

Stock Code: 5450



南良國際股份有限公司

NAM LIONG GLOBAL CORPORATION

(Original name: PROLINK MICROSYSTEMS CORPORATION)

2022 Annual Report (Translation)

Website for inquiry at MOPS: <http://mops.twse.com.tw>

Date of Printing: May 22, 2023

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3. Stock Affairs Department

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5. Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities: None.

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

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I. Letter to the Shareholders

Dear shareholders,

2022 was a year full of uncertainties. As the impact of COVID-19 gradually eases after three years of unleashing its wrath, other challenges (e.g., the Russia-Ukraine war, global inflation amidst peaking raw material price inflation, the Taiwan Straits Crisis, and the acceleration towards the trend of “de-Sinicization” as a factor behind efforts to diversify supply chains), have had a tremendous impact on the business development of the Company.

Despite the aforementioned challenges, NAM LIONG GLOBAL CORPORATION looks forward to the future while being guided by its core values of “Adaptability, Innovation, and Value Maximization”. It proactively faces challenges and incorporates ESG and sustainability in its business model. It has achieved fruitful results since 2023. Going forward, the Company expects to maintain its achievements and further expands its business.

The Company’s three main strategies in 2023 are as follows:

- To adopt an integrated ESG approach towards sustainability.
- To decarbonize its business model and navigate net zero transition plans.
- To advance business sustainability that takes into account overall operations and long-term impact.

We believe that these strategies can lead to increased customer and brand loyalty, which in turn helps boost profit. We also uphold our business commitment to promoting corporate sustainability.

Below is the report on the 2022 and 2023 business plans:

1. 2022 Business Report

(1). 2022 business achievement report

A. Income and expenses

- a. The 2022 Net Operating Revenue was NT \$ 2,014,659 thousand, an increase of NT\$ 27,035 thousand, compared to the 2021 Net Operating Revenue of NT \$ 1,987,624 thousand. The Consolidated Net Revenues was NT \$ 3,082,227 thousand, which was lower than the 2021 Consolidated Net Revenues of NT\$ 3,356,900 thousand.
- b. The Cost of Revenue in 2022 was NT\$ 1,468,941 thousand, which was 72.91% of the Net Operating Revenue. The Consolidated Cost of Revenue was NT\$ 2,262,133 thousand, which was 73.39% of the Consolidated Net Operating Revenue.
- c. The Operating Expenses in 2022 was NT\$ 446,324 thousand, which was 22.15% of the Net Operating Revenue. The Consolidated Operating Expenses in 2022 was NT\$ 680,180 thousand, which was 22.07% of the Consolidated Net Operating Revenue.

B. Net profit

- a. The Net income in 2022 was NT\$ 177,619 thousand. The Earnings per Share (EPS) was NT\$ 1.45.
- b. The Consolidated Net income in 2022 was NT\$ 177,619 thousand. The Earnings Per Share (EPS) was NT\$ 1.45.

(2). Report on Budget Implementation

Not applicable, the company has not prepared a financial forecast for 2022.

(3). Analysis of financial balance and profitability

Unit: NT\$; %

Item	Ratio (%)
Return on Assets (ROA)	5.88
Return on Equity (ROE)	11.50
Profit Before Tax to Share capital	15.64
Net profit margin	5.76
Basic earnings per share	1.45

(4). Research & Development Results

The consolidated research and development expense in 2022 was NT\$ 90,095 thousand, which was 2.92% of the Consolidated Net Operating Revenue.

Textile Composites

A. In recent years, we have made progress in achieving our sustainable development goals in terms of promoting renewable raw materials, waste recycling, and green biomass-derived materials. With our Bio-Based Sponge, we have successfully completed the development of a new product line called

BIO EVA, which includes BIO EVA25R, BIO EVA 35, BIO EVA35R, and BIO H2 25, along with the recycled rubber sponge EVA 35R and antibacterial sponge using GREENCHEM special antimicrobials, An Encore 08, and gradually promote among major brands.

B. In terms of recycled functional fasteners, such as Recycled NG Fasteners and Striping Fabric, the materials undergo fabric pelletizing and recycled into the production system. A new and recycled material mixture ratio is optimized from 20% to 50%, without altering its physical characteristic. The production stability is guaranteed and ideal waste reduction is achieved.

C. With regard to Protective Products, 6 product sets are made of colored yarn, cut-resistant fabric using an environmentally friendly production process, and abrasion-resistant fabric. Another 6 product sets include recycled nylon and abrasion-resistant fabric with PET recycled fibers. The other 6 sets are green and environmental wireless cut-resistant fabric and non-fiberglass cut-resistant fabric from A3 to A6 grades.

Chemical Products

A. Continuously seeking cooperation with international suppliers, introducing unique products that are trendy, eco-friendly, energy-saving, sustainable, and natural

B. To fulfill customer demand, we continuously search for innovative products and products with environmental certifications.

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

Power Supply

Plasma equipment is important in different manufacturing processes. It has a wide range of uses (e.g., in food production, auto parts manufacturing, glass product manufacturing, and electronics manufacturing process). Through compressed air ionization, surface dust is removed by high-pressure air. The currently developed plasma power supply is a low-temperature atmospheric pressure plasma that uses Arc-jet nozzles. This work will help to develop Dielectric Barrier Discharge (DBD) spraying nozzles, drive more innovative applications, and increase the average gross profit margin.

In the meantime, we are also striving to strengthen cooperation with our strategic partners and improve production efficiency to reduce lead time, ultimately resulting in good product quality.

2. 2023 Business plan for production and sales

(1). Operations Strategy

Factors such as global inflation, interest rate hike, the Russia-Ukraine war, climate change, energy and food shortages, geopolitical tensions, Covid-19 policies, surplus inventory of branding companies, and information security risk management all pose threats and challenges that led to a slowdown in global economic activities for every company.

In 2023, the Company would take a strategic approach that focuses on flexibility, innovation, value maximization, and a sustainable business model in order to overcome these challenges and achieve sustainable growth through differentiation with a sustainable competitive advantage.

Textile Composites

A. Progress on ESG Development

The plans for ESG development can be summarized as follows:

a. Initiate carbon management training workshops for every factory.

b. Create a carbon inventory of key merchandises and commit to implementing Carbon Reduction Plans (CRPs).

c. Continuously cultivate meaningful stakeholder relationships and encourage open communication to show care and concern.

B. Pioneering a Carbon-reduction Business Model

We are continuously focusing on climate change issues, current trends and policies on sustainability, as well as exploring risks and preventive measures with adjustments made on strategies in R&D, production, and sales. By doing these, we are able to create opportunities for building new green businesses and establishing a circular production and business model.

We have focused on ECO Family including Green R&D for Eco-innovation and received accreditation for our Green manufacturing process. In terms of green production, we have achieved the following:

a. Replaced boiler fuel with gas boiler.

b. Gradually phased out equipment with high energy consumption.

c. Carried out routine maintenance of machines and necessary peripherals.

As for our Green Marketing Plan, we are actively developing and maintaining a diversified global business layout; for Green supply chain management, we have integrated both upstream and downstream supply chains to co-develop green materials and provide a total solution for our clients.

C. Establishing a solid operations management

We aim to find the best solution to issues that affect overseas operations, integrated marketing, product quality and lead time efficiency, and recruitment by analyzing key financial indicators and other non-financial indicators. In addition to the aforementioned matters, we also aim to promote e-Learning and education on ESG core values.

Chemical Products

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

B. Unfavorable factors affecting the development of Taiwan’s textile industry such as rising cost, shrinking production scale and declining customer base have had a great impact on the Company's financial performance.

One alternative to dealing with the challenges is to develop new opportunities in non-textile industries. For example, enabling additives of chemicals in the plastics industry would be our business target, which has more advantages than the domestic textile industry.

C. Auxiliaries used to be the main sales force of the Company. However, we have granted the distribution rights for the product called Ceravida Recovery, owned by Korean company G. CLO. Ceravida Recovery is a green material made from recycled waste. It is composed of functional ceramic polymers with natural minerals. Ceravida Recovery has the functions of improving blood circulation and boosting sports performance. With these features that follow market trends, Ceravida Recovery will become the top seller of the Company in the future.

Power Supply

In response to the energy shortage caused by the Russia-Ukraine war, power supply products with energy storage, energy-saving, and green energy features have become mainstream. Home energy storage devices (non-high power energy storage devices) have therefore become the basis for ELEMENTECH INTERNATIONAL CO., LTD.’s product development and market assessment. Through joint development with other companies in the same field, ELEMENTECH INTERNATIONAL CO., LTD. will soon be able to roll out new products, expand its technological know-how to include medical devices and Teleservice, as well as provide stable and safe power supply with energy storage equipment in preparation for global aging. The aforementioned product development also benefits product line extension, and boosts the average gross profit margin. Meanwhile, we will strengthen our relationship with strategic partnerships to drive shorter development cycles and enhance production efficiency, thus reducing lead time and increasing product quality in production.

(2). Estimated Number of Items Sold

Items	Estimated Number of Items Sold
Textile Composites (Note 1)	165,500,000
Chemical Products (Note 2)	385,000
Power Supply (Note 3)	1,200,000

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

Note 2: The product unit is KG.

Note 3: The product unit is PCS.

(3). Key Sales and Marketing Policies

A. Progress on ESG Development:

We continually issue ESG reports, cultivate a company image of sustainability, and level up in international evaluations by implementing carbon footprint verification and going green to reduce carbon emissions.

B. Pioneering a Carbon-reduction Business Model:

To keep up with current branding trends, we are striving to create opportunities to build new green businesses as well as a circular production and business model.

C. Advanced sustainability management systems:

Strengthen digital analyses. Replace a weakness with a strength. Maximize operational efficiency for overseas subsidiaries.

3. Company Development Strategies

(1). Focus on product innovations and technology, aimed at enhancing core competencies:

We have been aggressive in leveling up our core technological competence. In terms of Research and Development, the Company has established 3 primary principles governing product innovations: Green, 100% composite materials, and lightweight design approaches for energy efficiency. Each of these principles is applied in the plan to build a laboratory.

(2). Upgrade digital technology to provide real-time and precise management

Make use of precise decision-making process with real-time global management using multi-dimensional data and analyses to help:

A. Integrate production orders and simplify production management.

B. Apply precision marketing to communicate actively with clients.

C. Upgrade digital technology to facilitate strategic management, control management, and operations management, and to strengthen information security risk management (ISRM).

(3). Implement sustainable management with long-term sustainable planning

We have been involved in diversification of education and learning by conducting a more flexible and extensive approach to help empower employees. We also comply with sustainability planning requirements and have begun formulating our talent acquisition plan.

(4). Proactively manage risks and build a strong control mechanism

We take the initiative and overcome challenges such as climate change, customer management, credibility, and risk of market and supply chain disruptions. We carefully assess and manage these risks, either potential or physical by implementing different risk mitigation strategies and prevention.

4. Impacts on competitive, legal and general environment

(1). Address climate change; actively participate in Green R&D

According to the 2023 Global Risks Reports, the top three environmental issues are:

A. Failure to mitigate climate change.

B. Failure to adapt to climate change.

C. Natural disasters and extreme weather conditions.

Undeniably, environmental sustainability is the most pressing issue globally. In light of this, our Company will focus on the research and development of Green (ECO-family) and recyclable materials to reduce oil consumption. By recycling waste, reusing materials and consistently implementing carbon reduction programs, we can follow current trends and adapt quickly to changes in the global business environment.

(2). Economies Face Weakening Growth, Rising Inflation: Diversification is a strategy to mitigate risks.

In the face of global inflation, delayed consumption due to excess inventory and slowdown in global economic activity, sales activity has declined as a result of reduced demand. To address this issue, the Company has integrated supply chains with production bases in both China and Vietnam, and has diversified its composite material portfolio. Additionally, by setting up an international distribution network, the Company can offer a total and fast solution to customers in markets such as water and underwater sports, personal protective equipment, outdoor sports, medical care, vehicle, industrial, home textile, 3C, and architectural acoustics (noise control).

