

## NAM LIONG GLOBAL CORPORATION

Parent Company Only Financial Statements for  
the Years Ended December 31, 2024 and 2023  
and Independent Auditors' Report

Address : 6F., No. 349, Yangguang St., Neihu Dist., Taipei City, Taiwan  
Tel: +886-2-2659-1588

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders  
NAM LIONG GLOBAL CORPORATION

### Opinion

We have audited the parent company only financial statements of NAM LIONG GLOBAL CORPORATION (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts.

### Basis for Opinion

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2024 are stated as follows:

### **Sales to Specific Customers**

The Company's sales growth of specific customers was different from the overall sales trend and the amount was substantial in 2024. 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, 2024.

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

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

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts, and for such internal control as management determines is necessary to enable the

preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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 12, 2025

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

NAM LIONG GLOBAL CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 242,707	8	\$ 332,657	11
1136	Financial assets at amortized cost – current (Notes 4, 9 and 27)	9,252	-	15,226	-
1150	Notes receivable, net – non-related parties (Notes 4 and 10)	29,678	1	33,039	1
1160	Notes receivable – related parties (Notes 4, 10 and 26)	14,584	-	7,736	-
1170	Accounts receivable, net – non-related parties (Notes 4 and 10)	226,238	7	195,953	6
1180	Accounts receivable – related parties (Notes 4, 10 and 26)	52,846	2	56,557	2
1200	Other receivables	2,116	-	1,974	-
1210	Other receivables – related parties (Note 26)	1,248	-	1,647	-
1220	Current tax assets (Notes 4 and 22)	11,610	-	-	-
130X	Inventories (Notes 4, 5 and 11)	209,827	6	206,322	7
1470	Other current assets	16,505	1	16,960	1
11XX	Total current assets	<u>816,611</u>	<u>25</u>	<u>868,071</u>	<u>28</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	310,804	10	286,314	9
1535	Financial assets at amortized cost – non-current (Notes 4, 9 and 27)	104,730	3	110,000	4
1550	Investments accounted for using equity method (Note 4 and 12)	1,259,021	39	1,153,314	37
1600	Property, plant and equipment (Notes 4, 13 and 27)	543,615	17	563,338	18
1755	Right-of-use assets (Notes 4, 14, 27 and 28)	105,388	3	43,393	1
1760	Investment properties (Notes 4, 15 and 27)	55,016	2	55,687	2
1821	Intangible assets (Note 4)	3,864	-	4,802	-
1840	Deferred tax assets (Notes 4 and 22)	13,532	1	19,272	1
1900	Other non-current assets	11,699	-	5,242	-
15XX	Total non-current assets	<u>2,407,669</u>	<u>75</u>	<u>2,241,362</u>	<u>72</u>
1XXX	TOTAL	<u>\$3,224,280</u>	<u>100</u>	<u>\$3,109,433</u>	<u>100</u>
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 16 and 27)	\$ 150,000	5	\$ 130,000	4
2120	Financial liabilities at fair value through profit or loss – current (Notes 4, 7 and 17)	1,050	-	2,150	-
2150	Notes payable – non-related parties	10,026	-	6,651	-
2160	Notes payable – related parties (Note 26)	548	-	534	-
2170	Accounts payable – non-related parties	158,891	5	138,009	5
2180	Accounts payable – related parties (Note 26)	15,144	1	12,914	-
2219	Other payables (Note 18)	106,484	3	95,713	3
2220	Other payables – related parties (Note 26)	418	-	243	-
2230	Current tax liabilities (Notes 4 and 22)	-	-	16,147	1
2280	Lease liabilities – current (Notes 4 and 14)	15,418	1	2,043	-
2320	Current portion of long-term borrowings (Notes 16, 27 and 28)	205,710	6	199,515	6
2399	Other current liabilities	10,707	-	7,400	-
21XX	Total current liabilities	<u>674,396</u>	<u>21</u>	<u>611,319</u>	<u>19</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Notes 4, 17 and 27)	520,956	16	527,856	17
2540	Long-term borrowings (Notes 16, 27 and 28)	122,107	4	283,078	9
2570	Deferred tax liabilities (Notes 4 and 22)	9,056	-	-	-
2580	Lease liabilities – non-current (Notes 4 and 14)	73,027	2	22,571	1
2645	Guarantee deposits received	480	-	480	-
25XX	Total non-current liabilities	<u>725,626</u>	<u>22</u>	<u>833,985</u>	<u>27</u>
2XXX	Total liabilities	<u>1,400,022</u>	<u>43</u>	<u>1,445,304</u>	<u>46</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
3100	Share capital	1,224,032	38	1,223,923	40
3211	Capital surplus	100,784	3	100,683	3
	Retained earnings				
3310	Legal reserve	33,642	1	32,386	1
3350	Unappropriated earnings	256,949	8	151,052	5
3300	Total Retained earnings	<u>290,591</u>	<u>9</u>	<u>183,438</u>	<u>6</u>
3400	Other equity	<u>208,851</u>	<u>7</u>	<u>156,085</u>	<u>5</u>
3XXX	Total equity	<u>1,824,258</u>	<u>57</u>	<u>1,664,129</u>	<u>54</u>
	TOTAL	<u>\$3,224,280</u>	<u>100</u>	<u>\$3,109,433</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.



NAM LIONG GLOBAL CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2024		2023	
		Amount	%	Amount	%
4110	OPERATING REVENUE (Notes 4 and 26)	\$ 1,681,009	100	\$ 1,611,660	100
5110	OPERATING COSTS (Notes 4, 11, 21, and 26)	( 1,237,062 )	( 74 )	( 1,181,423 )	( 73 )
5900	GROSS PROFIT	443,947	26	430,237	27
5910	UNREALIZED GAINS FROM SALES (Note 4)	( 1,178 )	-	( 1,100 )	-
5920	REALIZED GAINS FROM SALES (Note 4)	1,100	-	2,260	-
5950	REALIZED GROSS PROFIT	443,869	26	431,397	27
	OPERATING EXPENSES (Notes 4, 10, 21 and 26)				
6100	Selling and marketing expenses	96,549	6	101,037	6
6200	General and administrative expenses	240,159	14	225,830	14
6300	Research and development expenses	37,901	2	38,144	3
6450	Expected credit (gain) loss	( 2,833 )	-	3,697	-
6000	Total operating expenses	371,776	22	368,708	23
6900	PROFIT FROM OPERATIONS	72,093	4	62,689	4
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4 and 17)	1,087	-	( 2,763 )	-
7050	Finance costs (Notes 4 and 21)	( 20,735 )	( 1 )	( 22,467 )	( 1 )

(Continued)

<u>Code</u>		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7070	Share of profits of subsidiaries accounted for using equity method (Notes 4 and 12)	\$ 61,407	4	( \$ 41,410 )	( 3 )
7100	Interest revenue	6,184	1	4,366	-
7190	Other income (Notes 4, 21 and 26)	38,246	2	26,791	2
7230	Foreign exchange gains (Notes 4 and 29)	22,650	1	575	-
7590	Miscellaneous disbursements (Note 21)	( 17,393 )	( 1 )	( 376 )	-
7000	Total non-operating income and expenses	<u>91,446</u>	<u>6</u>	( 35,284 )	( 2 )
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	163,539	10	27,405	2
7950	INCOME TAX EXPENSE (Notes 4 and 22)	( 25,788 )	( 2 )	( 14,859 )	( 1 )
8200	NET PROFIT FOR THE YEAR	<u>137,751</u>	<u>8</u>	<u>12,546</u>	<u>1</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	24,490	1	62,787	4
8388	Share of other comprehensive income of subsidiaries accounted for using the equity method-remeasurement of defined benefit plans	-	-	19	-
8310		<u>24,490</u>	<u>1</u>	<u>62,806</u>	<u>4</u>

(Continued)

Code		2024		2023	
		Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	\$ 28,570	2	( \$ 13,345 )	( 1 )
8381	Share of the other comprehensive gains (losses) of subsidiaries accounted for using the equity method - exchange differences on translation of the financial statements of foreign operations	91	-	( 554 )	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	( 385 )	-	15	-
8360		<u>28,276</u>	<u>2</u>	<u>( 13,884 )</u>	<u>( 1 )</u>
8300	Other comprehensive income (loss), net of income tax	<u>52,766</u>	<u>3</u>	<u>48,922</u>	<u>3</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 190,517</u>	<u>11</u>	<u>\$ 61,468</u>	<u>4</u>
	EARNINGS PER SHARE (Note 23)				
9710	Basic	<u>\$ 1.13</u>		<u>\$ 0.10</u>	
9810	Diluted	<u>\$ 0.86</u>		<u>\$ 0.07</u>	

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital (Notes 4, 17 and 20)		Capital surplus (Notes 4, 17 and 20)	Retained Earnings (Notes 4 and 20)		Other equity		Total Equity
		Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation (Notes 4 and 22)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 8)	
A1	BALANCE AT JANUARY 1, 2023	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
C5	Other changes in capital surplus: Equity component of convertible bonds issued by the Company	-	-	43,062	-	-	-	-	43,062
Z1	BALANCE AT DECEMBER 31, 2023	122,392	1,223,923	100,683	32,386	151,052	( 26,571 )	182,656	1,664,129
	Appropriation of 2023 earnings:								
B1	Legal reserve	-	-	-	1,256	( 1,256 )	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 30,598 )	-	-	( 30,598 )
		-	-	-	1,256	( 31,854 )	-	-	( 30,598 )
D1	Net profit for the year ended December 31, 2024	-	-	-	-	137,751	-	-	137,751
D3	Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	-	28,276	24,490	52,766
D5	Total comprehensive income (loss) in 2024	-	-	-	-	137,751	28,276	24,490	190,517
I1	Convertible bonds conversion	11	109	101	-	-	-	-	210
Z1	BALANCE AT DECEMBER 31, 2024	122,403	\$ 1,224,032	\$ 100,784	\$ 33,642	\$ 256,949	\$ 1,705	\$ 207,146	\$ 1,824,258

