>\$ 29,074</u>

Grant income comes primarily from government grants for industry - academia collaboration.

b. Foreign exchange gains or losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 26,756	\$ 74,809
Foreign exchange losses	(25,885)	(21,962)
Net gains	<u>\$ 871</u>	<u>\$ 52,847</u>

c. Financial costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 16,997	\$ 23,935
Interest on lease liabilities	5,285	5,652
Other financial costs	5,157	1,083
	<u>\$ 27,439</u>	<u>\$ 30,670</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on financial liabilities at fair value through profit or loss	(\$ 2,000)	\$ -
Gain (loss) on disposal of property, plant and equipment	(767)	961
Gain on disposal of right-of-use assets	47	-
Loss on disposal of intangible assets	-	(45)
	<u>(\$ 2,720)</u>	<u>\$ 916</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 82,682	\$ 77,624
Right-of-use assets	36,435	35,106

	For the Year Ended December 31	
	2023	2022
Investment properties	\$ 448	\$ -
Intangible assets	1,078	1,060
Total	<u>\$ 120,643</u>	<u>\$ 113,790</u>
Analysis of depreciation by function		
Operating costs	\$ 51,611	\$ 53,682
Operating expenses	67,954	59,048
	<u>\$ 119,565</u>	<u>\$ 112,730</u>
Analysis of amortization by function		
Operating costs	\$ 176	\$ 176
Operating expenses	902	884
	<u>\$ 1,078</u>	<u>\$ 1,060</u>

f. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 16,216	\$ 15,720
Defined benefit plans (Note 19)	321	273
	16,537	15,993
Salaries	476,497	577,679
Other personnel expenses	56,740	58,506
Total	<u>\$ 549,774</u>	<u>\$ 652,178</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 238,435	\$ 272,276
Operating expenses	311,339	379,902
	<u>\$ 549,774</u>	<u>\$ 652,178</u>

g. Compensation of employees and remuneration of directors and supervisors

The Company allocated compensation of employees and remuneration of directors and supervisors ranging from 2%-20% and no higher than 2%, respectively, of net profit before tax for each category (i.e., employees and directors/supervisors).

For the years ended December 31, 2023 and 2022, the estimated compensation of employees and remuneration of directors and supervisors resolved by the

Company's board of directors on March 12, 2024 and March 29, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.00%	7.29%
Remuneration of directors and supervisors	1.58%	1.25%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 569	\$ 14,590
Remuneration of directors and supervisors	450	2,500

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

There is no difference between the actual amounts paid for compensation of employees and remuneration of directors and supervisors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

22. INCOME TAXES RELATED TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 27,690	\$ 11,440
Income tax on unappropriated earnings	1,957	-
Adjustments for prior year	\$ 1,930	(\$ 26)
	31,577	11,414

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax		
In respect of the current year	(\$ 3,956)	\$ 2,435
Adjustments for prior year	<u>-</u>	<u>31</u>
	(<u>3,956</u>)	<u>2,466</u>
Income tax expense recognized in profit or loss	<u>\$ 27,621</u>	<u>\$ 13,880</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Profit before tax from continuing operations	<u>\$ 40,167</u>	<u>\$ 191,499</u>
Income tax expense calculated at the statutory rate	\$ 17,963	\$ 49,187
Nondeductible items in determining taxable income	5,734	(13,038)
Income tax on unappropriated earnings	1,957	-
Unrecognized deficit reduction	-	(22,358)
Non-deductible expenses in determining taxable income	37	84
Adjustments for prior year	<u>1,930</u>	<u>5</u>
Income tax expense recognized in profit or loss	<u>\$ 27,621</u>	<u>\$ 13,880</u>

b. Income tax expense recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	(\$ 153)	\$ 555
- Defined benefit plans	<u>442</u>	<u>69</u>
	<u>\$ 289</u>	<u>\$ 624</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivables	<u>\$ 2,081</u>	<u>\$ 1,857</u>
Current tax liabilities		
Income tax payable	<u>\$ 19,629</u>	<u>\$ 11,451</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
<u>Temporary differences</u>					
Payables for annual leave	\$ 931	(\$ 297)	\$ -	\$ -	\$ 634
Inventory write-down	5,546	951	-	-	6,497
Excess of accrual pension	890	(890)	-	-	-
Defined benefit retirement plans	849	(407)	(442)	-	-
Losses on investments accounted for using the equity method	6,493	2,901	-	-	9,394
Exchange differences on translation of foreign operations	1,007	-	194	-	1,201
Lease liabilities	37,209	(5,079)	-	(624)	31,506
Others	<u>774</u>	<u>2,337</u>	<u>-</u>	<u>-</u>	<u>3,111</u>
	<u>\$ 53,699</u>	<u>(\$ 484)</u>	<u>(\$ 248)</u>	<u>(\$ 624)</u>	<u>\$ 52,343</u>
Deferred tax liabilities					
<u>Temporary differences</u>					
Exchange differences on translation of foreign operations	(\$ 346)	\$ -	(\$ 41)	\$ -	(\$ 387)
Depreciation of property, plant and equipment	(114)	-	-	1	(113)
Gains on investments accounted for using the equity method	(8,719)	(1,709)	-	-	(10,428)
Unrealized exchange gains	(1,070)	1,070	-	-	-
Right-of-use asset	(<u>37,209</u>)	<u>5,079</u>	<u>-</u>	<u>624</u>	(<u>31,506</u>)
	<u>(\$ 47,458)</u>	<u>\$ 4,440</u>	<u>(\$ 41)</u>	<u>\$ 625</u>	<u>(\$ 42,434)</u>

For the year ended December 31, 2022

	Opening Balance	Effect of Retrospective Application of Amendments to IAS 12	Opening Balance (As Restated)	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>							
<u>Temporary differences</u>							
Payable for annual leave	\$ 982	\$ -	\$ 982	(\$ 51)	\$ -	\$ -	\$ 931
Inventory write-down	3,202	-	3,202	2,344	-	-	5,546
Excess of accrual pension	836	-	836	54	-	-	890
Defined benefit retirement plans	918	-	918	-	(69)	-	849
Losses on investments accounted for using the equity method	\$ 3,911	\$ -	\$ 3,911	\$ 2,582	\$ -	\$ -	\$ 6,493
Deficit reduction	7,733	-	7,733	(7,733)	-	-	-
Exchange differences on translation of foreign operations	1,593	-	1,593	-	(586)	-	1,007
Lease liabilities	-	43,910	43,910	(7,436)	-	735	37,209
Others	<u>1,052</u>	<u>-</u>	<u>1,052</u>	<u>(278)</u>	<u>-</u>	<u>-</u>	<u>774</u>
	<u>\$ 20,227</u>	<u>\$ 43,910</u>	<u>\$ 64,137</u>	<u>(\$ 10,518)</u>	<u>(\$ 655)</u>	<u>\$ 735</u>	<u>\$ 53,699</u>
<u>Deferred tax liabilities</u>							
<u>Temporary differences</u>							
Exchange differences on translation of foreign operations	(\$ 377)	\$ -	(\$ 377)	\$ -	\$ 31	\$ -	(\$ 346)
Depreciation of property, plant and equipment	(113)	-	(113)	-	-	(1)	(114)
Gains on investments accounted for using the equity method	(10,106)	-	(10,106)	1,387	-	-	(8,719)
Unrealized exchange gains	(299)	-	(299)	(771)	-	-	(1,070)
Right-of-use asset	<u>-</u>	<u>(43,910)</u>	<u>(43,910)</u>	<u>7,436</u>	<u>-</u>	<u>(735)</u>	<u>(37,209)</u>
	<u>(\$ 10,895)</u>	<u>(\$ 43,910)</u>	<u>(\$ 54,805)</u>	<u>\$ 8,052</u>	<u>\$ 31</u>	<u>(\$ 736)</u>	<u>(\$ 47,458)</u>

e. Income tax examination

Tax authorities have examined income tax returns of the Company until 2020, Tax authorities have examined income tax returns of ELEMENTECH INTERNATIONAL, and GREENCHEM until 2021.

f. Income tax related to subsidiaries:

- 1) Applicable tax rate of subsidiaries in Mainland China is 25%;
- 2) For other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 0.10	\$ 1.45
Diluted earnings per share	\$ 0.07	\$ 1.44

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 12,546	\$ 177,619
Effect of potentially dilutive ordinary shares:		
Amortization of premium on convertible bonds	(5,074)	-
Net loss on financial assets / liabilities at fair value through profit or loss	<u>2,000</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 9,472</u>	<u>\$ 177,619</u>

Shares

	Unit: In thousands per shares	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,392	122,392
Effect of potentially dilutive ordinary shares:		
Convertible bonds	21,468	-
Compensation of employees	<u>230</u>	<u>1,003</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,090</u>	<u>123,395</u>

Since offering to settle the compensation for employees in cash or shares, the Company assumed that the entire amount was settled in the form of shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, given that the effect was dilutive. Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure its long-term while maximizing returns for shareholders. It must maintain its capital to support expansion requirements as well as plant and equipment improvements. Therefore, the Group manages its capital to ensure that entities in the Group will be able to meet operating funds, capital expenditures, research and development expenses, debt repayment, distribution of dividend, etc. for the next 12 months.

25. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value (December 31, 2022: none)

December 31, 2023

	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
Financial liabilities at amortized cost					
–Convertible bonds	<u>\$ 527,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,232</u>	<u>\$ 534,232</u>

In addition to the above, the financial assets and financial liabilities held by the Group are measured at amortized cost, and the management of the Group believes that the carrying amounts of financial assets and financial liabilities are close to their fair value.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,314</u>	<u>\$ 286,314</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ 2,150</u>
<u>December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$205,273</u>	<u>\$205,273</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial assets at fair value through other comprehensive income - equity instrument

	<u>2023</u>	<u>2022</u>
Balance at the beginning of year	\$205,273	\$100,674
Purchase	18,254	30,985
Recognized in other comprehensive income (Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	<u>62,787</u>	<u>73,614</u>
Balance at the end of year	<u>\$286,314</u>	<u>\$205,273</u>

Fair value through profit or loss-Derivative (2022: none)

	<u>2023</u>
Balance at the beginning of year	\$ -
Additions	(150)
Recognized in profit or loss (Evaluation loss at fair value through profit or loss)	(2,000)
Balance at the end of year	<u>(\$ 2,150)</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Derivatives

The redemption and put options of domestic convertible bonds are measured using the binary tree convertible bond evaluation model, and the significant unobservable input value used is the stock price volatility. When stock price volatility increases, the fair value of these derivative instruments will increase. The stock price volatility adopted on December 31, 2023 was 28.51%.

b) Domestic unlisted OTC equity investment

The fair value of unlisted equity securities was determined using the market approach. In this approach, the fair value of unlisted securities was determined based on the share price of comparable companies in an active market, price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability applied to the valuation model was changed to reflect a reasonably possible alternative assumption while all other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
10% increase	(\$ 12,229)	(\$ 6,858)
10% decrease	\$ 12,316	\$ 6,826

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 286,314	\$ 205,273
Financial assets measured at amortized cost (Note 1)	1,415,783	1,244,104
<u>Financial liabilities</u>		
FVTPL - Held for trading	2,150	-
Financial liabilities at amortized cost (Note 2)	1,524,712	1,470,332

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including

related parties), financial assets measured at amortized cost (including current and non-current), and paid guarantee deposits.

- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other accounts payable (including related parties), bonds payable, long-term borrowings (including current portion), and guarantee deposits received.

d. Financial risk management objectives and policies

The Group manages its exposure to risks related to its operations such as foreign currency risk, interest rate risk, credit risk, and liquidity risk by reducing potentially adverse effects that market uncertainties may have on its financial performance.

The significant financial activities of the Group are reviewed by the board of directors in accordance with relevant regulations or internal controls. During the implementation of such financial plans, the Group must comply with relevant financial risk control procedures and accountability principles. Compliance with policies and exposure limits is continuously reviewed by internal auditors. The Group did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

Business activities have primarily exposed the Group to foreign exchange risk (refer to "a)" below) and interest rate risk (refer to "b)" below):

Risk exposure in relation to the Group's financial instruments, management, and measurement methods remains unchanged.

a) Foreign currency risk

Foreign currency sales and purchases exposed the Group to foreign currency risk. In order to avoid the impact of changes in foreign exchange rates, which lead to deductions in foreign currency denominated assets and fluctuations in its future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. In 2023 and 2022, approximately 75.32% and 74.72% of the Group's sales revenue were not denominated in functional currency, respectively.

For the carrying amount of the Group's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 29.

Sensitivity analysis

The Group is mainly exposed to U.S. dollar fluctuations.

If there was a 1% strengthening/weakening of the functional currency against the USD, the profit before tax for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$4,210 thousand and NT\$4,493 thousand, respectively.

Management believes that the sensitivity analysis was not representative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group was exposed to cash flow risk of interest rate fluctuations for floating interest-bearing financial assets and financial liabilities. The management of the Group regularly monitors market interest rate fluctuations and reconciles financial liabilities at a floating interest rate to make the Group's interest rate close to market interest rates so as to mitigate risks of market interest rate fluctuations.

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

	December 31	
	2023	2022
Fair value interest rate risk		
- Financial assets	\$ 159,302	\$ 59,987
- Financial liabilities	689,368	225,581
Cash flow interest rate risk		
- Financial assets	808,695	714,430
- Financial liabilities	638,132	1,026,845

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group were all measured at amortized cost, so they were not included in the analysis. For financial assets and liabilities at floating interest rates, it was assumed in the analysis that they were outstanding throughout the reporting period if outstanding on the balance sheet date. The 0.25% increase or decrease in interest rate was used to report on reasonably possible change in interest rate to key management. If all other variables were held constant and interest rates had been 0.25% higher or lower, the Group's profit before tax for the years ended December 31, 2023 and 2022 would have increased or decreased by NT\$426 thousand and decreased or increased NT\$781 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk, which would cause financial loss due to failure of counterparties to meet their obligations and financial guarantees provided by the Group (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools), could arise from:

- a) The carrying amount of recognized financial assets stated in the consolidated balance sheets.
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Under this policy, each customer is analyzed individually based on financial situation, internal credit rating, historical trading record, and current economic condition which may affect the customer's ability to pay. In addition, some credit enhancement tools, such as advance sales receipts, are adopted at the appropriate time to reduce the credit risk of specific customers.

The Group has accounts receivable from a wide range of customers belonging to different industries and regions. It continues to evaluate the financial position of its customers.

As of December 31, 2023, and 2022, five major customers account for 28% of the Group's accounts receivable, and the credit concentration risk of other accounts receivable is insignificant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance its operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

- a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities, including principal and interest, from the earliest date on which the Group would be required to pay. Specifically, bank loans with a repayment on demand clause were included regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$204,754	\$135,968	\$ 16,470	\$ 881
Lease liabilities	2.73%	5,149	6,907	25,535	137,567
Fixed interest rate liabilities	1.27%	-	-	-	527,856
Floating interest rate liabilities	2.16% ~ 3.11%	3,736	93,898	269,333	313,797
		<u>\$213,639</u>	<u>\$236,773</u>	<u>\$311,338</u>	<u>\$980,101</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$37,591</u>	<u>\$102,730</u>	<u>\$27,331</u>	<u>\$ 7,306</u>	<u>\$ 200</u>	<u>\$ -</u>

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$ 292,281	\$ 70,219	\$ 38,797	\$ -
Lease liabilities	2.73%	5,096	6,617	22,974	165,729
Fixed interest rate liabilities	1.82% ~ 3.11%	35,201	7,208	11	-
Floating interest rate liabilities	1.76% ~ 2.97%	56,037	81,405	403,432	551,170
		<u>\$388,615</u>	<u>\$ 165,449</u>	<u>\$ 465,214</u>	<u>\$ 716,899</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$34,687</u>	<u>\$110,527</u>	<u>\$46,348</u>	<u>\$ 8,548</u>	<u>\$ 306</u>	<u>\$ -</u>

b) Financing facilities

Use of bank facility at the balance sheet date of the Group is shown below:

	December 31	
	2023	2022
Secured bank borrowing facilities		
- Amount used	\$ 638,132	\$1,068,988
- Amount unused	<u>904,888</u>	<u>618,252</u>
	<u>\$1,543,020</u>	<u>\$1,687,240</u>

As of December 31, 2023, the Group's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Group has no significant exposure to liquidity risk.

26. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed in other notes, details on transactions between the Group and other related parties are disclosed below:

a. Names and categories of related parties

Related Party Name	Related Party Categories
Shao, Ten-Po	Chairman of the Company
Great Industries Corp. (G.I.C.)	Related party in substance
GREENRAYS INTERNATIONAL CO., LTD. (GREENRAYS)	Related party in substance
U-LONG HIGH-TECH TEXTILE CO., LTD. (U-LONG)	Related party in substance
TIONG LIONG INDUSTRIAL CO., LTD. (TLI)	Related party in substance
EARS MANAGEMENT & CONSULTANT COMPANY (EARS)	Related party in substance
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
AGRO-GREEN INTERNATIONAL CO., LTD. (AGRO-GREEN)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
Jiafeng Maoliang Investment Co., Ltd. (Jiafeng Maoliang)	Related party in substance
Fu Qing Tong Liong weaving Co.,Ltd. (China) (Fu Qing Tong Liong)	Related party in substance

Related Party Name	Related Party Categories
Fuqing Hong Liong Textile Technology Co., Ltd. (China) (Fuqing Hong Liong)	Related party in substance
Shanghai Huiliang Textile Accessories Co., Ltd. (China) (Shanghai Huiliang)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance
HONG LI TEXTILE CO., LTD. (HONG LI)	Related party in substance
JSM Green Field (Taiwan) Co., Ltd. (JSM Green)	Related party in substance
Zhongshan Tiongliong Tech-textile Technology Co., Ltd. (China) (Zhongshan Tiongliong)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD. (E-LIONG)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (China) (SHANGHAI JIAN LENG)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD (NAM GUANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
Qi Hong Investment CO., LTD. (Qi Hong)	Related party in substance
Xin Yan Investment CO., LTD. (Xin Yan)	Related party in substance
Heng Ding Biotechnology Co., Ltd. (Heng Ding Biotechnology)	Related party in substance
DECORTEC CO., LTD. (DECORTEC)	Related party in substance
Gu Yi Investment CO., LTD. (Gu Yi)	Related party in substance
Hoa Gia Plastics Industrial Co., Ltd. (Hoa Gia)	Related party in substance
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
Liang Cheng Sporting Goods Company Limited (Liang Cheng)	Related party in substance
GREENRAY BIOMEDICAL CO., LTD. (GREENRAY BIOMEDICAL)	Related party in substance

Related Party Name	Related Party Categories
UNION LINE TEXTILE CO., LTD. (UNION LINE)	Related party in substance
BANG-HONG TECHNOLOGY CO., LTD. (BANG-HONG)	Related party in substance
SICOM ENTERPRISE CO., LTD. (SICOM)	Related party in substance
DONGGUAN PROPENE SPORTING GOODS CO., LTD. (China) (PROPENE SPORTING GOODS)	Related party in substance
Teholy Co., Ltd. (Teholy)	Related party in substance
Xu Tai Sports Bag Co., Ltd. (China) (Xu Tai)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (China) (NAMDE)	Related party in substance
DongGuan Nan You Sporting Goods Enterprise Ltd. (China) (Nan You)	Related party in substance
Dongguan Shengliang Textile Co., Ltd. (China) (Shengliang)	Related party in substance
HONGLITEXTILE (China) (HONGLITEXTILE)	Related party in substance
ETERNALCARE BIOTECH INC. (ETERNALCARE)	Related party in substance
HONG LIONG TEXTILE CO., LTD. (HONG LIONG)	Related party in substance
Shanghai Nantec Textile Co., Ltd. (Shanghai Nantec)	Related party in substance
Shanghai Guanqiao Textile Co., Ltd. (Shanghai Guanqiao)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance
TIONG LIONG TRADING(SAMOA)CO., LTD (TIONG LIONG TRADING)	Related party in substance
TIEN POU INTERNATIONAL LTD., TAIWAN BRANCH (CAYMAN) (TIEN POU)	Related party in substance
Chiayi Country Private Ziliang Social Welfare and Charity Foundation (Ziliang Foundation)	Related party in substance
GREATHEALTH INDUSTRY DEVELOPMENT CO., LTD (GREATHEALTH)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
SHANGHAI JIE EN DI ENTERPRISE CO. LTD. (JIE EN DI)	Related party in substance
Zhongdao Fuliang Health Technology CO., LTD. (China) (Zhongdao Fuliang)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance

Related Party Name	Related Party Categories
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKYCOSMOS LIMITED (SKYCOSMOS LIMITPED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun)	Related party in substance

b. Operating revenue

Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales revenue	Related party in substance		
	G.I.C.	\$ 37,915	\$ 55,481
	JIE EN DI	30,318	-
	TLI	18,217	23,603
	TIEN JIANG	11,198	22,040
	Other	<u>83,407</u>	<u>116,490</u>
		<u>\$ 181,055</u>	<u>\$ 217,614</u>

c. Purchase

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance		
HONG LI	\$ 16,831	\$ 23,796
NAMDE	4,673	12,200
U-LONG	3,743	6,021
HUI LIANG	3,219	4,726
Other	<u>1,261</u>	<u>2,932</u>
	<u>\$ 29,727</u>	<u>\$ 49,675</u>

The sales price and purchase price provided to related parties were determined through mutual agreement. The payment term for sales offered to related parties was 30 to 120 days after monthly closing, while the payment term for sales to non-related parties was 30 to 90 days after monthly closing. The payment term for purchases from related parties and non-related parties was 30 to 90 days after monthly closing.

d. Receivables - related parties

		December 31	
Item	Related Party Category/Name	2023	2022
Notes receivable	Related party in substance		
	TLI	\$ 4,026	\$ 4,691
	TIEN JIANG	2,681	4,388
	HUI LIANG	849	715
	Other	<u>202</u>	<u>1,515</u>
		<u>\$ 7,758</u>	<u>\$ 11,309</u>
Accounts receivable	Related party in substance		
	G.I.C.	\$ 17,706	\$ 13,780
	Nan You	4,588	4,743
	PROPRENE SPORTING GOODS	3,283	5,486
	Zhongshan Tiongliong	50	9,062
	Other	<u>14,744</u>	<u>13,838</u>
		<u>\$ 40,371</u>	<u>\$ 46,909</u>
Other current assets	Related party in substance		
	EARS	\$ 430	\$ 438
	PROPRENE SPORTING GOODS	414	4
	HUI LIANG	385	293
	GREENRAYS	369	292
	NAM GUANG	337	1
	AGRO-GREEN	288	245
	JSM Green	186	200
Other	<u>574</u>	<u>242</u>	
		<u>\$ 2,983</u>	<u>\$ 1,715</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payables - related parties

Item	Related Party Category/Name	December 31	
		2023	2022
Notes payable	Related parties in substance		
	U-LONG	\$ 534	\$ 408
	DECORTEC	-	119
		<u>\$ 534</u>	<u>\$ 527</u>
Accounts payable	Related parties in substance		
	HONG LI	\$ 6,305	\$ 5,408
	NAMDE	1,585	420
	Other	<u>1,147</u>	<u>1,402</u>
	<u>\$ 9,037</u>	<u>\$ 7,230</u>	
Other accounts payable	Related parties in substance		
	NAMDE	\$ 968	\$ 413
	EARS	432	972
	Hoa Gia	411	429
	Other	<u>127</u>	<u>86</u>
	<u>\$ 1,938</u>	<u>\$ 1,900</u>	

f. Acquisition of property, plant, and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Related parties in substance		
ORIENTAL	<u>\$ 241</u>	<u>\$ 179</u>

g. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Lease expenses</u>		
Chairman of the Company	\$ 4,403	\$ 4,403
Related parties in substance	-	120
	<u>\$ 4,403</u>	<u>\$ 4,523</u>

The Company leases offices from the chairman of the Company. The rentals are paid on a monthly basis.

Subsidiaries lease parking spaces, offices, display space for samples, and warehouse from related parties in substance. The rentals are paid on a monthly basis.

Lease expenses include expenses related to short-term leases as well as low-value asset leases. The total amount of future expenses associated with short-term leases and expenses to be paid related to low-value asset leases were as follows:

	December 31	
	2023	2022
Total amount of lease expenses to be paid in the future	\$ <u> -</u>	\$ <u> 120</u>

h. Lease - out agreement

Operating lease

The Group leases a dormitory and offices to related parties by means of an operating lease based on prevailing rates in the surrounding area. Rentals may be paid in lump sum at the beginning of the year or collected on a monthly basis. Lease income was NT\$4,967 thousand and NT\$3,666 thousand in 2023 and 2022, respectively.

i. Others

Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs (excluding rentals)	Related parties in substance		
	NAMDE	\$ 3,787	\$ 5,692
	Hoa Gia	-	686
	Other	<u>438</u>	<u>250</u>
		<u>\$ 4,225</u>	<u>\$ 6,628</u>
Operating expenses (excluding rentals)	Related parties in substance		
	EARS	\$ 9,399	\$ 11,331
	Other	<u>1,358</u>	<u>1,813</u>
		<u>\$ 10,757</u>	<u>\$ 13,144</u>
Other income	Related parties in substance		
	PROPRENE SPORTING GOODS	\$ 2,533	\$ -
	AGRO-GREEN	1,590	1,200
	GREENRAYS	1,517	930
	JSM Green	881	1,020
	Other	<u>1,442</u>	<u>517</u>
		<u>\$ 7,963</u>	<u>\$ 3,667</u>

Related parties in substance provide human resources to the Group, and the Group paid NT\$8,991 thousand and NT\$10,975 thousand in management service fees in 2023 and 2022, respectively. Payment is following month based on actual fees every quarter (actual fee was included in the Operating expenses mentioned above).

The Group provides related party in substance with management and consultation services, with management service revenue of NT\$7,818 thousand and NT\$3,560 thousand collected on a monthly basis (included in other income) in 2023 and 2022, respectively.

j. Endorsements and guarantees

Endorsements and guarantees received

The chairman of the Company provided land and building in Tainan City as collateral for loans in December 31, 2023 and 2022.

k. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2023 and 2022 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 52,723	\$ 62,575
Post-employment benefits	<u>1,887</u>	<u>1,415</u>
	<u>\$ 54,610</u>	<u>\$ 63,990</u>

Short-term employee benefits include salaries and bonuses, etc.

Remuneration of directors and key management is determined by the Remuneration Committee based on personal performance and market trends. If the decision-making and handling of any matter related to the remuneration of directors and managerial officers of a subsidiary are delegated to the subsidiary but require ratification by the Company's board of directors, the Remuneration Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group pledged the following assets as bank loans and security deposit for bonds payable:

	<u>December 31</u>		<u>Purpose</u>
	<u>2023</u>	<u>2022</u>	
Restricted demand deposits	\$ 123,226	\$ 29,863	Borrowings and bonds payable

	December 31		Purpose
	2023	2022	
Pledged time deposits	\$ 2,000	\$ 17,000	Borrowings
Right-of-use assets	12,187	13,047	Borrowings
Property, plant and equipment, net	421,482	491,122	Borrowings
Investment properties, net	55,687	-	
	<u>\$ 614,582</u>	<u>\$ 551,032</u>	

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2023 and 2022, the unused letters of credit amounted to NT\$20,352 and NT\$20,960, respectively.
- b. The Company has agreed to lease 7 superficieses from Taiwan Sugar Corporation (TSC) which are located in San Kan Dian and Niaosong, YongKang Dist., Tainan City. In accordance with the agreement with TSC, the Company has established the value of the right of superficieses through the Land Bank of Taiwan, which is the management bank for syndicated credit facility agreements. In addition, the Company has promised the Land Bank of Taiwan that it shall maintain ownership of the superficieses during the syndicated credit facility period and shall faithfully comply with the superficieses contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficieses. Please refer to Notes 14, 17, and 27 for further details.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on aggregation of foreign currencies other than functional currencies of the entities in the Group as well as exchange rates between foreign currencies and respective functional currencies were disclosed. Significant assets and liabilities denominated in foreign currencies were as follows: (Except for the exchange rate, individual foreign currencies all in thousands of New Taiwan Dollars)

	December 31, 2023			
	Foreign currency amount	Exchange rate	Functional currencies	NT\$
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 12,079	30.655 (USD:NTD)	\$370,282	\$370,282
USD	2,037	7.126 (USD:CNY)	14,515	62,444
USD	114	24,160.00 (USD:VND)	2,754,240	3,495
CNY	599	4.302 (CNY:NTD)	2,577	2,577
EUR	200	33.780 (EUR:NTD)	6,756	6,756
HKD	96	3.899 (HKD:NTD)	374	374

December 31, 2023				
	Foreign currency amount	Exchange rate	Functional currencies	NT\$
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 297	30.655 (USD:NTD)	\$ 9,105	\$ 9,105
USD	198	24,160.00 (USD:VND)	4,783,680	6,070

December 31, 2022				
	Foreign currency amount	Exchange rate	Functional currencies	NT\$
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 12,315	30.660 (USD:NTD)	\$377,578	\$377,578
USD	2,655	6.995 (USD:CNY)	18,572	81,402
USD	94	23,540.00 (USD:VND)	2,212,760	2,390
CNY	2,137	4.383 (CNY:NTD)	9,366	9,366
EUR	514	32.520 (EUR:NTD)	16,715	16,715
HKD	35	3.908 (HKD:NTD)	137	137

<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	341	30.660 (USD:NTD)	10,455	10,455
USD	64	23,540.00 (USD:VND)	1,506,560	1,627

For the years ended December 31, 2023 and 2022, net foreign exchange net gains (realized and unrealized) were NT\$871 thousand, and NT\$52,847 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses per significant foreign currency due to various foreign currency transactions.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. reinvestments:

- 1) Financing provided to others: None.
- 2) Endorsement and guarantee provided: Table 1.
- 3) Marketable securities held: Table 2.

- 4) Acquisition and disposal of marketable securities for at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchase or sales transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Others:
Intercompany relationships and significant intercompany transactions: Table 3.
- 11) Information on investees: Table 4.

b. Information on investments in Mainland China:

- 1) The name of investee in Mainland China, main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 5.
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 3.
 - c) The amount of property transactions and the amount of resultant gains or losses: None.
 - d) The balance and purposes of endorsements or guarantees or pledged of collateral at the end of the period: None.
 - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.

- f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.
- c. Information on major shareholders: list the names of all shareholders with ownership of 5% or greater, the number of shares owned, and percentage of ownership of each shareholder: Table 6.

31. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group's reportable segments, including departments in charge of electronic products, chemical products, textile products (downstream), and other products.

a. Segment revenue and results

Below is an analysis of continuing revenue and results from the operations of reportable segments of the Group:

	Segment Revenue		Segmented Income	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Electronic products	\$ 84,668	\$ 212,621	(\$ 48,707)	\$ 881
Chemical products	129,541	142,725	17,382	7,556
Textile products (downstream)	2,197,589	2,717,748	50,289	140,415
Other products	<u>-</u>	<u>9,133</u>	<u>-</u>	<u>(8,938)</u>
	<u>\$2,411,798</u>	<u>\$3,082,227</u>	18,964	139,914
Interest revenue			10,769	3,352
Foreign exchange gains			871	52,847
Finance costs			(27,439)	(30,670)
Other gains and losses			<u>37,002</u>	<u>26,056</u>
Profit before tax from continuing operations			<u>\$ 40,167</u>	<u>\$ 191,499</u>

The reported segment revenue was generated from transactions with external customers.

Segment revenue represented the profit before tax earned by each segment without allocation of interest revenue, foreign exchange gains (losses), financing costs, and income tax expense. This was the measure reported to the chief operating

decision-maker for the purpose of resource allocation and assessment of segment performance.

Because the Group did not provide the operating decision-maker with segment assets of reportable segments, information of segment assets shall not be disclosed.

b. Major revenue from products and service

Below is the major revenue from products and services of continuing operations of the Group:

	For the Year Ended December 31	
	2023	2022
Electronic products	\$ 84,668	\$ 212,621
Chemical product	129,541	142,725
Textile products (downstream)	2,197,589	2,717,748
Other products	-	9,133
	<u>\$2,411,798</u>	<u>\$3,082,227</u>

c. Geographical information

Taiwan, China, and Vietnam are the Group's major operational locations. The Group's revenue from continuing operations of external customers based on the operational location and information on non-current assets according to location are detailed as follows:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$1,679,409	\$2,193,290	\$ 869,927	\$ 909,835
China	720,449	864,544	409,759	458,262
Vietnam	11,940	24,393	18,586	17,874
	<u>\$2,411,798</u>	<u>\$3,082,227</u>	<u>\$1,298,272</u>	<u>\$1,385,971</u>

Non-current assets exclude financial instruments and deferred tax assets.

d. Information on major customers

The Group does not have revenues from a single customer that exceed 10% of the consolidated operating revenues in 2023 and 2022.

TABLE 1

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Subsidiary	\$ 332,826	\$ 20,000	\$ 20,000	\$ -	\$ -	-	\$ 832,065	Yes	-	-

Note: The Company's aggregate amount of endorsements/guarantees for external entities and for a single entity shall not exceed 50% and 20% of the Company's net worth, respectively. The maximum amount of aggregate endorsements/guarantees provided by the Company was the net value on December 31, 2023.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership	
NAM LIONG GLOBAL CORPORATION	Shares TIONG LIONG INDUSTRIAL CO., LTD.	Related parties in substance	Financial assets at fair value through other comprehensive income - non-current	7,091,902	\$ 286,314	14.29%	\$ 286,314

Note: Financial assets at fair value through other comprehensive income were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	
0	NAM LIONG GLOBAL CORPORATION	JIAXING NANXIONG POLYMER CO., LTD.	(1)	Sales revenue	\$ 27,839	Note 5	1.15%
0	NAM LIONG GLOBAL CORPORATION	JIAXING NANXIONG POLYMER CO., LTD.	(1)	Accounts receivable	3,402	Note 5	0.10%
1	ELEMENTECH INTERNATIONAL CO., LTD.	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	(3)	Operating costs	65,646	Note 5	2.72%

Note 1: Transactions between the parent corporation and its subsidiaries should be remarked, as well as numbered in the first column. Rules were as follows:

(1) The parent corporation shall be 0.