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

2023 Annual Shareholders' Meeting

Warm regards,

Chairman: Shao, Ten-Po

II. Company Overview

1. Date of incorporation: August 11, 1989

2. Company miletone

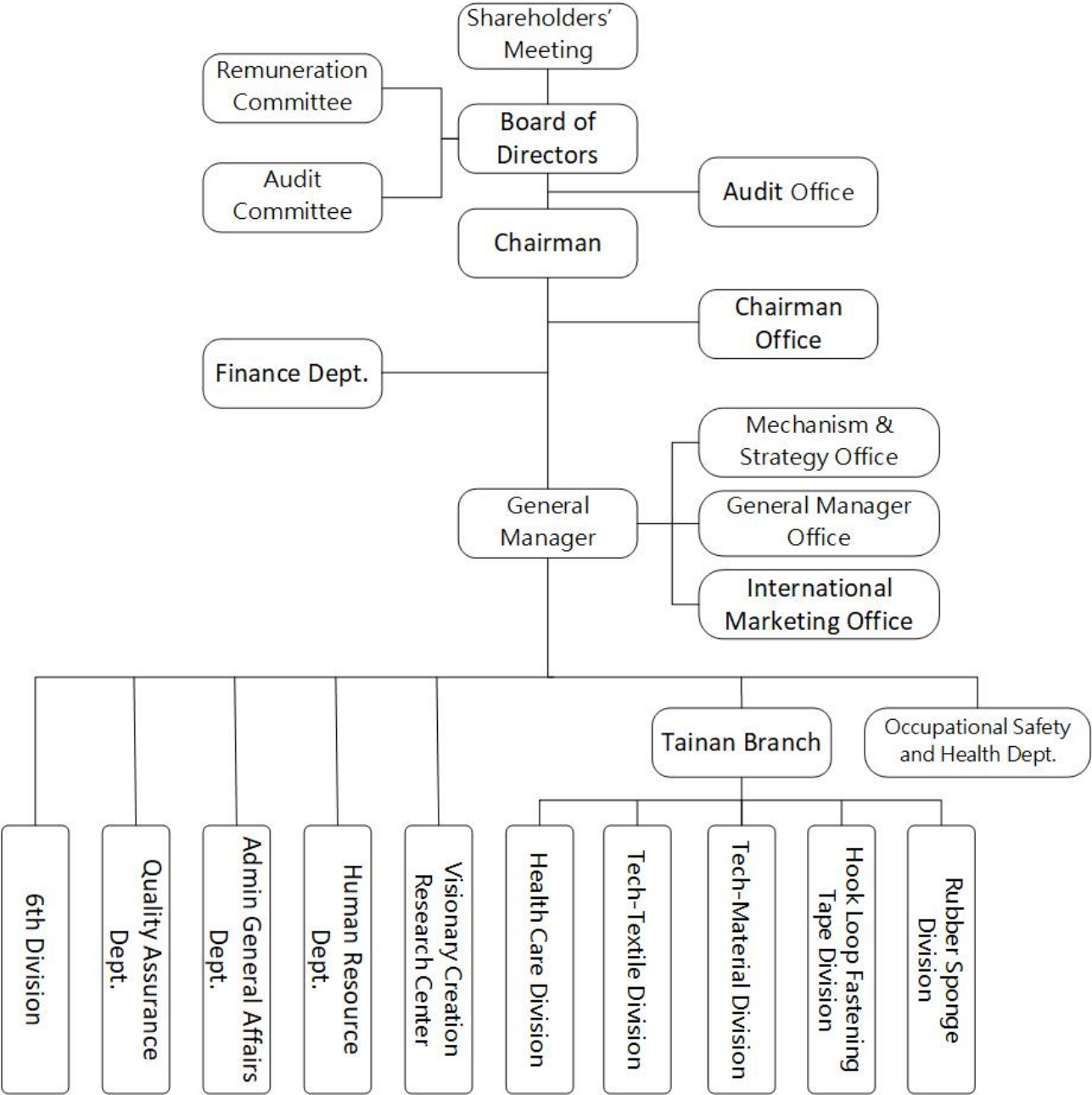
1989	August	Establishment of the Company. Registered on Sec. 1, Fuxing S. Rd., Taipei City. Paid-in capital at ten million NTD.
2000	August 22	Listed on the Taipei Exchange.
2009	December	Share acquisition of NAM LIONG ENTERPRISE CO., LTD., EVER DEVELOPMENT INVESTMENT CO., LTD. and Mr. LIN,CHIA-CHING.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

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

III. Corporate Governance

1. Organisation Structure

(1) Organisation Chart



(2) Main Duties of Each Division

Audit Office	<ul style="list-style-type: none"> ■ Responsible for tracking and audit of internal system control and management guideline by entire company. Advises on rectification and ensures effective implementation of internal system control and management guideline. ■ Preparation, implementation, and presentation of annual audit plan. ■ Correction and tracking of internal control punches and irregularities. ■ Occasional audit to subsidiaries.
Finance Dept.	<ul style="list-style-type: none"> ■ Responsible for supervision, management, and implementation of audit accounts and other business by company. ■ Compiles information and analyse and review business operation for monthly managerial decision-making. ■ Solely responsible for company governance. In charge of board of directors and shareholders' operation. ■ Supervision, management, and implementation of company finance operation and budget planning.
Chairman Office	<ul style="list-style-type: none"> ■ Strategy Chief is appointed to be responsible for visionary strategy, long-term company planning, research of economic trend and company operation management guideline.
Mechanism & Strategy Office	<ul style="list-style-type: none"> ■ Responsible for mid- and long-term company planning, preparation and facilitation of annual overall operation plan, facilitation of planning of sound overall internal control mechanism and operation of system (information compilation), planning and implementation of project assignments.
General Manager Office	<ul style="list-style-type: none"> ■ Supervises the company and each business department in terms of work planning, follow-up of progress and communication and coordination. ■ Calculation, analysis, and review of business performance of each department. ■ Supervision of abnormal inventory supply chain.
International Marketing Office	<ul style="list-style-type: none"> ■ Planning of Mid- and long-term, short-term annual marketing strategy and introduction of international cooperation.
Occupational Safety and Health Dept.	<ul style="list-style-type: none"> ■ Responsible for occupational and safety and health planning and implementation.
Admin General Affairs Dept.	<ul style="list-style-type: none"> ■ Management of general affairs.
Quality Assurance Dept.	<ul style="list-style-type: none"> ■ Responsible for quality control, document control, system authentication, 6S, and promotion of rectification Acknowledgement Matters.
Human Resource Dept.	<ul style="list-style-type: none"> ■ Responsible for staff management, conflict resolution and response; promulgation and implementation of human resources articles; training programmes based on targets and development.
Visionary Creation Research Center	<ul style="list-style-type: none"> ■ Short, mid-, long-term R&D strategy planning, integration of internal R&D resources; evaluation of external cooperation Acknowledgement Matters.
Rubber Sponge Division	<ul style="list-style-type: none"> ■ Production and sales of highly-elastic foam.
Hook Loop Fastening Tape Division	<ul style="list-style-type: none"> ■ Production and sales of buckles and strips and other fabric products.
Tech-Material Division	<ul style="list-style-type: none"> ■ Production and sales of polymer materials, special materials.
Tech-Textile Division	<ul style="list-style-type: none"> ■ Responsible for production and sales of special textile, fibre, spinning, weaving, and special post-processing.
Health Care Division	<ul style="list-style-type: none"> ■ Responsible for production and sales of topical health technology products, import and export declaration, and international export agent and import sales.
6th Division	<ul style="list-style-type: none"> ■ Responsible for international export agent and import sales.

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

(1) Profiles of Director and Supervisor

Director and Supervisor (1)

1. Director

April 30, 2023

Title	Nationality or place of incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and important experience	Selected Current Position at NL and Other Companies	Executives, directors, or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	ZI LIONG ENTERPRISE CO., LTD.	-	June 23, 2022	3	March 5, 2010	88,221,501	72.08	88,221,501	72.08	-	-	-	-	-	-	-	-	-	-
		Representative: Shao, Ten-Po	Male 71~80	June 23, 2022		June 24, 2013	-	-	-	-	-	-	-	-	Honorary doctorate of National Chiayi University Honorary doctorate of Chaoyang University of Technology	NL: Chairman Other companies: Note 2	Director	Hsiao, Chung-Hu	Brother	-
Director	R.O.C.	ZI LIONG ENTERPRISE CO., LTD.	-	June 23, 2022	3	March 5, 2010	88,221,501	72.08	88,221,501	72.08	-	-	-	-	-	-	-	-	-	-
		Representative: Hsiao, Chung-Hu	Male 61~70	June 23, 2022		March 5, 2010	-	-	-	-	-	-	-	-	EMBA MA, Asia Management College	NL: None Other companies: Note 3	Chairman	Shao, Ten-Po	Brother	-
Director	R.O.C.	Chang, Shun-Ching	Male 51~60	June 23, 2022	3	October 1, 2019	-	-	-	-	-	-	-	Chemical Engineering BA, Feng Chia University Vice General Manager by the company	NL: General Manager Other companies: Note 4	-	-	-	-	-
Director	R.O.C.	Pai, Ching-Jen	Male 51~60	June 23, 2022	3	March 5, 2010	-	-	-	-	-	-	-	Graduate Institute of Finance MA, National Cheng Kung University Associate by the Company	NL: Chief Financial Officer Other companies: Note 5	-	-	-	-	-
Director	R.O.C.	Hsiao, Yu-Chiao	Female 41~50	June 23, 2022	3	June 24, 2013	-	-	-	-	-	-	-	Pacific Lutheran University General Business Administration Business Office Lead, DONGGUAN PROPREENE SPORTING GOODS CO., LTD Operation Director, Xu Tai Sports Bag Co., Ltd.	NL: Senior Manager Other companies: Note 6	Chairman	Shao, Ten-Po	Father/Daughter	-	

Title	Nationality or place of incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and important experience	Selected Current Position at NL and Other Companies	Executives, directors, or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	EVER DEVELOPMENT INVESTMENT CO., LTD.	-	June 23, 2022	3	June 20, 2016	537,760	0.44	537,760	0.44	-	-	-	-	-	-	-	-	-	-
		Representative: Wang, Shih-Ting	Female 41~50	June 23, 2022		June 23, 2022	-	-	-	-	-	-	-	-	-	Business Management MA, National Cheng Kung University Senior Manager by the Company	NL: None Other companies: Note 7	-	-	-
Independent Director	R.O.C.	Huang, Chung-Hui	Male 61~70	June 23, 2022	3	June 20, 2016	-	-	-	-	-	-	-	EMBA, National Cheng Kung University CPA by Ernst & Young Global Limited Contractor specialist professor at Southern Taiwan University of Science and Technology Contractor instructor by National Cheng Kung University	NL: None Other companies: Note 8	-	-	-	-	-
Independent Director	R.O.C.	Huang, Wen-Ming	Male 71~80	June 23, 2022	3	June 25, 2019	-	-	-	-	-	-	-	EMBA, National Cheng Kung University Manager by Taiwan Bank	NL: None Other companies: None	-	-	-	-	-
Independent Director	R.O.C.	Tsao, Ching-Ming	Male 61~70	June 23, 2022	3	June 23, 2022	-	-	-	-	-	-	-	EMBA, National Cheng Kung University Financial Manager, FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. Audit Lead at Ernst & Young Global Limited	NL: None Other companies: Note 9	-	-	-	-	-

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

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

- Note 3: Chairman of Xin Yan Investment CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of ELEMENTECH INTERNATIONAL CO., LTD., DECORTEC CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of GREENCHEM INTERNATIONAL CO., LTD., Chairman of Zhongshan Tiongliong Tech-textile Technology Co., Ltd., Director of TIONG LIONG INDUSTRIAL CO., LTD., Director of ZI LIONG ENTERPRISE CO., LTD., Director of Gu Hong Investment CO., LTD., Director of U-LONG HIGH-TECH TEXTILE CO., LTD., Director of UNION LINE TEXTILE CO., LTD., Director of Blue Coast Entertainment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of ETERNALCARE BUSINESS LTD., The Authorized Representative of the Juristic Person acts as the Director of Jiafeng Maoliang Investment Co., Ltd., Supervisor of TIEN JIANG ENTERPRISE CO., LTD., Supervisor of DECORTEC HOLDING CO., LTD., Supervisor of HONG LIONG TEXTILE CO., LTD., Supervisor of HONG LI TEXTILE CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of AGRO-GREEN INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of Liongtex Innovation Enterprises Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Shanghai Huiliang Textile Accessories Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Vietnam Zhongju Industrial Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Vietnam Tronjen Industrial Co., Ltd., Director of TA HSIN COMPANY LIMITED, Director of Tiong Liong Holdings (Cayman) Co., Ltd., Director of Tiong Liong Tradings (Samoa) Co., Ltd., Director of JIN LIAMY ENTERPRISE Co., Ltd., Director of Precise Asia Holdings Ltd., Director of Realpro Holdings Ltd., Director of First Win Group Ltd., The Authorized Representative of the Juristic Person acts as the Director of Tiong Liong Holdings (Hong Kong) Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Tiong Liong Holdings Co., Ltd..
- Note 4: Director of Jiafeng Maoliang Investment Co., Ltd. ∨ The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD ∨ The Authorized Representative of the Juristic Person acts as the Director of Nantec Textile Co., Ltd. ∨ The Authorized Representative of the Juristic Person acts as the Director of SPEEDBEST INTERNATIONAL LIMITED.
- Note 5: Chairman of EARS MANAGEMENT & CONSULTANT COMPANY, The Authorized Representative of the Juristic Person acts as the Chairman of ETERNALCARE BIOTECH INC., Director of EVER DEVELOPMENT INVESTMENT CO., LTD., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD., Director of JSM Agricultural Development Co., Ltd., Director of YOHO BEACH RESORT CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of GIDEON ENTERPRISE CO., LTD., Supervisor of Gu Hong Investment CO., LTD., Supervisor of ETERNALCARE BUSINESS LTD., Supervisor of Quanye Kangyang Development Co., Ltd., Supervisor of Universal Mean Great Health Technology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENCHEM INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENRAY BIOMEDICAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of Jiafeng Maoliang Investment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO.,LTD, The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD, The Authorized Representative of the Juristic Person acts as the Director of SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD., Director of TA HSIN COMPANY LIMITED, Manager of Tien Pou International Ltd.,Taiwan Branch, Director of Gold Formosa Ltd..
- Note 6:Chairman of Skycosmos Sport and outdoor products Ltd., Chairman of SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD., Chairman of DONGGUAN PROPENE SPORTING GOODS CO., LTD, Director of CATHAY CONSOLIDATED INC., Director of ORIENTAL GREEN ENERGY TECHNOLOGY INC., Director of EARS MANAGEMENT & CONSULTANT COMPANY, Director of EVER DEVELOPMENT INVESTMENT CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of TAYUN PHOTONICS INC., The Authorized Representative of the Juristic Person acts as the Director of JSM Green Field (Taiwan) CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of JSM Agricultural Development Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of Skycosmos Sport and outdoor products Ltd., Director of JSM Agricultural Development (Hong Kong) Co., Ltd., Director of TA HSIN COMPANY LIMITED °
- Note 7: Chairman of Cheng Zhe Investment Co., Ltd., Director of ZI LIONG ENTERPRISE CO., LTD., Director of HONG LI TEXTILE CO., LTD., Director of Universal Mean Great Health Technology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of Longmen Seaview Resort Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of U-LONG HIGH-TECH TEXTILE CO., LTD.
- Note 8: Independent Director of T.Y.C. BROTHER INDUSTRIAL CO., LTD., Independent Director of O-TA PRECISION INDUSTRY CO., LTD., Independent Director of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD..
- Note 9: Vice General Manager of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD..