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

Code		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 163,539	\$ 27,405
A20010	Incomes and expenses not affecting cash flow		
A20100	Depreciation expense	55,456	49,296
A20200	Amortization expense	1,418	1,016
A20300	Expected credit (gain) loss	( 2,833 )	3,697
A20400	Net (gain) loss on financial liabilities at fair value through profit or loss	( 1,100 )	2,000
A20900	Finance costs	20,735	22,467
A21200	Interest revenue	( 6,184 )	( 4,366 )
A21300	Dividend income	( 14,184 )	( 2,938 )
A22400	Share of profits of subsidiaries accounted for using the equity method	( 61,407 )	41,410
A22500	Loss on disposal of property, plant and equipment	13	763
A23700	(Reversal of) write-down of inventories	( 539 )	4,164
A23900	Unrealized gains from sales with subsidiary	1,178	1,100
A24000	Realized gains from sales with subsidiary	( 1,100 )	( 2,260 )
A24100	Unrealized foreign currency exchange (gains) losses	( 6,832 )	3,355
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 3,487 )	5,218
A31150	Accounts receivable	( 16,398 )	19,619
A31180	Other receivables	257	183
A31200	Inventories	( 2,966 )	75,909
A31240	Other current assets	( 6,751 )	( 4,200 )
A32130	Notes payable	3,389	( 8,281 )
A32150	Accounts payable	22,601	( 5,711 )
A32180	Other payables	11,031	( 31,006 )
A32230	Other current liabilities	3,307	( 36,122 )
A33000	Cash generated from operations	159,143	162,718
A33100	Interest received	6,184	4,366
A33300	Interest paid	( 18,958 )	( 22,110 )

(Continued)

Code		2024	2023
AC0500	Income taxes paid	( \$ 39,133 )	( \$ 6,807 )
AAAA	Net cash generated from operating activities	<u>107,236</u>	<u>138,167</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisitions of financial assets at fair value through other comprehensive income	-	( 18,254 )
B00040	Acquisitions of financial assets at amortized cost	( 26 )	( 112,000 )
B00050	Proceeds from disposal of financial assets at amortized cost	11,270	30,637
B01800	Acquisitions of long-term equity investments accounted for using the equity method	( 80,718 )	( 70,000 )
B02400	Return of equity proceeds from capital reduction of investee companies using the equity method	50,000	-
B02700	Acquisitions of property, plant, and equipment	( 24,735 )	( 29,621 )
B02800	Proceeds from disposal of property, plant and equipment	30	7,067
B03800	(Increase) decrease in refundable deposits	( 1,885 )	1,303
B04500	Acquisitions of intangible assets	( 480 )	( 2,377 )
B07200	(Increase) decrease in prepayments for equipment	( 5,038 )	1,677
B07600	Dividends received	<u>29,184</u>	<u>17,938</u>
BBBB	Net cash used in investing activities	( <u>22,398</u> )	( <u>173,630</u> )
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term loans	20,000	( 232,143 )
C00600	Decrease in short-term notes and bills payable	-	( 29,871 )
C01200	Proceeds from convertible bonds	-	581,142
C01600	Proceeds from long-term borrowings	50,000	50,000
C01700	Repayments of long-term borrowings	( 204,776 )	( 218,022 )
C03000	Deposits received	-	480
C04020	Payments of lease liabilities	( 9,414 )	( 3,261 )
C04500	Cash dividends paid	( 30,598 )	( 79,555 )
C09900	Bonds issue cost paid	<u>-</u>	( <u>5,000</u> )
CCCC	Net cash (used in) generated from financing activities	( <u>174,788</u> )	<u>63,770</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	( 89,950 )	28,307
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>332,657</u>	<u>304,350</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 242,707</u>	<u>\$ 332,657</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

NAM LIONG GLOBAL CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(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, 2024 and 2023, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.07% and 72.08% equity interest in the Company.

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

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

The parent company only financial statements were approved by the Board of Directors on March 12, 2025.

### 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).

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets	January 1, 2025 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial



application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by 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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

## IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- 1) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

##### a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant acts.

##### b. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

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

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

When preparing the parent company only financial statements, the Company adopted the equity method to account for its investments in subsidiaries. In order to align the amount of net profit for the year, other comprehensive income, and equity from the current year in the parent company only financial statements with those attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis are presented under the heading of "Investments accounted for using equity method, share of

profits of subsidiaries and share of other comprehensive income of subsidiaries, and related equity items" in the parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the prevailing exchange rates on transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the prevailing rates on that date. Exchange differences

on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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

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

For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Company) are translated into New Taiwan dollars using prevailing exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

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

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the accumulated exchange differences are proportionally included in the calculation of equity transactions, but are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in subsidiaries is initially recognized at cost, and the carrying amount is increased or decreased depending on the profit or loss and other comprehensive income of subsidiaries as well as the distribution received. The Company also recognizes the changes in its share of other equity in subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary equal or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at

the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. If the recoverable amount of an asset subsequently increases, the Company recognizes a reversal of the impairment loss and deducts the amortized carrying amount. However, after reversal, the carrying amount should not exceed the carrying amount that is not recognized as impairment loss. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at fair value on that date, and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is recognized as gains or losses. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses from downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Profits and losses from transactions with subsidiaries other than downstream are recognized in the parent company only financial statements, but only to the extent of interests in the subsidiary that are not related to the Company.

#### g. Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. The cost includes professional service fees and

borrowing costs eligible for capitalization. Such assets are measured at the lower of cost or net realizable value and recognized sales price and cost in profit or loss before ready for their intended use. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

#### h. Investment Properties

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

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

Depreciation is recognized using the straight-line method.

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

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



## i. Intangible Assets

### 1) Intangible assets acquired separately

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

### 2) Derecognition of intangible assets

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

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

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

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit shall increase to the revised recoverable amount. Still,

the increased carrying amount shall not exceed the carrying amount (less any amortization or depreciation) of the asset or cash-generating unit without impairment loss recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

k. Financial Instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at amortized cost

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

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

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

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant

risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

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

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

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

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

b) Impairment of financial assets

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

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

financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from a possible default event associated with a financial instrument within 12 months after the balance sheet date, while the lifetime expected credit loss represents the expected credit loss arising from all possible default events over the expected life of a financial instrument.

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

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

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

#### c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in equity instruments at fair value through other comprehensive income in its

entirety, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

#### Financial liabilities at fair value through profit or loss

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

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

#### b) Derecognition of financial liabilities

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

#### 4) Convertible bonds

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

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

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

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

## I. Revenue Recognition

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

### Revenue from the sale of goods

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

## m. Leases

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

### 1) The Company as lessor

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

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

### 2) The Company as lessee

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



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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in the rate used to determine lease payments, the Company 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 Company accounts for the remeasurement of the lease liabilities liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing Costs

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

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

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

o. Government Grants

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

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

p. Employee Benefits

1) Short-term employee benefits

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

2) Retirement benefits

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected

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

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

#### q. Taxation

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

##### 1) Current tax

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

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

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

##### 2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible

temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand and working capital	\$ 536	\$ 890
Checking accounts and demand deposits	242,171	237,863
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	-	93,904
	<u>\$ 242,707</u>	<u>\$ 332,657</u>

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

	December 31	
	2024	2023
Demand deposit	0.03% ~ 0.80%	0.05% ~ 1.45%
Time deposits with original maturities of less than 3 months	-	4.60% ~ 5.40%

#### 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
- Redemption options and put options of convertible bonds (Note 17)	<u>\$ 1,050</u>	<u>\$ 2,150</u>

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$ 310,804</u>	<u>\$ 286,314</u>

In November 2023, October 2022 and November 2021, the Company contributed to a cash capital increase for TIONG LIONG INDUSTRIAL CO., LTD. (TLI) at NT\$15 per share, and acquired 1,217 thousand shares, 2,066 thousand shares and 3,628 thousand shares. For the years ended December 31, 2024 and 2023, the shareholding percentage are 14.29%.

The Company invested in the aforementioned ordinary shares based on its medium-term and long-term strategies for making profit through long-term

investment. The management chose to designate these investments to be measured at fair value through other comprehensive income because they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Restricted demand deposits	\$ 7,252	\$ 13,226
Pledged time deposits	<u>2,000</u>	<u>2,000</u>
	<u>\$ 9,252</u>	<u>\$ 15,226</u>
<u>Non-current</u>		
Restricted demand deposits	<u>\$104,730</u>	<u>\$110,000</u>

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

	December 31	
	2024	2023
Restricted demand deposits	0.60% ~ 0.71%	0.48% ~ 0.58%
Pledged time deposits	0.15%	0.15%

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

## 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 30,057	\$ 33,418
Less: Allowance for impairment loss	( <u>379</u> )	( <u>379</u> )
	<u>\$ 29,678</u>	<u>\$ 33,039</u>

	December 31	
	2024	2023
Gross carrying amount - related parties	<u>\$ 14,584</u>	<u>\$ 7,736</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$227,926	\$200,474
Less: Allowance for impairment loss	( <u>1,688</u> )	( <u>4,521</u> )
	<u>\$226,238</u>	<u>\$195,953</u>
Gross carrying amount - related parties	<u>\$ 52,846</u>	<u>\$ 56,557</u>

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

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

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

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



December 31, 2024

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$325,074	\$ 319	\$ -	\$ 20	\$325,413
Loss allowance (Lifetime expected credit losses)	( 1,962)	( 85)	-	( 20)	( 2,067)
Amortized cost	<u>\$323,112</u>	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$323,346</u>

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 121 Days	Total
Gross carrying amount	\$293,820	\$ 1,059	\$ -	\$ 3,306	\$298,185
Loss allowance (Lifetime expected credit losses)	( 1,383)	( 211)	-	( 3,306)	( 4,900)
Amortized cost	<u>\$292,437</u>	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$293,285</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at the beginning of year	\$ 4,900	\$ 1,203
Add: (Reversal) Provision for impairment loss in the year	( 2,833)	3,697
Balance at the end of year	<u>\$ 2,067</u>	<u>\$ 4,900</u>