(2) Subsidiaries are numbered in Arabic figures.

Note 2: Related party transactions are divided into three categories:

(1) The parent corporation to its subsidiaries

(2) Subsidiaries to the parent corporation

(3) Subsidiaries to Subsidiaries

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, computation is based on period-end balance of transaction to consolidated total assets for balance sheet accounts, as well as accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: All transactions have been eliminated upon consolidation.

Note 5: The amount was determined through mutual agreement.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Share of Profit (Loss) (Foreign Currencies in Thousands)	Note	
				December 31, 2023	December 31, 2022	Number of Shares	%			Carrying Amount
NAM LIONG GLOBAL CORPORATION	GREENCHEM INTERNATIONAL CO., LTD.	Chiayi	Chemical product	\$ 240,000	\$ 240,000	8,000,000	100.00	\$ 287,431	\$ 12,404	Note
NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	224,500	154,500	16,846,640	100.00	153,006	(42,307)	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Cayman)	Cayman Islands	Holding and investment	USD 1,930 thousand	USD 1,930 thousand	1,930,000	100.00	136,324	427 (USD 14 thousand)	Note
NAM LIONG GLOBAL CORPORATION	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	USD 6,810 thousand	USD 6,810 thousand	6,810,000	100.00	576,033	2,571 (USD 83 thousand)	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	Vietnam	Textile products (downstream)	USD 1,600 thousand	USD 1,600 thousand	-	100.00	520	(13,241) (Loss VND 10,069,997 thousand)	Note
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HKD 16,056 thousand	HKD 15,856 thousand	-	100.00	(16,685)	(27,996) (Loss HKD 7,087 thousand)	Note

Note: All transactions have been eliminated upon consolidation.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and 6)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 4)
					Outward	Inward						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,131 (USD 200 thousand)	Direct investment in Mainland China	\$ 6,465 (USD 200 thousand)	\$ -	\$ -	\$ 6,465 (USD 200 thousand)	\$ 21,766 (CNY 4,980 thousand)	100%	\$ 21,766 (CNY 4,980 thousand)	\$ 54,446	\$ 218,733 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATI ONS CO., LTD.	Electronic products trading and manufacturing	61,310 (USD 2,000 thousand)	Through a company invested and established in a third region	59,190 (USD 2,000 thousand)	-	-	59,190 (USD 2,000 thousand)	(27,859) (Loss CNY 6,374 thousand)	100%	(27,859) (Loss CNY 6,374 thousand)	(17,275) (HKD 4,431 thousand)	-
JIAXING NANXIONG POLYMER CO., LTD.	Textile products (downstream)	183,930 (USD 6,000 thousand)	Through a company invested and established in a third region	272,723 (USD 8,583 thousand)	-	-	272,723 (USD 8,583 thousand)	2,389 (CNY 546 thousand)	100%	2,389 (CNY 546 thousand)	518,011 USD 16,898 thousand	-
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Textile products (downstream)	82,769 (USD 2,700 thousand)	Through a company invested and established in a third region	84,351 (USD 2,651 thousand)	-	-	84,351 (USD 2,651 thousand)	607 (CNY 139 thousand)	100%	607 (CNY 139 thousand)	195,316 USD 6,371 thousand	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 422,729 (USD 13,434 thousand) (Note 1)	\$ 486,064 (USD 15,497 thousand) (Note 1 and 7)	\$ - (Note 5)

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: Calculated using the average exchange rate between January 31, 2023 and December 31, 2023

Note 3: Calculated using the exchange rate on December 31, 2023

Note 4: Calculated using the exchange rate of inward remittance of dividends

Note 5: Pursuant to the Industrial Development Bureau, MOEA No. 11020444220 dated December 6, 2021, the Company has obtained a certificate of qualification for headquarters operations, issued by the Industrial Development Bureau, MOEA, thus the upper limit on investments in Mainland China is not applicable to the Company.

Note 6: Calculated with the financial statements audited and attested by R.O.C parent company's certified public accountant in the same period.

Note 7: Investment amounts authorized by the Investment Commission, MOEA when the Company acquired GREENCHEM and merged with NAM LIONG ENTERPRISE, are included.

Note 8: The Company obtained 100% shares in GREENCHEM in October 2010, and dividends of GREENCHEM were remitted by GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. after October 2010.

Note 9: All transactions have been eliminated upon consolidation.

TABLE 6

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.08%

Note 1: The information in this table refers to the total shareholdings of more than 5% of the Company's shares of common stock and preferred stock that have completed non-physical registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository and Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of shares that have completed non-physical registration and delivery may vary due to different basis of calculation.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
NAM LIONG GLOBAL CORPORATION

Opinion

We have audited the parent company only financial statements of NAM LIONG GLOBAL CORPORATION (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Sales to Specific Customers

The Company's sales growth of specific customers was different from the overall sales trend and the amount was substantial in 2023. Therefore, authenticity of revenue for the sales to specific customers is identified as one of the key audit matters for the year ended December 31, 2023.

In connection with the above key audit matter, the following audit procedures were performed:

1. We understood, and evaluated relevant operating procedures and internal controls for sales transactions. Also, we tested the design on of the internal controls and the effectiveness of the implementation.
2. We obtained details of sales to breakdown from specific customers, and reviewed relevant documents of revenue recognition, including the original orders, delivery notes, and actual amount received to verify the authenticity of revenue recognition.
3. We obtained details of subsequent sales returns from specific customers, and verified the reasonableness of the returns.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts, and for such internal control as management determines is necessary to enable the

preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chang, Cheng-Hsiu and Huang, Hsiu-Chun.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original

Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 332,657	11	\$ 304,350	10
1136	Financial assets at amortized cost – current (Notes 4, 9 and 27)	15,226	-	43,863	1
1150	Notes receivable, net – non-related parties (Notes 4 and 10)	33,039	1	34,751	1
1160	Notes receivable – related parties (Notes 4, 10 and 26)	7,736	-	11,242	-
1170	Accounts receivable, net – non-related parties (Notes 4 and 10)	195,953	6	232,316	8
1180	Accounts receivable – related parties (Notes 4, 10 and 26)	56,557	2	47,127	2
1200	Other receivables	1,974	-	3,032	-
1210	Other receivables – related parties (Note 26)	1,647	-	772	-
130X	Inventories (Notes 4, 5 and 11)	206,322	7	286,395	9
1470	Other current assets	16,960	1	17,519	1
11XX	Total current assets	<u>868,071</u>	<u>28</u>	<u>981,367</u>	<u>32</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4, 8 and 25)	286,314	9	205,273	7
1535	Financial assets at amortized cost – non-current (Notes 4, 9 and 27)	110,000	4	-	-
1550	Investments accounted for using equity method (Note 4 and 12)	1,153,314	37	1,152,444	38
1600	Property, plant and equipment (Notes 4, 13 and 27)	563,338	18	640,755	21
1755	Right-of-use assets (Notes 4, 14, 27 and 28)	43,393	1	46,794	2
1760	Investment properties (Notes 4, 15 and 27)	55,687	2	-	-
1821	Intangible assets (Notes 4)	4,802	-	3,441	-
1840	Deferred tax assets (Notes 4 and 22)	19,272	1	13,628	-
1900	Other non-current assets	5,242	-	9,912	-
15XX	Total non-current assets	<u>2,241,362</u>	<u>72</u>	<u>2,072,247</u>	<u>68</u>
1XXX	TOTAL	<u>\$3,109,433</u>	<u>100</u>	<u>\$3,053,614</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 16 and 27)	\$ 130,000	4	\$ 362,143	12
2110	Short-term notes and bills payable (Notes 16 and 27)	-	-	29,871	1
2120	Financial liabilities at fair value through profit or loss – current (Notes 4, 7, 17 and 25)	2,150	-	-	-
2150	Notes payable – non-related parties	6,651	-	14,950	1
2160	Notes payable – related parties (Notes 26)	534	-	516	-
2170	Accounts payable – non-related parties	138,009	5	145,260	5
2180	Accounts payable – related parties (Notes 26)	12,914	-	11,636	-
2219	Other payables (Notes 18)	95,713	3	126,414	4
2220	Other payables – related parties (Notes 26)	243	-	731	-
2230	Current tax liabilities (Notes 4 and 22)	16,147	1	2,302	-
2280	Lease liabilities – current (Notes 4, 14 and 27)	2,043	-	1,856	-
2320	Current portion of long-term borrowings (Notes 16, 27 and 28)	199,515	6	196,915	6
2399	Other current liabilities	7,400	-	43,522	1
21XX	Total current liabilities	<u>611,319</u>	<u>19</u>	<u>936,116</u>	<u>30</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Notes 4, 17, 25 and 27)	527,856	17	-	-
2540	Long-term borrowings (Notes 16, 27 and 28)	283,078	9	453,700	15
2570	Deferred tax liabilities (Notes 4 and 22)	-	-	164	-
2580	Lease liabilities – non-current (Notes 4, 14 and 27)	22,571	1	24,480	1
2645	Guarantee deposits received	480	-	-	-
25XX	Total non-current liabilities	<u>833,985</u>	<u>27</u>	<u>478,344</u>	<u>16</u>
2XXX	Total liabilities	<u>1,445,304</u>	<u>46</u>	<u>1,414,460</u>	<u>46</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 12, 20 and 23)				
3100	Share capital	1,223,923	40	1,223,923	40
3211	Capital surplus	100,683	3	57,621	2
	Retained earnings				
3310	Legal reserve	32,386	1	14,597	-
3350	Unappropriated earnings	151,052	5	235,831	8
3300	Total Retained earnings	183,438	6	250,428	8
3400	Other equity	156,085	5	107,182	4
3XXX	Total equity	<u>1,664,129</u>	<u>54</u>	<u>1,639,154</u>	<u>54</u>
	TOTAL	<u>\$3,109,433</u>	<u>100</u>	<u>\$3,053,614</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4110	OPERATING REVENUE (Notes 4 and 26)	\$ 1,611,660	100	\$ 2,014,659	100
5110	OPERATING COSTS (Notes 4, 11, 21, and 26)	(1,181,423)	(73)	(1,468,941)	(73)
5900	GROSS PROFIT	<u>430,237</u>	<u>27</u>	<u>545,718</u>	<u>27</u>
5910	UNREALIZED GAINS FROM SALES (Note 4)	(1,100)	-	(2,260)	-
5920	REALIZED GAINS FROM SALES (Note 4)	<u>2,260</u>	<u>-</u>	<u>1,354</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>431,397</u>	<u>27</u>	<u>544,812</u>	<u>27</u>
	OPERATING EXPENSES (Notes 4, 10, 21 and 26)				
6100	Selling and marketing expenses	101,037	6	121,068	6
6200	General and administrative expenses	225,830	14	283,042	14
6300	Research and development expenses	38,144	3	43,104	2
6450	Expected credit loss recognized (reversed)	<u>3,697</u>	<u>-</u>	(<u>890</u>)	<u>-</u>
6000	Total operating expenses	<u>368,708</u>	<u>23</u>	<u>446,324</u>	<u>22</u>
6900	PROFIT FROM OPERATIONS	<u>62,689</u>	<u>4</u>	<u>98,488</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4, 17, 21 and 26)	(2,763)	-	955	-
7050	Finance costs (Notes 4 and 21)	(22,467)	(1)	(24,098)	(1)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7070	Share of profits of subsidiaries accounted for using equity method (Notes 4 and 12)	(\$ 41,410)	(3)	\$ 47,249	2
7100	Interest revenue	4,366	-	698	-
7190	Other income (Notes 4, 21 and 26)	26,791	2	24,102	1
7230	Foreign exchange gains (Notes 4, 21 and 29)	575	-	36,267	2
7590	Miscellaneous disbursements	(376)	-	(507)	-
7000	Total non-operating income and expenses	(35,284)	(2)	84,666	4
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	27,405	2	183,154	9
7950	INCOME TAX EXPENSE (Notes 4 and 22)	(14,859)	(1)	(5,535)	-
8200	NET PROFIT FOR THE YEAR	12,546	1	177,619	9
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains on investments in equity instruments at fair value through other comprehensive income	62,787	4	73,614	4
8388	Share of other comprehensive income of subsidiaries accounted for using the equity method-remeasurement of defined benefit plans	19	-	275	-
8310		62,806	4	73,889	4

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(\$ 13,345)	(1)	\$ 10,919	-
8381	Share of the other comprehensive gains (losses) of subsidiaries accounted for using the equity method - exchange differences on translation of the financial statements of foreign operations	(554)	-	784	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>15</u>	<u>-</u>	<u>(359)</u>	<u>-</u>
8360		<u>(13,884)</u>	<u>(1)</u>	<u>11,344</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>48,922</u>	<u>3</u>	<u>85,233</u>	<u>4</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 61,468</u>	<u>4</u>	<u>\$ 262,852</u>	<u>13</u>
	EARNINGS PER SHARE (Note 23)				
9710	Basic	<u>\$ 0.10</u>		<u>\$ 1.45</u>	
9810	Diluted	<u>\$ 0.07</u>		<u>\$ 1.44</u>	

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code	Share capital (Notes 4 and 20)		Capital surplus (Notes 4, 12, 17 and 20)		Retained Earnings (Notes 4 and 20)		Unappropriated Earnings		Other equity			Total Equity
	(In Thousands) Shares	Amount	(Notes 4, 12, 17 and 20)		Legal Reserve		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation (Notes 4 and 22)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 8)			
A1	122,392	\$ 1,223,923	\$ 57,621	\$ -	\$ -	\$ 145,969		(\$ 24,031)	\$ 46,255		\$ 1,449,737	
B1	-	-	-	14,597	(14,597)	-	-	-	-	-	-	
B5	-	-	-	-	(73,435)	-	-	-	-	-	(73,435)	
	-	-	-	14,597	(88,032)	-	-	-	-	-	(73,435)	
D1	-	-	-	-	-	177,619	-	-	-	-	177,619	
D3	-	-	-	-	-	275	-	11,344	73,614	-	85,233	
D5	-	-	-	-	-	177,894	-	11,344	73,614	-	262,852	
Z1	122,392	1,223,923	57,621	14,597	235,831		(12,687)	119,869			1,639,154	
B1	-	-	-	17,789	(17,789)	-	-	-	-	-	-	
B5	-	-	-	-	(79,555)	-	-	-	-	-	(79,555)	
	-	-	-	17,789	(97,344)	-	-	-	-	-	(79,555)	
D1	-	-	-	-	-	12,546	-	-	-	-	12,546	
D3	-	-	-	-	-	19	-	(13,884)	62,787	-	48,922	
D5	-	-	-	-	-	12,565	-	(13,884)	62,787	-	61,468	
C5	-	-	-	-	-	-	-	-	-	-	-	
Z1	122,392	\$ 1,223,923	\$ 100,683	\$ 32,386	\$ 151,052		(\$ 26,571)	\$ 182,656			\$ 1,664,129	

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 27,405	\$ 183,154
A20010	Incomes and expenses not affecting cash flow		
A20100	Depreciation expense	49,296	49,425
A20200	Amortization expense	1,016	863
A20300	Expected credit loss recognized (reversed)	3,697	(890)
A20400	Net Loss on financial liabilities at fair value through profit or loss	2,000	-
A20900	Finance costs	22,467	24,098
A21200	Interest revenue	(4,366)	(698)
A21300	Dividend income	(2,938)	(44)
A22400	Share of profits of subsidiaries accounted for using the equity method	41,410	(47,249)
A22500	Gain on disposal of property, plant and equipment	763	(1,000)
A22800	Loss on disposal of intangible assets	-	45
A23700	Write-down of inventories	4,164	12,519
A23900	Unrealized gains from sales with subsidiary	1,100	2,260
A24000	Realized gains from sales with subsidiary	(2,260)	(1,354)
A24100	Unrealized foreign currency exchange gains (losses)	3,355	(203)
A29900	Gain from lease modification	-	72
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	5,218	16,749
A31150	Accounts receivable	19,619	33,006
A31180	Other receivables	183	3,441
A31200	Inventories	75,909	(25,729)
A31240	Other current assets	(4,200)	4,318
A32130	Notes payable	(8,281)	341
A32150	Accounts payable	(5,711)	(60,695)
A32180	Other payables	(31,006)	3,107
A32230	Other current liabilities	(36,122)	25,762
A33000	Cash generated from operations	162,718	221,298
A33100	Interest received	4,366	698

(Continued)

<u>Code</u>		<u>2023</u>	<u>2022</u>
A33300	Interest paid	(\$ 22,110)	(\$ 22,350)
AC0500	Income taxes return (paid)	(6,807)	37
AAAA	Net cash generated from operating activities	<u>138,167</u>	<u>199,683</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisitions of financial assets at fair value through other comprehensive income	(18,254)	(30,985)
B00040	Acquisitions of financial assets at amortized cost	(112,000)	(16,657)
B00050	Proceeds from disposal of financial assets at amortized cost	30,637	19,367
B01800	Acquisitions of long-term equity investments accounted for using the equity method	(70,000)	-
B02700	Acquisitions of property, plant, and equipment	(29,621)	(48,216)
B02800	Proceeds from disposal of property, plant and equipment	7,067	1,000
B03800	Decrease (increase) in refundable deposits	1,303	(179)
B04500	Acquisitions of intangible assets	(2,377)	(1,729)
B07200	Decrease in prepayments for equipment	1,677	664
B07600	Dividends received	<u>17,938</u>	<u>30,044</u>
BBBB	Net cash used in investing activities	(<u>173,630</u>)	(<u>46,691</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term loans	(232,143)	23,877
C00600	Decrease in short-term notes and bills payable	(29,871)	(386)
C01200	Proceeds from convertible bonds	581,142	-
C01600	Proceeds from long-term borrowings	50,000	-
C01700	Repayments of long-term borrowings	(218,022)	(46,574)
C03000	Deposits received	480	-
C04020	Payments of lease liabilities	(3,261)	(3,402)
C04500	Cash dividends	(79,555)	(73,435)
C09900	Bond issue cost paid	(5,000)	-
CCCC	Net cash generated from (used in) financing activities	<u>63,770</u>	(<u>99,920</u>)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	28,307	53,072
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>304,350</u>	<u>251,278</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 332,657</u>	<u>\$ 304,350</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

NAM LIONG GLOBAL CORPORATION (the "Company"), a Republic of China (R.O.C.) corporation, was incorporated in August 1989, and 100% merged with NAM LIONG ENTERPRISE CO., LTD. on December 31, 2020. The Company is the surviving company after the merger, while NAM LIONG ENTERPRISE CO., LTD. was the dissolved company. The Company engages mainly in the manufacturing and sales of rubber sponge, sponge lamination, hook and loop, flame retardant fabric, abrasion resistant fabric, TPU film, etc.