2. Supervisor: N/A. Audit Committee having been established by the company.

Table 1: Profiles of dominant shareholders of institutional shareholders

April 30, 2023

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

Table 2: Main shareholders of institutional shareholders

April 30, 2023

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

Director and Supervisor (2)

1. Directors' and supervisors' professional qualifications and independence analysis

Qualification Name	Professional Qualifications and Experience	Independence Status (Note)	Number of Other Listed Companies Concurrently Serving as an Independent Director
Chairman: ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	1. Please refer to Director and Supervisor (1) (P.9~11) for details on qualification and experience of directors. 2. No director is of matters stated in Art. 30 of Company Act.	N/A	-
Director: ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao, Chung-Hu			-
Director: Chang, Shun-Ching			-
Director: Pai, Ching-Jen			-
Director: Hsiao, Yu-Chiao			-
Director: EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Shih-Ting			-
Independent director: Huang, Chung-Hui			3
Independent director: Huang, Wen-Ming			-
Independent director: Tsao, Ching-Ming			-

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

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

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

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

2. Diversity and independence of Board of Directors

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

Talent Director	Gender	Operational judgement	Accounting and financial analyticity	Operation & management	Risk-Solving	Industrial understanding	International market understanding	Leadership	Decision-making
ZI LIONG ENTERPRISE CO., LTD. Representative: Shao,Ten-Po	M	✓		✓	✓	✓	✓	✓	✓
ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao,Chung-Hu	M	✓		✓	✓	✓	✓	✓	✓
Chang,Shun-Ching	M	✓		✓	✓	✓	✓	✓	✓
Pai,Ching-Jen	M	✓	✓	✓	✓	✓		✓	✓
Hsiao,Yu-Chiao	F	✓		✓	✓	✓	✓	✓	✓
EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang,Shih-Ting	F	✓		✓	✓	✓	✓	✓	✓
Huang,Chung-Hui	M	✓	✓	✓	✓	✓		✓	✓
Huang,Wen-Ming	M	✓	✓	✓	✓	✓			✓
Tsao,Ching-Ming	M	✓	✓	✓	✓	✓	✓		✓

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

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

April 30, 2023

Title	Nationality	Name	Gender	Service Date of first term	Shares Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and important experience	Selected Current Position at Other Companies	Executives, directors, or supervisors who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Shao,Ten-Po	Male	June 23, 2022	-	-	-	-	-	-	Honorary doctorate of National Chiayi University Honorary doctorate of Chaoyang University of Technology	Note 1	-	-	-	-
Strategy Director	R.O.C.	Wang, Chuan-Cheng	Male	December 2020	-	-	-	-	-	-	5 year junior college mechanical engineering programme,Affiliated Senior Industrial Vocational Continuing Education High School of National Cheng Jung University Vice Chairman of NAM LIONG ENTERPRISE CO., LTD.	Note 2	-	-	-	-
General Manager	R.O.C.	Chang, Shun-Ching	Male	August 2016	-	-	-	-	-	-	Chemical Engineering BA, Feng Chia University Vice General Manager by the company	Note 3	-	-	-	-
Chief Financial Officer	R.O.C.	Pai,Ching-Jen	Male	December 2020	-	-	-	-	-	-	Graduate Institute of Finance MA, National Cheng Kung University Associate by the Company	Note 4	-	-	-	-
Accounting Manager	R.O.C.	Su,Meng-Hsu	Female	August 2016	-	-	-	-	-	-	Graduate Institute of Accounting MA, Yuan Ze University Assistant manager of Deloitte Touche Tohmatsu Limited	N/A	-	-	-	-
Finance Manager	R.O.C.	Lin,Hua-Tse	Male	April 2017	-	-	-	-	-	-	Department of Accounting, Feng Chia University Audit Lead at Ernst & Young Global Limited	Note 5	-	-	-	-

Note 1: Chairman of U-LONG HIGH-TECH TEXTILE CO., LTD., Chairman of UNION LINE TEXTILE CO., LTD., Chairman of Skycosmos Sport and outdoor products Ltd., Chairman of TIONG LIONG INDUSTRIAL CO., LTD., Chairman of DECORTEC HOLDING CO., LTD., Chairman of TIEN JIANG ENTERPRISE CO., LTD., Chairman of HONG LIONG TEXTILE CO., LTD., Chairman of Bi Hai Entertainment Co., Ltd., Chairman of EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD., Chairman of EVER DEVELOPMENT INVESTMENT CO., LTD., Chairman of SICOM ENTERPRISE CO., LTD., Chairman of JSM Agricultural Development Co., Ltd., Chairman of Gu Hong Investment CO., LTD., Chairman of ZI LIONG ENTERPRISE CO., LTD., Chairman of Gu Yi Investment CO., LTD., Chairman of Shi Jin Culture and Art Co., Ltd., Chairman of Jiafeng Maoliang Investment Co., Ltd., Chairman of Quanye Kangyang Development Co., Ltd., Chairman of Liongtex Innovation Enterprises Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Aquatic Solar Power Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Farm and Aquatic Solar Power Co., Ltd., The Authorized Representative of the Juristic Person acts as the

Chairman of Tian Mao Investment Holding Co., Ltd., The Authorized Representative of the Juristic Person acts as the Chairman of GREENRAY BIOMEDICAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of AGRO-GREEN INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Chairman of TrueLove Solar Power Co., Ltd., Chairman of Winning Industrial Co.,Ltd, Director of HONG LI TEXTILE CO., LTD., Director of GREAT & MAGNIFICENT CO., LTD., Director of Universal Mean Great Health Technology Co., Ltd., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of DECORTEC CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Heng Ding Biotechnology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Yuan Yun Food Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of Chia Yuan BioTech Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of Fuqing Hong Liong Textile Technology Co., Ltd., Director of Hong Liong International Holdings Limited, Director of Nan Yang Enterprise Co., Ltd. (Hong Kong), Director of GREAT FORTUNE HOLDING Co., Ltd., Director of Sino Max International Holding Co., Ltd., Director of HONTEX INTERNATIONAL HOLDINGS Co., Ltd., Director of GreatHealth Industry Development Co., Ltd., Director of Sino Max International (Cayman) Corporation, Director of Realpro Holdings Ltd..

Note 2: Chairman of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD., Chairman of JIAXING NANXIONG POLYMER CO., LTD., Director of TIONG LIONG INDUSTRIAL CO., LTD., Director of Gu Hong Investment CO., LTD., Director of JSM Agricultural Development Co., Ltd., Director of UNION LINE TEXTILE CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of Jiafeng Maoliang Investment Co., Ltd.

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

Note 4: Chairman of EARS MANAGEMENT & CONSULTANT COMPANY, The Authorized Representative of the Juristic Person acts as the Chairman of ETERNALCARE BIOTECH INC., Director of EVER DEVELOPMENT INVESTMENT CO., LTD., Director of E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD., Director of JSM Agricultural Development Co., Ltd., Director of YOHO BEACH RESORT CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of ELEMENTECH INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Director of GIDEON ENTERPRISE CO., LTD., Supervisor of Gu Hong Investment CO., LTD., Supervisor of ETERNALCARE BUSINESS LTD., Supervisor of Quanye Kangyang Development Co., Ltd., Supervisor of Universal Mean Great Health Technology Co., Ltd., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENCHEM INTERNATIONAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of GREENRAY BIOMEDICAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of Jiafeng Maoliang Investment Co., Ltd., The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO.,LTD, The Authorized Representative of the Juristic Person acts as the Director of DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD, The Authorized Representative of the Juristic Person acts as the Director of SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD., Director of TA HSIN COMPANY LIMITED, Manager of Tien Pou International Ltd.,Taiwan Branch, Director of Gold Formosa Ltd..

Note 5: The Authorized Representative of the Juristic Person acts as the Supervisor of HUI LIANG INDUSTRIAL CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of GIDEON ENTERPRISE CO., LTD., The Authorized Representative of the Juristic Person acts as the Supervisor of SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD..

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

(1) Director and independent director remuneration

Unit: NT\$ thousands

Title	Name	Director remuneration								Amount and Ratio of Total A, B, C, and D to Net Income after Tax		Remuneration Received as Employee								Amount and Ratio of Total A, B, C, D, E and F to Net Income after Tax		Remuneration from a non-sub-sidiary investee company or parent company
		Remuneration (A)		Pension (B)		Director Remuneration (C)(Note)		Operation fee (D)				Salaries bonus, and special allowance, etc. (E)		Pension (F)		Employee remuneration (G)(Note)						
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL		All Consoli-dated Entities		NL	All Consolidated Entities	
Chairman	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao,Ten-Po	-	-	-	-	278	278	36	36	314 0.18%	314 0.18%	9,646	9,646	-	-	-	-	-	-	9,960 5.61%	9,960 5.61%	-
Director	ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao,Chung-Hu	-	-	-	-	278	435	18	710	296 0.17%	1,145 0.64%	-	600	-	-	-	-	-	-	296 0.17%	1,745 0.98%	-
Director	Chang, Shun-Ching (June 23, 2022 onboard)	-	-	-	-	139	139	24	24	163 0.09%	163 0.09%	3,826	3,826	54	54	1,175	-	1,175	-	5,218 2.94%	5,218 2.94%	-
Director	Pai,Ching-Jen	-	-	-	-	278	330	36	126	314 0.18%	456 0.26%	1,698	1,698	69	69	175	-	175	-	2,256 1.27%	2,398 1.35%	-
Director	Hsiao,Yu-Chiao	-	-	-	-	278	278	24	42	302 0.17%	320 0.18%	1,595	1,595	81	81	-	-	-	-	1,978 1.11%	1,996 1.12%	-
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang, Chuan-Cheng (June 23, 2022 discharged)	-	-	-	-	139	139	-	-	139 0.08%	139 0.08%	1,756	1,756	54	54	200	-	200	-	2,149 1.21%	2,149 1.21%	-
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang,Shih-Ting (June 23, 2022 onboard)	-	-	-	-	139	139	24	24	163 0.09%	163 0.09%	915	915	35	35	75	-	75	-	1,188 0.67%	1,188 0.67%	-

Unit: NT\$ thousands

Title	Name	Director remuneration								Amount and Ratio of Total A, B, C, and D to Net Income after Tax		Remuneration Received as Employee								Amount and Ratio of Total A, B, C, D, E and F to Net Income after Tax		Remuneration from a non-subsidiary investee company or parent company
		Remuneration (A)		Pension (B)		Director Remuneration (C)(Note)		Operation fee (D)				Salaries bonus, and special allowance, etc. (E)		Pension (F)		Employee remuneration (G)(Note)						
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL		All Consolidated Entities		NL	All Consolidated Entities	
Independent Director	Huang,Chung-Hui	368	368	-	-	278	278	127	127	773 0.44%	773 0.44%	-	-	-	-	-	-	-	-	773 0.44%	773 0.44%	-
Independent Director	Huang,Wen-Ming	368	368	-	-	278	278	127	127	773 0.44%	773 0.44%	-	-	-	-	-	-	-	-	773 0.44%	773 0.44%	-
Independent Director	Tsao,Ching-Ming (June 23, 2022 onboard)	192	192	-	-	139	139	84	84	415 0.23%	415 0.23%	-	-	-	-	-	-	-	-	415 0.23%	415 0.23%	-

1. Please specify remuneration policy, system, standard and structure for independent directors, and justify in terms of their scope, risk, work time and other associating factors with remuneration: Independent director remuneration depends on one's participation and contribution to company operation and is remunerated on a monthly basis and fixed amount. No floating bonus. Independent directors are obliged to supervise and contact the management of the company for company information regularly. The current annual remuneration is reasonable.
2. Besides aforesaid disclosure, please specify the remuneration from service at any company stated in the Business Report of Board of Directors (E.g. Parent company/any company from financial statement/Third-party investee other than employees' advisor, etc.): None.

Note: Director and supervisor remuneration and employee remuneration for 2022 have been adopted by Board of Directors votes.

(2) Supervisor remuneration

Unit: NT\$ thousands

Title	Name	Supervisor remuneration						Amount and Ratio of Total A, B, and C to Net Income after Tax		Remuneration from a non-subsiidiary investee company or parent company
		Remuneration (A)		Supervisor Remuneration (B)(Note)		Operation fee (C)		NL	All Consolidated Entities	
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities			
Supervisor	HONG LI TEXTILE CO., LTD. Representative: Hung,Chun-Chih (June 23, 2022 discharged)	–	–	138	164	12	90	150 0.08%	254 0.14%	–
Supervisor	Hsu,Cheng-Hsing (June 23, 2022 discharged)	–	129	138	138	12	24	150 0.08%	291 0.16%	–

Note: Director and supervisor remuneration and employee remuneration for 2022 have been adopted by Board of Directors votes.

(3) General manager and vice general manager remuneration

Unit: NT\$ thousands

Title	Name	Pay (A)		Pension (B)		Bonus, and special allowance, etc. (C)		Employee remuneration (D)(Note)				Amount and Ratio of Total A, B, C and D to Net Income after Tax		Remuneration from a non-subsiidiary investee company or parent company
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL		All Consolidated Entities		NL	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Chang, Shun-Ching	2,700	2,700	108	108	4,965	4,965	2,350	–	2,350	–	10,123 5.70%	10,123 5.70%	–
Strategy Director	Wang, Chuan-Cheng	2,262	2,262	108	108	902	902	400	–	400	–	3,672 2.07%	3,672 2.07%	–
Chief Financial Officer	Pai,Ching-Jen	1,140	1,140	70	70	558	558	175	–	175	–	1,943 1.09%	1,943 1.09%	–

Note: Employee remuneration for 2022 have been adopted by Board of Directors votes.