## 11. INVENTORIES

	December 31	
	2024	2023
Raw materials and supplies	\$ 75,293	\$ 66,304
Work-in-process and semi-finished goods	74,915	74,027
Finished goods	58,620	64,010
Merchandise	999	1,981
	<u>\$ 209,827</u>	<u>\$ 206,322</u>

For the years ended December 31, 2024 and 2023, the cost of sales related to inventories were NT\$1,237,062 thousand and NT\$1,181,423 thousand, respectively. For the years ended December 31, 2024 and 2023, the cost of sales included inventory (reversal of) write-down and obsolescence losses amounting to NT\$(539) thousand and NT\$4,164 thousand, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2024		2023	
Investment in subsidiaries	<u>\$1,259,021</u>		<u>\$ 1,153,314</u>	

  

<u>Investment in subsidiaries</u>	December 31			
	2024		2023	
		The proportion of the Company's ownership		The proportion of the Company's ownership
	Amount		Amount	
Unlisted companies				
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	\$ 312,586	100	\$ 287,431	100
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	63,343	100	153,006	100
ELEMENTECH (HONG KONG) LIMITED	48,383	100	-	-
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN NAM LIONG)	152,506	100	136,324	100
SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL)	626,848	100	576,033	100
NAM LIONG ENTERPRISE CO., LTD (VIET NAM). (VIETNAM NAM LIONG)	<u>55,355</u>	100	<u>520</u>	100
	<u>\$ 1,259,021</u>		<u>\$ 1,153,314</u>	

On November 8, 2023, ELEMENTECH's Board of Directors resolved to offset accumulated losses of NT\$7,655 thousand through a capital reduction, and to conduct a cash capital increase of NT\$70,000 thousand at NT\$10 per share, with the capital increase base date set as November 18, 2023. The entire subscription was undertaken by the Company. Subsequently, on November 7, 2024, the Board resolved to offset accumulated losses of NT\$42,307 thousand through a capital reduction and simultaneously execute a capital reduction refund of NT\$50,000 thousand, resulting in a total capital reduction of NT\$92,307 thousand. The capital reduction base date was set as November 15, 2024. In addition, in January 2024, ELEMENTECH increased capital in its wholly owned subsidiary, ELEMENTECH HONG KONG, by US\$750 thousand.

As of December 31, 2024, 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.

In April 2024, the Company increased its capital in VIETNAM NAM LIONG by US\$1,500 thousand.

On August 8, 2024, the Company's Board of Directors resolved to acquire 100% equity interest in ELEMENTECH HONG KONG from its subsidiary, ELEMENTECH, for a total consideration of NT\$1,476 thousand. The transaction reference date was set as September 30, 2024. In addition, in December 2024, the Company increased capital in ELEMENTECH HONG KONG by US\$1,000 thousand.

ELEMENTECH HONG KONG, in turn, increased capital in its wholly owned subsidiary, SUZHOU GREATSUN, by US\$750 thousand in January 2024 and by US\$1,000 thousand in November 2024.

### 13. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2024					
	Balance at the beginning of year	Additions	Reductions	Reclassifica- tions	Balance at the end of year
<u>Cost</u>					
Land	\$ 145,865	\$ -	\$ -	\$ -	\$ 145,865
Buildings	382,296	398	-	-	382,694
Machinery equipment	526,598	11,847	( 1,804 )	-	536,641
Transportation equipment	31,994	735	-	-	32,729
Miscellaneous equipment	172,148	4,747	-	466	177,361
Leasehold improvements	-	1,094	-	-	1,094
Construction in progress and equipment under installation	-	5,914	-	-	5,914
	<u>1,258,901</u>	<u>\$ 24,735</u>	<u>( \$ 1,804 )</u>	<u>\$ 466</u>	<u>1,282,298</u>
<u>Accumulated depreciation and impairment</u>					
Buildings	150,874	\$ 13,785	\$ -	\$ -	164,659
Machinery equipment	436,591	17,288	( 1,761 )	-	452,118
Transportation equipment	24,641	2,142	-	-	26,783
Miscellaneous equipment	83,457	11,568	-	-	95,025
Leasehold improvements	-	98	-	-	98
	<u>695,563</u>	<u>\$ 44,881</u>	<u>( \$ 1,761 )</u>	<u>\$ -</u>	<u>738,683</u>
Net	<u>\$ 563,338</u>				<u>\$ 543,615</u>

	For the years ended December 31, 2023					
	Balance at the beginning of year	Additions	Reductions	Reclassifica- tions	Transfers to investment properties (Note 15)	Balance at the end of year
<u>Cost</u>						
Land	\$ 188,929	\$ -	\$ -	\$ -	( \$ 43,064 )	\$ 145,865
Buildings	403,287	6,188	-	-	( 27,179 )	382,296
Machinery equipment	517,269	9,174	( 2,056 )	2,211	-	526,598
Transportation equipment	32,002	621	( 629 )	-	-	31,994
Miscellaneous equipment	158,062	13,638	( 14,896 )	15,344	-	172,148
Construction in progress and equipment installation	15,865	-	-	( 15,865 )	-	-
	<u>1,315,414</u>	<u>\$ 29,621</u>	<u>( \$ 17,581 )</u>	<u>\$ 1,690</u>	<u>( \$ 70,243 )</u>	<u>1,258,901</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	151,029	\$ 13,953	\$ -	\$ -	( \$ 14,108 )	150,874
Machinery equipment	420,850	17,797	( 2,056 )	-	-	436,591
Transportation equipment	22,799	2,471	( 629 )	-	-	24,641
Miscellaneous equipment	79,981	10,542	( 7,066 )	-	-	83,457
	<u>674,659</u>	<u>\$ 44,763</u>	<u>( \$ 9,751 )</u>	<u>\$ -</u>	<u>( \$ 14,108 )</u>	<u>695,563</u>
Net	\$ 640,755					\$ 563,338

The Company did not implement an impairment evaluation because there were no signs of impairment in 2024 and 2023.

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

Buildings	
Main buildings	45~50 years
Plant maintenance and improvements	25~40 years
Others	3~20 years
Machinery equipment	2~20 years
Transportation equipment	2~10 years
Miscellaneous equipment	1~20 years
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	
	2024	2023
Carrying amount of right-of use assets		
Land	\$ 40,442	\$ 42,710
Buildings	64,435	-
Transportation equipment	<u>511</u>	<u>683</u>
	<u>\$ 105,388</u>	<u>\$ 43,393</u>

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 71,899</u>	<u>\$ 684</u>
Depreciation of right-of-use assets		
Land	\$ 3,276	\$ 3,217
Buildings	5,858	-
Transportation equipment	<u>770</u>	<u>868</u>
	<u>\$ 9,904</u>	<u>\$ 4,085</u>

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount of lease liabilities		
Current	<u>\$ 15,418</u>	<u>\$ 2,043</u>
Non-current	<u>\$ 73,027</u>	<u>\$ 22,571</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2024	2023
Land	2.19% ~ 2.32%	2.16% ~ 2.32%
Buildings	2.67%	-
Transportation equipment	2.32% ~ 2.67%	2.21% ~ 2.32%

c. Material lease activities and terms

The Company leases certain land, Buildings and transportation equipment for manufacturing and operations with lease terms of 2 to 50 years.

d. Other lease information

	December 31	
	2024	2023
Expenses related to short-term leases	<u>\$ 6,773</u>	<u>\$ 6,202</u>
Expenses related to low-value asset leases	<u>\$ 248</u>	<u>\$ 288</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 34</u>	<u>\$ 31</u>
Total cash outflow for leases	<u>\$ 16,469</u>	<u>\$ 9,782</u>

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

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

## 15. INVESTMENT PROPERTIES

	For the years ended December 31, 2024			
	Balance at the beginning of year	Additions	Reductions	Balance at the end of year
<u>Cost</u>				
Land	\$ 43,064	\$ -	\$ -	\$ 43,064
Buildings	<u>27,179</u>	<u>-</u>	<u>-</u>	<u>27,179</u>
	<u>70,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>70,243</u>
<u>Accumulated depreciation</u>				
Buildings	<u>14,556</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,227</u>
	<u>14,556</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>15,227</u>
Net	<u>\$ 55,687</u>			<u>\$ 55,016</u>

	For the Year Ended December 31, 2023				
	Balance at the beginning of year	Additions	Reductions	Transfers from property, plant and equipment (Note 13)	Balance at the end of year
<u>Cost</u>					
Land	\$ -	\$ -	\$ -	\$ 43,064	\$ 43,064
Buildings	-	-	-	27,179	27,179
	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,243</u>	<u>70,243</u>
<u>Accumulated depreciation</u>					
Buildings	-	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 14,108</u>	<u>14,556</u>
	-	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ 14,108</u>	<u>14,556</u>
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 2024 and 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, 2024 and 2023 were NT\$141,535 thousand and 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	
	2024	2023
Year 1	\$ 2,880	\$ 2,880
Year 2	-	2,880



## 16. BORROWINGS

### a. Short-term borrowings

	December 31	
	2024	2023
<u>Secured borrowings</u>		
Bank loans	<u>\$ 150,000</u>	<u>\$ 130,000</u>

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

	December 31	
	2024	2023
Bank loans	3.45% ~ 3.46%	2.16% ~ 2.54%

Short-term borrowings are pledged with bank deposits and time deposits, and joint and several guarantees are signed by the chairman of the Company, chief strategy officer and ZI LIONG ENTERPRISE CO., LTD.. Please refer to Note 27 for details on short-term borrowings.