The Company's Original name, "Prolink Microsystems Corporation" was officially changed to "NAM LIONG GLOBAL CORPORATION" in July, 2020.

The Company's stocks have been listed on the Taipei Exchange (TPEX) since August 22, 2000.

As of December, 2023 and 2022, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.08% equity interest in the Company.

The parent company only financial statements are presented the Company's functional currency, the New Taiwan dollars.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved by the Board of Directors on March 12, 2024.

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

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

Except for the following, the initial application of the amendments to the IFRS endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies.

b. The IFRS endorsed by the FSC for application beginning in 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not impact on the Company's financial position and financial performance.

c. The IFRS in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial

application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts.

b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

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

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

When preparing the parent company only financial statements, the Company adopted the equity method to account for its investments in subsidiaries. In order to align the amount of net profit for the year, other comprehensive income, and equity from the current year in the parent company only financial statements with those attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis are presented under the heading of "Investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries, and related equity items" in the parent company only financial statements.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date).

Current liabilities include:

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

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the prevailing exchange rates on transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the prevailing rates on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the prevailing rates on the date the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the prevailing exchange rates on the transaction dates and are not retranslated.

For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Company) are

translated into New Taiwan dollars using prevailing exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., disposal of the Company's entire interest in a foreign operation, or disposal of a subsidiary's partial interest in a foreign operation with loss of control, of which the retained interest is a financial asset in accordance with the accounting policy of financial instruments), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the accumulated exchange differences are proportionally included in the calculation of equity transactions, but are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, semi-finished goods, and merchandise. Inventories are measured at the lower of cost or net realizable value. The comparison between costs and net realizable values is based on individual items, except for the same category of inventory. The net realizable value is the estimated selling price in the ordinary course of business minus the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in subsidiaries is initially recognized at cost, and the carrying amount is increased or decreased depending on the profit or loss and other comprehensive income of subsidiaries as well as the distribution received. The Company also recognizes the changes in its share of other equity in subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary equal or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of

the Company's net investment in the subsidiary), the Company continues to recognize its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. If the recoverable amount of an asset subsequently increases, the Company recognizes a reversal of the impairment loss and deducts the amortized carrying amount. However, after reversal, the carrying amount should not exceed the carrying amount that is not recognized as impairment loss. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at fair value on that date, and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is recognized as gains or losses. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses from downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Profits and losses from transactions with subsidiaries other than downstream are recognized in the parent company only financial statements, but only to the extent of interests in the subsidiary that are not related to the Company.

g. Property, Plant and Equipment

Property, plant and equipment are measured at cost and subsequently measured at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. The cost includes professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of cost or net realizable value and recognized sales price and cost in profit or loss before ready for their intended use. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, property, plant and equipment are depreciated using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual value and depreciation method are

reviewed at the end of each reporting date, with the effect of any changes in the estimates accounted for on a prospective basis.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Owned investment real estate is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized using the straight-line method.

For a transfer of classification from inventories to investment properties, carrying amount ended for own use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less any accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful live, residual values, and amortization method are reviewed at the end of each reporting period with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net proceeds from disposal and the carrying amount of intangible assets is recognized in profit or loss.

j. Impairment of Property, Plant and Equipment, Right-of-use assets, Investment properties and Intangible Assets other than Goodwill

At the end of each reporting period, the Company assesses for indications of impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill. If any such indication exists, the recoverable amount of the asset shall be estimated. If it is not possible to

determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. If the recoverable amount of individual asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less any amortization or depreciation) of the asset or cash-generating unit without impairment loss recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets held by the Company are classified as financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

i. Financial Assets at Amortized Cost

When the Company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i) Financial assets are held within a certain business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other receivables, and refundable deposits) are measured at the gross carrying amount, as determined using the effective interest method, less any impairment loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except:

- i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii) For purchased or originated financial assets that are not credit-impaired but have subsequently become credit impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in subsequent reporting period.

Credit-impaired financial assets are those in which the issuer or debtor has experienced significant financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or there is disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

- ii. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not a contingent consideration recognized by the acquirer in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of equity investments and will be transferred to retained earnings instead.

Dividends from investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is confirmed, unless such dividends clearly represent the recovery of a portion of the investment cost.

b) Impairment of financial assets

On each balance sheet date, the Company assesses the impairment loss on financial assets (including accounts receivable) at amortized cost on the basis of expected credit losses.

Accounts receivable are recognized as a loss allowance based on lifetime expected credit losses. For other financial instruments, a loss allowance for the 12-month expected credit losses shall be recognized for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses shall be recognized for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from a possible default event associated with a financial instrument within 12 months after the balance sheet date, while the lifetime expected credit loss represents the expected credit loss arising from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following circumstances represent default events on financial assets:

- i. There is internal or external information indicating that it is impossible for the debtor to repay the debt.
- ii. The underlying debt is considered overdue based on the Company's payment terms, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is recognized based on the decrease in the carrying amounts in a loss allowance account.

c) Derecognition of Financial Assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets and substantially all the risks and rewards of ownership to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in equity instruments at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of proceeds received, net of the direct cost of issuance.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and the carrying amounts are calculated based on weighted average by share type and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent Measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

b) Derecognition of Financial Liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus-share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

I. Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it shall allocate the transaction prices to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution as well as the selling price of the goods, has the primary responsibility for the sale of goods to future customers, and bears the risk of obsolescence. Trade receivables are recognized concurrently.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

Except for low-value asset leases and short-term leases that qualify for recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease term, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in the rate used to determine lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liabilities liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding

adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

o. Government grants

Government grants are recognized only when they can be reasonably assured that the Company would comply with the conditions imposed by the government and that such grants could be received.

If the government grants are used to compensate for fees or losses incurred, or are given to the Company for the purpose of immediate financial support without related future costs, such grants may be recognized in profit or loss within the collection period.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the non-discounted amount of the benefits expected to be paid in exchange for employee services.

2) Retirement benefits

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses when incurred or settled. Remeasurement (including actuarial gains and losses, the effect of changes to the asset ceiling, and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur and included in retained earnings, and is not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent the deficit (surplus) of the defined benefit pension plan. Net defined benefit assets shall not exceed the

present value of the refund of contributions from the plan or the reduction in future contributions.

q. Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined under the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is imposed in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized for all temporary differences between the carrying amount of assets and liabilities and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed on each balance sheet date to the extent that it is probable that sufficient taxable income will be available to recover all or part of the assets, with carrying amount increased.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year when the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company

expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management must make judgments, estimates and assumptions based on historical experience and other critical factors in related information that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of assumptions and estimation uncertainty - Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business, less the estimated costs to completion, and less the estimated costs required for the sale. The estimation of net realizable value is based on current market conditions and historical experience with sales of similar products. Changes in market conditions may have critical impacts on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and working capital	\$ 890	\$ 1,080
Checking accounts and demand deposits	237,863	303,270
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	93,904	-
	<u>\$ 332,657</u>	<u>\$ 304,350</u>

Interest rate ranges of demand deposit and time deposits at the balance sheet date were as follows:

	December 31	
	2023	2022
Demand deposit	0.05% ~ 1.45%	0.05% ~ 1.15%
Time deposits with original maturities of less than 3 months	4.60% ~ 5.40%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
(December 31, 2022: none)

	<u>December 31</u>	
	<u>2023</u>	
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
- Redemption options and put options of convertible bonds (Note 17)		<u>\$ 2,150</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$ 286,314</u>	<u>\$ 205,273</u>

In November 2023, October 2022 and November 2021, the Company contributed to a cash capital increase for TIONG LIONG INDUSTRIAL CO., LTD. (TLI) at NT\$15 per share, and acquired 1,217,000 shares, 2,066,000 shares and 3,628,000 shares. For the years ended December 31, 2023 and 2022, the shareholding percentage are 14.29% and 13.52% respectively.

The Company invested in the aforementioned ordinary shares based on its medium-term and long-term strategies for making profit through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive income because they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Restricted demand deposits	\$ 13,226	\$ 29,863
Pledged time deposits	<u>2,000</u>	<u>14,000</u>
	<u>\$ 15,226</u>	<u>\$ 43,863</u>
<u>Non-current</u>		
Restricted demand deposits	<u>\$ 110,000</u>	<u>\$ -</u>

The market rates of financial assets at amortized cost at the balance sheet date were as follows:

	December 31	
	2023	2022
Restricted demand deposits	0.48% ~ 0.58%	0.39% ~ 0.46%
Pledged time deposits	0.15%	0.15% ~ 0.87%

Please refer to Note 27 for pledged details of financial assets at amortized cost.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 33,418	\$ 35,130
Less: Allowance for impairment loss	(379)	(379)
	<u>\$ 33,039</u>	<u>\$ 34,751</u>
Gross carrying amount - related parties	<u>\$ 7,736</u>	<u>\$ 11,242</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$200,474	\$233,140
Less: Allowance for impairment loss	(4,521)	(824)
	<u>\$195,953</u>	<u>\$232,316</u>
Gross carrying amount - related parties	<u>\$ 56,557</u>	<u>\$ 47,127</u>

In order to control credit risks, the Company has investigated its customers' operating status and financial position before accepting new customers. The investigation would evaluate and ensure the credit quality and capacity of customers, whose credit limit and rating are reviewed annually. In addition, the Company reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for accounts receivable from possible credit risks.

The Company recognizes loss allowance for accounts receivable based on lifetime expected credit losses, which would be referred to customers' default history, current financial position, and industry economics. However, the Company's experience shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the Company sets expected credit losses rate based on the number of days past due.

The Company directly writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect of receivable recovery. The Company continues to engage in enforcement activities and recognizes receivable recovery in profit or loss.

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

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$293,820	\$ 1,059	\$ -	\$ 3,306	\$298,185
Loss allowance (Lifetime expected credit losses)	(1,383)	(211)	-	(3,306)	(4,900)
Amortized cost	<u>\$292,437</u>	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$293,285</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$317,971	\$ 5,771	\$ 2,897	\$ -	\$326,639
Loss allowance (Lifetime expected credit losses)	(939)	(226)	(38)	-	(1,203)
Amortized cost	<u>\$317,032</u>	<u>\$ 5,545</u>	<u>\$ 2,859</u>	<u>\$ -</u>	<u>\$325,436</u>

Changes in loss allowances for notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at the beginning of year	\$ 1,203	\$ 2,093
Add: (Reversal) Provision for impairment loss in the year	3,697	(890)
Balance at the end of year	<u>\$ 4,900</u>	<u>\$ 1,203</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	\$ 66,304	\$ 112,595
Work-in-process and semi-finished goods	74,027	104,405
Finished goods	64,010	64,169
Merchandise	1,981	5,226
	<u>\$ 206,322</u>	<u>\$ 286,395</u>

For the years ended December 31, 2023 and 2022, the cost of sales related to inventories were NT\$1,181,423 thousand and NT\$1,468,941 thousand, respectively. For the years ended December 31, 2023 and 2022, the cost of sales included inventory write-down and obsolescence losses amounting to NT\$4,164 thousand and NT\$12,519 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2023		2022	
Investment in subsidiaries	<u>\$1,153,314</u>		<u>1,152,444</u>	
<u>Investment in subsidiaries</u>				
	December 31			
	2023		2022	
	Amount	The proportion of the Company's ownership	Amount	The proportion of the Company's ownership
Unlisted companies				
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	\$ 287,431	100	\$ 290,725	100
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	153,006	100	125,150	100
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN NAM LIONG)	136,324	100	138,742	100
SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL)	576,033	100	582,880	100
NAM LIONG ENTERPRISE CO., LTD (VIET NAM). (VIETNAM NAM LIONG)	<u>520</u>	100	<u>14,947</u>	100
	<u>\$ 1,153,314</u>		<u>\$ 1,152,444</u>	

ELEMENTECH's board of directors decided to implement a capital reduction of NT\$7,655 thousand to offset deficits, and issued ordinary shares for NT\$70,000 thousand with a par value of \$10, which were fully subscribed by the Company. The subscription base date was determined on November 8, 2023.

As of December 31, 2023, the Company remitted US\$1,890 thousand from CAYMAN NAM LIONG and US\$761 thousand from SPEEDBEST INTERNATIONAL as indirect investments in DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG) for 70% and 30% equity holding in DONG GUAN NAMLIONG, respectively, totaling 100%. In addition, the Company remitted US\$8,583 thousand from SPEEDBEST INTERNATIONAL for 100% equity holding in JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG).

The Company's property, plant and equipment were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings	
Main buildings	45~50 years
Plant maintenance and improvements	25~40 years
Others	3~20 years
Machinery equipment	2~20 years
Transportation equipment	2~10 years
Miscellaneous equipment	1~20 years

Please refer to Note 27 for details on property, plant and equipment pledged as collateral for bank borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount of right-of-use assets		
Land	\$ 42,710	\$ 45,745
Transportation equipment	<u>683</u>	<u>1,049</u>
	<u>\$ 43,393</u>	<u>\$ 46,794</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 684</u>	<u>\$ 298</u>
Depreciation of right-of-use assets		
Land	\$ 3,217	\$ 3,071
Transportation equipment	<u>868</u>	<u>1,003</u>
	<u>\$ 4,085</u>	<u>\$ 4,074</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount of lease liabilities		
Current	<u>\$ 2,043</u>	<u>\$ 1,856</u>
Non-current	<u>\$ 22,571</u>	<u>\$ 24,480</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	2.16%~2.32%	1.59%~2.19%
Transportation equipment	2.21%~2.32%	2.21%

c. Material lease activities and terms

The Company leases certain land and transportation equipment for manufacturing and operations with lease terms of 2 to 20 years.

d. Other lease information

	December 31	
	2023	2022
Expenses related to short-term leases	<u>\$ 6,202</u>	<u>\$ 5,650</u>
Expenses related to low-value asset leases	<u>\$ 288</u>	<u>\$ 596</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 31</u>	<u>\$ 198</u>
Total cash outflow for leases	<u>\$ 9,782</u>	<u>\$ 9,846</u>

The Company leases certain buildings, transportation equipment as well as parking spaces which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company does not recognize related right-of-use assets and lease liabilities for such leases.

Please refer to Note 27 and 28 for details on right-of-use assets pledged as collateral for bank borrowings.

15. INVESTMENT PROPERTIES (As of the end of 2022: none)

	2023				Balance at the end of year
	Balance at the beginning of year	Additions	Reductions	Transfers from property, plant and equipment (Note 13)	
<u>Cost</u>					
Land	\$ -	\$ -	\$ -	\$ 43,064	\$ 43,064
Buildings	-	-	-	27,179	27,179
	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,243</u>	<u>70,243</u>
<u>Accumulated depreciation</u>					
Buildings	-	\$ 448	\$ -	\$ 14,108	14,556
	-	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 14,108</u>	<u>14,556</u>
Net	<u>\$ -</u>				<u>\$ 55,687</u>

The lease period for investment real estate is 3 years. The lessee does not have the preferential right to purchase investment real estate at the end of the lease period.