(4) Top 5 supervisor remuneration

Unit: NT\$ thousands

Title	Name	Pay (A)		Pension (B)		Bonus, and special allowance, etc. (C)		Employee remuneration (D)(Note)				Amount and Ratio of Total A, B, C and D to Net Income after Tax		Remuneration from a non-subsiary investee company or parent company
		NL	All Consolidated Entities	NL	All Consolidated Entities	NL	All Consolidated Entities	NL		All Consolidated Entities		NL	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Chang, Shun-Ching	2,700	2,700	108	108	4,965	4,965	2,350	–	2,350	–	10,123 5.70%	10,123 5.70%	–
Chairman	Shao, Ten-Po	3,960	3,960	0	0	5,686	5,686	–	–	–	–	9,646 5.43%	9,646 5.43%	–
Strategy Director	Wang, Chuan-Cheng	2,262	2,262	108	108	902	902	400	–	400	–	3,672 2.07%	3,672 2.07%	–
Accounting Manager	Su, Meng-Hsu	1,121	1,121	70	70	887	887	225	–	225	–	2,303 1.30%	2,303 1.30%	–
Chief Financial Officer	Pai, Ching-Jen	1,140	1,140	70	70	558	558	175	–	175	–	1,943 1.09%	1,943 1.09%	–

Note: Employee remuneration for 2022 have been adopted by Board of Directors votes.

(5) Managers who allocate employee remuneration and allocation details

Unit: NT\$ thousands; April 30, 2023

	Title	Name	Stock	Cash	Total	Ratio of Total to Net Income after Tax(%)
Manager	Strategy Director	Wang, Chuan-Cheng	–	400	400	0.23%
	General Manager	Chang, Shun-Ching	–	2,350	2,350	1.32%
	Chief Financial Officer	Pai, Ching-Jen	–	175	175	0.10%
	Accounting Manager	Su, Meng-Hsu	–	225	225	0.13%

Note: Employee remuneration for 2022 have been adopted by Board of Directors votes.

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

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

Unit: NT\$ thousands

Year	Total remuneration for directors, supervisors, general manager, and vice general manager (Note)		Remuneration ratio to net income after tax (%)	
	NL	All Consolidated Entities	NL	All Consolidated Entities
2021	27,994	30,092	18.63	20.03
2022	35,429	37,283	19.95	20.99

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

2. Remuneration policy, standard and combination, promulgation procedure business performance and future risk relativity

(1) Director and supervisor remuneration: includes transport reimbursement, business operation pays and remuneration. The remuneration depends on one's participation in business operation and contribution; Remuneration Committee is authorized to settle director and supervisor remuneration pursuant to articles of incorporation, and shall present to Board of Directors for adoption and to Board of Shareholders.

(2) General manager and vice general manager remuneration: the remuneration is determined pursuant to remuneration standard of the company and reference to standard of same industry. The bonus and employee remuneration are allocated depending on articles of incorporate and references to business performance and one's contribution to the company. Remuneration and bonus shall be reviewed by Remuneration Committee and adopted by Board of Directors. Employee remuneration shall be adopted by Board of Directors and presented to Board of Directors.

(3) In consideration of potential risks of the company in future, directors and supervisors of the company do not have other remuneration. In the event that directors and supervisors operate company business, they may be remunerated or reimbursed for transport. The company shall remunerate based on common standard of same industry regardless of balance.

(4) Net income after tax is a result of the past two years by the company. The remuneration depends on business performance and references to remuneration standard of same industry. The ration of net income after tax for the past two years to net income after tax has not incurred material change.

4. Implementation of corporate governance

(1) Board of Directors

Operation of the Board of Directors

A total of 6 (A) meetings of Board of Directors were held in recent year. The attendance of directors and supervisors were as following:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%)【B/A】(Note)	Remarks
Chairman	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao,Ten-Po	6	0	100	Re-elected on June 23, 2022
Director	ZI LIONG ENTERPRISE CO., LTD. Representative: Hsiao,Chung-Hu	3	2	50	Re-elected on June 23, 2022
Director	Chang,Shun-Ching	4	0	60	Onboard on June 23, 2022
Director	Pai,Ching-Jen	6	0	100	Re-elected on June 23, 2022
Director	Hsiao,Yu-Chiao	4	2	67	Re-elected on June 23, 2022
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang,Chuan-Cheng	0	0	0	Discharged on June 23, 2022
Director	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Wang,Shih-Ting	4	0	100	Onboard on June 23, 2022
Independent director	Huang,Chung-Hui	6	0	100	Re-elected on June 23, 2022
Independent director	Huang,Wen-Ming	6	0	100	Re-elected on June 23, 2022
Independent director	Tsao,Ching-Ming	4	0	100	Onboard on June 23, 2022
Supervisor	HONG LI TEXTILE CO., LTD. Representative: Hung,Chun-Chih	2	0	100	Discharged on June 23, 2022
Supervisor	Hsu,Cheng-Hsing	2	0	100	Discharged on June 23, 2022

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

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

Other mentionable items:

- If any of the matters referred to in Article 14-3 of the Securities and Exchange Act or other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors occur, the dates of the meetings, sessions, contents of motion, all independent directors'opinions and the company's response shall be specified: N/A.
- Implementation of conflict of interest shall state directors, subject, reason for conflict, and voting result. Implementation of avoidance of conflict of interest amid 2022 Board of Director Meeting as following:

Directors	Proposal	Reason for avoidance of conflict of interest & Voting Result
Huang,Chung-Hui Huang,Wen-Ming Tsao,Ching-Ming	Recruitment of 5th Remuneration Committee members by the company	Directors other than those with conflicts of interest stipulated by Art. 206-2 of Company Act hereof have adopted without objection.

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

Evaluation frequency	Evaluation term	Evaluation scope	Evaluation scope	Evaluation scope
Annual	2022	Overall Board of Directors	Insider self-evaluation of Board of Directors	Participation in operation, quality of decision-making by the Board of Directors, composition and organisation of Board of Directors, election and self-development of directors, internal control
		Respective director from the Board	Self-evaluation by members Board of Directors	Understanding of company goal and targets, understanding of directors' duties, participation in company operation, governance and communication of internal relations, profession and continual development of directors, internal control, etc.
		Functional Committee	Self-evaluation of Functional Committee	Participation in business operation of the company by Remuneration Committee, Audit Committee, understanding of committees' duties, decision making quality of committees, composition of committees and election of members, internal control

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

(1) Towards improvement of competency of Board of Directors

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

(2) Implementation:

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

(2) Operation of Audit Committee or participation in Board of Directors by supervisors

1. Operation of Audit Committee

A total of 3 (A) meetings of the Audit Committee were held in 2022. The attendance of independent directors is as following:

Title	Name	Actual Meetings Present (B)	Meetings Present by Proxy	Actual Meetings Present Ratio (%) 【B/A】	Remarks
Convenor	Huang, Chung-Hui	3	0	100	
Member	Huang, Wen-Ming	3	0	100	
Member	Tsao, Ching-Ming	3	0	100	

2. Operation of participation in Board of Directors by supervisors

A total of 2 (A) meetings of the Board of Directors were held in 2022. The attendance of supervisors is as following:

Title	Name	Actual Meetings Present (B)	Actual Meetings Present Ratio (%) 【B/A】 (Note)	Remarks
Supervisor	HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	2	100	Discharged on June 23, 2022
Supervisor	Hsu, Cheng-Hsing	2	100	Discharged on June 23, 2022

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

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

Other mentionable items:

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

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date of Audit Committee meeting	Subject	Expression of advice or objection by independent directors	Resolution of Audit Committee	Company response to expression by Audit Committee
Aug. 10, 2022	2022 Q2 Financial Statements.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Amendment to internal control system and internal audit implementation guideline by the company.			
	Amendment to "Remuneration Committee Charter" by the company.			
	Implementation of internal audit of the company.			
Oct. 20, 2022	Implementation of internal audit by the company.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Intention for cash capital increase in TIONG LIONG INDUSTRIAL CO., LTD. by the company.			
Nov. 9, 2022	Implementation report of financial derivatives, endorsement guarantee, and financing provided to other parties.	None of the present independent director expressed objection or reservation.	Agreement and adoption by the overall Board	N/A
	Implementation of internal audit of the company.			
	2023 audit plan by the company.			
	2022 Q3 Financial Statements of the company.			
	Amendment to internal control system and internal audit implementation guideline by the company.			
	Intention for first domestic issuance of guaranteed convertible bond by the company.			

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

2. Composition and responsibilities of supervisors

(1) Communication among supervisors and company employees and shareholders (e.g., communication channels, approaches, etc.)

The company solely respects supervisors exercising responsibilities and allows communication between company employees and shareholders. Supervisors pay occasional visits by the company and are reachable for employees and shareholders by email.

(2) Communication among supervisors and internal audit supervisor and auditors (shall discuss material items, approaches, and result on company finance, operation conditions, etc.)

A. Supervisors may report financial statements to auditors, be informed of new promulgated audit principles. Auditors shall present key audit items to supervisors by the company.

B. Auditors shall submit audit reports regularly to supervisors and document audit result.

3. Should supervisors in attendance have expressions, the date, session, subject, resolution of, and response to supervisor expression of the Board of Directors meeting: N/A.

(3) Corporate Governance Implementation Status and Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Cause

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles” and Cause
	Y	N	Summary	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles”?	✓		The company has promulgated corporate governance practice principle and discloses on the company website.	No material deviation.
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?		✓	(1) The company has appointed an exclusive role (spokesperson and substitute spokesperson) in response to advice or questions, and commission a stock affair agent and competent attorney that provides legal advice, shareholders’ advice, concerns and disputes.	No material deviation.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The company has a relevant department that masters shareholding details of directors, managers, and major shareholders whose ratio is over ten percent and discloses major shareholders and ultimate controllers hereof. The management maintains good communication and contact and declares information in case updates.	No material deviation.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The company has promulgated relevant implementation guideline and provisions. Personnel, assets, property, financial affairs with affiliates are handled respectively and independently with clear responsibilities, and is being implemented pursuant to regulations.	No material deviation.
(4) Does the company establish internal rules against prohibition to insiders trading with undisclosed information?	✓		(4) In order to maintain fair transaction for the securities market, the company has promulgated implementation guideline for insider trading management prevention. It prohibits insiders from any potential insider transaction conducts and trades of marketable securities with un-disclosed information on the basis of one’s role or control as a knower of the company, in order to protection investors and to secure the company’s rights.	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles” and Cause
	Y	N	Summary	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1) The company has promulgated corporate governance practice guideline to reinforce the structure of the Board of Directors which states the composition of the Board of Directors shall take account of diversification policy, e.g. diverse profession background, duties or gender, etc.; members of the Board of Directors shall overall be in possession of knowledge, skills, and characters required for duty implementation. In order to achieve the corporate governance targets, directors shall have following competence as following: 1. Operation judgement. 2. Accounting and financial analytic 3. Governance management 4. Crisis management 5. Industry knowledge 6. Mastering international market 7. Leadership 8. Decision-making For diversification of Board of Director members, please refer to Directors, supervisors (2) of the annual report P.14.	No material deviation.
(2) Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) Other than Remuneration Committee and Audit Committee, the company established a merger committee for the current requirements of the company. It resolves if merger plans and transactions are fair and reasonable and reports the resolution to Board of Directors or Board of Shareholders.	No material deviation.
(3) Has the company established a standard to assess the performance of the Board and implement it annually, and are the performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	✓		(3) The company has promulgated performance evaluation guideline for Board of Directors, including its criteria, and the performance result for 2022 was submitted to Board of Directors on March 29, 2023.	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles” and Cause
	Y	N	Summary	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The company evaluates CPA independence and submits for adoption of Board of Directors then commissions. CPA independence for 2023 was submitted to Board of Directors for resolution on March 29, 2023.	No material deviation.
4. Have TWSE/GTSM listed companies appointed a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?		✓	Finance department is exclusively responsible for corporate governance and provides directors, supervisors information required for their duty operation, organisation of Board of Directors and shareholders' meetings, minutes of meetings for Board of Directors and shareholders, etc.	No material deviation.
5. Has the company established a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company established internal and external communication channels with integrity and respect values, which is disclosed in annual report and company information. It has a stakeholder section on company website and maintains good communication with stakeholders. It allows stakeholders to access to sufficient information for their judgement. Besides via contact number or email address, company website was set. The company maintains smooth communication with stakeholders including liaised banks and other creditors, employees, customers, suppliers and stakeholders to the company's benefit. We provide a comprehensive interface for subjects and enquiry, and respond to major CSR concerns for stakeholders via announcements on MOPS.	No material deviation.
6. Does the company commission a professional shareholder service agency to deal with shareholder affairs?	✓		The company commissions Board of Shareholders meetings and stock affairs to Fubon Securities Co., Ltd..	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles” and Cause
	Y	N	Summary	
7. Information Disclosure				
(1) Has the company set up a corporate website to disclose both financial conditions and corporate governance details?	✓		(1) The company and its subsidiaries established a company website: http://www.namliong-global.com . Financial operation and corporate governance are disclosed. Subsidiary website has information on company products. It allows understanding of company operations for shareholders and the public.	No material deviation.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?		✓	(2) The company appoints exclusively a role for disclosure of material information of the company and inputs to MOPS and company website and implements spokesperson system. Other information of important subsidiaries shall be disclosed by the parent company as a proxy announcer. The information of the company will be disclosed adequately.	No material deviation.
(3) Has the company announced and report annual financial statements within two months after the end of each fiscal year, and announced and presented Q1, Q2, and Q3 financial statements, as well as monthly operation results by the stipulated deadline?		✓	(3) The company does not yet manage to announce and declare annual financial statements within two months from end of fiscal year. Q1, Q2, Q3 financial statements and monthly business operation were declared by the deadline.	Under rectification.
8. Is there any other important information to facilitate a better understanding of the company’s governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	✓		(1) Employee rights: The company and subsidiaries treat employees with integrity. We promulgated employee benefit measures, trainings, etc., and pay tribute to their diverse talents pursuant to Labor Standards Act in order to protect legal rights and equal opportunities of the employees. (2) Contractor enquiry: The company and affiliates are well-trained and established a Labor benefit committee. Labor relations and trust are built via benefit committee operation and benefit affairs. (3) Shareholder relations: The company has a contact solely in charge of reception of shareholders’ feedbacks, and the information is disclosed on MOPS and the company website. It allows investors to be informed of business operation, and communicates with investors via Board	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles” and Cause
	Y	N	Summary	
			<p>of Shareholders and spokesperson.</p> <p>(4) Suppliers: the company and affiliates have evaluated suppliers for years. The company and affiliates have established good cross-relations with suppliers throughout years.</p> <p>(5) Rights of stakeholders: stakeholders may communicate and advise the company to ensure their legal rights.</p> <p>(6) Self-development of directors and supervisors: the company encourages directors to participate in trainings. Please refer to following table Self-development of directors and supervisors for details.</p> <p>(7) Implementation of risk management policy and risk evaluation criteria: the company and subsidiaries promulgated internal conventions by law for risk management and evaluation. Relevant operation meets relevant regulations in order to employ resources efficiently, prevent accidents’ occurrence, and protect company assets.</p> <p>(8) Implementation of customer policy: the company and affiliates maintain sound relations with customers and our common goal is ultimate customer satisfaction. We respond to customer enquiry and feedbacks for products and maintain good relations to achieve company margins.</p> <p>(9) The company insured director and supervisor liability insurance since May 1, 2019.</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: The company prioritises structure and operation indicators of Board of Directors and reinforces competency of Board of Directors and meeting efficiency so that evaluation indicators and deviation of the company can be mastered. Evaluation is supervised beyond literalism, and towards advanced, revolutionary, efficient Board of Directors.</p>				