### b. Long-term borrowings

	December 31	
	2024	2023
<u>Secured borrowings</u>		
Land Bank of Taiwan		
Terms: from June 2021 to June 2036	\$ 63,172	\$ 68,666
Terms: from May 2022 to December 2032	34,927	39,248
Bank of Kaohsiung Co., Ltd.		
Terms: from April 2023 to April 2026	22,222	38,889
Bank of Panhsin		
Terms: from August 2024 to August 2027	44,600	-

	December 31	
	2024	2023
<u>Syndicated bank loans</u>		
Syndicated credit facility		
agreements on Tranche A with		
Land Bank of Taiwan and 8 other		
banks		
Terms: from November 2020 to		
November 2025	\$ 162,896	\$ 335,790
	327,817	482,593
Long-term borrowings, current		
portion	( 205,710 )	( 199,515 )
	<u>\$ 122,107</u>	<u>\$ 283,078</u>
Interest Rate	2.47% ~ 3.43%	2.34% ~ 3.11%

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

2) In September 2020, the Company entered into syndicated credit facility agreements, which are jointly guaranteed by the chairman as well as chief strategy officer of the Company and ZI LIONG ENTERPRISE CO., LTD., and guaranteed with assets held by the Company and the Company's chairman. Due to other financial considerations, the Company canceled NT\$50,000 thousand of credit facility of Tranche C in August 2022 while the original syndicated credit facility was NT\$900,000 thousand, and has utilized the credit facility in November 2020.

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

## 17. BONDS PAYABLE

	December 31	
	2024	2023
Secured domestic convertible bonds	\$499,800	\$500,000
Add: Premium on bonds payable	<u>21,156</u>	<u>27,856</u>
	<u>\$520,956</u>	<u>\$527,856</u>

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

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. As of December 31, 2024, the conversion price of the bond has been adjusted to NT\$18.0.

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

Movements in the debt host contract in 2024 are as follows:

Liability component at January 1, 2024	\$ 527,856
Interest charged at an effective interest rate of 1.275%	( 6,690 )
Bonds payable convert into ordinary shares	( <u>210</u> )
Liability component at December 31, 2024	<u>\$ 520,956</u>

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

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

The changes in redemption and put options derivatives in 2024 are as follows:

Balance at January 1, 2024	( \$ 2,150 )
Changes in fair value	<u>1,100</u>
Balance at December 31, 2024	( <u>\$ 1,050</u> )

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

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

The changes in the conversion rights under capital surplus, as a component of equity, as of December 31, 2024 and 2023, are as follows:

Balance on issue date and December 31, 2023	<u>\$ 43,062</u>
Balance at January 1, 2024	\$ 43,062
Bonds payable convert into ordinary shares	( <u>17</u> )
Balance at December 31, 2024	<u>\$ 43,045</u>

As of December 31, 2024, holders of convertible bonds had exercised conversion rights in the amount of NT\$200 thousand in principal, resulting in the issuance of 11 thousand common shares of the Company and the recognition of NT\$118 thousand in capital surplus. The remaining outstanding principal of the convertible bonds amounted to NT\$499,800 thousand.

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

## 18. Other payables

	December 31	
	2024	2023
Other payables - non-related parties		
Wages and salaries payable	\$ 25,687	\$ 25,918
Year-end bonus payable	45,645	38,718
Employee bonus payable	1,670	569
Others	<u>33,482</u>	<u>30,508</u>
	<u>\$ 106,484</u>	<u>\$ 95,713</u>

## 19. RETIREMENT BENEFIT PLANS

### Defined contribution plans

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

## 20. EQUITY

### a. Share capital

	December 31	
	2024	2023
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Issued and paid shares		
(in thousands)	<u>122,403</u>	<u>122,392</u>
Issued capital	<u>\$1,224,032</u>	<u>\$1,223,923</u>

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

As of December 31, 2024, holders of the Company's secured convertible bonds had requested the conversion of 11 thousand common shares.

b. Capital surplus

	December 31	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321
Conversion premium	118	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	25,300	25,300
<u>Not to be used for any purpose</u>		
Stock options	<u>43,045</u>	<u>43,062</u>
	<u>\$ 100,784</u>	<u>\$ 100,683</u>

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

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

c. Retained earnings and dividend policy

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

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

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

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

The appropriation of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 25, 2024 and June 27, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	<u>\$ 1,256</u>	<u>\$ 17,789</u>
Cash dividends	<u>\$ 30,598</u>	<u>\$ 79,555</u>
Cash dividends per share (NT\$)	\$ 0.25	\$ 0.65



The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 12, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	<u>\$ 13,775</u>
Cash dividends	<u>\$ 61,202</u>
Cash dividends per share (NT\$)	\$ 0.50

The appropriations of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June, 2025.

## 21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

### a. Other income

	For the Year Ended December 31	
	2024	2023
Dividend income	\$ 14,184	\$ 2,938
Rental revenue	7,652	6,596
Service revenue	6,957	7,563
Commission income	3,905	3,814
Energy sales revenue	1,816	1,858
Others	<u>3,732</u>	<u>4,022</u>
	<u>\$ 38,246</u>	<u>\$ 26,791</u>

### b. Miscellaneous disbursements

	For the Year Ended December 31	
	2024	2023
Compensation for Losses	\$ 16,450	\$ -
Others	<u>943</u>	<u>376</u>
	<u>\$ 17,393</u>	<u>\$ 376</u>

The Company paid US\$500 thousand in compensation for losses in 2024 due to product defects.

c. Financial cost

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 11,949	\$ 16,455
Interest on lease liabilities	1,346	855
Other financial costs	<u>7,440</u>	<u>5,157</u>
	<u>\$ 20,735</u>	<u>\$ 22,467</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 44,881	\$ 44,763
Right-of-use assets	9,904	4,085
Investment properties	671	448
Intangible assets	<u>1,418</u>	<u>1,016</u>
Total	<u>\$ 56,874</u>	<u>\$ 50,312</u>

Analysis of depreciation by function

Operating costs	\$ 17,868	\$ 17,164
Operating expenses	<u>37,588</u>	<u>32,132</u>
	<u>\$ 55,456</u>	<u>\$ 49,296</u>

Analysis of amortization by function

Operating costs	\$ 176	\$ 176
Operating expenses	<u>1,242</u>	<u>840</u>
	<u>\$ 1,418</u>	<u>\$ 1,016</u>

e. Employee benefit expenses

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 14,529	\$ 14,763
Salaries	379,937	361,383
Other personnel expenses	<u>37,184</u>	<u>38,064</u>
Total	<u>\$ 431,650</u>	<u>\$ 414,210</u>
Analysis of employee benefits		
expense by function		
Operating costs	\$ 210,579	\$ 199,928
Operating expenses	<u>221,071</u>	<u>214,282</u>
	<u>\$ 431,650</u>	<u>\$ 414,210</u>

f. Compensation of employees and remuneration of directors and supervisors

On June 25, 2024, the Company's shareholders resolved to amend the Articles of Incorporation to allocate 1% to 2% of the pre-tax profit of the current year, before deduction of employee and director/supervisor compensation, as employee compensation, and no more than 2% as compensation to directors and supervisors.

Prior to the amendment, the Company allocated compensation for employees and remuneration of directors and supervisors ranging from 2% to 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, 2024 and 2023, the estimated compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors on March 12, 2025 and March 12, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	1.00%	2.00%
Remuneration of directors and supervisors	0.81%	1.58%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 1,670	\$ 569
Remuneration of directors and supervisors	1,350	450

If there is a change in the amounts after the annual parent company only financial statements have been authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts paid for compensation of employee and remuneration of directors and supervisors and the amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

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	
	2024	2023
Current tax		
In respect of the current year	\$ 8,452	\$ 16,706
Income tax on unappropriated earnings	-	1,957
Adjustments for prior year	<u>2,925</u>	<u>1,989</u>
	<u>11,377</u>	<u>20,652</u>
Deferred tax		
In respect of the current year	<u>14,411</u>	( <u>5,793</u> )
Income tax expense recognized in profit or loss	<u>\$ 25,788</u>	<u>\$ 14,859</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	<u>\$ 163,539</u>	<u>\$ 27,405</u>
Income tax expense calculated at the statutory rate (20%)	\$ 32,708	\$ 5,481
Nondeductible items in determining taxable income	( 2,717 )	5,395
Tax-exempt income	( 8,461 )	-
Non-deductible expenses in determining taxable income	1,333	37
Income tax on unappropriated earnings	-	1,957
Adjustments for prior year	<u>2,925</u>	<u>1,989</u>
Income tax expense recognized in profit or loss	<u>\$ 25,788</u>	<u>\$ 14,859</u>

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	<u>\$ 385</u>	<u>( \$ 15 )</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Income tax receivable	<u>\$ 11,610</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 16,147</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
<u>Temporary differences</u>				
Payables for annual leave	\$ 628	( \$ 213 )	\$ -	\$ 415
Inventory write-down	6,256	( 1,563 )	-	4,693
Unrealized gross profit	220	15	-	235
Unrealized exchange losses	2,049	( 2,049 )	-	-
Losses on investments accounted for using the equity method	9,393	( 1,204 )	-	8,189
Allowance for impairment loss	369	( 369 )	-	-
Exchange differences on translation of foreign operations	357	-	( 357 )	-
	<u>\$ 19,272</u>	<u>( \$ 5,383 )</u>	<u>( \$ 357 )</u>	<u>\$ 13,532</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Unrealized exchange gains	\$ -	( \$ 653 )	\$ -	( \$ 653 )
Exchange differences on translation of foreign operations	-	-	( \$ 28 )	( 28 )
Profits on investments accounted for using the equity method	-	( 8,360 )	-	( 8,360 )
Other	-	( 15 )	-	( 15 )
	<u>\$ -</u>	<u>( \$ 9,028 )</u>	<u>( \$ 28 )</u>	<u>( \$ 9,056 )</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
<u>Temporary differences</u>				
Payables for annual leave	\$ 919	( \$ 291 )	\$ -	\$ 628
Inventory write-down	5,423	833	-	6,256
Unrealized gross profit	452	( 232 )	-	220
Unrealized exchange losses	-	2,049	-	2,049
Losses on investments accounted for using the equity method	6,492	2,901	-	9,393
Allowance for impairment loss	-	369	-	369
Exchange differences on translation of foreign operations	<u>342</u>	<u>-</u>	<u>15</u>	<u>357</u>
	<u>\$ 13,628</u>	<u>\$ 5,629</u>	<u>\$ 15</u>	<u>\$ 19,272</u>
<u>Deferred tax liabilities</u>				
<u>Temporary differences</u>				
Unrealized exchange gains	<u>\$ 164</u>	<u>( \$ 164 )</u>	<u>\$ -</u>	<u>\$ -</u>

e. Income tax examination

Tax authorities have examined income tax returns of the Company until 2022.