Except for the aforementioned depreciation expenses, no significant additions, disposals and impairment loss of the investment properties were recorded in 2023. The investment properties were depreciated on a straight-line basis over their estimated useful life, as shown below:

Buildings	25~50 years
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The determination of fair value for the investment properties as of December 31, 2023 was NT\$142,270 thousand. The fair value of investment properties is reference to market evidence of transaction prices for similar properties.

Please refer to Note 27 for details on investment properties pledged as collateral for bank borrowings

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows (December 31, 2022: none):

	December 31
	2023
Year 1	\$ 2,880
Year 2	2,880

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u>		
Bank loans	\$ 130,000	\$ 362,143

The market rates of the short-term borrowings at the balance sheet date were as follows:

	December 31	
	2023	2022
Bank loans	2.16% ~ 2.54%	1.76% ~ 3.11%

Short-term borrowings are pledged with bank deposits and time deposits, and joint and several guarantees are signed by chairman as well as directors. Please refer to Note 27 for details on short-term borrowings.

b. Short-term notes and bills payable (December 31, 2023: none)

	December 31, 2022	
	Interest rate	Amount
Commercial paper payable	1.82%	\$ 30,000
Less: Unamortized discount on notes and bills payable		(<u>129</u>)
		<u>\$ 29,871</u>

Joint and several guarantees of issued commercial paper are signed by the chairman as well as directors.

c. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u>		
Land Bank of Taiwan		
Terms: from June 2021 to June 2036	\$ 68,666	\$ 74,160
Terms: from May 2022 to December 2032	39,248	43,569
Bank of Kaohsiung Co., Ltd.		
Terms: from January 2021 to February 2023	-	3,800
Terms: from April 2024 to April 2026	38,889	-
Bank of Panhsin		
Terms: from January 2021 to July 2023	-	10,400
<u>Syndicated bank loans</u>		
Syndicated credit facility agreements on Tranche A with Land Bank of Taiwan and 7 other banks		
Terms: from November 2020 to November 2025	<u>335,790</u>	<u>518,686</u>
	482,593	650,615
Long-term borrowings, current portion	(<u>199,515</u>)	(<u>196,915</u>)
	<u>\$ 283,078</u>	<u>\$ 453,700</u>
Interest Rate	2.34% ~ 3.11%	2.09% ~ 2.97%

1) Joint and several guarantees of long-term borrowings from Bank of Panhsin and Bank of Kaohsiung Co., Ltd. are signed by the chairman of the Company.

2) Joint and several guarantees of long-term borrowings from Land Bank of Taiwan are signed by the chairman and chief strategy officer of the Company.

3) In September 2020, the Company entered into syndicated credit facility agreements, which are jointly and severally guaranteed by the chairman as well as chief strategy officer of the Company and ZI LIONG ENTERPRISE CO., LTD., and guaranteed with assets held by the Company and the Company's chairman. Due to other financial considerations, the Company canceled NT\$50,000 thousand of credit facility of Tranche C in August 2022 while the original syndicated credit facility was NT\$900,000 thousand, and has utilized the credit facility in November 2020.

Please refer to Note 27 for details on pledged long-term borrowing.

17. BONDS PAYABLE (December 31, 2022: none)

	<u>December 31</u>
	<u>2023</u>
Secured domestic convertible bonds	\$500,000
Add: Premium on bonds payable	<u>27,856</u>
	<u>\$527,856</u>

The Company issued 5 thousand units of secured convertible corporate bonds in Taiwan on March 21, 2023 at an interest rate of 0% in New Taiwan dollars with a principal amount of NT\$500,000 thousand.

Holder of each corporate bond unit shall be entitled to convert into ordinary shares of the Company at NT\$18.8 per share. The conversion period is June 22, 2023 to March 21, 2028. If the corporate bonds are not converted by then, the circulating corporate bonds will be called in cash at face value within ten business days (including the tenth business day) after the maturity. However, after the issuance of the convertible bonds, in addition to the exchange of various securities issued by the company or private placement with common stock conversion rights or stock options for common shares or the issuance of new shares for employee remuneration, in the event that the company has issued When the number of ordinary shares increases (including but not limited to cash capital increase through issuance or private placement, conversion of surplus to capital increase, transfer of capital reserve to capital increase, company merger or transfer of shares of other companies to issue new shares, stock split and cash capital increase to participate in the issuance of overseas depositary receipts, etc.), re-issuance or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or the company's capital reduction other than the cancellation of treasury shares When the number of common shares is reduced, the conversion price shall be adjusted in accordance with the "Issuance and Conversion Regulations for the First Secured Convertible bonds Issued by the Company (hereinafter referred to as the "Issuance and Conversion Regulations") Article 11.

From the day following the completion of the 3-month period after the issuance of these convertible bonds until 40 days before the end of the issuance period, if the closing price of the company's ordinary shares exceeds the conversion price of the convertible bonds by 30% or more for 30 consecutive business days, or if the total amount of outstanding convertible bonds not yet converted is less than 10% of the total issuance amount, the company may, at its discretion, redeem all outstanding convertible bonds at face value in cash.

The expiration date of 3 years after the issuance of the convertible bonds shall be the base date for the early sale of the converted bonds by the corporate bond holders. The corporate bond holders may notify the company in writing in accordance with the provisions of the issuance and conversion regulations. The company sells the bonds back to the company with the face value of the bonds plus interest compensation.

The convertible corporate bonds consist of liabilities and equity components, which are expressed as capital surplus – stock options under equity. The effective interest rate originally recognized for the liability component is 1.275%.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 576,142
Proceeds from issuance (less transaction costs of \$374 thousand)	(43,062)
Redemption and put options	(<u>150</u>)
Liability component at the date of issue (less transaction costs allocated to the liability component of \$4,626 thousand)	<u>\$ 532,930</u>

Movements in the debt host contract from the issue date until December 31, 2023 are as follows:

Liability component at the date of issue	\$ 532,930
Interest charged at an effective interest rate of 1.275%	(<u>5,074</u>)
Liability component at December 31, 2023	<u>\$ 527,856</u>

The changes in redemption and put options derivatives from the issuance date to December 31, 2023 are as follows:

Balance on issue date	(\$ 150)
Changes in fair value	(<u>2,000</u>)
Balance at December 31, 2023	<u>(\$ 2,150)</u>

Please refer to Note 27 for pledged details on bonds payable as collateral for bank borrowings.

18. Other payables

	December 31	
	2023	2022
Other payables - non-related parties		
Wages and salaries payable	\$ 25,918	\$ 30,610

	December 31	
	2023	2022
Year-end bonus payable	\$ 38,718	\$ 49,895
Employee bonus payable	569	14,590
Others	30,508	31,319
	<u>\$ 95,713</u>	<u>\$ 126,414</u>

19. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

20. EQUITY

a. Share capital

	December 31	
	2023	2022
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Issued and paid shares (in thousands)	<u>122,392</u>	<u>122,392</u>
Issued capital	<u>\$1,223,923</u>	<u>\$1,223,923</u>

A holder of issued common shares with a par value of NT\$10 per share is entitled to vote and receive dividends.

ZI LIONG ENTERPRISE CO., LTD., the Company's main shareholder, acquired 72,000,000 shares through private placement at NT\$612,000 thousand in January, 2019. The aforementioned effective registration for supplemental public issuance of securities through private placement was authorized by a competent authority on October 27, 2022.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321

	December 31	
	2023	2022
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	\$ 25,300	\$ 25,300
<u>Not to be used for any purpose</u>		
Stock options	43,062	-
	<u>\$ 100,683</u>	<u>\$ 57,621</u>

1) Such capital surplus may be used to offset a deficit. If the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, but only to a certain percentage of the Company's capital surplus and once a year.

2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy set forth in the Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall first be used to pay taxes, offset losses in previous years, allocate 10% of the remaining profit as legal reserve, and set aside or reverse a special reserve in accordance with the law and regulations. Moreover, the Company's board of directors shall use any remaining profit together with undistributed retained earnings as a basis for proposing a distribution plan (i.e., distribution of dividends and bonuses to shareholders), which shall be resolved at the shareholders' meeting. For policies provided in the Articles of Incorporation with regard to the distribution of employee compensation and remuneration of directors and supervisors, please refer to the employee compensation and remuneration of directors and supervisors in Note 21 (f).

The dividend distribution policy should reflect factors such as current and future investment environment, fund requirements, domestic and international competition, capital expenditure requirements, and sound financial planning of the Company for sustainable development. The total stock dividends to be distributed shall be no less than 10% of the distributable surplus, less the retained earnings subject to annual overall operational performance. Dividends shall be distributed in the form of cash as the first priority, and shall be no less than 10% of the total amount of dividends to be distributed. The remaining dividends shall be distributed in the form of stocks. However, if cash dividends are lower than NT\$0.1 per share, stock dividends will not be issued.

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

The Company appropriate a special reserve from the balance of retained earnings in the prior period against the full amount of "the cumulative net increases in fair value of investment properties in the prior period" and "the cumulative net decrease of other equity in the prior period". If the amount of retained earnings in the prior period is not enough for such appropriation, the Company should further compensate for the gap using the net profit after tax and the balances of other equity items in the current period.

The appropriation of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 27, 2023 and June 23, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 17,789</u>	<u>\$ 14,597</u>
Cash dividends	<u>\$ 79,555</u>	<u>\$ 73,435</u>
Cash dividends per share (NT\$)	\$ 0.65	\$ 0.60

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 12, 2024, were as follows:

	<u>For the Year Ended December 31, 2023</u>
Legal reserve	<u>\$ 1,256</u>
Cash dividends	<u>\$ 30,598</u>
Cash dividends per share (NT\$)	\$ 0.25

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June, 2024.

21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Service revenue	\$ 7,563	\$ 8,748
Rental revenue	6,596	2,785
Dividend income	2,938	44
Energy sales revenue	1,858	6,249
Grants income	-	900
Others	<u>7,836</u>	<u>5,376</u>
	<u>\$ 26,791</u>	<u>\$ 24,102</u>

Grant income comes primarily from government grants for industry–academia collaboration.

b. Financial cost

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 16,455	\$ 22,238
Interest on lease liabilities	855	777
Other financial costs	<u>5,157</u>	<u>1,083</u>
	<u>\$ 22,467</u>	<u>\$ 24,098</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on financial liabilities at fair value through profit or loss	(\$ 2,000)	\$ -
Gain (loss) on disposal of property, plant and equipment	(763)	1,000
Loss on disposal of intangible assets	<u>-</u>	<u>(45)</u>
	<u>(\$ 2,763)</u>	<u>\$ 955</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 44,763	\$ 45,351
Right-of-use assets	4,085	4,074
Investment properties	448	-
Intangible assets	<u>1,016</u>	<u>863</u>
Total	<u>\$ 50,312</u>	<u>\$ 50,288</u>
Analysis of depreciation by function		
Operating costs	\$ 17,164	\$ 18,073
Operating expenses	<u>32,132</u>	<u>31,352</u>
	<u>\$ 49,296</u>	<u>\$ 49,425</u>
Analysis of amortization by function		
Operating costs	\$ 176	\$ 176
Operating expenses	<u>840</u>	<u>687</u>
	<u>\$ 1,016</u>	<u>\$ 863</u>

e. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 14,763	\$ 14,090
Salaries	361,383	446,715
Other personnel expenses	<u>38,064</u>	<u>38,089</u>
Total	<u>\$ 414,210</u>	<u>\$ 498,894</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 199,928	\$ 222,479
Operating expenses	<u>214,282</u>	<u>276,415</u>
	<u>\$ 414,210</u>	<u>\$ 498,894</u>

f. Compensation of employees and remuneration of directors and supervisors

The Company allocated compensation for employees and remuneration of directors and supervisors ranging from 2%-20% and no higher than 2%, respectively, of net profit before tax for each category (i.e., employees and directors/supervisors).

For the years ended December 31, 2023 and 2022, the estimated compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors on March 12, 2024 and March 29, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.00%	7.29%
Remuneration of directors and supervisors	1.58%	1.25%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 569	\$ 14,590
Remuneration of directors and supervisors	450	2,500

If there is a change in the amounts after the annual parent company only financial statements have been authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts paid for compensation of employee and remuneration of directors and supervisors and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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

g. Foreign exchange gain or loss

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 19,716	\$ 49,361
Foreign exchange losses	(19,141)	(13,094)
Net gains	<u>\$ 575</u>	<u>\$ 36,267</u>

22. INCOME TAXES RELATED TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 16,706	\$ 2,477
Income tax on unappropriated earnings	1,957	-
Adjustments for prior year	<u>1,989</u>	<u>-</u>
	<u>20,652</u>	<u>2,477</u>
Deferred tax		
In respect of the current year	(5,793)	<u>3,058</u>
Income tax expense recognized in profit or loss	<u>\$ 14,859</u>	<u>\$ 5,535</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 27,405</u>	<u>\$ 183,154</u>
Income tax expense calculated at the statutory rate	\$ 5,481	\$ 36,631
Nondeductible items in determining taxable income	5,395	(12,032)
Unrecognized deficit reduction	-	(19,148)

	For the Year Ended December 31	
	2023	2022
Non-deductible expenses in determining taxable income	\$ 37	\$ 84
Income tax on unappropriated earnings	1,957	-
Adjustments for prior year	<u>1,989</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 14,859</u>	<u>\$ 5,535</u>

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	(<u>\$ 15</u>)	<u>\$ 359</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 16,147</u>	<u>\$ 2,302</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:
For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
<u>Temporary differences</u>				
Payables for annual leave	\$ 919	(\$ 291)	\$ -	\$ 628
Inventory write-down	5,423	833	-	6,256
Unrealized gross profit	452	(232)	-	220
Unrealized exchange losses	-	2,049	-	2,049
Losses on investments accounted for using the equity method	6,492	2,901	-	9,393
Allowance for impairment loss	-	369	-	369
Exchange differences on translation of foreign operations	<u>342</u>	<u>-</u>	<u>15</u>	<u>357</u>
	<u>\$ 13,628</u>	<u>\$ 5,629</u>	<u>\$ 15</u>	<u>\$ 19,272</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
<u>Temporary differences</u>				
Unrealized exchange gains	\$ 164	(\$ 164)	\$ -	\$ -

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
<u>Temporary differences</u>				
Payables for annual leave	\$ 960	(\$ 41)	\$ -	\$ 919
Inventory Write-Downs	2,919	2,504	-	5,423
Deficit reduction	7,734	(7,734)	-	-
Unrealized gross profit	271	181	-	452
Unrealized exchange losses	385	(385)	-	-
Losses on investments accounted for using the equity method	3,911	2,581	-	6,492
Exchange differences on translation of foreign operations	701	-	(359)	342
	<u>\$ 16,881</u>	<u>(\$ 2,894)</u>	<u>(\$ 359)</u>	<u>\$ 13,628</u>
Deferred tax liabilities				
<u>Temporary differences</u>				
Unrealized exchange gains	\$ -	\$ 164	\$ -	\$ 164

e. Income tax examination

Tax authorities have examined income tax returns of the Company until 2020.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 0.10	\$ 1.45
Diluted earnings per share	\$ 0.07	\$ 1.44

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 12,546	\$ 177,619
Effect of potentially dilutive ordinary shares:		
Amortization of premium on convertible bonds	(5,074)	-
Net loss on financial assets / liabilities at fair value through profit or loss	<u>2,000</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 9,472</u>	<u>\$ 177,619</u>

Shares

	Unit: In thousands per shares	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,392	122,392
Effect of potentially dilutive ordinary shares:		
Convertible bonds	21,468	-
Compensation of employees	<u>230</u>	<u>1,003</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,090</u>	<u>123,395</u>

Since offering to settle the compensation for employees in cash or shares, the Company assumed that the entire amount was settled in the form of shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, given that the effect was dilutive. Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved the following year.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure its long-term while maximizing returns for shareholders. It must maintain its capital to support expansion requirements as well as plant and equipment improvements. Therefore, the Company manages its capital to ensure that entities in the Company will be able to meet operating funds, capital expenditures, research and development expenses, debt repayment, distribution of dividend, etc. for the next 12 months.

25. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments - not measured at fair value (December 31, 2022: none)

December 31, 2023

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
– Convertible bonds	<u>\$ 527,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,232</u>	<u>\$ 534,232</u>

In addition to the above, the financial assets and financial liabilities held by the Company are measured at amortized cost, and the management of the Company believes that the carrying amounts of financial assets and financial liabilities are close to their fair value.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,314</u>	<u>\$ 286,314</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ 2,150</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,273</u>	<u>\$ 205,273</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial assets at fair value through other comprehensive income - equity instrument

	<u>2023</u>	<u>2022</u>
Balance at the beginning of year	\$205,273	\$100,674
Purchase	18,254	30,985
Recognized in other comprehensive income (Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	<u>62,787</u>	<u>73,614</u>
Balance at the end of year	<u>\$286,314</u>	<u>\$205,273</u>

Fair value through profit or loss-Derivative (2022: none)

	<u>2023</u>
Balance at the beginning of year	\$ -
Additions	(150)
Recognized in profit or loss (Evaluation loss at fair value through profit or loss)	(<u>2,000</u>)
Balance at the end of year	(<u>\$ 2,150</u>)

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Derivatives

The redemption and put options of domestic convertible bonds are measured using the binary tree convertible bond evaluation model, and the significant unobservable input value used is the stock price volatility. When stock price volatility increases, the fair value of these derivative instruments will increase. The stock price volatility adopted on December 31, 2023 was 28.51%.

b) Domestic unlisted OTC equity investment

The fair value of unlisted equity securities was determined using the market approach. In this approach, the fair value of unlisted securities was determined based on the share price of comparable companies in an active market, price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability applied to the valuation model was changed to reflect a reasonably possible alternative assumption while all other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2023	2022
Discount for lack of marketability		
10% increase	(<u>\$ 12,229</u>)	(<u>\$ 6,858</u>)
10% decrease	<u>\$ 12,316</u>	<u>\$ 6,826</u>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 286,314	\$ 205,273
Financial assets measured at amortized cost (Note 1)	760,030	683,998
<u>Financial liabilities</u>		
FVTPL - Held for trading	2,150	-
Financial liabilities at amortized cost (Note 2)	1,394,994	1,342,136

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), financial assets measured at amortized cost (including current and non-current), and paid guarantee deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other accounts payable (including related parties), bonds payable, long-term borrowings (including current portion), and guarantee deposits received.

d. Financial risk management objectives and policies

The Company manages its exposure to risks related to its operations such as foreign currency risk, interest rate risk, credit risk, and liquidity risk by reducing potentially adverse effects that market uncertainties may have on its financial performance.

The significant financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations or internal controls. During the implementation of such financial plans, the Company must comply with relevant financial risk control procedures and accountability principles. Compliance with policies and exposure limits is continuously reviewed by internal auditors. The

Company did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

Business activities have primarily exposed the Company to foreign exchange risk (refer to "a)" below) and interest rate risk (refer to "b)" below):

Risk exposure in relation to the Company's financial instruments, management, and measurement methods remains unchanged.

a) Foreign currency risk

Foreign currency sales and purchases exposed the Company to foreign currency risk. In order to avoid the impact of changes in foreign exchange rates, which lead to deductions in foreign currency denominated assets and fluctuations in its future cash flows, the Company maintains a balance of hedged net foreign currency denominated assets and liabilities.

For the carrying amount of the Company's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 29.

Sensitivity analysis

The Company is mainly exposed to U.S. dollar fluctuations.

If there was a 1% strengthening/weakening of the functional currency against the USD, the profit before tax for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$2,841 thousand and NT\$2,617 thousand, respectively.

Management believes that the sensitivity analysis was not representative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was exposed to cash flow risk of interest rate fluctuations for floating interest-bearing financial assets and financial liabilities. The management of the Company regularly monitors market interest rate fluctuations and reconciles financial liabilities at a floating interest rate to make the Company's interest rate close to market interest rates so as to mitigate risks of market interest rate fluctuations.

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

	December 31	
	2023	2022
Fair value interest rate risk		
- Financial assets	\$ 95,904	\$ 14,000
- Financial liabilities	552,470	68,350
Cash flow interest rate risk		
- Financial assets	360,289	332,175
- Financial liabilities	612,593	1,000,615

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company were all measured at amortized cost, so they were not included in the analysis. For financial assets and liabilities at floating interest rates, it was assumed in the analysis that they were outstanding throughout the reporting period if outstanding on the balance sheet date. The 0.25% increase or decrease in interest rate was used to report the reasonably possible change in interest rate to key management. If all other variables were held constant and interest rates had been 0.25% higher or lower, the Company's profit before tax for the years ended December 31, 2023 and 2022 would have decreased or increased by NT\$631 thousand and NT\$1,671 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk, which would cause financial loss due to failure of counterparties to meet their obligations and financial guarantees provided by the Company (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools), could arise from:

- a) The carrying amount of recognized financial assets stated in the parent company only balance sheets
- b) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Under this policy, each customer is analyzed individually based on financial situation, internal credit rating, historical trading record, and current economic condition which may affect the customer's ability to pay. In addition, some credit enhancement tools, such as advance sales receipts, are adopted at the appropriate time to reduce the credit risk of specific customers.

Given that the Company has a broad customer base and customers are not connected in any way to each other, the concentration of credit risk is low.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance its operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities, including principal and interest, from the earliest date on which the Company would be required to pay. Specifically, bank loans with a repayment on demand clause were included regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$145,608	\$ 95,841	\$ 12,616	\$ -
Lease liabilities	2.20%	100	1,903	637	25,790
Fixed interest rate liabilities	1.27%	-	-	-	527,856
Floating interest rate liabilities	2.16%~ 3.11%	<u>3,630</u>	<u>93,687</u>	<u>245,708</u>	<u>311,902</u>
		<u>\$149,339</u>	<u>\$191,431</u>	<u>\$258,961</u>	<u>\$865,548</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$ 2,640</u>	<u>\$ 8,241</u>	<u>\$10,043</u>	<u>\$ 7,306</u>	<u>\$ 200</u>	<u>\$ -</u>

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$ 241,178	\$ 27,653	\$ 30,676	\$ -

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
Lease liabilities	2.19	\$ 73	\$ 1,754	\$ 658	\$ 27,192
Fixed interest rate liabilities	1.82%~ 3.11%	35,270	7,144	24	-
Floating interest rate liabilities	1.76%~ 2.97%	<u>55,863</u>	<u>81,260</u>	<u>379,747</u>	<u>548,538</u>
		<u>\$332,384</u>	<u>\$ 117,811</u>	<u>\$ 411,105</u>	<u>\$ 575,730</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$ 2,485</u>	<u>\$ 8,496</u>	<u>\$ 9,842</u>	<u>\$ 8,548</u>	<u>\$ 306</u>	<u>\$ -</u>

b) Financing facilities

Use of bank facility at the balance sheet date of the Company is shown below:

	December 31	
	2023	2022
Secured bank borrowing facilities		
- Amount used	\$ 612,593	\$1,042,758
- Amount unused	<u>776,427</u>	<u>475,482</u>
	<u>\$1,389,020</u>	<u>\$1,518,240</u>

As of December 31, 2023, the Company's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Company has no significant exposure to liquidity risk.

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed in other notes, details on transactions between the Company and other related parties are disclosed below.

a. Names and categories of related parties

Related Party Name	Related Party Categories
Shao, Ten-Po	Chairman of the Company
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	Subsidiary
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	Subsidiary
JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG)	Subsidiary
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG)	Subsidiary
NAM LIONG ENTERPRISE CO., LTD. (VIETNAM) (VIETNAM NAM)	Subsidiary

Related Party Name	Related Party Categories
LIONG) Great Industries Corp. (G.I.C.)	Related party in substance
EARS MANAGEMENT & CONSULTANT COMPANY (EARS)	Related party in substance
U-LONG HIGH-TECH TEXTILE CO., LTD. (U-LONG)	Related party in substance
DECORTEC CO., LTD. (DECORTEC)	Related party in substance
GREENRAYS INTERNATIONAL CO., LTD. (GREENRAYS)	Related party in substance
TIONG LIONG INDUSTRIAL CO., LTD. (TLI)	Related party in substance
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (SHANGHAI JIAN LENG)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
Chiayi County Private Ziliang Social Welfare and Charity Foundation (Zi Liong Foundation)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (NAMDE)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
DONGGUAN PROPENE SPORTING GOODS CO., LTD (PROPENE SPORTING GOODS)	Related party in substance
UNION LINE TEXTILE CO., LTD. (UNION LINE)	Related party in substance
BANG-HONG TECHNOLOGY CO., LTD. (BANG-HONG)	Related party in substance
HONG LI TEXTILE CO., LTD. (HONG LI)	Related party in substance
SICOM ENTERPRISE CO., LTD. (SICOM)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD (NAM GUANG)	Related party in substance

Related Party Name	Related Party Categories
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
Xin Yan Investment CO., LTD. (Xin Yan)	Related party in substance
Gu Yi Investment CO., LTD. (Gu Yi)	Related party in substance
Qi Hong Investment CO., LTD. (Qi Hong)	Related party in substance
Zhongshan Tiongliong Tech-textile Technology Co., Ltd. (Zhongshan Tiongliong)	Related party in substance
Heng Ding Biotechnology Co., Ltd. (Heng Ding Biotechnology)	Related party in substance
Teholy Co., Ltd. (Teholy)	Related party in substance
HONG LIONG TEXTILE CO., LTD. (HONG LIONG)	Related party in substance
Xu Tai Sports Bag Co., Ltd. (Xu Tai)	Related party in substance
TIONG LIONG TRADING (SAMOA) Co., Ltd. (TIONG LIONG TRADING)	Related party in substance
TIEN POU INTERNATIONAL LTD., TAIWAN BRANCH (CAYMAN) (TIEN POU)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKYCOSMOS LIMITED (SKYCOSMOS LIMITED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun Food)	Related party in substance
GREATHEALTH INDUSTRY DEVELOPMENT CO., LTD (GREATHEALTH)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance

b. Operating revenue

Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales revenue	Related party in substance		
	G.I.C.	\$ 37,915	\$ 55,481
	TLI	17,868	23,214
	TIEN JIANG	11,198	22,040

Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
	Other	\$ 33,833	\$ 44,730
		<u>100,814</u>	<u>145,465</u>
Sales revenue	Subsidiaries		
	JIAXING NANXIONG	27,839	49,118
	Other	<u>12,708</u>	<u>16,032</u>
		<u>40,547</u>	<u>65,150</u>
		<u>\$ 141,361</u>	<u>\$ 210,615</u>

c. Purchase

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Related party in substance		
HONG LI	\$ 16,831	\$ 23,796
Other	<u>7,830</u>	<u>12,217</u>
	<u>24,661</u>	<u>36,013</u>
Subsidiaries		
VIETNAM NAM LIONG	24,707	7,557
JIAXING NANXIONG	12,438	24,338
DONG GUAN NAMLIONG	2,387	16,138
Other	<u>-</u>	<u>25</u>
	<u>39,532</u>	<u>48,058</u>
	<u>\$ 64,193</u>	<u>\$ 84,071</u>

The sales price and purchase price provided to related parties were determined through mutual agreement. The payment term for sales offered to related parties was 30 to 120 days after monthly closing, while the payment term for sales to non-related parties was 30 to 90 days after monthly closing. The payment term for purchases from related parties and non-related parties was 30 to 90 days after monthly closing.

d. Receivables - related parties

Item	Related Party Category/Name	December 31	
		2023	2022
Notes receivable	Related party in substance		
	TLI	\$ 4,026	\$ 4,648
	TIEN JIANG	2,681	4,388
	HUI LIANG	840	715

Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Other	\$ 189	\$ 1491
		<u>\$ 7,736</u>	<u>\$ 11,242</u>
	Related party in substance		
	G.I.C.	\$ 17,706	\$ 13,780
	ZHONGSHAN TIONGLIONG	1	8,980
	Other	<u>7,361</u>	<u>6,545</u>
		<u>25,068</u>	<u>29,305</u>
	Subsidiaries		
	VIETNAM NAM LIONG	24,756	12,834
	Other	<u>6,733</u>	<u>4988</u>
	<u>31,489</u>	<u>17,822</u>	
	<u>\$ 56,557</u>	<u>\$ 47,127</u>	
Other receivables	Related party in substance		
	EARS	\$ 430	\$ 438
	HUI LIANG	385	293
	PROPRENE SPORTING GOODS	310	-
	Other	<u>197</u>	<u>41</u>
		<u>1,322</u>	<u>772</u>
	Subsidiaries		
JIAXING NANXIONG	<u>325</u>	<u>-</u>	
	<u>\$ 1,647</u>	<u>\$ 722</u>	

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payables - related parties

Item	Related Party Category/Name	December 31	
		2023	2022
Notes payable	Related parties in substance		
	U-LONG	\$ 534	\$ 397
	DECORTEC	-	119
		<u>\$ 534</u>	<u>\$ 516</u>

Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Related parties in substance		
	HONG LI	\$ 6,305	\$ 5,408
	Other	1,053	1,307
		<u>7,358</u>	<u>6,715</u>
	Subsidiaries		
	VIETNAM NAM LIONG	2,831	933
	JIAXING NANXIONG	2,725	2,143
	DONG GUAN NAMLIONG	-	1,845
		<u>5,556</u>	<u>4,921</u>
		<u>\$ 12,914</u>	<u>\$ 11,636</u>
Other accounts payable	Related parties in substance		
	EARS	\$ 117	\$ 672
	HONG LI	37	24
	HUI LIANG	37	5
	Other	13	30
		<u>204</u>	<u>731</u>
	Subsidiaries		
	JIAXING NANXIONG	39	-
		<u>\$ 243</u>	<u>\$ 731</u>

f. Acquisition of property, plant, and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Related parties in substance		
ORIENTAL	<u>\$ 241</u>	<u>\$ 179</u>

g. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
	<u>Lease expenses</u>	
Chairman of the Company	<u>\$ 4,403</u>	<u>\$ 4,403</u>

The Company leases offices from the chairman of the Company. The rentals are paid on a monthly basis.

h. Lease - out agreement

Operating lease

The Company leases a dormitory and offices to related parties by means of an operating lease based on prevailing rates in the surrounding area. Rentals may be paid in lump sum at the beginning of the year or collected on a monthly basis. Lease income was NT\$4,314 thousand and NT\$2,446 thousand in 2023 and 2022, respectively.

i. Others

Item	Related Party Category/Name	For the Year Ended December 31		
		2023	2022	
Operating costs (excluding rentals)	Related parties in substance			
	HONG LI	\$ 364	\$ 180	
	U-LONG	33	35	
	Other	41	44	
		438	259	
	Subsidiaries			
	JIAXING NANXIONG	-	63	
		\$ 438	\$ 322	
	Operating expenses (excluding rentals)	Related parties in substance		
		EARS	\$ 9,099	\$ 10,975
Other		204	508	
		9,303	11,483	
Subsidiaries		240	144	
		\$ 9,543	\$ 11,627	
Other income		Related parties in substance		
	PROPRENE SPORTING GOODS	\$ 2,533	\$ -	
	Other	1,459	92	
		3,992	92	
	Subsidiaries			
	DONG GUAN NAMLIONG	4,488	5,424	
	ELEMENTECH	1,800	3,345	
	JIAXING NANXIONG	1,275	-	
	Other	366	495	
		7,929	9,264	
	\$ 11,921	\$ 9,356		

Related parties in substance provide human resources to the Company, and the Company paid NT\$8,991 thousand and NT\$10,975 thousand in management service fees in 2023 and 2022, respectively. Payment is following month based on actual fees every quarter (actual fee was included in the Operating expenses mentioned above).

Under a labor and management service agreement entered into with subsidiaries, the Company provides them with technical assistance and management service, which are billed as service revenue on a quarterly and monthly basis (service revenue was included in other income mentioned above).

j. Endorsements and guarantees

Endorsements and guarantees received

The chairman of the Company provided land and building in Tainan City as collateral for loans in December 31, 2023 and 2022.

k. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2023 and 2022 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 39,844	\$ 48,723
Post-employment benefits	1,338	816
	<u>\$ 41,182</u>	<u>\$ 49,539</u>

Short-term employee benefits include salary and bonuses, etc.

Remuneration of directors and key management is determined by the Remuneration Committee based on personal performance and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company pledged the following assets as bank loans and security deposit for bonds payable:

	<u>December 31</u>		<u>Purpose</u>
	<u>2023</u>	<u>2022</u>	
Restricted demand deposits	\$ 123,226	\$ 29,863	Borrowings and bonds payable
Pledged time deposits	2,000	14,000	Borrowings
Right-of-use assets	12,187	13,047	Borrowings
Property, plant and equipment, net	326,502	398,305	Borrowings
Investment properties, net	55,687	-	
	<u>\$ 519,602</u>	<u>\$ 455,215</u>	

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2023 and 2022, the unused letters of credit amounted to NT\$20,352 and NT\$20,960, respectively.
- b. The Company has agreed to lease 7 superficies from Taiwan Sugar Corporation (TSC) which are located in San Kan Dian and Niaosong, YongKang Dist., Tainan City. In accordance with the agreement with TSC, the Company has established the value of the right of superficies through the Land Bank of Taiwan, which is the management bank for syndicated credit facility agreements. In addition, the Company has promised the Land Bank of Taiwan that it shall maintain ownership of the superficies during the syndicated credit facility period and shall faithfully comply with the superficies contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficies. Please refer to Notes 14, 16, and 27 for further details.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on aggregation of foreign currencies other than functional currencies of the Company as well as exchange rates between foreign currencies and respective functional currencies were disclosed. Significant assets and liabilities denominated in foreign currencies were as follows: (Except for the exchange rate, individual foreign currencies all in thousands of New Taiwan Dollars)

	December 31, 2023		
	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 9,554	30.655 (USD:NTD)	\$ 292,872
EUR	200	32.780 (EUR:NTD)	6,746
<u>Non-monetary items</u>			
USD	23,238	30.655 (USD:NTD)	712,357
VND	409,477	0.0013 (VND:NTD)	520
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	286	30.655 (USD:NTD)	8,758

December 31, 2022

	December 31, 2023		
	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 8,751	30.660 (USD:NTD)	\$ 268,318
EUR	514	32.520 (EUR:NTD)	16,704
<u>Non-monetary items</u>			
USD	23,609	30.660 (USD:NTD)	721,622
VND	11,475,908	0.0013 (VND:NTD)	14,947
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	216	30.660 (USD:NTD)	6,637

For the years ended December 31, 2023 and 2022, net foreign exchange net gains (realized and unrealized) were NT\$575 thousand, and NT\$36,267 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses per significant foreign currency due to various foreign currency transactions.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and reinvestments:

- 1) Financing provided to others: None.
- 2) Endorsement and guarantee provided: Table 1.
- 3) Marketable securities held: Table 2.
- 4) Acquisition and disposal of marketable securities for at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchase and sales transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: None.