■ Self-development of directors of the company

Title	Name	Term of training		Organiser	Session	Hour(s) of training
		Start	End			
Chairman Director Director Director Director Director	Shao,Ten-Po Hsiao,Chung-Hu Chang,Shun-Ching Pai,Ching-Jen Hsiao,Yu-Chiao Wang,Shih-Ting	Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Board of Directors under ESG governance	3
Independent director Independent director Independent director	Huang,Chung-Hui Huang,Wen-Ming Tsao,Ching-Ming	Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Disclosure of material information and director and supervisor liabilities of the company	3
Director	Wang,Shih-Ting	Aug. 17, 2022	Aug. 17, 2022	Accounting Research and Development Foundation	TCFD Report Summary: Master Key points	3
		Sep. 23, 2022	Sep. 23, 2022	Taiwan Corporate Governance Association	Cyber world explodes: future development of Metaverse and cryptocurrency blockchain	3
Independent director	Tsao,Ching-Ming	Aug. 11, 2022	Aug. 11, 2022	Securities and Futures Institute	Directors and (independent) supervisors & corporate governance practice advanced seminar (Commercial Case Adjudication Act)	3
		Dec. 13, 2022	Dec. 13, 2022	Accounting Research and Development Foundation	Disclosure and relevant standard of ESG information	3

(4) Composition and operation of Remuneration Committee

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

1. Remuneration Committee members

Title	Name	Credential	Credential and experience	Independence (Note)	Number of other listed companies where entitled independent director	Remarks
Convenor Independent director	Huang,Chung-Hui		Please refer to Director and Supervisor (1) (P.9~11) for details on qualification and experience of directors.	All committee members conform to the following: 1. Conforms to Financial Supervisory Commission decreed Art. 14-6 of Securities Exchange Act and relevant provisions of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange(Note) 2. A (substantial) shareholder, whose spouse or minor children are a shareholder of the company. 3. No remunerated commercial, legal, financial, accounting, or other service by the company or its affiliated companies within the past two years.	4	
Independent director	Huang,Wen-Ming				-	
Independent director	Tsao,Ching-Ming				-	
Other	Tung,Feng-Sheng	FengShen CPA Agency			-	Discharged on June 23, 2022

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

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

2. Remuneration Committee Operation

(1) 3 Remuneration Committee members of the Company in total.

(2) Term of members of the 4th Committee: June 25, 2019 until June 22, 2022. 1 Remuneration meeting (A) was held in recent year, member's credential and attendance to following:

Title	Name	Number of meetings attended in person (B)	Meetings attended by Proxy	Attendance (%)【B/A】(Note)	Remarks
Convener	Huang, Chung-Hui	1	0	100	
Member	Tung, Feng-Sheng	1	0	100	
Member	Huang, Wen-Ming	1	0	100	

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

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

(3) Term of members of the 5th Committee: June 23, 2022 until June 22, 2025. 1 Remuneration meeting (A) was held in recent year, member's credential and attendance to following:

Title	Name	Number of meetings attended in person (B)	Meetings attended by Proxy	Attendance (%)【B/A】(Note)	Remarks
Convener	Huang, Chung-Hui	1	0	100	
Member	Huang, Wen-Ming	1	0	100	
Member	Tsao, Ching-Ming	1	0	100	

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

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

Other mentionable items:

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

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Cause
	Y	N	Summary	
1. Has the company established CSR structure and (non-)exclusive CSR promotion unit? Has Board of Directors authorised high managerial positions solely and supervised?	✓		The company established a CSR committee in February 2023, which consist of a core promotion team and greenhouse gas inventory team.	No material deviation.
2. Has the Company evaluated risks associating environment, society, and company governance regarding company operation and promulgated related risk management or strategy based on materiality principle?	✓		The company and subsidiaries evaluate risks on environment, society and corporate governance and plan response plans based on materiality identification principle for 2021.	No material deviation.
3. Environment (1) Has the Company established environment management industry-wise?	✓		(1) The company and subsidiaries abide by EHS rules and relevant provisions and align with EHS development. We established and improve environment management system and train our fellows with proper environmental protection concept. We acquired Environment Management System ISO14001 (Ref. 20001995 UM15) and Global Recycling Standard (GRS) and appoint senior EHS manager to maintain environment management.	No material deviation.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) The company and subsidiaries promote comprehensive energy reduction measures; meanwhile energy reduction for the plant is being worked on by replacing old energy-consuming equipment. Energy-reducing equipment is preferred for procurement. We encourage parties to improve energy consuming efficiency and inspect the capacity of high-energy consuming equipment. In order to reduce environmental load, we implement measures e.g. reuse of business waste(textile waste, waste plastic) for reformation into solid recovered fuel(SRF) from 2022, in order to reduce incineration, landfill, and other environmental impact.	No material deviation.
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The company and subsidiaries evaluate potential risks and opportunities regularly regarding climate change and apply response measures if applicable. We plan and update to energy saving equipment in association with government policy.	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Cause
	Y	N	Summary	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>(4)The company launched first ISO14064-1:2018 greenhouse gas inventory and accepted external verification (inventory of previous year) in 2022. Tainan Branch’s overall emission of greenhouse gas is 6,097.5603 tons of carbon dioxide for the entire year. Category 1: direct emission of greenhouse gas is 2,644.3364 tons of carbon dioxide and accounts for 43.37%. Category 2: Indirect emission of energy is 2,199.4908 tons of carbon dioxide and accounts for 36.07%. Category 3(3~6): emission of other is 1253.7331 and accounts for 20.56%. Pursuant to current ISO14064-1: 2018 and national standard of Republic of China, CNS 14064-1 : 2021, having been verified via third-party verifcator SGS Taiwan.</p> <p>2022’s total water consumption of the Tainan Branch is 98,929 tons, 7,369 tons at Niao Song Factory, 4,497 tons at Ren Ai Factory, 2,066 tons at Dong He Factory; total business waste of the Tainan Branch is 857.22 tons, 98.61 tons at Niao Song Factory, 15.39 tons at Dong He Factory.</p> <p>We implement recycling measures and promote rubbish classification and reduction, promote xerox with second-use scrap paper, promote water and electricity saving policy, reduce disposable tableware, in order to save energy and reduce carbon. We promote proactively waste reuse. The reuse waste of 2022 by the company is 439.75 tons and accounts for 45.3%.</p>	No material deviation.
<p>4. Social Topics</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>(1) The company and subsidiaries abide by Taiwan’s Labor law, Universal Declaration of Human Rights, International Labor Organisation spirits and promulgated internal control system and relevant management guideline to ensure employees’ legal rights and non-discriminatory policy in recruitment, etc.</p> <p>Taiwan’s Labor law includes mainly following:</p> <ol style="list-style-type: none"> 1. Labor Standards Act 2. Occupational Safety and Health Act 3. Act of Gender Equality in Employment 4. Employment Service Act 5. Labor Insurance Act 6. National Health Insurance Act 	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Cause												
	Y	N	Summary													
			<p>7. Act for Protecting Worker of Occupational Accidents 8. Employee Welfare Fund Act 9. People with Disabilities Rights Protection Act 10. Labor Pension Act</p> <p>Aforesaid regulations are all abided by with promulgation of management guideline by the company. The company advocates universal human rights as a policy and here is its implementation:</p> <table border="1"> <thead> <tr> <th>Universal human rights policy</th> <th>Implementation by the company</th> </tr> </thead> <tbody> <tr> <td>Child Labor ban</td> <td>Child and minor Labor ban and misjudgment remedy have been established; all employees must be at least 18.</td> </tr> <tr> <td>Non-forced Labor</td> <td>Anti-punishment, forced Labor, prison Labor management procedure has been established. Foreign Labor contractors guard their own passports, passbooks, and debit cards.</td> </tr> <tr> <td>Employee freedom of assembly and association</td> <td>Protection management procedure of freedom of association and beliefs has been established. Employees are encouraged to take part in association activities and subsidised.</td> </tr> <tr> <td>Establishment of safe and healthy work environment</td> <td>ISO-45001 and ISO-14001 management system has been established and qualified for external audit.</td> </tr> <tr> <td>Compliance with basic wage</td> <td>The minimum wage of the wage structure by the company shall not be inferior to local basic wage and additional benefits shall be offered.</td> </tr> </tbody> </table>	Universal human rights policy	Implementation by the company	Child Labor ban	Child and minor Labor ban and misjudgment remedy have been established; all employees must be at least 18.	Non-forced Labor	Anti-punishment, forced Labor, prison Labor management procedure has been established. Foreign Labor contractors guard their own passports, passbooks, and debit cards.	Employee freedom of assembly and association	Protection management procedure of freedom of association and beliefs has been established. Employees are encouraged to take part in association activities and subsidised.	Establishment of safe and healthy work environment	ISO-45001 and ISO-14001 management system has been established and qualified for external audit.	Compliance with basic wage	The minimum wage of the wage structure by the company shall not be inferior to local basic wage and additional benefits shall be offered.	
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Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Cause
	Y	N	Summary	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		Legal work and breaks	The company offers annual leaves, personal leaves, and relevant leaves by law. No work exceeding maximum legal Labor hours is forced for employees.
			Anti-discriminatory and anti-harassment	We have established an anti-discriminatory management procedure and sexual harassment reporting and response measures. We are dedicated to establishing a safe, fair, and healthy work environment,
			Protection of female coworkers	We have established ISO-45001 management system and are dedicated to four projects regarding protection of employee health as a government policy
			Aforesaid is our compliance with universal human rights policy.	
			(2) The company and subsidiaries have established following: 1. Remuneration complies with basic wage and reflects business performance or result in employee remuneration and bonus. 2. Annual, personal, illness, menstrual, family-care, quarantine/accompany, maternal, maternal-care, maternal accompany, maternal-care accompany, wedding, funeral, and business leaves. 3. Other benefits: a. Employee benefit remuneration: birthday gift money, new year gift, Lantern Festival lottery, child scholarship, liaised shops, maternity subsidy, wedding subsidy, family funeral subsidy, travel subsidy, hospitalisation subsidy, company insurance. b. Covid-19 exemption: unsevere Covid-19 patients may apply for work from home; employees whose family have Covid-19 or are in quarantine may apply for quarantine-care leaves; Covid-19 patients who are contracted from business reasons may be granted paid quarantine leaves.	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Cause
	Y	N	Summary	
			c. Occasional self-owned products with employee discounts.	
(3) Does the company provide a healthy and safe working environment and organise training on health and safety for its employees on a regular basis?	✓		(3) Employees are deemed important assets to the company and subsidiaries. We offer a good work environment and training to enhance employee competency. In order to prevent occupational hazards and protect safety and health of all employees, we acquired occupational safety and health management system ISO45001 certificate (ref. 010-22002-O). We implement management based on PDCA principle so that highly risky work is identified in workplace, and unacceptable risky work is selected for rectification. In order to ensure employee physical and mental health, a health-check is conducted for all employees every two years regularly. On-site doctors and nurses are appointed for management of special cases from health checks, instruction and health education, health promotion for employees, etc., as well implementation of four projects (prevention of human error hazards, disease prevention from irregular work load, illegal violation during duties, maternal health protection). Highly-riskied employees are interviewed to prevent occupational disease and protect physical and mental health of employees.	No material deviation.
(4) Does the company provide its employees with career development and training sessions?	✓		(4) The company and subsidiaries have established employee training system, in order to facilitate the establishment of employee competency, which ranges from the following four: 1. Onboard training: Employees are oriented with onboard training to familiarise them with company culture, rules and safety and health rules, so that employees are familiarised with work environment. 2. OJT training: each department conducts annual OJT training based on our fellows' competence requirements. 3. Annual training: HR arranges annual training based on training requirements proposed by each department in combination with company strategy and targets. 4. External training: each party assigns personnel or employees appli for training at external institutes. 5. Other occasional or training by protect.	No material deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Cause
	Y	N	Summary	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5) The products and service of the company and subsidiaries comply overall with regulatory and international standard, with contact for professional service. Many products of the company acquired OEKO TEX certificate and acquired EU REACH limited material tests or US California 65 Test. General hook-and-loop fasteners all comply with 38 environmental toxic material standards, which ensures care-free use of our products in terms of health concerns.	No material deviation.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights and its implementation?	✓		(6) The company and subsidiaries promulgated supplier evaluation orientation procedure and cooperation contract on supplier principle and conduct; it ensures raw materials comply with order or contractual quality, comply with belonging locale or local law of trade, and human rights requirements of employees. Should suppliers violate environment protection, occupational safety health, or Labor rights or other regulatory, the company will re-evaluate the agreement and potential.	No material deviation.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance or guarantee from a third party verification unit?	✓		The company printed 2020 CSR Report pursuant to GRI Standards-2016 in 2021 and published on company website; not yet certified by a third-party. Our planning is to prepare 2022 CSR Report in 2023 and repeat by year and for certification or guarantee from a third-party.	No material deviation.
6. Should the company have established CSR guideline pursuant to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please specify its deviation hereof in implementation: The company has established CSR principle and has no material deviation from practice.				
7. Other useful information for explaining the status of corporate social responsibility practices: the company has established CSR section on official website. In future its implementation will be disclosed on company website and MOPS, etc. 1. The company and subsidiaries abide by life and environment respect as core value, as well as promotion of CSR. Eco-family strategy has been promulgated towards green products' integration with 3R-Replace, Recycle, Reduce, in order to develop biotech and circular economy; we have acquired Bluesign, Oeko-tex, GRS, FSC CoC, USDA green certificates and been promoting energy saving, carbon and waste reduction movements as environmental protection; we appreciate all-round development of employees, human rights, justice, careerpath as for the society. We were chosen as 1111 Human Resources' Happy Companies for 2022. 2. Other CSR promotions have been disclosed in same annual report.				