## 23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	<u>\$ 1.13</u>	<u>\$ 0.10</u>
Diluted earnings per share	<u>\$ 0.86</u>	<u>\$ 0.07</u>

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	
	2024	2023
Profit for the year attributable to owners of the Company	\$ 137,751	\$ 12,546
Effect of potentially dilutive ordinary shares:		
Amortization of premium on convertible bonds	( 6,690 )	( 5,074 )
Net loss on financial assets / liabilities at fair value through profit or loss	( <u>1,100</u> )	<u>2,000</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 129,961</u>	<u>\$ 9,472</u>

### Shares

Unit: In thousands per shares

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,401	122,392
Effect of potentially dilutive ordinary shares:		
Convertible bonds	27,767	21,468
Compensation of employees	<u>98</u>	<u>230</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>150,266</u>	<u>144,090</u>



Since offering to settle the compensation for employees in cash or shares, the Company assumed that the entire amount was settled in the form of shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, given that the effect was dilutive. Such dilutive effect of potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved the following year.

## 24. CAPITAL MANAGEMENT

The Company manages its capital to ensure its long-term while maximizing returns for shareholders. It must maintain its capital to support expansion requirements as well as plant and equipment improvements. Therefore, the Company manages its capital to ensure that entities in the Company will be able to meet operating funds, capital expenditures, research and development expenses, debt repayment, distribution of dividend, etc. for the next 12 months.

## 25. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments - not measured at fair value

December 31, 2024

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
– Convertible					
bonds	<u>\$ 520,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,829</u>	<u>\$ 532,829</u>

December 31, 2023

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
– Convertible					
bonds	<u>\$ 527,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,232</u>	<u>\$ 534,232</u>

In addition to the above, the financial assets and financial liabilities held by the Company are measured at amortized cost, and the management of the Company believes that the carrying amounts of financial assets and financial liabilities are close to their fair value.

## b. Fair value of financial instruments measured at fair value on a recurring basis

## 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$310,804</u>	<u>\$310,804</u>
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 1,050</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Unlisted ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$286,314</u>	<u>\$286,314</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ 2,150</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

## 2) Reconciliation of Level 3 fair value measurement of financial instruments

### Financial assets at fair value through other comprehensive income - equity instrument

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	\$286,314	\$205,273
Purchase	-	18,254
Recognized in other comprehensive income (Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	<u>24,490</u>	<u>62,787</u>
Balance at the end of year	<u>\$310,804</u>	<u>\$286,314</u>

### Fair value through profit or loss-Derivative

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	(\$ 2,150)	\$ -
Additions	-	( 150)
Recognized in profit or loss (Evaluation loss at fair value through profit or loss)	<u>1,100</u>	<u>( 2,000)</u>
Balance at the end of year	<u>(\$ 1,050)</u>	<u>(\$ 2,150)</u>

## 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Derivatives

The redemption and put options of domestic convertible bonds are measured using the binary tree convertible bond evaluation model, and the significant unobservable input value used is the stock price volatility. When stock price volatility increases, the fair value of these derivative instruments will increase. The stock price volatility adopted on December 31, 2024 and 2023 were 31.49% and 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	
	2024	2023
Discount for lack of marketability		
10% increase	(\$ 10,315)	(\$ 12,229)
10% decrease	\$ 10,409	\$ 12,316

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 310,804	\$ 286,314
Financial assets measured at amortized cost (Note 1)	690,526	760,030

	December 31	
	2024	2023
<u>Financial liabilities</u>		
FVTPL - Held for trading	\$ 1,050	\$ 2,150
Financial liabilities at amortized cost (Note 2)	1,290,764	1,394,994

Note 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.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other accounts payable (including related parties), bonds payable, long-term borrowings (including current portion), and guarantee deposits received.

d. Financial risk management objectives and policies

The Company manages its exposure to risks related to its operations such as foreign currency risk, interest rate risk, credit risk, and liquidity risk by reducing potentially adverse effects that market uncertainties may have on its financial performance.

The significant financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations or internal controls. During the implementation of such financial plans, the Company must comply with relevant financial risk control procedures and accountability principles. Compliance with policies and exposure limits is continuously reviewed by internal auditors. The Company did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

Business activities have primarily exposed the Company to foreign exchange risk (refer to "a)" below) and interest rate risk (refer to "b)" below):

Risk exposure in relation to the Company's financial instruments, management, and measurement methods remains unchanged.

a) Foreign currency risk

Foreign currency sales and purchases exposed the Company to foreign currency risk. In order to avoid the impact of changes in foreign exchange rates, which lead to deductions in foreign currency denominated assets and fluctuations in its future cash flows, the Company maintains a balance of hedged net foreign currency denominated assets and liabilities.

For the carrying amount of the Company's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 29.

Sensitivity analysis

The Company is mainly exposed to U.S. dollar fluctuations.

If there was a 1% strengthening/weakening of the functional currency against the USD, the profit before tax for the years ended December 31, 2024 and 2023 would have decreased/increased by NT\$2,119 thousand and NT\$2,841 thousand, respectively.

Management believes that the sensitivity analysis was not representative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was exposed to cash flow risk of interest rate fluctuations for floating interest-bearing financial assets and financial liabilities. The management of the Company regularly monitors market interest rate

fluctuations and reconciles financial liabilities at a floating interest rate to make the Company's interest rate close to market interest rates so as to mitigate risks of market interest rate fluctuations.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
- Financial assets	\$ 2,000	\$ 95,904
- Financial liabilities	609,401	552,470
Cash flow interest rate risk		
- Financial assets	353,020	360,289
- Financial liabilities	477,817	612,593

#### Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company were all measured at amortized cost, so they were not included in the analysis. For financial assets and liabilities at floating interest rates, it was assumed in the analysis that they were outstanding throughout the reporting period if outstanding on the balance sheet date. The 0.25% increase or decrease in interest rate was used to report the reasonably possible change in interest rate to key management. If all other variables were held constant and interest rates had been 0.25% higher or lower, the Company's profit before tax for the years ended December 31, 2024 and 2023 would have decreased or increased by NT\$312 thousand and NT\$631 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's maximum exposure to credit risk, which would cause financial loss due to failure of counterparties to meet their obligations and financial guarantees provided by the Company (i.e., the maximum irrevocable

exposure excluding collaterals or other credit enhancement tools), could arise from:

- a) The carrying amount of recognized financial assets stated in the parent company only balance sheets.
- b) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Under this policy, each customer is analyzed individually based on financial situation, internal credit rating, historical trading record, and current economic condition which may affect the customer's ability to pay. In addition, some credit enhancement tools, such as advance sales receipts, are adopted at the appropriate time to reduce the credit risk of specific customers.

Given that the Company has a broad customer base and customers are not connected in any way to each other, the concentration of credit risk is low.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance its operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities, including principal and interest, from the earliest date on which the Company would be required to pay. Specifically, bank loans with a repayment on demand clause were included regardless of the probability of the banks



choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### December 31, 2024

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$174,429	\$100,873	\$ 16,209	\$ -
Lease liabilities	2.54%	1,276	4,318	11,849	78,222
Fixed interest rate liabilities	1.27%	-	-	-	520,956
Floating interest rate liabilities	2.47%~ 3.43%	1,134	2,251	363,541	141,572
		<u>\$176,839</u>	<u>\$107,442</u>	<u>\$391,599</u>	<u>\$740,750</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$17,443</u>	<u>\$ 64,647</u>	<u>\$ 9,622</u>	<u>\$ 3,953</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$145,608	\$ 95,841	\$ 12,616	\$ -
Lease liabilities	2.20%	100	1,903	637	25,790
Fixed interest rate liabilities	1.27%	-	-	-	527,856
Floating interest rate liabilities	2.16%~ 3.11%	3,630	93,687	245,708	311,902
		<u>\$149,339</u>	<u>\$191,431</u>	<u>\$258,961</u>	<u>\$865,548</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20+ Years
Lease liabilities	<u>\$ 2,640</u>	<u>\$ 8,241</u>	<u>\$10,043</u>	<u>\$ 7,306</u>	<u>\$ 200</u>	<u>\$ -</u>

b) Financing facilities

Use of bank facility at the balance sheet date of the Company is shown below:

	December 31	
	2024	2023
Secured bank borrowing facilities		
- Amount used	\$ 477,817	\$ 612,593
- Amount unused	<u>873,523</u>	<u>776,427</u>
	<u>\$1,351,340</u>	<u>\$1,389,020</u>

As of December 31, 2024, the Company's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Company has no significant exposure to liquidity risk.

