Stock Code: 5450

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Address: 6F., No. 349, Yangguang St., Neihu Dist., Taipei City, Taiwan

Tel: +886-2-2659-1588

§CONTENTS§

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

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

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 reparation 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

<u>*Notice to Readers*</u>

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)

		December 31, 2023		December 31, 2022 (Restated)	
Code	ASSETS	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	1,678,789	49	1,795,323	52
	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	1,746,929	51	1,644,943	48
1XXX	TOTAL	$3,425,718	100	$3,440,266	100
Code	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	777,820	22	1,134,722	33
	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	983,769	29	666,390	19
2XXX	Total liabilities	1,761,589	51	1,801,112	52
	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	1,664,129	49	1,639,154	48
	TOTAL	$3,425,718	100	$3,440,266	100

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)

		2023		2022	
Code		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)	1,806,711	75	2,262,133	74
5900	GROSS PROFIT	605,087	25	820,094	26
	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)	3,339	-	(1,102)	-
6000	Total operating expenses	586,123	24	680,180	22
6900	PROFIT FROM OPERATIONS	18,964	1	139,914	4
	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	(1,848)	-	(3,934)	-
7000	Total non-operating income and expenses	21,203	1	51,585	2

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
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	12,546	1	177,619	6
	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		62,806	3	73,889	3
	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)	11,344	-
8300	Other comprehensive income (loss), net of income tax	48,922	2	85,233	3
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 61,468	3	$ 262,852	9
	EARNINGS PER SHARE (Note 23)				
9710	Basic	$ 0.10		$ 1.45	
9810	Diluted	$ 0.07		$ 1.44	

(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)		Other equity		
		Shares (In Thousands)	Amount		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)	Total Equity
A1	BALANCE AT JANUARY 1, 2022	122,392	$ 1,223,923	$ 57,621	$ -	$ 145,969	($ 24,031)	$ 46,255	$ 1,449,737
	Appropriation of 2021 earnings:								
B1	Legal reserve	-	-	-	14,597	(14,597)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(73,435)	-	-	(73,435)
		-	-	-	14,597	(88,032)	-	-	(73,435)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	177,619	-	-	177,619
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	275	11,344	73,614	85,233
D5	Total comprehensive income (loss) in 2022	-	-	-	-	177,894	11,344	73,614	262,852
Z1	BALANCE AT DECEMBER 31, 2022	122,392	1,223,923	57,621	14,597	235,831	(12,687)	119,869	1,639,154
	Appropriation of 2022 earnings								
B1	Legal reserve	-	-	-	17,789	(17,789)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(79,555)	-	-	(79,555)
		-	-	-	17,789	(97,344)	-	-	(79,555)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	12,546	-	-	12,546
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	19	(13,884)	62,787	48,922
D5	Total comprehensive income (loss) in 2023	-	-	-	-	12,565	(13,884)	62,787	61,468
	Other changes in capital surplus:								
C5	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	218,082	417,893

(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	2,938	44
BBBB	Net cash used in investing activities	(185,254)	(70,974)
	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	(5,000)	-
CCCC	Net cash generated from (used in) financing activities	27,823	(216,771)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,784)	11,981
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	50,867	142,129
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	730,742	588,613
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 781,609	$ 730,742

(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	$ 31,506
Increase in assets	$ 31,506
Increase in deferred tax liabilities	$ 31,506
Increase in liabilities	$ 31,506

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	$ 16,490	$ 37,209	$ 53,699
Effect on assets	$ 3,403,057	$ 37,209	$ 3,440,266
Deferred tax liabilities	$ 10,249	$ 37,209	$ 47,458
Effect on liabilities	$ 1,763,903	$ 37,209	$ 1,801,112
January 1, 2022			
Deferred tax assets	$ 20,227	$ 43,910	$ 64,137
Effect on assets	$ 3,432,187	$ 43,910	$ 3,476,097
Deferred tax liabilities	$ 10,895	$ 43,910	$ 54,805
Effect on liabilities	$ 1,982,450	$ 43,910	$ 2,026,360

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 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.

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
	$ 781,609	$ 730,742

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
Financial liabilities - current	
Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting)	
- Redemption options and put options of convertible bonds (Note 18)	$ 2,150

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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
Current		
Restricted demand deposits	$ 13,226	$ 29,863
Pledged time deposits	2,000	17,000
Time deposits with original maturities of less than 3 months	63,398	-
	$ 78,624	$ 46,863
Non-current		
Restricted demand deposits	$110,000	$ -

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

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	$410,436	$11,067	$ 4,069	$ 3,651	$429,223

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	$418,831	$13,044	$15,595	$ 797	$448,267

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	$ 8,264	$ 4,965

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
	$ 335,043	$ 511,778

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:

			The proportion of the ownership		
			December 31		
Investor Company	Investee Company	Main Businesses	2023	2022	Remark
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
Cost							
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	28,718	-	-	(16,256)	-	(227)	12,235
	2,087,125	$ 38,192	($ 17,638)	$ 1,299	($ 70,243)	($ 11,110)	2,027,625
Accumulated depreciation and impairment							
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	6,755	1,943	-	-	-	(134)	8,564
	1,022,997	$ 82,682	($ 9,804)	$ -	($ 14,108)	($ 5,756)	1,076,011
Net	$ 1,064,128						$ 951,614

	2022					
	Balance at the beginning of year	Additions	Reductions	Reclassifications	Effects of foreign currency exchange differences	Balance at the end of year
Cost						
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
	2,023,233	$ 97,464	($ 22,816)	($ 16,761)	$ 6,005	2,087,125
Accumulated depreciation and impairment						
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
	964,077	$ 77,624	($ 22,686)	$ -	$ 3,982	1,022,997
Net	$ 1,059,156					$ 1,064,128

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	2,099	1,484
	$ 186,603	$ 212,150

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 14,095	$ 2,342
Depreciation of right-of-use assets		
Land	$ 3,656	$ 3,763
Buildings	31,187	29,853
Transportation equipment	1,592	1,490
	$ 36,435	$ 35,106

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	$ 33,609	$ 30,114
Non-current	$ 127,903	$ 153,453

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	$ 7,939	$ 10,781
Expenses related to low-value asset leases	$ 1,144	$ 1,434
Expenses related to variable lease payments not included in the measurement of lease liabilities	$ 31	$ 198
Total cash outflow for leases	$ 47,631	$ 49,674

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

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):

	December 31
	2023
Year 1	$ 2,880
Year 2	2,880

16. Goodwill

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

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:

a. 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.
b. Cash flows beyond the five-year period is extrapolated using the stable growth rates 2%, which is adjusted by referring to macroeconomic growth rate.
c. 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
Secured borrowings		
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		(129)
		$ 29,871

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	(223,207)	(220,607)
	$ 284,925	$ 456,238

	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)

	December 31
	2023
Secured domestic convertible bonds	$500,000
Add: Premium on bonds payable	27,856
	$527,856

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.

Holders 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	(150)
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,626 thousand)	$ 532,930

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%	(5,074)
Liability component at December 31, 2023	$ 527,856

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	(2,000)
Balance at December 31, 2023	($ 2,150)

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	$ -	$ 9,065

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	$ 9,136	$ -	$ 9,136
Service cost			
Current service cost	224	-	224
Interest expense	49	-	49
Recognized in profit or loss	273	-	273
Remeasurement			
Actuarial gain - changes in financial assumptions	(179)	-	(179)
Actuarial gain - experience adjustments	(165)	-	(165)
Recognized in other comprehensive income	(344)	-	(344)
Balance at December 31, 2022	9,065	-	9,065

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

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

	For the Year Ended December 31	
	2023	2022
Operating expenses	$ 321	$ 273

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):

	December 31
	2022
Discount rate	
0.25% increase	($ 73)
0.25% decrease	$ 74
Expected salary increase rate	
0.25% increase	$ 73
0.25% decrease	($ 73)

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).

	December 31
	2022
Average duration of the defined benefit plans	3 years

20. EQUITY

a. Share capital

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

A holder of issued common shares a with 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
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 32,321	$ 32,321
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	25,300	25,300
Not to be used for any purpose		
Stock options	43,062	-
	$ 100,683	$ 57,621

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
	$ 41,570	$ 29,074

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	$ 871	$ 52,847

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
	$ 27,439	$ 30,670

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)
	($ 2,720)	$ 916

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	$ 120,643	$ 113,790
Analysis of depreciation by function		
Operating costs	$ 51,611	$ 53,682
Operating expenses	67,954	59,048
	$ 119,565	$ 112,730
Analysis of amortization by function		
Operating costs	$ 176	$ 176
Operating expenses	902	884
	$ 1,078	$ 1,060

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	$ 549,774	$ 652,178
Analysis of employee benefits expense by function		
Operating costs	$ 238,435	$ 272,276
Operating expenses	311,339	379,902
	$ 549,774	$ 652,178

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year	($ 3,956)	$ 2,435
Adjustments for prior year	-	31
	(3,956)	2,466
Income tax expense recognized in profit or loss	$ 27,621	$ 13,880

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	$ 40,167	$ 191,499
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	1,930	5
Income tax expense recognized in profit or loss	$ 27,621	$ 13,880

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
- Translation of foreign operations	($ 153)	$ 555
- Defined benefit plans	442	69
	$ 289	$ 624

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivables	$ 2,081	$ 1,857
Current tax liabilities		
Income tax payable	$ 19,629	$ 11,451

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	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
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	774	2,337	-	-	3,111
	$ 53,699	($ 484)	($ 248)	($ 624)	$ 52,343
Deferred tax liabilities					
Temporary differences					
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	(37,209)	5,079	-	624	(31,506)
	($ 47,458)	$ 4,440	($ 41)	$ 625	($ 42,434)