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Measures taken

Evaluation Item	Implementation			Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	Summary	
<p>1. Establishment of ethical corporate management policies and programmes</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The company has promulgated Ethical Corporate Management Best Practice Principles to which directors, supervisors, managers, and employees are subject, and shall pay attention to good manager principle and be obliged to loyalty, and operate duties based on principle of integrity and credibility.</p> <p>(2) The company promulgated Ethical Corporate Management Best Practice Principles and Ethical Corporate Procedure and Conduct Guideline to which highly ethically risky conducts within scope of operation are subject.</p> <p>(3)The company prohibits fraud and profiteering and insider trading by Ethical Corporate Management Best Practice Principles and Ethical Corporate Procedure and Conduct Guideline with punishment and appeal approaches. The company pays attention to development of domestic and international ethical corporate provisions, to which the ethical corporate and promotion measures of the company are pursuant for review, in order to improve the implementation of ethical corporate.</p>	<p>No material deviation.</p> <p>No material deviation.</p> <p>No material deviation.</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	<p>✓</p>		<p>(1) The company and affiliates conduct fair and transparent business activities and is informed of credit history of the trading partners via background check and open information. The contract with clients shall include Ethical Corporate Management Best Practice Principles policy and clauses that stipulate in the event of violation to ethics by the trading partner, suspension or termination of contract will apply at any time.</p>	<p>No material deviation.</p>

Evaluation Item	Implementation			Deviation from Ethical Corporate Management for TWSE/GTSM Listed Companies and Cause
	Y	N	Summary	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2) Finance department is in charge of Ethical Corporate Management Best Practice Principles by the company and is supervised by the Board of Directors.	No material deviation.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) Directors, managers, and employees by the company and affiliates shall abide by regulation and internal control standard. All employees shall sign an NDR. They are obliged to maintain operation, documents and clients' information, etc. absolutely confidential. Meeting guideline for Board of Directors by the company states avoidance shall apply in the event that directors have conflict of interests with subject matters of the meeting or the legal person one represents.	No material deviation.
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessment and promulgate audit plans to audit the systems accordingly to prevent unethical conduct, or commission external auditors to audit?	✓		(4) The company and affiliates promulgated and implement effective audit system, internal control system, internal audit system and management guideline which auditors conduct spot check; it may be commissioned to CPA auditors. A specialised agency may be commissioned herefor.	No material deviation.
(5) Does the company regularly hold internal and external training on ethical corporate management?	✓		(5) The company and affiliates organise meetings and trainings regularly and promote Ethical Corporate Management Best Practice Principles and relevant provisions.	No material deviation.
3. Whistle-blowing implementation				
(1) Has the Company established both a reward/disciplinary system for whistle blowing, and personnel exclusive for defendant appeal?	✓		(1) The company and affiliates allow reporting unethical conducts to competent supervisors against violation to Ethical Corporate Management Best Practice Principles and as well to a management member. Upon reception of reporting, the management will report the chairman; the chairman will assign to investigate independently.	No material deviation.
(2) Has the Company promulgated a standard investigation procedure against whistle-blowing, and follow-up measures and confidential measures post-investigation?	✓		(2) The company and affiliates shall maintain reporting confidential during investigation, so that it will cause no irrelevant disruption or impact to the whistleblower. Subsequent measures will be taken after the completion of the investigation based on its gravity; it will be reported to the competent authority or judicial institute if applicable.	No material deviation.

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

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

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

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

1. In order to manage internal material information, the company has informed all directors, supervisors, and managers of Insider Trading Prevention Guideline, in order to prevent insider trading.
2. MOPS: <http://mops.twse.com.tw>
3. Company Website: <http://www.namliong-global.com>

(9) Implementation of internal control system shall disclose following

1. Internal control system statement

NAM LIONG GLOBAL CORPORATION
(Stock code: 5450)
Statement on Internal Control

Date: March 29, 2023

The Company states the following with regard to its internal control system in 2022, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinbelow, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2022 (date) its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix—effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.)
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 29, 2023(date), where all of the attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

NAM LIONG GLOBAL CORPORATION

Chairman: Shao,Ten-Po

General Manager: Chang,Shun-Ching

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

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

(11) Important resolution of Board of Shareholders and Directors

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

Date of meeting	Resolution	Review of implementation	Remarks
Annual Shareholders’ meeting on June 23, 2022	<u>Report Matters:</u> 1. 2021 business report. 2. Review report on the 2021 financial statements by supervisors. 3. Report on investment business. 4. Distribution of employees' and directors' and supervisors' compensation in 2021. 5. Amendment to “Ethical Conduct” by the company. 6. Amendment to “Ethical Corporate Management Best Practice Principles” by the company. 7. Amendment to “Procedures for Ethical Management and Guidelines for Conduct” by the company. <u>Acknowledgement Matters:</u> 1. Adoption of 2021 business report and financial atatements. 2. Adoption of 2022 distribution of earnings by the company. <u>Discussion(1):</u> 1. Amendment to “Articles of Incorporate” by the company. 2. Amendment to “Rules of Procedure for Shareholders Meetings” by the company. 3. Amendment to “Procedures for Election of Directors and Supervisors” by the company. 4. Amendment to “Regulations Governing the Acquisition and Disposal of Assets” by the company. 5. Amendment to “Regulations Governing Loaning of Funds” by the company. 6. Amendment to “Regulations Making of Endorsements/Guarantees” by the company. <u>Elections:</u> 1. Re-election of all (including independent) directors. <u>Discussion (2):</u> 1. Release of non-compete clause for new directors and behalf.	All proposals have been implemented based on amended criteria.	Adopted by overall present shareholders accordingly.

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

Date	Resolution
March 23, 2022	<ul style="list-style-type: none"> • Adoption of allocation of 2021 year end bonus by the company. • Adoption of 2021 parent company only financial statement, consolidated financial statement and business report. • Adoption of 2021 distribution of earnings by the company. • Adoption of 2021 employees' and directors' and supervisors' compensation by the company. • Adoption of 2021 internal control system disclaimer by the company. • Adoption of 2022 business plan proposal by the company. • Adoption of amendment to “Articles of Incorporate” by the company. • Adoption of commission of CPA independence evaluation for 2022. • Adoption of commission of CPA agency by the company for 2022. • Adoption of re-organisation by the company. • Adoption of amendment to “Ethical Conduct” by the company. • Adoption of amendment to “Ethical Corporate Management Best Practice Principles” by the company. • Adoption of amendment to “Procedures for Ethical Management and Guidelines for Conduct” by

Date	Resolution
	<p>the company.</p> <ul style="list-style-type: none"> • Adoption of amendment to “Regulations Governing the Acquisition and Disposal of Assets” by the company. • Adoption of amendment to “Regulations Governing Loaning of Funds” by the company. • Adoption of amendment to “Regulations Making of Endorsements/Guarantees” by the company. • Adoption of amendment to “Business Performance Incentive Guideline” by the company. • Adoption of amendment to “CSR Best Practice Principles” by the company. • Adoption of intention for application for long-term guarantee of loan for NAM LIONG ENTERPRISE CO., LTD. at Peitainan Branch, Land Bank of Taiwan (loan at NT\$ 47,550 thousand) and extension of repayment. • Adoption of intention for application for extension in export of quota for short-term credit to Tainan Branch from The Export-Import Bank of the Republic of China that is March 31 due to business requirements. • Adoption of intention for application for extension of entrusted guaranteed commercial promissory note of International Bills Finance Corporation that is March 30 due. • Adoption of acquisition for quota of loan at Bank SinoPac by the company. • Adoption of re-election of all (including independent) directors. • Adoption of release of non-compete clause for new directors and behalf. • Adoption of convention of 2022 shareholders’ meeting and Acknowledgement Matters by the company.
May 11, 2022	<ul style="list-style-type: none"> • Adoption of extension in endorsement guarantee for financing requirements of subsidiary by the company. • Adoption of amendment to “Regulations Governing Loaning of Funds” by the company. • Adoption of nomination and screening of (independent) directors. • Adoption of issuance of privately offered stocks for 2018.
June 23, 2022	<ul style="list-style-type: none"> • Election of new chairman of the company. • Adoption of 5th Remuneration Committee members by the company.
Aug. 10, 2022	<ul style="list-style-type: none"> • Adoption of intention for application for extension in quota of short-term credit at Tainan Branch, First Commercial Bank at thirty million NTD that is Aug. 13, 2022 due. • Adoption of approved quota at Bangkok Bank. • Adoption of application for quota at Tainan Branch, Taishin International Bank. • Adoption of amendment to “Seal Management Guideline” by the company. • Adoption of amendment to internal control system and internal audit implementation guideline by the company. • Adoption of amendment to “Remuneration Committee Charter” by the company.
Oct. 20, 2022	<ul style="list-style-type: none"> • Adoption of intention for cash capital increase in TIONG LIONG INDUSTRIAL CO., LTD. by the company.
Nov. 9, 2022	<ul style="list-style-type: none"> • Adoption of 2023 audit plan by the company. • Adoption of remuneration table with rankings by the company. • Adoption of amendment to “Insider Trading Prevention Guideline” by the company. • Adoption of amendment to internal control system and internal audit implementation guideline by the company. • Adoption of intention on business requirements for application for extension in short-term consolidated quota at Dong Tainan Branch, Shin Kong Bank that is Dec. 29 due. • Adoption of intention on business requirements for application for extension in short-term consolidated quota at Tainan Branch, Mega International Commercial Bank that is Dec. 15 due. • Adoption of intention for first domestic guaranteed convertible bond by the company. • Adoption of intention for application for guaranteed quota of loan at Land Bank of Taiwan by the company.
March 29, 2023	<ul style="list-style-type: none"> • Adoption of amendment to “Year End Incentive Bonus” by the company. • Adoption of allocation of 2022 year end bonus by the company. • Adoption of allocation of business performance and incentive bonus for 2022 by the company. • Adoption of 2022 parent company only financial statement, consolidated financial statement and business report. • Adoption of 2022 distribution of earnings by the company. • Adoption of 2022 employees' and directors' and supervisors' compensation by the company. • Adoption of 2022 internal control system disclaimer by the company. • Adoption of 2023 business plan proposal by the company. • Adoption of commission of CPA independence evaluation for 2023. • Adoption of commission of CPA agency by the company for 2023.

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

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

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

5. CPA commission details

Unit: NT\$ thousands

Audit Agency	Auditor	Audit Term	Commission	Non-audit Commission	Total	Remarks
Deloitte & Touche	Huang, Hsiu-Chun	2022/01/01-2022/12/31	3,850	350 (Tax Compliance Audit)	4,200	
	Chuang, Pi-Yu					
	Hsu, Ying-Ying		—	160 (Note)	160	

Note: Mainly consists of transferred commission fee.