10) Information on investees: Table 3.

b. Information on investments in Mainland China:

1) The name of investee in Mainland China, main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 4.

2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: None.

b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: None.

c) The amount of property transactions and the amount of resultant gains or losses: None.

d) The balance and purposes of endorsements or guarantees or pledged of collateral at the end of the period: None.

e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.

f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.

c. Information on major shareholders: list the names of all shareholders with ownership of 5% or greater, the number of shares owned, and percentage of ownership of each shareholder: Table 5.

31. SEGMENT INFORMATION

According to Article 22 "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Company does not prepare the segment information of IFRS 8.

TABLE 1

**NAM LIONG GLOBAL CORPORATION
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/ Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Subsidiary	\$ 332,826	\$ 20,000	\$ 20,000	\$ -	\$ -	-	\$ 832,065	Yes	-	-

Note: The Company's aggregate amount of endorsements/guarantees for external entities and for a single entity shall not exceed 50% and 20% of the Company's net worth, respectively. The maximum amount of aggregate endorsements/guarantees provided by the Company was the net value on December 31, 2023.

NAM LIONG GLOBAL CORPORATION
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note	
				Number of Shares	Carrying Amount	Percentage of Ownership		Fair Value
NAM LIONG GLOBAL CORPORATION	Shares TIONG LIONG INDUSTRIAL CO., LTD.	Related parties in substance	Financial assets at fair value through other comprehensive income - non-current	7,091,902	\$ 286,314	14.29%	\$ 286,314	Note

Note: Financial assets at fair value through other comprehensive income were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

TABLE 3

NAM LIONG GLOBAL CORPORATION
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Share of Profit (Loss) (Foreign Currencies in Thousands)	Note	
				December 31, 2023	December 31, 2022	Number of Shares	%			Carrying Amount
NAM LIONG GLOBAL CORPORATION	GREENCHEM INTERNATIONAL CO., LTD.	Chiayi	Chemical product	\$ 240,000	\$ 240,000	8,000,000	100.00	\$ 287,431	\$ 12,404	Note
NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	224,500	154,500	16,846,640	100.00	153,006	(42,307)	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Cayman)	Cayman Islands	Holding and investment	USD 1,930 thousand	USD 1,930 thousand	1,930,000	100.00	136,324	427 (USD 14 thousand)	Note
NAM LIONG GLOBAL CORPORATION	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	USD 6,810 thousand	USD 6,810 thousand	6,810,000	100.00	576,033	2,571 (USD 83 thousand)	Note
NAM LIONG GLOBAL CORPORATION	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	Vietnam	Textile products (downstream)	USD 1,600 thousand	USD 1,600 thousand	-	100.00	520	(13,241) (Loss VND 10,069,997 thousand)	Note
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HKD 16,056 thousand	HKD 15,856 thousand	-	100.00	(16,685)	(27,996) (Loss HKD 7,087 thousand)	Note

Note: The profit or loss of invested subsidiaries under equity method in 2023 is recognized in the financial statement based on audit result from accountants of individual subsidiaries in the same period.

NAM LIONG GLOBAL CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and 6)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 4)
					Outward	Inward						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,131 (USD 200 thousand)	Direct investment in Mainland China	\$ 6,465 (USD 200 thousand)	\$ -	\$ -	\$ 6,465 (USD 200 thousand)	\$ 21,766 (CNY 4,980 thousand)	100%	\$ 21,766 (CNY 4,980 thousand)	\$ 54,446	\$ 218,733 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATI ONS CO., LTD.	Electronic products trading and manufacturing	61,310 (USD 2,000 thousand)	Through a company invested and established in a third region	59,190 (USD 2,000 thousand)	-	-	59,190 (USD 2,000 thousand)	(27,859) (Loss CNY 6,374 thousand)	100%	(27,859) (Loss CNY 6,374 thousand)	(17,275) (HKD 4,431 thousand)	-
JIAXING NANXIONG POLYMER CO., LTD.	Textile products (downstream)	183,930 (USD 6,000 thousand)	Through a company invested and established in a third region	272,723 (USD 8,583 thousand)	-	-	272,723 (USD 8,583 thousand)	2,389 (CNY 546 thousand)	100%	2,389 (CNY 546 thousand)	518,011 USD 16,898 thousand	-
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Textile products (downstream)	82,769 (USD 2,700 thousand)	Through a company invested and established in a third region	84,351 (USD 2,651 thousand)	-	-	84,351 (USD 2,651 thousand)	607 (CNY 139 thousand)	100%	607 (CNY 139 thousand)	195,316 USD 6,371 thousand	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 422,729 (USD 13,434 thousand) (Note 1)	\$ 486,064 (USD 15,497 thousand) (Note 1 and 7)	\$ - (Note 5)

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: Calculated using the average exchange rate between January 31, 2023 and December 31, 2023

Note 3: Calculated using the exchange rate on December 31, 2023

Note 4: Calculated using the exchange rate of inward remittance of dividends

Note 5: Pursuant to the Industrial Development Bureau, MOEA No. 111020444220 dated December 6, 2021, the Company has obtained a certificate of qualification for headquarters operations, issued by the Industrial Development Bureau, MOEA, thus the upper limit on investments in Mainland China is not applicable to the Company.

Note 6: Calculated with the financial statements audited and attested by R.O.C parent company's certified public accountant in the same period.

Note 7: Investment amounts authorized by the Investment Commission, MOEA when the Company acquired GREENCHEM and merged with NAM LIONG ENTERPRISE, are included.

Note 8: The Company obtained 100% shares in GREENCHEM in October 2010, and dividends of GREENCHEM were remitted by GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. after October 2010.

TABLE 5

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.08%

Note 1: The information in this table refers to the total shareholdings of more than 5% of the Company's shares of common stock and preferred stock that have completed non-physical registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository and Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of shares that have completed non-physical registration and delivery may vary due to different basis of calculation.

6. Financial turnover issues and adversity by company and its affiliated companies by recent year and by closure date of annual report: N/A.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of financial status

Financial statement comparison of the past two years

Unit: NT\$ thousands

Item	Year	2023	2022 (Re-settlement)	Difference	
				Amount	%
current assets		1,678,789	1,795,323	(116,534)	(6.49)
Property, plant, equipment		951,614	1,064,128	(112,514)	(10.57)
Other assets		795,315	580,815	214,500	36.93
Total Asset		3,425,718	3,440,266	(14,548)	(0.42)
current liabilities		777,820	1,134,722	(356,902)	(31.45)
Other liabilities		983,769	666,390	317,379	47.63
Total liabilities		1,761,589	1,801,112	(39,523)	(2.19)
Share capital		1,223,923	1,223,923	-	-
Legal reserve		100,683	57,621	43,062	74.73
Retained earnings		183,438	250,428	(66,990)	(26.75)
Other equity		156,085	107,182	48,903	45.63
Non-controlling equity		-	-	-	-
Total Stockholders' Equity		1,664,129	1,639,154	24,975	1.52

Explanation on two-year difference:

1. Other assets increase: due to increase in financial assets at fair value through other comprehensive income and financial assets at amortized cost.
2. current liabilities decrease: due to decrease in short-term borrowings.
3. Other liabilities and Legal reserve increase: due to Proceeds from convertible bonds.
4. Retained earnings decrease: due to decrease in current annual income.
5. Other equity increase: due to increase in unrealized valuation gain/(loss) on financial assets at income.

2. Business performance

(1). Business performance comparison for the past two years

Unit: NT\$ thousands

Item	Year	2023	2022	Difference	
				Amount	%
Operating revenue		2,411,798	3,082,227	(670,429)	(21.75)
Operating cost		1,806,711	2,262,133	(455,422)	(20.13)
Gross profit		605,087	820,094	(215,007)	(26.22)
Profit from operations		18,964	139,914	(120,950)	(86.45)
Non-operating income and expenses		21,203	51,585	(30,382)	(58.90)
Operating income		12,546	177,619	(165,073)	(92.94)
Discontinued income (Loss)		-	-	-	-
Net profit for the year		12,546	177,619	(165,073)	(92.94)
Other comprehensive income (income after tax)		48,922	85,233	(36,311)	(42.60)
Total comprehensive income		61,468	262,852	(201,384)	(76.61)
Net income attributable to shareholders of the parent		12,546	177,619	(165,073)	(92.94)
Net income attributable to non-controlling equity		-	-	-	-
Comprehensive income attributable to Shareholders of the parent		61,468	262,852	(201,384)	(76.61)
Comprehensive income attributable to non-controlling equity		-	-	-	-
Earning per share(NT\$)		0.10	1.45	(1.35)	(93.10)
Explanation on two-year difference:					
1. Operating revenue/Operating cost/Gross profit/Profit from operations/Operating income/Net profit for the year/Earning per share decrease: due to decrease in orders.					
2. Non-operating income and expenses decrease: due to decrease in income of foreign currency exchange.					
3. Other comprehensive income (income after tax)/Total comprehensive income decrease: due to decrease in unrealized valuation gain/(loss) on financial assets at income and exchange rate converted from financial statement of foreign operating institutes.					

- (2). Cause of change in business items by the company: should business policy, market conditions, economic conditions or other internal or external factors have occurred or it is anticipated that material change hereof will occur and its impact to finance and business of the company and response plan: N/A.
- (3). Major cause to forecast of sales for the coming year and its basis and sale estimation, increase or decrease: estimation of industrial prosperity, market demand.

3. Cash flow

(1). Cash flow alteration analysis

Unit: NT\$ thousands

Item	2023	2022	Difference		
			Amount	%	Explanation
Operating activities	218,082	417,893	(199,811)	(47.81)	Due to decrease in accounts receivable in 2023.
Investing activities	(185,254)	(70,974)	(114,280)	161.02	Acquisition financial assets at amortized cost in 2023
Financing activities	27,823	(216,771)	244,594	(112.84)	Due to Proceeds from convertible bonds in 2023.
Effect of exchange rate changes	(9,784)	11,981	(21,765)	(181.66)	Due to exchange rate flow.
Net cash flow	50,867	142,129	(91,262)	(64.21)	

(2). Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1	2	3	1+2+3		
781,609	202,373	(128,260)	855,722	-	-

1. Operating activities: income generated from operation.
2. Investing activities: procurement of asset.

4. Effects from recent annual material capital to finance: N/A.

5. Investment policy, earning or loss from recent year-cause, rectification, and investment plan for coming year

Amid the world's trend and government policy, the company's re-investment strategy targets green energy and visionary technical products. We are based in Taiwan and developing in Asia-Pacific, eyeing the global market, in order to create margin and profit. The company currently invests in GREENCHEM INTERNATIONAL CO., LTD., ELEMENTECH INTERNATIONAL CO., LTD., JIAXING NANXIONG POLYMER CO., LTD., DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.及 NAM LIONG ENTERPRISE CO., LTD (VIET NAM).

GREENCHEM INTERNATIONAL CO., LTD.

Business items of GREENCHEM INTERNATIONAL CO., LTD. focus on polymer and

environmental antiseptic products, mainly applied to special textile products and leather. Its subsidiary GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. mainly produces and sells antimicrobial agent, natural anti-mite agent, functional ceramic polymer masterbatches and long-acting silver ion antibacterial agent, other products, etc. Greechems will be more cautious and take steady operation and quality improvement as strategy for 2024, so that the market share of products will increase.

ELEMENTECH INTERNATIONAL CO., LTD.

ELEMENTECH INTERNATIONAL CO., LTD. focuses on convertible power supplies in the global market. It endeavours as a team in operation and innovation and development, improve resource cost and customer service. Elementech's series all achieve up to efficiency grade 6 of IEA. It started investing in development of industrial spare power supply and domestic power storage (non-high power mobile energy storage machine). We are developing new generation energy act as a goal and energy-saving products. Its subsidiary SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD. mainly operates production of power products. The company complies with grade 6 products of the parent company in terms of quality. It is optimising process, controlling materials, and improving product line, and other measures, etc. It is elevating capacity and production efficiency. It is competitive and advantageous in the market.

JIAXING NANXIONG POLYMER CO., LTD.

Mainly produces and sells waterproof and breathable membrane products, protective materials and applications, home textiles, and bedding materials, combined with a well-established local supply chain partnership to meet customers' specific needs. In the future, the company aims to apply membrane materials in the medical and automotive markets, and protective materials in the industrial market, actively expanding internationally to increase market share.

DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.

Mainly produces foam materials, special processing of foam materials, and OEM finished product processing. With its technical and production capabilities, the company strives to create differentiated products, including Eco-Family series products and industrial application materials, actively developing opportunities with brand customers and different markets to increase market share.

NAM LIONG ENTERPRISE CO., LTD (VIET NAM).

Mainly produces foam material splitting and laminating processing, collaborating with local branded finished product OEM factories to expedite rapid delivery in response to brand customer demands. By improving product quality and stability, the company aims to gain more customer support, enhance market share, and move towards steady operations.

The company respects life and cares for the environment as a core business value. It is reinforcing the development and sales at all products and seeks strategic

partners all the way. It integrates highly-competitive industry chain. It is convinced that the business will improve with its team spirit.

6. Analysis and evaluation of risk items

(1). Interest rate, exchange rate change, inflation impact to company's income and future response measures:

The Group takes part in sales and purchases evaluated with foreign currency, thus the Group is likely to risk exchange rate crash. In order to avoid change in exchange rate that depreciates the foreign currency and cash flow, the Group offsets the risk of exchange rate flow with asset and liability in foreign currency. In 2023 and 2022, The Group has a 75.32% and 74.72% in sales counted in currency with which it is not traded by the group as its individual function.

(2). The interest rate risks interest flow in the market, and the fair value flow of financial products or cash flow change. The Group is in possession of financial asset and financial liability of floating exchange rate, so that the cash flow risks exchange rate risk. The Group's management monitors the change in exchange rate of the market on a regular basis and adapts financial liability with flow rate, so that the interest rate of the Group approaches to the market rate and offsets the risk in change in exchange rate. The company does not trade financial products (including financial derivatives) with speculative purpose.

(3). Cause and future response plan for policy, earning or loss of highly-risky, high-leverage investment, capital loan and guarantee and derivatives trades

The company has not taken part in highly-risky, high-leverage investment, or derivatives trades in recent year or by end of closure state of annual report. The capital loan and guarantee endorsement was conducted capital loan procedure and endorsement guarantee guideline. The regarding content is announced by regulatory of competent authority and disclosed in each financial report.

(4). Future R&D plan and R&D budget:

R&D product	R&D and mass production schedules	R&D estimation	Major factors that will impact the R&D in future
Development of green processed products	Under product development and trial production.Continue product expansion in 2024.	R&D cost overall makes up of personnel charge and product development.	1. Continued development and trial production of environmentally friendly composite glue applications, increasing product variety.