## 26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed in other notes, details on transactions between the Company and other related parties are disclosed below.

a. Names and categories of related parties

Related Party Name	Related Party Categories
Shao, Ten-Po	Chairman of the Company
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	Subsidiary
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	Subsidiary
JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG)	Subsidiary
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG)	Subsidiary
NAM LIONG ENTERPRISE CO., LTD. (VIETNAM) (VIETNAM NAM LIONG)	Subsidiary
Great Industries Corp. (G.I.C.)	Related party in substance
EARS MANAGEMENT & CONSULTANT COMPANY (EARS)	Related party in substance
U-LONG HIGH-TECH TEXTILE CO., LTD. (U-LONG)	Related party in substance

Related Party Name	Related Party Categories
GREENRAYS INTERNATIONAL CO., LTD. (GREENRAYS)	Related party in substance
TIONG LIONG INDUSTRIAL CO., LTD. (TLI)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (SHANGHAI JIAN LENG)	Related party in substance
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
Chiayi County Private Ziliang Social Welfare and Charity Foundation (Zi Liong Foundation)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (NAMDE)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
DONGGUAN PROPRENE SPORTING GOODS CO., LTD (PROPRENE SPORTING GOODS)	Related party in substance
UNION LINE TEXTILE CO., LTD. (UNION LINE)	Related party in substance
BANG-HONG TECHNOLOGY CO., LTD. (BANG-HONG)	Related party in substance
HONG LI TEXTILE CO., LTD. (HONG LI)	Related party in substance
SICOM ENTERPRISE CO., LTD. (SICOM)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD (NAM GUANG)	Related party in substance

Related Party Name	Related Party Categories
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
Xin Yan Investment CO., LTD. (Xin Yan)	Related party in substance
Gu Yi Investment CO., LTD. (Gu Yi)	Related party in substance
Qi Hong Investment CO., LTD. (Qi Hong)	Related party in substance
Zhongshan Tiongliong Tech-textile Technology Co., Ltd. (Zhongshan Tiongliong)	Related party in substance
Heng Ding Biotechnology Co., Ltd. (Heng Ding Biotechnology)	Related party in substance
Teholy Co., Ltd. (Teholy)	Related party in substance
HONG LIONG TEXTILE CO., LTD. (HONG LIONG)	Related party in substance
Xu Tai Sports Bag Co., Ltd. (Xu Tai)	Related party in substance
TIONG LIONG TRADING (SAMOA) Co., Ltd. (TIONG LIONG TRADING)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKYCOSMOS LIMITED (SKYCOSMOS LIMITED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun Food)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance

b. Operating revenue

Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Sales revenue	Related party in substance		
	G.I.C.	\$ 45,219	\$ 37,915
	TIEN JIANG	23,316	11,198
	TLI	16,137	17,868
	Other	<u>35,337</u>	<u>33,833</u>
		<u>120,009</u>	<u>100,814</u>
Sales revenue	Subsidiaries		
	JIAXING NANXIONG	43,839	27,839
	Other	<u>31,816</u>	<u>12,708</u>
		<u>75,655</u>	<u>40,547</u>
		<u>\$ 195,664</u>	<u>\$ 141,361</u>

c. Purchase

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Related party in substance		
HONG LI	\$ 11,978	\$ 16,831
SHANGHAI JIAN LENG	9,887	187
Other	<u>10,252</u>	<u>7,643</u>
	<u>32,117</u>	<u>24,661</u>
Subsidiaries		
VIETNAM NAM LIONG	27,946	24,707
JIAXING NANXIONG	22,596	12,438
Other	<u>4,221</u>	<u>2,387</u>
	<u>54,763</u>	<u>39,532</u>
	<u>\$ 86,880</u>	<u>\$ 64,193</u>

The sales price and purchase price provided to related parties were determined through mutual agreement. The payment term for sales offered to related parties was 30 to 120 days after monthly closing, while the payment term for sales to non-related parties was 30 to 90 days after monthly closing. The payment term for purchases from related parties and non-related parties was 30 to 90 days after monthly closing.

d. Receivables - related parties

Item	Related Party Category/Name	December 31	
		2024	2023
Notes receivable	Related party in substance		
	TIEN JIANG	\$ 9,617	\$ 2,681
	TLI	2,405	4,026
	HUI LIANG	1,686	840
	Other	<u>876</u>	<u>189</u>
		<u>\$ 14,584</u>	<u>\$ 7,736</u>
Accounts receivable	Related party in substance		
	G.I.C.	\$ 17,532	\$ 17,706
	Other	<u>12,899</u>	<u>7,362</u>
		<u>30,431</u>	<u>25,068</u>
	Subsidiaries		
	JIAXING NANXIONG	10,351	3,402
	DONG GUAN	6,703	3,331
	NAMLIONG		
	VIETNAM NAM LIONG	<u>5,361</u>	<u>24,756</u>
		<u>22,415</u>	<u>31,489</u>
		<u>\$ 52,846</u>	<u>\$ 56,557</u>
Other receivables	Related party in substance		
	PROPRENE SPORTING GOODS	\$ 553	\$ 310
	HUI LIANG	352	385
	EARS	168	430
	Other	<u>175</u>	<u>197</u>
		<u>1,248</u>	<u>1,322</u>
	Subsidiaries		
	JIAXING NANXIONG	<u>-</u>	<u>325</u>
		<u>\$ 1,248</u>	<u>\$ 1,647</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2024 and 2023.

e. Payables - related parties

Item	Related Party Category/Name	December 31	
		2024	2023
Notes payable	Related parties in substance		
	U-LONG	\$ 467	\$ 534
	Heng Ding	81	-
	Biotechnology		
		<u>\$ 548</u>	<u>\$ 534</u>
Accounts payable	Related parties in substance		
	HONG LI	\$ 4,598	\$ 6,305
	SHANGHAI JIAN LENG	2,351	182
	Other	<u>2,355</u>	<u>871</u>
		<u>9,304</u>	<u>7,358</u>
	Subsidiaries		
	DONG GUAN	3,062	-
	NAMLIONG		
	VIETNAM NAM LIONG	2,003	2,831
	JIAXING NANXIONG	<u>775</u>	<u>2,725</u>
		<u>5,840</u>	<u>5,556</u>
		<u>\$ 15,144</u>	<u>\$ 12,914</u>
Other accounts payable	Related parties in substance		
	EARS	\$ 292	\$ 117
	GREENRAYS	78	11
	HONG LI	8	37
	HUI LIANG	-	37
	Other	<u>40</u>	<u>2</u>
		418	204
	Subsidiaries		
	JIAXING NANXIONG	<u>-</u>	<u>39</u>
		<u>\$ 418</u>	<u>\$ 243</u>

f. Acquisition of property, plant, and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2024	2023
Related parties in substance		
ORIENTAL	\$ -	\$ 241

g. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>Lease expenses</u>		
Chairman of the Company	\$ 4,403	\$ 4,403

The Company leases offices from the chairman of the Company. The rentals are paid on a monthly basis.

h. Lease - out agreement

Operating lease

The Company leases a dormitory and offices to related parties by means of an operating lease based on prevailing rates in the surrounding area. Rentals may be paid in lump sum at the beginning of the year or collected on a monthly basis. Lease income was NT\$4,755 thousand and NT\$4,314 thousand in 2024 and 2023, respectively.

i. Others

Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Operating costs (excluding rentals)	Related parties in substance		
	HONG LI	\$ 165	\$ 364
	HUI LIANG	77	22
	Other	10	52
		<u>\$ 252</u>	<u>\$ 438</u>



Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Operating expenses (excluding rentals)	Related parties in substance		
	EARS	\$ 4,981	\$ 9,099
	Other	<u>274</u>	<u>204</u>
		5,255	9,303
	Subsidiaries	<u>147</u>	<u>240</u>
		<u>\$ 5,402</u>	<u>\$ 9,543</u>
Other income	Related parties in substance		
	PROPRENE SPORTING GOODS	\$ 3,128	\$ 2,533
	Other	<u>1,772</u>	<u>1,459</u>
		<u>4,900</u>	<u>3,992</u>
	Subsidiaries		
	DONG GUAN	4,631	4,488
	NAMLIONG		
	JIAXING NANXIONG	1,269	1,275
	ELEMENTECH	1,200	1,800
	Other	<u>387</u>	<u>366</u>
		<u>7,487</u>	<u>7,929</u>
		<u>\$ 12,387</u>	<u>\$ 11,921</u>
Dividends revenue	Related parties in substance		
	TLI	<u>\$ 14,184</u>	<u>\$ 2,938</u>

Related parties in substance provide human resources to the Company, and the Company paid NT\$4,590 thousand and NT\$8,991 thousand in management service fees in 2024 and 2023, respectively. Payment is following month based on actual fees every quarter (actual fee was included in the operating expenses mentioned above).

Under a labor and management service agreement entered into with subsidiaries, the Company provides them with technical assistance and management service, which are billed as service revenue on a quarterly and monthly basis (service revenue was included in other income mentioned above).

j. Endorsements and guarantees

Endorsements and guarantees received

The chairman of the Company provided land and building in Tainan City as collateral for loans in December 31, 2024 and 2023.

k. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2024 and 2023 were as follows:

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 40,367	\$ 39,844
Post-employment benefits	1,191	1,338
	<u>\$ 41,558</u>	<u>\$ 41,182</u>

Short-term employee benefits include salary and bonuses, etc.

Remuneration of directors and key management is determined by the Remuneration Committee based on personal performance and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company pledged the following assets as bank loans and security deposit for bonds payable:

	December 31		Purpose
	2024	2023	
Restricted demand deposits	\$ 111,982	\$ 123,226	Borrowings and bonds payable
Pledged time deposits	2,000	2,000	Borrowings
Right-of-use assets	11,327	12,187	Borrowings
Property, plant and equipment, net	311,700	326,502	Borrowings
Investment properties, net	55,016	55,687	
	<u>\$ 492,025</u>	<u>\$ 519,602</u>	

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2024 and 2023, the unused letters of credit amounted to NT\$30,825 thousand and NT\$20,352 thousand, respectively.
- b. The Company has agreed to lease 7 superficieses from Taiwan Sugar Corporation (TSC) which are located in San Kan Dian and Niaosong, YongKang Dist., Tainan City. In accordance with the agreement with TSC, the Company has established the value of the right of superficieses through the Land Bank of Taiwan, which is the management bank for syndicated credit facility agreements. In addition, the Company has promised the Land Bank of Taiwan that it shall maintain ownership of the superficieses during the syndicated credit facility period and shall faithfully comply with the superficieses contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficieses. Please refer to Notes 14, 16, and 27 for further details.