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

6. Details on change of auditors

Should there be any change to auditors within two years or any following term, please disclose as following:

(1) On precedent CPA

Date of change	N/A		
Reason and justification for change			
Commissioner termination or CPA refusal of commission	litigant	CPA	Commissioner
	Case	N/A	
	Termination of commission Refusal of (re-)commission		
Reason and justification of approval of audit report other than non-reservation within two years	N/A		
Disagreement with issuer	Y		Audit principle or practice
			Disclosure of financial statements
			Verification scope or steps
			Other
	N		
Remarks: N/A			
Other disclosure (Art. 10 Para. 6 Sec. 1-4~Sec.1-7 disclosure matters of same principle)	N/A		

(2) CPA Successor

Auditor Agency	N/A
CPA Name	N/A
Date of Commission	N/A
Audit measures for specific transactions or audit principle and possible advice items and result issued on financial statements before commission	N/A
Written disagreements of succeeding CPA to precedent auditors	N/A

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

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

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

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

Title	Name	2022		As of April 29, 2023	
		Held Share Difference	Pledged Share Difference	Held Share Difference	Pledged Share Difference
Chairman (Re-elected on June 23, 2022)	ZI LIONG ENTERPRISE CO., LTD.	—	—	—	—
	Representative: Shao, Ten-Po	—	—	—	—
Director (Re-elected on June 23, 2022)	ZI LIONG ENTERPRISE CO., LTD.	—	—	—	—
	Representative: Hsiao, Chung-Hu	—	—	—	—
Director (Onboard on June 23, 2022)	Chang, Shun-Ching	—	—	—	—
Director (Re-elected on June 23, 2022)	Pai, Ching-Jen	—	—	—	—
Director (Re-elected on June 23, 2022)	Hsiao, Yu-Chiao	—	—	—	—
Director (Onboard on June 23, 2022)	EVER DEVELOPMENT INVESTMENT CO., LTD.	—	—	—	—
	Representative: Wang, Shih-Ting	—	—	—	—
Independent Director (Re-elected on June 23, 2022)	Huang, Chung-Hui	—	—	—	—
Independent Director (Re-elected on June 23, 2022)	Huang, Wen-Ming	—	—	—	—
Independent Director (Onboard on June 23, 2022)	Tsao, Ching-Ming	—	—	—	—
Strategy Director	Wang, Chuan-Cheng	—	—	—	—
General Manager	Chang, Shun-Ching	—	—	—	—
Chief Financial Officer	Pai, Ching-Jen	—	—	—	—
Accounting Manager	Su, Meng-Hsu	—	—	—	—
Finance Manager	Lin, Hua-Tse	—	—	—	—
Major Shareholder	ZI LIONG ENTERPRISE CO., LTD.	—	—	—	—

Stock transfer

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

Equity Pledge

Name	Reason for change in equity pledge	Date of change	Trading partner	Relations between trading partner with company, directors, supervisors, managers, and shareholders with a shareholding ratio over ten percent	Number of shares	Shareholding ratio	Equity pledge ratio	Pledge (redemption) amount
N/A								

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

Top ten shareholders per ratio and relations among them

April 29, 2023; Unit: share %

Name	Shareholding		Shareholding by Spouse, Minor Children		Substantial Shareholding		Top ten shareholders per ratio, or relatives, spouse, kinship within 2nd grade hereto		Remarks
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relation	
ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	88,221,501	72.08	—	—	—	—	—	—	
	—	—	—	—	—	—	HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	In-law	
HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	2,888,000	2.36	—	—	—	—	—	—	
	—	—	—	—	—	—	ZI LIONG ENTERPRISE CO., LTD. Representative: Shao, Ten-Po	In-law	
	—	—	—	—	—	—	EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Shao, Ten-Po	In-law	
Hung, Che-Yao	1,534,000	1.25	—	—	—	—	—	—	
Hsieh, Chih-Lin	1,257,000	1.03	—	—	—	—	—	—	
Chiang, Yung-Neng	1,059,000	0.87	—	—	—	—	—	—	
Hsieh, Shih-Ching	1,045,000	0.85	—	—	—	—	—	—	
Wang, Wan-Chen	820,000	0.67	—	—	—	—	—	—	
EVER DEVELOPMENT INVESTMENT CO., LTD. Representative: Shao, Ten-Po	537,760	0.44	—	—	—	—	—	—	
	—	—	—	—	—	—	HONG LI TEXTILE CO., LTD. Representative: Hung, Chun-Chih	In-law	
Wang, Hui-Yu	513,000	0.42	—	—	—	—	—	—	
Tsai, Ming-Fu	510,000	0.42	—	—	—	—	—	—	

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

Consolidated shareholding ratio

May 22, 2023; Unit: share %

Investee	Investment by the company		Investment from directors, supervisors, managers to business under direct or indirect control		Comprehensive investment	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
GREENCHEM INTERNATIONAL CO., LTD.	8,000,000	100	—	—	8,000,000	100
ELEMENTECH INTERNATIONAL CO., LTD.	10,612,130	100	—	—	10,612,130	100
ELEMENTECH (HONG KONG) LIMITED	—	100	—	—	—	100
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	1,930,000	100	—	—	1,930,000	100
SPEEDBEST INTERNATIONAL LIMITED	6,810,000	100	—	—	6,810,000	100
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	—	100	—	—	—	100
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	—	100	—	—	—	100
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	—	100	—	—	—	100
JIAXING NANXIONG POLYMER CO., LTD.	—	100	—	—	—	100
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	—	100	—	—	—	100

IV. Fundraising

1. Capital and shares

(1) Source of equity capital

1. Formation of capital

Year/Month	Issue Price (NT\$)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (thousands)	Price (NT\$ thousands)	Number of Shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share Price Disposition with Non-Cash Property	Other
1989/08	10	1,000	10,000	1,000	10,000	Foundation of share capital	—	—
1990/10	10	2,500	25,000	2,500	25,000	15,000 cash capital increase	—	—
1997/09	10	5,000	50,000	5,000	50,000	25,000 cash capital increase	—	—
1997/12	10	18,000	180,000	18,000	180,000	130,000 cash capital increase	—	—
1998/07	10	27,000	270,000	20,300	203,000	21,600 capital increase from earning 1,400 capital increase from employee bonus	—	Note 1
1999/08	10	27,000	270,000	22,100	221,000	6,240 capital increase from earning 1,760 capital increase from employee bonus	—	Note 2
2000/06	10	33,600	336,000	25,000	250,000	26,520 capital increase from earning 2,480 capital increase from employee bonus	—	Note 3
2001/03	30	33,600	336,000	30,000	300,000	50,000 cash capital increase	—	Note 4
2001/07	10	83,200	832,200	38,500	385,000	75,000 capital increase from earning 10,000 capital increase from employee bonus	—	Note 5
2002/07	10	83,200	832,200	51,804	518,040	115,500 capital increase from earning 17,540 capital increase from employee bonus	—	Note 6
2002/09	36	83,200	832,200	59,304	593,040	75,000 cash capital increase	—	Note 7
2003/06	10	83,200	832,200	76,225	762,250	148,260 capital increase from earning 20,950 capital increase from employee bonus	—	Note 8
2004/05	10	106,645	1,066,450	89,061	890,613	45,735 capital increase from earning 68,603 capital increase from paid-in capital 14,025 capital increase from employee bonus	—	Note 9
2004/12	10	106,645	1,066,450	84,361	843,613	4,700,000 shares cancelled	—	Note 10
2005/03	10	106,645	1,066,450	83,161	831,613	1,200,000 shares cancelled	—	Note 11
2005/06	10	106,645	1,066,450	78,161	781,613	5,000,000 shares cancelled	—	Note 12
2005/07	10	106,645	1,066,450	76,661	766,613	1,500,000 shares cancelled	—	Note 13
2005/10	10	106,645	1,066,450	72,661	726,613	4,000,000 shares cancelled	—	Note 14
2006/01	10	106,645	1,066,450	68,661	686,613	4,000,000 shares cancelled	—	Note 15
2006/03	10	106,645	1,066,450	66,661	666,613	2,000,000 shares cancelled	—	Note 16

Year/Month	Issue Price (NT\$)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (thousands)	Price (NT\$ thousands)	Number of Shares (thousands)	Price (NT\$ thousands)	Source of Equity Capital (NT\$ thousands)	Share Price Disposition with Non-Cash Property	Other
2006/05	10	106,645	1,066,450	64,661	646,613	2,000,000 shares cancelled	—	Note17
2006/07	10	106,645	1,066,450	61,661	616,613	3,000,000 shares cancelled	—	Note18
2006/10	10	106,645	1,066,450	58,661	586,613	3,000,000 shares cancelled	—	Note19
2006/12	10	106,645	1,066,450	55,661	556,613	3,000,000 shares cancelled	—	Note20
2009/02	10	106,645	1,066,450	50,392	503,923	5,269,000 shares cancelled	—	Note21
2019/01	10	200,000	2,000,000	122,392	1,223,923	72,000,000 shares of private replacement	—	Note22

Note 1: (98)Taiwan treasury (1) ref. 56205 approval of 4 July 1998.
Note 2: (99)Taiwan treasury (1) ref. 63199 approval of 22 July 1999.
Note 3: (00)Taiwan treasury (1) ref. 44962 approval of 24 May 2000.
Note 4: (01)Taiwan treasury (1) ref. 100196 approval of 16 Jan. 2001.
Note 5: (01)Taiwan treasury (1) ref. 137876 approval of 14 June 2001.
Note 6: Taiwan treasury 1 ref. 0910134003 approval of 21 June 2002.
Note 7: Taiwan treasury 1 ref. 0910134001 approval of 1 July 2002.
Note 8: Taiwan treasury 1 ref. 0920124203 approval of 3 June 2003.
Note 9: Taiwan treasury 1 ref. 0930124098 approval of 31 May 2004.
Note 10: Commercial sales 1 ref. 09301238780 approval of 16 Dec. 2004.
Note 11: Commercial sales 1 ref. 09401043240 approval of 28 March 2005.
Note 12: Commercial sales 1 ref. 09401096730 approval of 2 June 2005.
Note 13: Commercial sales 1 ref. 09401125680 approval of 13 July 2005.
Note 14: Commercial sales 1 ref. 09401199420 approval of 6 Oct. 2005.
Note 15: Commercial sales 1 ref. 09401269520 approval of 3 Jan. 2006.
Note 16: Commercial sales 1 ref. 09501048020 approval of 24 March 2006.
Note 17: Commercial sales 1 ref. 09501086960 approval of 11 May 2006.
Note 18: Commercial sales 1 ref. 09501150390 approval of 20 July 2006.
Note 19: Commercial sales 1 ref. 09501230390 approval of 13 Oct. 2006.
Note 20: Commercial sales 1 ref. 09501280500 approval of 18 Dec. 2006.
Note 21: Commercial sales 1 ref. 09801025460 approval of 13 Feb. 2009.
Note 22: Commercial sales 1 ref. 10801008480 approval of 28 Jan. 2019.

2. Equity

Unit: shares

Equity	Approved Share Capital			Remarks
	Shares Outstanding	Unissued shares	Total	
Registered ordinary shares	122,392,250	77,607,750	200,000,000	Listed

3. Overall declaration system: N/A.

(2) Shareholding structure

April 29, 2023

Shareholders	Government Agency	Financial Institution	Other Legal Person	Individual	Foreign Institution and Foreigners	Total
Number of employees	0	0	122	11,799	12	11,933
Number of shares held	0	0	91,747,886	30,459,832	184,532	122,392,250
Shareholding ratio	0.00%	0.00%	74.96%	24.89%	0.15%	100.00%

(3) Shareholding Dispersion

1. Common shares

April 29, 2023

Shareholding Scale	Number of Shareholders	Number of Shares	Shareholding Ratio
1 to 999	9,753	287,355	0.24%
1,000 to 5,000	1,512	3,393,738	2.77%
5,001 to 10,000	269	2,179,507	1.78%
10,001 to 15,000	94	1,212,719	0.99%
15,001 to 20,000	76	1,389,865	1.14%
20,001 to 30,000	58	1,510,835	1.23%
30,001 to 40,000	46	1,660,789	1.36%
40,001 to 50,000	30	1,387,273	1.13%
50,001 to 100,000	40	2,938,908	2.40%
100,001 to 200,000	31	4,374,000	3.57%
200,001 to 400,000	14	3,672,000	3.00%
400,001 to 600,000	3	1,560,760	1.28%
600,001 to 800,000	-	-	0.00%
800,001 to 1,000,000	1	820,000	0.67%
1,000,001 to 99,999,999	6	96,004,501	78.44%
Total	11,933	122,392,250	100.00%

2. Preferred stock: N/A.

(4) Major shareholders

April 29, 2023

Major Shareholder	Shares	Number of Shares	Shareholding Ratio
ZI LIONG ENTERPRISE CO., LTD.		88,221,501	72.08%
HONG LI TEXTILE CO., LTD.		2,888,000	2.36%
Hung,Che-Yao		1,534,000	1.25%
Hsieh,Chih-Lin		1,257,000	1.03%
Chiang,Yung-Neng		1,059,000	0.87%
Hsieh,Shih-Ching		1,045,000	0.85%
Wang,Wan-Chen		820,000	0.67%
EVER DEVELOPMENT INVESTMENT CO., LTD.		537,760	0.44%
Wang,Hui-Yu		513,000	0.42%
Tsai,Ming-Fu		510,000	0.42%

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

Unit: thousand shares; NT\$

Item		Year	2021	2022	As of May 22, 2023 (Note 4)
Price per share	Peak		23.00	21.50	25.80
	Bottom		15.60	16.10	17.75
	Mean		17.78	18.14	20.64
Net Value per share	Before Distribution		11.85	13.39	13.88
	After Distribution		11.25	(Note 5)	N/A
Earning per share	Weighted average number of shares		122,392 thousand shares	122,392 thousand shares	122,392 thousand shares
	EPS		1.23	1.45	0.01
Dividend per share	Cash dividend		0.60	0.65 (Note 5)	N/A
	Shares from earning		–	–	N/A
	Shares from paid-in capital		–	–	N/A
	Accumulative undistributed dividend		–	–	N/A
Return on Investment	Price to Earning Ratio (Note 1)		14.45	12.51	N/A
	Price to Earning Ratio (Note 2)		29.63	27.91	N/A
	Dividend yield (Note 3)		3.37%	3.58%	N/A

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share.

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share.

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.

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

Note 5: 2022 earning allocation has not been resolved by the Board of Shareholders.

(6) Dividend Policy by company & implementation

1. Dividend policy of articles of incorporate:

Dividend allocation policy by the company depends on current and future investment conditions, capital requirements, domestic and international competition conditions, capital requirements and sound financial planning, other factors, etc. for sustainability. Number of shares issued per year is equal to distributable total earning minus reservation for business performance conditions, set as 10% minimum; cash is preferred for dividend distribution and is 10% minimum of issued dividend total. Rest is distributed in dividends. No distribution of dividend will take place in the event of EPS under NT\$ 1.

2. Implementation:

The distribution of earnings by the company for 2022 is allocated from shareholder bonus of 2022's undistributed earnings at NT\$ 79,554,963, NT\$ 0.65 per share.

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

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

(8) Employee's and Director's compensation

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

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

2. Accounting process in the event of difference between distribution basis of employee and director bonus, calculation basis of number of shares distributed to employee bonus, actual distributed amount for current year and estimation:

Should there be change in employee remuneration and director and supervisor remuneration resolved by Board of Directors, the difference from change shall be arranged based on accounting process for change and resolved into the account by Board of Directors; it will not affect adopted financial statements.