R&D product	R&D and mass production schedules	R&D estimation	Major factors that will impact the R&D in future
			<p>2. Development and trial production of environmentally friendly yarns, gradually increasing product variety.</p> <p>3. Increased series of green environmental sponges, continuing to develop new products.</p>
WSR circular recycling (textile and polymer materials) and reused polymer composite project	Under product development and trial production.Continue product expansion in 2024.	R&D cost overall makes up of personnel charge and product development.	<p>1. Development of TPU edge material recycling into new application materials, product development, and formulation trials.</p> <p>2. Recycling waste from sponge foam and laminated products and developing new products.</p>
Development of functional and anti-yellowing agent (special chemical product)	Under product development and trial production. Continuously improve performance from 2021 to 2024	R&D cost overall makes up of personnel charge and product development.	Development of functional additives and anti-yellowing agents for TPU films, focusing on improving efficiency and application during product development and trial production.
Product development of highly-performing environmentally friendly yarn	Under product development and trial production.Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	Adding eco-friendly coatings to abrasion-resistant fabrics to enhance wear resistance and environmental appeal.
Cool quilt in summer/cool mat, graphene energy winter quilt,	Under product development and trial production.Development complete in end 2023.	R&D cost overall makes up of personnel charge and product	1. Summer products will be evaluated and proper and competitive materials

R&D product	R&D and mass production schedules	R&D estimation	Major factors that will impact the R&D in future
functional pillow		development.	will be opted in 2024 Q1 and will be launched in Q2. 2. Graphene energy winter quilt and functional pillow will be evaluated and proper and competitive materials will be opted in 2024 Q1 and will be launched in Q3~Q4.
Developing new products for the circular economy using recycled marine waste materials	Under product development and trial production.Development complete in 2023 to 2024.	R&D cost overall makes up of personnel charge and product development.	Developing new products for the circular economy using recycled marine waste materials to increase product value and meet international brand environmental trends.
60W Ethernet power supply (commercial use)	Investment in development from 2024 Q2. Development will complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	1.Master of key materials 2.Knowledge of market prices 3.Reliability of commercial products
Developed fanless PD 3.1 Type C Output (Option) power supply	Investment in development from 2024 Q2. Development will complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	1.Master of key components and technologies 2.Knowledge of market prices 3.Reliability of consumer and green energy products
Household energy storage equipment (non-high-power mobile energy storage machine)	Investment in development from 2024 Q2. Development will complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	Master of key materials

(5). Impact and response plan for alteration in domestic and international legal policy

The company complies with relevant regulatory. We master change in important policy and law. Recent change of domestic and international policy and law has not hampered materially to business finance or business.

(6). Impact and response plan for technology change (including information security risk) and industrial change

Digitalisation is a future technical trend. The company elevates core technique as well as adjusts product combination, so that the company is competitive and overall operation performance is improved.

(7). Impact and response plan for corporate image change and risk management by corporate

The company endeavors to fulfill its corporate responsibilities, and no events occurred this year that would significantly impact the corporate image. We will continue to strengthen communication and coordination with major stakeholders and prevent crisis events in the future.

(8). Profit estimation, potential risk and response measures for merger: N/A.

(9). Profit estimation, potential risk and response measures for plant expansion: N/A.

Regarding the expansion of the Phase II new plant of the original Jiaying Nanxiong, the property certificate was obtained in March 2022. Currently, it is awaiting official approval for project establishment to facilitate entry planning. Due to the uncertainty of local policies over the past two years, the anticipated investment development project has been delayed, affecting the original investment plan. Recently, the feasibility assessment of expanding the Vietnam plant has been reassessed to meet future requirements for third-party supply chain demands.

(10). Risk and response measures to concentration of purchases or sales

A. Evaluation of risk in concentration of sales

The company's sales to the top 10 customers in 2023 and 2022 is 767,855 thousand and 851,749 thousand, which accounts for 31.84% and 27.63% in the annual income. The proportion to one single customer has not exceeded 10%. No risk in concentration of sales or purchase exists.

B. Evaluation of risk in concentration of purchase

The company's import from the top 10 customers in 2023 and 2022 is 23.55% and 33.14% in the annual income. The proportion to one single customer has not exceeded 10%. No risk in concentration of purchase exists.

(11). Impact, risk, and response measures of stock transfer, immense stock transfer, or change of directors, supervisors, or shareholders with a ratio over ten percent

The company has no directors or shareholders whose shareholding ratio exceeds ten percent and whose immense equity transfers or is replaced.

(12). Impact, risk, and response measures to change of franchise: N/A.

(13). litigation or non-litigation. Please specify the company and directors, supervisors, General Manager, substantial in-charge, shareholders of the company whose shareholding ratio exceeds ten percent and the resolved or un-resolved material litigation, non-litigation or administrative dispute of the belonging company whose resolution will impact shareholder's rights or securities price. Shall it be applicable, please disclose resolution details on the dispute, claim price, start date of litigation, major involved stakeholders in litigation hereof by end of closure date of annual report: N/A.

(14). Other important risks and response measures

Cyber risk evaluation and its response measures

A. The UOF system is our main portal and is open for remote work use. Risks of unencrypted keys have been identified, and SSL certificates will be applied and set up to strengthen website security.

B. Implementation of Chunghwa Telecom's Security Fleet actively integrates domestic and foreign security threat intelligence, blocking malicious behavior on the network at the server end to reduce threats from firewall updates and enhance external security protection.

C. In addition to the original online digital data threat awareness campaign, physical (paper-based) data leakage risks need to be addressed.

D. The company conducts at least one security drill per year in order to control and maintain the operation, production and sales, research and development, and finance and accounting, and other major business functions after the establishment of functional HA structure, so that the resilience plan will be proven effective and feasible. We will improve and update in future so that operation capacity will improve.

7. Other important matters: N/A.

VIII. Special Matters

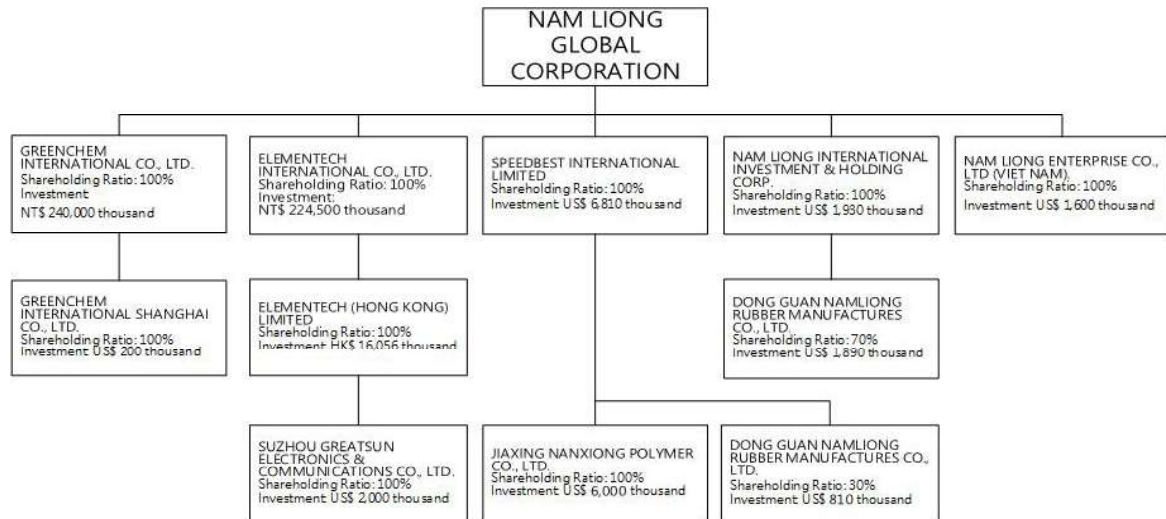
1. Affiliated businesses

(1). Consolidated businesses report by affiliated companies

A. Affiliated corporates

a Organisation chart

Investee of parent company shareholding in 2023 as following:



b Contact of affiliates

No.	Company	Capital (Dec. 31, 2023)	Date of establishment	Address	Core business items
1	GREENCHEM INTERNATIONAL CO., LTD.	NT\$ 80,000 thousand	Dec. 1999	No. 8, Xingye Rd., Jiatai Industrial Park, Guogou, Taibao City, Chiayi County	Production and sales of basic chemical industry, production and sales of precision chemical materials
2	GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	US\$ 200 thousand	Oct. 2004	No. 55-1 Pongfong Rd., Malu Town, Jiading Dist., Shanghai City	Production and sales of functional textile primer
4	ELEMENTECH INTERNATIONAL CO., LTD.	NT\$ 168,466 thousand	Oct. 2003	4F., No. 267, Chongyang Rd., Nangang Dist., Taipei City	R&D, production and sales of switching power supply
5	ELEMENTECH (HONG KONG) LIMITED	HK\$ 16,056 thousand	Nov. 2013	Flat 11-12, 9F Metro Center 32 Lam Hing St Kowloon, Bay Kln HK	Overseas holding company
6	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	US\$ 2,000 thousand	Mar. 2014	Plant No. 2, No. 6 Ziteng Rd., Liuhe Town, Taicang City	Production of chargers, computer electronics and components, etc.
7	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	US\$ 1,930 thousand	May 2006	Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Island	Overseas holding company
8	SPEEDBEST INTERNATIONAL LIMITED	US\$ 6,810 thousand	Apr. 2004	Ground Floor NPF Building, Beach Road, Apia, Samoa	Overseas holding company
9	NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	US\$ 1,600 thousand	Jul. 2019	Plant F2, Lot C1-3-2, Tao Luc 1 Street, Dai Dang Industrial Park, Phu Tan Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	Rubber, plastic, and elastic foaming material slices, processing and adhesive, water-proof moisture-permissible film and trades of textile products
10	JIAXING NANXIONG POLYMER CO., LTD.	US\$ 6,000 thousand	Nov. 2004	NO.216 YA'O ROAD SOUTHLAKE ECONOMIC DEVELOPMENT ZONE JIXING CITY ZHEJIANG PROVINCE, CHINA	Sales and production of water-proof moisture-permissible film (TPU); arrangement and processing of high-end fabric (processing of TPU film composite), sales of fire equipment
11	DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	US\$ 2,700 thousand	Sep. 2007	NO.295 XIANG FU RD., KENG KOU, LIAO BU, DONG GUAN CITY, GUANG DONG, 523420 CHINA	Production and sales of rubber, plastic materials and its end products

c Shareholders having controlling and subordinate relation between them: N/A.

d Industry covered by overall affiliates and corporate operation:

(a) The company produces and sells hook loop and functional tapes, functional protective textiles and products, polymeric elastomer foam composite materials, functional membrane and composite materials and other products.

(b) Scope of other affiliates as in the abovementioned table.

e Director, supervisor, and general manager by affiliated companies and their shareholding or investment

MAY 22, 2024

Company	Title	Name or Representative	Number of shares held	
			Number of shares	%
GREENCHEM INTERNATIONAL CO., LTD.	Chairman	NAM LIONG GLOBAL CORPORATION Representative: Hsiao, Chung-Hu	8,000,000	100.00%
	Director	NAM LIONG GLOBAL CORPORATION Representative: Hsiao, Chung-Pin		
	Director	NAM LIONG GLOBAL CORPORATION Representative: Hsiao, Hung-Kai		
	Supervisor	NAM LIONG GLOBAL CORPORATION Representative: Pai, Ching-Jen		
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chairman	GREENCHEM INTERNATIONAL CO., LTD. Representative: Hsiao, Chung-Pin	N/A	100.00%
	Director	GREENCHEM INTERNATIONAL CO., LTD. Representative: Lin, Hua-Tse		
	Director & General Manager	GREENCHEM INTERNATIONAL CO., LTD. Representative: Lin, Hung-Peng		
	Supervisor	GREENCHEM INTERNATIONAL CO., LTD. Representative: Tsai, Hsiu-Han		
ELEMENTECH INTERNATIONAL CO., LTD.	Chairman & General Manager	NAM LIONG GLOBAL CORPORATION Representative: Hsiao, Chung-Hu	16,846,640	100.00%
	Director	NAM LIONG GLOBAL CORPORATION Representative: Pai, Ching-Jen		
	Director	NAM LIONG GLOBAL CORPORATION Representative: Hsiao, Yu-Chiao		
	Supervisor	NAM LIONG GLOBAL CORPORATION Representative: Hung, Chun-Chih		
ELEMENTECH (HONG KONG) LIMITED	Director	ELEMENTECH INTERNATIONAL CO., LTD. Representative: Pai, Ching-Jen	N/A	100.00%
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Chairman	ELEMENTECH (HONG KONG) LIMITED Representative: Hsiao, Yu-Chiao	N/A	100.00%
	Supervisor	ELEMENTECH (HONG KONG) LIMITED Representative: Lin, Hua-Tse		
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	Director	NAM LIONG GLOBAL CORPORATION Representative: Shao, Ten-Po	1,930,000	100.00%
SPEEDBEST INTERNATIONAL LIMITED	Director	NAM LIONG GLOBAL CORPORATION Representative: Chang, Shun-Ching	6,810,000	100.00%

MAY 22, 2024

Company	Title	Name or Representative	Number of shares held	
			Number of shares	%
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	Director	NAM LIONG GLOBAL CORPORATION Representative: Chen, Yi-Hsiao	N/A	100.00%
JIAXING NANXIONG POLYMER CO., LTD.	Chairman	SPEEDBEST INTERNATIONAL LIMITED Representative: Wang, Shih-Ting	N/A	100.00%
	Director	SPEEDBEST INTERNATIONAL LIMITED Representative: Hsu, Shih-Jung		
	Director	SPEEDBEST INTERNATIONAL LIMITED Representative: Chiang, Tsun-Ming		
	Supervisor	SPEEDBEST INTERNATIONAL LIMITED Representative: Chiu, Shu-Chen		
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Chairman	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Hsiao, Yu-Chiao	N/A	100.00%
	Director	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Wang, Chih-Chung		
	Director	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Tsai, Chia-Pin		
	Supervisor	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Pai, Ching-Jen		

f Affiliate business

Unit: NT\$ thousands

Company	Capital	Total asset	Total liabilities	Equity	Operating revenue	Operating profit(loss)	Net profit for the year	EPS
							(after tax)	(NT) (after tax)
GREENCHEM INTERNATIONAL CO., LTD.	80,000	251,711	58,035	193,676	29,201	(16,386)	12,404	1.55
GREENCHEM SHANGHAI CO., LTD.	6,131	76,990	22,544	54,446	107,806	28,979	21,766	-
ELEMENTECH INTERNATIONAL CO., LTD.	168,466	158,402	5,396	153,006	82,070	(22,538)	(42,307)	(2.51)
ELEMENTECH (HONG KONG) LIMITED	61,078	(16,655)	30	(16,685)	-	(137)	(27,996)	-
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	61,310	61,067	78,342	(17,275)	71,219	(27,843)	(27,859)	-
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	62,353	136,850	-	136,850	-	-	427	-
SPEEDBEST INTERNATIONAL LIMITED	215,679	576,606	-	576,606	-	-	2,571	-
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	49,121	45,591	43,807	1,784	42,563	(12,988)	(13,241)	-
JIAXING NANXIONG POLYMER CO., LTD.	183,930	554,414	36,403	518,011	439,962	(370)	2,389	-
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	82,769	370,818	175,502	195,316	195,338	(3,541)	607	-

Note: Data is all from 2023.

(2). Consolidated financial statement by affiliated companies

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, the entities that are required to be included in the consolidated financial statements of Nam Liong Global Corporation, in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared under the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of Affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, Nam Liong Global Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare,

Nam Liong Global Corporation

By

Shao, Ten-Po
Chairman

March 12, 2024

(3). Relationship report

NAM LIONG GLOBAL CORPORATION

Relationship Report

2023

Address: 6F., No. 349, Yangguang St., Neihu Dist., Taipei City

Tel: +886-2-2659-1588

Deloitte & Touche CPA review No.11303408 of March 15, 2024

Recipient: NAM LIONG GLOBAL CORPORATION

Title: Commentary on 2023 Relation Report of the company with statement of no material non-compliance.

Explanation:

1. 2023 Relation Report (January 1, 2023 to December 31, 2023) of the company, prepared on March 15, 2023, stated by the company that it was pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. The disclosed information has no material non-compliance with aforesaid disclosed financial statement. Disclaimer is as attached.
2. CPAs have cross-checked the relation report, prepared by the company, with 2023 Financial Statement pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. Aforesaid statement was found with no material non-compliance.

Deloitte & Touche
Chang, Cheng-Hsiu
Huang, Hsiu-Chun

Relation Report Disclaimer

2023 Relation Report (January 1, 2023 to December 31, 2023) of the company, stated by the company that it was pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. The disclosed information has no material non-compliance with aforesaid disclosed financial statement.

Disclaimer is as attached.

Company: NAM LIONG GLOBAL CORPORATION

Chairman: Shao, Ten-Po

NAM LIONG GLOBAL CORPORATION

Relation Report

2023

1. Relations between affiliate and controlling company:

Controlling Company	Reason Of Control	Shareholding And Pledge Of Controlling Company, Supervisors And Managers			Directors From The Controlling Company	
		Number Of Shares	Shareholding Ratio	Number Of Shares	Title	Name
ZI LIONG ENTERPRIS E CO., LTD.	Direct control of business operation by the company	88,221,501	72.08%	-	Director	Shao, Ten-Po
					Director	Hsiao, Chung-Hu

2. Trading details

- (1). Purchase (sales): N/A.
- (2). Property trading: N/A.
- (3). Financing: N/A.
- (4). Asset lease: N/A.
- (5). Other important trading: N/A.

3. Endorsement guarantee: N/A.

2. Private equity securities by recent year and closure date of annual report: N/A.
3. Shareholding or share disposition by subsidiaries by by recent year and closure date of annual report: N/A.
4. Other mentionable matters: N/A.
5. Occurrence associated with Securities Exchange Act. Art. 36 Item 3 Paragraph 2, any event which has a material impact on shareholders' rights and interests or securities prices, by recent year and closure date of annual report: N/A.

NAM LIONG GLOBAL CORPORATION

Chairman: Shao, Ten-Po