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on aggregation of foreign currencies other than functional currencies of the Company as well as exchange rates between foreign currencies and respective functional currencies were disclosed. Significant assets and liabilities denominated in foreign currencies were as follows: (Except for the exchange rate, individual foreign currencies all in thousands of New Taiwan Dollars)

	December 31, 2024		
	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,259	32.735 (USD:NTD)	\$ 237,639
EUR	440	33.940 (EUR:NTD)	14,937
<u>Non-monetary items</u>			
USD	23,808	32.735 (USD:NTD)	779,354
VND	42,655,442	0.0013 (VND:NTD)	55,355
HKD	11,542	4.192 (HKD:NTD)	48,383

December 31, 2024			
	Foreign currency amount	Exchange rate	NT\$
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 786	32.735 (USD:NTD)	\$ 25,739
December 31, 2023			
	Foreign currency amount	Exchange rate	NT\$
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 9,554	30.655 (USD:NTD)	\$ 292,872
EUR	200	32.780 (EUR:NTD)	6,746
<u>Non-monetary items</u>			
USD	23,238	30.655 (USD:NTD)	712,357
VND	409,477	0.0013 (VND:NTD)	520
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	286	30.655 (USD:NTD)	8,758

For the years ended December 31, 2024 and 2023, net foreign exchange net gains (realized and unrealized) were NT\$22,650 thousand, and NT\$575 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: None.
- 3) Marketable securities held: Table 1.

- 4) Acquisition and disposal of marketable securities for at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchase and sales transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Information on investees: Table 2.

c. 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 3.
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: None.

- b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: None.
  - c) The amount of property transactions and the amount of resultant gains or losses: None.
  - d) The balance and purposes of endorsements or guarantees or pledged of collateral at the end of the period: None.
  - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.
  - f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.
- d. 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 4.

### **31. SEGMENT INFORMATION**

According to Article 22 "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Company does not prepare the segment information of IFRS 8.

TABLE 1

NAM LIONG GLOBAL CORPORATION  
MARKETABLE SECURITIES HELD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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, 2024				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	\$ 310,804	14.29%	\$ 310,804	Note

Note: Financial assets at fair value through other comprehensive income were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

TABLE 2

## NAM LIONG GLOBAL CORPORATION

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2024

(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, 2024			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Foreign Currencies in Thousands)	Note
				December 31, 2024	December 31, 2023	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	\$ 312,586	\$ 38,517	\$ 38,517	Note 2
NAM LIONG GLOBAL CORPORATION	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	174,500	224,500	7,615,980	100.00	63,343	( 23,598)	( 23,598)	Note 2
NAM LIONG GLOBAL CORPORATION	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Cayman)	Cayman Islands	Holding and investment	US\$ 1,930 thousand	US\$ 1,930 thousand	1,930,000	100.00	152,506	11,003 (US\$343 thousand)	11,003 (US\$343 thousand)	Note 2
NAM LIONG GLOBAL CORPORATION	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	US\$ 6,810 thousand	US\$ 6,810 thousand	6,810,000	100.00	626,848	30,800 (US\$961 thousand)	30,800 (US\$961 thousand)	Note 2
NAM LIONG GLOBAL CORPORATION	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	Vietnam	Textile products (downstream)	US\$ 3,100 thousand	US\$ 1,600 thousand	-	100.00	55,355	6,366 (VND4,934,738 thousand)	6,022 (VND4,649,082 thousand)	Note 2
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HK\$ 8,150 thousand	-	-	100.00	48,383	( 1,337) ( Loss HK\$337 thousand)	( 1,337) ( Loss HK\$337 thousand)	Note 1, 2
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	-	HK\$ 16,056 thousand	-	-	-	11,145 ( HK\$2,738 thousand)	11,145 ( HK\$2,738 thousand)	Note 1, 2

Note 1: On August 8, 2024, the Board of Directors of the Company resolved to acquire 100% equity interest in ELEMENTECH (HONG KONG) from its subsidiary, ELEMENTECH INTERNATIONAL, for a total consideration of NT\$1,476 thousand. The transaction reference date was set as September 30, 2024.

Note 2: The profit or loss of invested subsidiaries under equity method in 2024 is recognized in the financial statement based on audit result from accountants of individual subsidiaries in the same period.



TABLE 3

**NAM LIONG GLOBAL CORPORATION**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(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, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (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, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2024 (Note 4)
					Outward	Inward						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,547 (US\$200 thousand)	Direct investment in Mainland China	\$ 6,465 (US\$200 thousand)	\$ -	\$ -	\$ 6,465 (US\$200 thousand)	\$ 49,332 (RMB11,136 thousand)	100%	\$ 49,332 (RMB11,136 thousand)	\$ 88,135	\$ 218,733 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Electronic products trading and manufacturing	122,756 (US\$3,750 thousand)	Through a company invested and established in a third region	59,190 (US\$2,000 thousand)	55,667 (US\$1,750 thousand)	-	114,857 (US\$3,750 thousand)	10,082 (RMB2,276 thousand)	100%	10,082 (RMB2,276 thousand)	48,029 (HK\$11,457 thousand)	-
JIAXING NANXIONG POLYMER CO., LTD.	Textile products (downstream)	196,410 (US\$6,000 thousand)	Through a company invested and established in a third region	272,723 (US\$8,583 thousand)	-	-	272,723 (US\$8,583 thousand)	26,085 (RMB5,890 thousand)	100%	26,085 (RMB5,890 thousand)	562,419 (US\$17,181 thousand)	-
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Textile products (downstream)	88,385 (US\$2,700 thousand)	Through a company invested and established in a third region	84,351 (US\$2,651 thousand)	-	-	84,351 (US\$2,651 thousand)	15,715 (RMB3,548 thousand)	100%	15,715 (RMB3,548 thousand)	217,972 (US\$6,659 thousand)	-

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 478,396 (US\$15,184 thousand) (Note 1)	\$ 541,731 (US\$17,247 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, 2024 and December 31, 2024

Note 3: Calculated using the exchange rate on December 31, 2024

Note 4: Calculated using the exchange rate of inward remittance of dividends

Note 5: Pursuant to the MOEA No. 11351021460 dated December 5, 2024, the Company has obtained a certificate of qualification for headquarters operations, issued by the 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 4

**NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES**  
**INFORMATION OF MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.07%

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.

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STATEMENT 1

NAM LIONG GLOBAL CORPORATION  
 STATEMENT OF CASH AND CASH EQUIVALENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)			
Item	Period	Interest Rates (%)	Amount
Petty cash			\$ 409
Foreign currency on hand (Note 1)			127
Demand deposits		0.40% ~ 0.71%	146,508
Foreign currency deposits (Note 2)		0.03% ~ 0.80%	94,529
Checking accounts			<u>1,134</u>
			<u>\$ 242,707</u>

Note 1: Including RMB4 thousand and US\$3 thousand calculated based on the following exchange rates: RMB1=NT\$4.45 and US\$1 = NT\$32.73, respectively.

Note 2: Including US\$2,526 thousand, RMB1 thousand, HK\$120 thousand and EUR334 thousand calculated based on the following exchange rates: US\$1 = NT\$32.73, RMB1=NT\$4.45, HK\$1=NT\$4.19 and EUR1 = NT\$33.94, respectively.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF NOTES AND NET ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable	
Non-related parties	
Client A	\$ 5,586
Client B	5,478
Client C	3,188
Client D	2,088
Client E	1,657
Others (Note)	<u>12,060</u>
	30,057
Less: Allowance for impairment loss	( <u>379</u> )
	<u>\$ 29,678</u>
Related parties	
TIEN JIANG	\$ 9,617
TLI	2,405
HUI LIANG	1,686
Others (Note)	<u>876</u>
	<u>\$ 14,584</u>
Accounts receivable	
Non-related parties	
Client F	\$ 42,287
Client G	35,083
Client H	21,949
Client I	10,518
Others (Note)	<u>118,089</u>
	227,926
Less: Allowance for impairment loss	( <u>1,688</u> )
	<u>\$ 226,238</u>
Related parties	
G.I.C.	\$ 17,532
JIAXING NANXIONG	10,351
DONG GUAN NAMLIONG	6,703
VIETNAM NAM LIONG	5,361
TIEN JIANG	3,864
U-LONG	2,670
DONG GUAN NAM GUANG	2,645
Others (Note)	<u>3,720</u>
	<u>\$ 52,846</u>

Note: The amount of individual client included in Others does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF INVENTORIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

Item	(In Thousands of New Taiwan Dollars)	
	Amount	Net realizable value
	Cost	(Note)
Finished goods	\$ 62,282	\$ 88,720
Work-in-process and semi-finished goods	77,765	189,912
Raw materials and supplies	90,131	92,427
Merchandise	<u>3,111</u>	<u>3,766</u>
	233,289	<u>\$ 374,825</u>
Less: Allowance for inventory write-downs	( <u>23,462</u> )	
Total	<u>\$ 209,827</u>	

Note: Estimated based on replacement cost or net realizable value.