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 Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets							
Temporary differences							
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	1,052	-	1,052	(278)	-	-	774
	$ 20,227	$ 43,910	$ 64,137	($ 10,518)	($ 655)	$ 735	$ 53,699
Deferred tax liabilities							
Temporary differences							
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	-	(43,910)	(43,910)	7,436	-	(735)	(37,209)
	($ 10,895)	($ 43,910)	($ 54,805)	$ 8,052	$ 31	($ 736)	($ 47,458)

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	2,000	-
Earnings used in the computation of diluted earnings per share	$ 9,472	$ 177,619

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	230	1,003
Weighted average number of ordinary shares used in the computation of diluted earnings per share	144,090	123,395

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 Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
－Convertible bonds	$ 527,856	$ -	$ -	$ 534,232	$ 534,232

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
Financial assets at fair value through other comprehensive income				
Unlisted ordinary shares	$ -	$ -	$286,314	$286,314

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Derivatives	$ -	$ -	$ 2,150	$ 2,150

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted ordinary shares	$ -	$ -	$205,273	$205,273

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

	2023	2022
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)	62,787	73,614
Balance at the end of year	$286,314	$205,273

Fair value through profit or loss-Derivative (2022: none)

	2023
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	($ 2,150)

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
Financial assets		
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
Financial liabilities		
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
Non-derivative financial liabilities					
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
		$213,639	$236,773	$311,338	$980,101

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	$37,591	$102,730	$27,331	$ 7,306	$ 200	$ -

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
Non-derivative financial liabilities					
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
		$388,615	$ 165,449	$ 465,214	$ 716,899

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	$34,687	$110,527	$46,348	$ 8,548	$ 306	$ -

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	904,888	618,252
	$1,543,020	$1,687,240

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 PROPRENE SPORTING GOODS CO., LTD. (China) (PROPRENE 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

		For the Year Ended December 31	
Item	Related Party Category/Name	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	83,407	116,490
		$ 181,055	$ 217,614

c. Purchase

	For the Year Ended December 31	
Related Party Category/Name	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	1,261	2,932
	$ 29,727	$ 49,675

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	December 31 2022
Notes receivable	Related party in substance		
	TLI	$ 4,026	$ 4,691
	TIEN JIANG	2,681	4,388
	HUI LIANG	849	715
	Other	202	1,515
		$ 7,758	$ 11,309
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	14,744	13,838
		$ 40,371	$ 46,909
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	574	242
		$ 2,983	$ 1,715

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	December 31 2022
Notes payable	Related parties in substance		
	U-LONG	$ 534	$ 408
	DECORTEC	-	119
		$ 534	$ 527
Accounts payable	Related parties in substance		
	HONG LI	$ 6,305	$ 5,408
	NAMDE	1,585	420
	Other	1,147	1,402
		$ 9,037	$ 7,230
Other accounts payable	Related parties in substance		
	NAMDE	$ 968	$ 413
	EARS	432	972
	Hoa Gia	411	429
	Other	127	86
		$ 1,938	$ 1,900

f. Acquisition of property, plant, and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2023	Purchase Price For the Year Ended December 31 2022
Related parties in substance		
ORIENTAL	$ 241	$ 179

g. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Lease expenses		
Chairman of the Company	$ 4,403	$ 4,403
Related parties in substance	-	120
	$ 4,403	$ 4,523

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	$ -	$ 120

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	438	250
		$ 4,225	$ 6,628
Operating expenses (excluding rentals)	Related parties in substance		
	EARS	$ 9,399	$ 11,331
	Other	1,358	1,813
		$ 10,757	$ 13,144
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	1,442	517
		$ 7,963	$ 3,667

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:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 52,723	$ 62,575
Post-employment benefits	1,887	1,415
	$ 54,610	$ 63,990

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:

	December 31		
	2023	2022	Purpose
Restricted demand deposits	$ 123,226	$ 29,863	Borrowings and bonds payable

	December 31		
	2023	2022	Purpose
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	-	
	$ 614,582	$ 551,032	

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, 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$
Financial assets				
Monetary items				
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$
Financial liabilities				
Monetary items				
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$
Financial assets				
Monetary items				
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
Financial liabilities				
Monetary items				
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 December 31		For the Year Ended 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	-	9,133	-	(8,938)
	$2,411,798	$3,082,227	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			37,002	26,056
Profit before tax from continuing operations			$ 40,167	$ 191,499

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
	$2,411,798	$3,082,227

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
	$2,411,798	$3,082,227	$1,298,272	$1,385,971

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.

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/Guarantee		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.

TABLE 2

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	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.

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			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
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 INVESTEES
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			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	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	$ 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)	(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)	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)	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)	(14,505) (Loss VND 11,031,526 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)	(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 & COMMUNICATIONS 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.