STATEMENT 4

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF OTHER CURRENT ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)			
Item	Description	Amount	Notes
Prepayments	Including prepayments to suppliers and prepaid expenses, etc.	<u>\$ 16,505</u>	

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of company	Balance at the beginning of year		Increase or decrease during the current period				Balance at the end of year		
	Shares	Amount	Increase or decrease in the number of shares	Investment net income (loss) recognized under equity method	Exchange differences on translation of financial statements of foreign operations	Others	Shares	Percentage of Ownership	Amount
GREENCHEM INTERNATIONAL CO., LTD. (Note 1)	8,000,000	\$ 287,431	-	\$ 38,517	\$ 1,638	( \$ 15,000 )	8,000,000	100	\$ 312,586
ELEMENTECH INTERNATIONAL CO., LTD. (Note 2)	16,846,640	153,006	( 9,230,660 )	( 23,598 )	( 1,545 )	( 64,520 )	7,615,980	100	63,343
ELEMENTECH (HONG KONG) LIMITED (Note 3)	-	-	-	( 1,337 )	1,524	48,196	-	100	48,383
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Note 4)	1,930,000	136,324	-	11,003	4,867	312	1,930,000	100	152,506
SPEEDBEST INTERNATIONAL LIMITED (Note 4)	6,810,000	576,033	-	30,800	20,405	( 390 )	6,810,000	100	626,848
NAM LIONG ENTERPRISE CO., LTD. (VIETNAM) (Note 5)	-	520	-	6,022	1,772	47,041	-	100	55,355
		<u>\$ 1,153,314</u>		<u>\$ 61,407</u>	<u>\$ 28,661</u>	<u>\$ 15,639</u>			<u>\$ 1,259,021</u>

Note 1: Others are cash dividends of NT\$15,000 thousand.

Note 2: Others are cash capital decrease of NT\$50,000 thousand, and the sale of ELEMENTECH (HONG KONG) LIMITED by ELEMENTECH INTERNATIONAL CO., LTD. was regarded as a reduction of NT\$14,520 thousand due to structural reorganization adjustments.

Note 3: Others are cash capital increase of NT\$32,200 thousand, the price of acquiring ELEMENTECH (HONG KONG) LIMITED was NT\$1,476 thousand and the Company's acquisition of ELEMENTECH (HONG KONG) LIMITED was deemed to have increased by NT\$14,520 thousand due to the restructuring adjustment.

Note 4: Others are unrealized gains from sales.

Note 5: Others are cash capital increase of US\$1,500 thousand.

Note 6: The Company's investments accounted for using equity method are not pledged as collateral.



NAM LIONG GLOBAL CORPORATION  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Balance at the beginning of year	Additions	Reductions	Balance at the end of year	Notes
Cost					
Land	\$ 57,414	\$ 1,008	\$ -	\$ 58,422	
Buildings	-	70,293	-	70,293	
Transportation equipment	<u>2,345</u>	<u>598</u>	( <u>2,345</u> )	<u>598</u>	
Total	<u>\$ 59,759</u>	<u>\$ 71,899</u>	( <u>\$ 2,345</u> )	<u>\$129,313</u>	

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF  
RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Balance at the beginning of year	Additions	Reductions	Balance at the end of year	Notes
Accumulated depreciation					
Land	\$ 14,704	\$ 3,276	\$ -	\$ 17,980	Note 1
Buildings	-	5,858	-	5,858	Note 2
Transportation equipment	<u>1,662</u>	<u>770</u>	( <u>2,345</u> )	<u>87</u>	Note 3
Total	<u>\$ 16,366</u>	<u>\$ 9,904</u>	( <u>\$ 2,345</u> )	<u>\$ 23,952</u>	

Note 1: Land is depreciated on a straight-line basis over 10 to 50 years.

Note 2: Buildings are depreciated on a straight-line basis over 5 years.

Note 3: Transportation equipment is depreciated on a straight-line basis over 2 to 3 years.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF NOTES AND ACCOUNTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Notes payable	
Non-related parties	
Vendor A	\$ 4,598
Vendor B	1,824
Vendor C	683
Vendor D	506
Others (Note)	<u>2,415</u>
	<u>10,026</u>
Related parties	
U-LONG	467
Heng Ding Biotechnology	<u>81</u>
	<u>548</u>
	<u>\$ 10,574</u>
Accounts payable	
Non-related parties	
Vendor E	\$ 16,004
Vendor F	10,525
Others (Note)	<u>132,362</u>
	<u>158,891</u>
Related parties	
HONG LI	4,598
DONG GUAN NAMLIONG	3,062
SHANGHAI JIAN LENG	2,351
VIETNAM NAM LIONG	2,003
JIAXING NANXIONG	775
U-LONG	770
Others (Note)	<u>1,585</u>
	<u>15,144</u>
	<u>\$ 174,035</u>

Note: The amount of individual vendor in Others does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF OTHER CURRENT LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)			
Item	Description	Amount	Notes
Unearned revenue	Unearned revenue of sales to clients	\$ 9,095	
Receipts under custody	Collection of taxes and labor insurance as well as national health insurance expense, etc.	<u>1,612</u>	
		<u>\$ 10,707</u>	

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF LEASE LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)					
Item	Description	Lease Term	Discount Rate	Balance at the end of year	Notes
Land	Operational land	From February 26, 2018 to November 2, 2040	2.19%~2.32%	\$ 23,146	
Buildings	Operational buildings	From August 1, 2024 to July 31, 2029	2.67%	64,786	
Transportation equipment	Operational transportation equipment	From January 10, 2023 to October 7, 2026	2.32%~2.67%	<u>513</u>	
Subtotal				88,445	
Less: Current portion of lease liabilities				( <u>15,418</u> )	
				<u>\$ 73,027</u>	

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)	
Item	Amount
Textile products	\$ 699,616
Sponge lamination products	385,976
Special material products	236,995
Special textiles products	293,908
Others (Note)	74,562
Less: Sales returns and allowances	( <u>10,048</u> )
	<u>\$ 1,681,009</u>

Note: The amount of each item in Others does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of sales of merchandise self-manufactured	
Raw materials and supplies used	
Raw materials and supplies at the beginning of year	\$ 76,244
Raw material and supplies purchased	679,622
Raw materials and supplies at the end of year	( 90,131 )
Raw materials used	665,735
Direct labor	153,911
Manufacturing expenses	202,774
Subcontract processing expenses	79,125
Manufacturing cost	1,101,545
Work-in-process and semi-finished goods at the beginning of year	77,719
Raw materials and supplies purchased	81,298
Other adjustments	( 28,946 )
Work-in-process and semi-finished goods at the end of year	( 77,765 )
Cost of finished goods	1,153,851
Finished goods at the beginning of year	80,334
Raw materials and supplies purchased	52,884
Finished goods at the end of year	( 62,282 )
Cost of sales	1,224,787
Cost of sales of merchandise purchased	
Merchandise at the beginning of year	3,304
Merchandise purchased	19,899
Merchandise at the end of year	( 3,111 )
Cost of sales	20,092
Gain on reversal of inventory obsolescence	( 7,278 )
Reversal of inventory write-down	( 539 )
Operating costs	<u>\$ 1,237,062</u>

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF SALES AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)	
Item	Amount
Salaries and bonus expense	\$ 40,865
Shipping expenses	19,699
Import and export expense	10,450
Miscellaneous expenses	6,019
Insurance expenses	5,541
Others (Note)	<u>13,975</u>
Total	<u>\$ 96,549</u>

Note: The amount of each item in Others does not exceed 5% of the account balance.



NAM LIONG GLOBAL CORPORATION  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)	
Item	Amount
Salaries and bonus expense	\$ 126,692
Miscellaneous expenses	36,449
Depreciation expense	35,136
Others (Note)	<u>41,882</u>
Total	<u>\$ 240,159</u>

Note: The amount of each item in Others does not exceed 5% of the account balance.

NAM LIONG GLOBAL CORPORATION  
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Salary	\$ 185,829	\$ 190,054	\$ 376,683	\$ 175,737	\$ 183,535	\$ 359,272
Labor insurance and national health insurance expense	18,264	16,453	34,717	17,827	18,119	35,946
Pension	6,327	8,202	14,529	6,206	8,557	14,763
Directors' remuneration	-	3,254	3,254	-	2,111	2,111
Other employee benefit expense	<u>159</u>	<u>2,308</u>	<u>2,467</u>	<u>158</u>	<u>1,960</u>	<u>2,118</u>
Employee benefit expense	<u>\$ 210,579</u>	<u>\$ 221,071</u>	<u>\$ 431,650</u>	<u>\$ 199,928</u>	<u>\$ 214,282</u>	<u>\$ 414,210</u>
Depreciation	<u>\$ 17,868</u>	<u>\$ 37,588</u>	<u>\$ 55,456</u>	<u>\$ 17,164</u>	<u>\$ 32,132</u>	<u>\$ 49,296</u>
Amortization	<u>\$ 176</u>	<u>\$ 1,242</u>	<u>\$ 1,418</u>	<u>\$ 176</u>	<u>\$ 840</u>	<u>\$ 1,016</u>

Note 1: In 2024 and 2023, the number of employees was 518 and 539 respectively, while the number of directors who were not employees were 4, respectively.

Note 2: The average employee benefit expenses in 2024 and 2023 were NT\$833 thousand and NT\$770 thousand, respectively.

Note 3: The average employees' salary expenses in 2024 and 2023 were NT\$733 thousand and NT\$672 thousand, respectively. It increased by 9%.

Note 4: (A) Directors: Remuneration of the Company's directors are based on industry standards and participation in the company's operations as well as value of contribution, and operating status of the Company. In addition, according to its Articles of Incorporation, if the Company makes a profit, the Board of Directors shall allocate remuneration no higher than 2% to directors and supervisors. Yet, a sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company.

(B) Managers and employees: The remuneration of Company managers and compensation of employees are based on individual positions, education, work experience, professional knowledge and skills, as well as salary standards of the Company. There is also a performance evaluation to determine promotion and salary adjustments. In order to incentivize employees, the Company has various bonus programs based on the company's operating performance, as well as employee performance evaluation and contributions each year. In addition, according to its Articles of Incorporation, if the Company makes a profit, the Board of Directors shall allocate no lower than 1% and no higher than 2% remuneration to employees (no less than 2% and no more than 20% as employee remuneration in 2023), which shall be paid in either cash or shares. The recipients include employees of affiliates who meet the criteria. A sum shall also be set aside in advance to pay down any outstanding cumulative losses of the Company.

Note 5: The number of employees in Note 1 to Note 3 was calculated using the average number of employees in the current year, and the basis for calculation was consistent with employee benefit expense and salary.