3. Distribution of bonus distribution adopted in the board of directors meeting:

- (1) 2022 employee remuneration and director and supervisor remuneration by the company was adopted on March 29, 2023. Employee remuneration is NT\$ 14,590,000. Director and supervisor remuneration is NT\$ 2,500,000. Aforesaid remuneration was all distributed in cash.

- (2) Employee bonus and director bonus distributed in cash or stocks: should there be difference between annual recognition, the difference, casue, and resolution shall be disclosed: no difference exists between adopted employee remuneration and director and supervisor remuneration and 2022's recognition.

- (3) Employee bonus distributed in stocks and its ratio to total of earnings after tax from parent company only financial statement & employee bonus: N/A.

4. Actual distribution of employee and director bonus to previous year (including number of distributed shares, amount and price), and specify if difference between aforesaid and employee bonus and director bonus, and its reason and reaction: N/A.

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

2.Implementation of convertible bond

Types of convertible bond		1st Secured Convertible Bond
Issue date		March 21, 2023
Face Value		NT\$ 100,000
Place of issue and exchange		N/A
Issue price		The issue price is based on the 116.23% face value
Total value		NT\$ 500,000,000
Interest rate		0% Coupon rate
Issue period		The issue period is 5 years, starting March 21, 2023. The maturity date is March 21, 2028.
Guarantee Institution		Land Bank of Taiwan
Trustee		Yuanta Commercial Bank
Underwriter		Jih Sun Securities Co., Ltd.
Certification Lawyer		Attorney Chiu, Ya-Wen, Far East Law Office
Certification CPA		Huang, Hsiu-Chun and Chuang, Pi-Yu, Deloitte & Touche
Redemption of bonds		The secured convertible bonds will be repaid in cash within ten business days (including the 10th business day) based on the bond's face value, with the exception of the following: 1. Bondholders are allowed to convert the secured convertible bonds into ordinary shares of the Company under Article 10 of relevant measures, or redeem secured convertible bonds in advance in accordance with Article 18. OR 2. The Company exercises its right to repurchase secured convertible bonds from an over-the-counter market in accordance with Article 19. If the repayment date falls on a closing day of the Taipei Stock Exchange, it will be postponed to the next business day.
Outstanding principal		NT\$ 500,000,000
The articles of Redemption or Pay Off in advance		Please refer to convertible bond and conversion guideline by the company.
Restrictions		N/A
The name of Credit Evaluation Institution, Evaluate Date, Result of Corporate Bond Evaluation		N/A
Other right	Amount of converted (exchanged or subscribed) ordinary shares, overseas depositary receipts or other securities as of the publication date of the annual report	The convertible bond has no creditor exercising conversion.
	Issue and Transfer (Exchange or Purchase Plan)	Please refer to convertible bond and guideline by the company.
Issue and Transfer/ Exchange or Subscript Method for shares/ Possible dilution situation of equity by issuance conditions and the influence to current shareholders' right		Conversion guideline stipulates the conversion price per share is NT\$18.8. In the event of entire conversion to ordinary shares by the company, an additional 26,596 thousand shares will be issued. The maximum diluted earnings per share is 17.85% and it has limited effect on shareholders' equity.
The Name of Entrusted Depository Institution		N/A

Convertible bond information

Corporate Bond		First domestic guaranteed convertible bond
Year		Current year as of May 22, 2023
Item		
Market price of convertible bond	Peak	134.00
	Bottom	117.00
	Mean	125.81
Convertible price		NT\$18.8
Conversion (effective) price per date of issuance		Conversion price was NT\$18.8 per issuance on March 21, 2023.
Fulfillment of conversion obligations		Issuance of new shares

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

8. Implementation of capital allocation plan

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

Unit: NT\$

Issuance plan	First domestic guaranteed convertible bond			
Issuance	NT\$ 500,000,000			
Date of issuance	March 21, 2023			
Purpose of capital	Repayment of bank loan			
Implementation of previous season by end of annua report closure	Implementation		2023 Q1	Total
	Expenditure	Estimation	0	0
		De facto	NT\$ 154,690 thousand	NT\$ 154,690 thousand
	Implementation	Estimation	0%	0%
De facto		26.61%	26.61%	
Cost-effective analysis	The company repays raises bank funds in advance and it saves interests and strengthens financial structure; it enhances overall competitiveness of the company.			

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

V. Operation

1. Business

(1) Scope of business

1. Core operating business

- C301010 Spinning of Yarn
- C302010 Weaving of Textiles
- C303010 Manufacture of Non-woven Fabrics
- C306010 Wearing Apparel
- C399990 Other Textile and Products Manufacturing
- C402030 Manufacture of Leather, Fur and Related Products
- C804020 Industrial Rubber Products Manufacturing
- C804990 Other Rubber Products Manufacturing
- C805020 Manufacture of Plastic Films and Bags
- C805990 Other Plastic Products Manufacturing
- C901060 Manufacture of Refractory Products
- CF01011 Medical Devices Manufacturing
- CI01020 Rug and Felt Manufacturing
- CK01010 Footwear Manufacturing
- CM01010 Case and Bag Manufacturing
- CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
- D101060 Self-usage power generation equipment utilizing renewable energy industry
- EZ05010 Instrument and Meters Installation Engineering
- F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
- F106050 Wholesale of Ceramic and Glassware
- F107170 Wholesale of Industrial Catalyst
- F107990 Wholesale of Other Chemical Products
- F108031 Wholesale of Medical Devices
- F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- F120010 Wholesale of Refractory Materials
- F199990 Other Wholesale Trade
- F203010 Retail Sale of Food, Grocery and Beverage
- F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
- F206020 Retail Sale of daily commodities
- F207030 Retail Sale of Cleaning Supplies
- F207990 Retail Sale of Other Chemical Products
- F208031 Retail Sale of Medical Apparatus
- F208040 Retail Sale of Cosmetics
- F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- F220010 Retail Sale of Refractory Materials
- F299990 Retail Sale of Other Products
- F399040 Retail Sale No Storefront

- F401010 International Trade
- G799990 Other Transportation Support
- H703100 Real Estate Leasing
- I103060 Management Consulting
- I301010 Information Software Services
- IG03010 Energy Technical Services
- JE01010 Rental and Leasing
- JZ99990 Unclassified Other Services
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major products and business ratio

Unit: NT\$ thousands

Products	2022 gross sales	Ratio to business(%)
Power Supply	212,621	6.90
Chemical Products	142,725	4.63
Textile Composites	2,717,748	88.17
Other Products	9,133	0.30
Total	3,082,227	100.00

3. Current products (service) of the company

(1) Textile Composites

- A. Hook Loop Fastening Tape
- B. Tech-Textile
- C. Rubber Sponge
- D. Tech-Material

(2) Chemical Products

- A. Technical chemicals
- B. Polymer products

(3) Power Supply

(4) Other Products

4. New products under development

Textile Composites

For the application of green process and green circular application, it is still something the company is further researching and working on . So towards TPU film, development of all-circular water-proof moisture-permissible film material (TPEE/TPAE), development of highly-performing yarn and cloth, development of sea waste circular nylon composite, development of WSR series new products.

In response to development of end products, we plan to invest in the medical industry in 2022. We have acquired ISO 12485 certificate and production license for medical equipment, from materials system to medical accessory system, QMS certificate and medical technical equipment.

Chemical Products

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

Power Supply

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

of each product.

(2) Industry overview

1. Current and future industry

Textile Composites

The annual corporate strategy focuses on “resilience, creativity, optimal value”. In response to the trend of recycling, reuse, climate change, senior care, the company in the future will promote sustainability, deepen relations with its customers, construct a sound business system, the three aforesaid strategies. In the textile and polymer industry, we have polymer foaming material and polymer composite production plants, polymer TPU film and cloth adhesive plants, hook and loop/brush strip production plant, industrial safety of high-tech textile products and PPE production plant for the production of high-tech textile and polymer textile.

In response to the global climate change, carbon taxation, carbon trade, and carbon border adjustment mechanism (CBAM), Taiwan policy and energy issues, we proposed R&D and a plan for 2022~2024 towards recycled materials with green and low carbon cycle. We emphasize on carbon reduction. We elevate energy conversion efficiency and replaced the solvent process, reduced waste, implement a circular economy, and develop recyclable materials. We extended the green circular economy-ECO Family and strive to look for the core technique of each business and plan it.

In order to protect the body from external hazards in the environment, we developed a PPE series. The company focuses on light protection integrated with the development of smart equipment. Special fibre or auxiliary in combination with textile material or polymer foaming technique is applied to PPE or work safety protection. We are dedicated to offering protection for the body.

We offer products that focus on health, expanding its design as technical products. We care for health and propose a new point of view for health protection. We always update the product functionality amid the fast-paced life.

Chemical Products

Functional auxiliaries have diverse and broad applications. The products shall comply with various industrial requirements with new usages. Amid the industrial change, market shift, technical advancements and calls for green companies, functional auxiliaries are facing challenges in terms of environmental sustainability.

In recent years there has been an increase in environmental concerns, and there are calls for more environmentally-friendly products, which limits industrial development. For this goal, alongside with the reduction of trade barriers, we are phasing out non-environmentally friendly products into low-pollution processes and working on the R&D of functional products, etc.

Functional auxiliaries have had ups and downs amid the environmental change. The market is phasing out non-environmentally friendly products, and flows amid conditions of the downstream industry. In order to move towards environmental-friendliness and sustainability, we shall enhance research and development continuously. We expand our market and move forward to low-pollution processes and high-added value and environmentally friendly products, so that new opportunities will be created and sustainability will be implemented amid the call.

Power Supply

Power supply is a key component of all electronic products. Its application ranges from information, internet, communication, industry, national defense, aerospace equipment and consumer electronics, etc. The requirements for products are highly correlated to downstream market conditions, while it is not subject to market conditions of a given downstream industry, it is growing amid the rise of the application of each product. We therefore foresee the margin in the Power supply. Taiwan’s Power supply started to develop in the 60s. Manual wiring was conducted at an early stage. Amid the beginning 80s

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

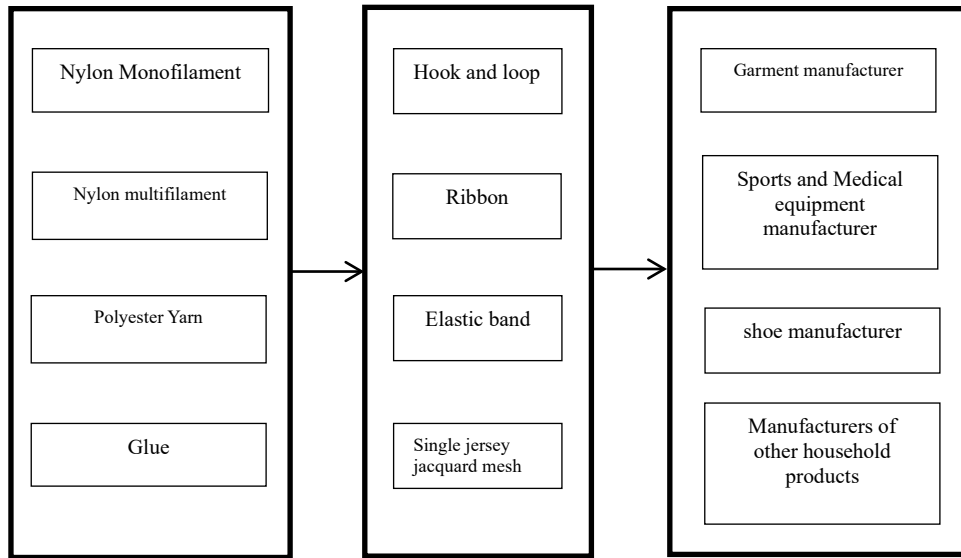
The market has recently changed amid end product applications. Upstream supplies tend not to spare inventory for long and increase the price due to demands from the market. Downstream customers shorten the lead time and reduce the costs. Large and slow companies are incurring immense adversity and transform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

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

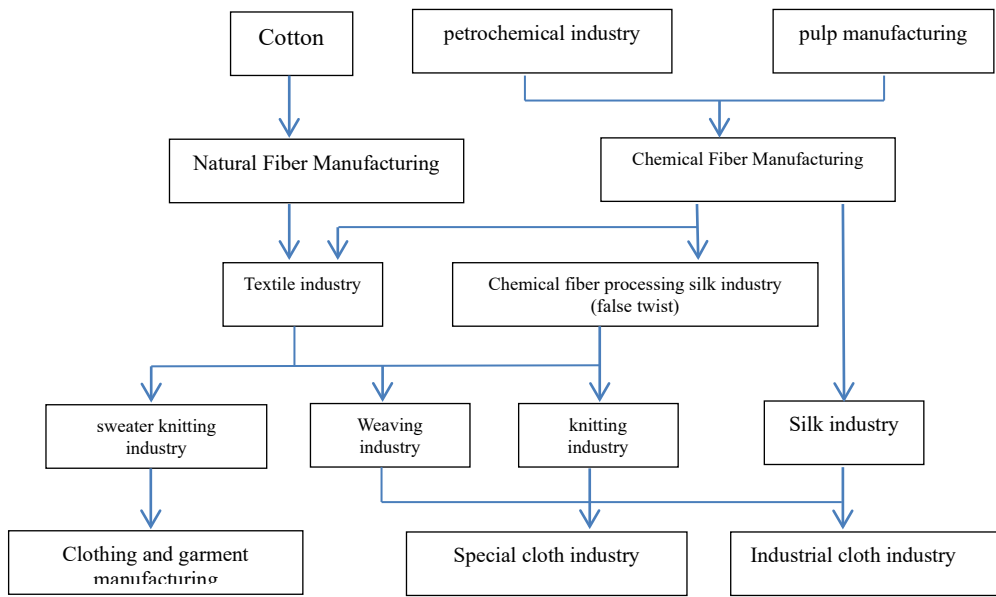
2. Association of up-, mid-, and downstream industries

Textile Composites

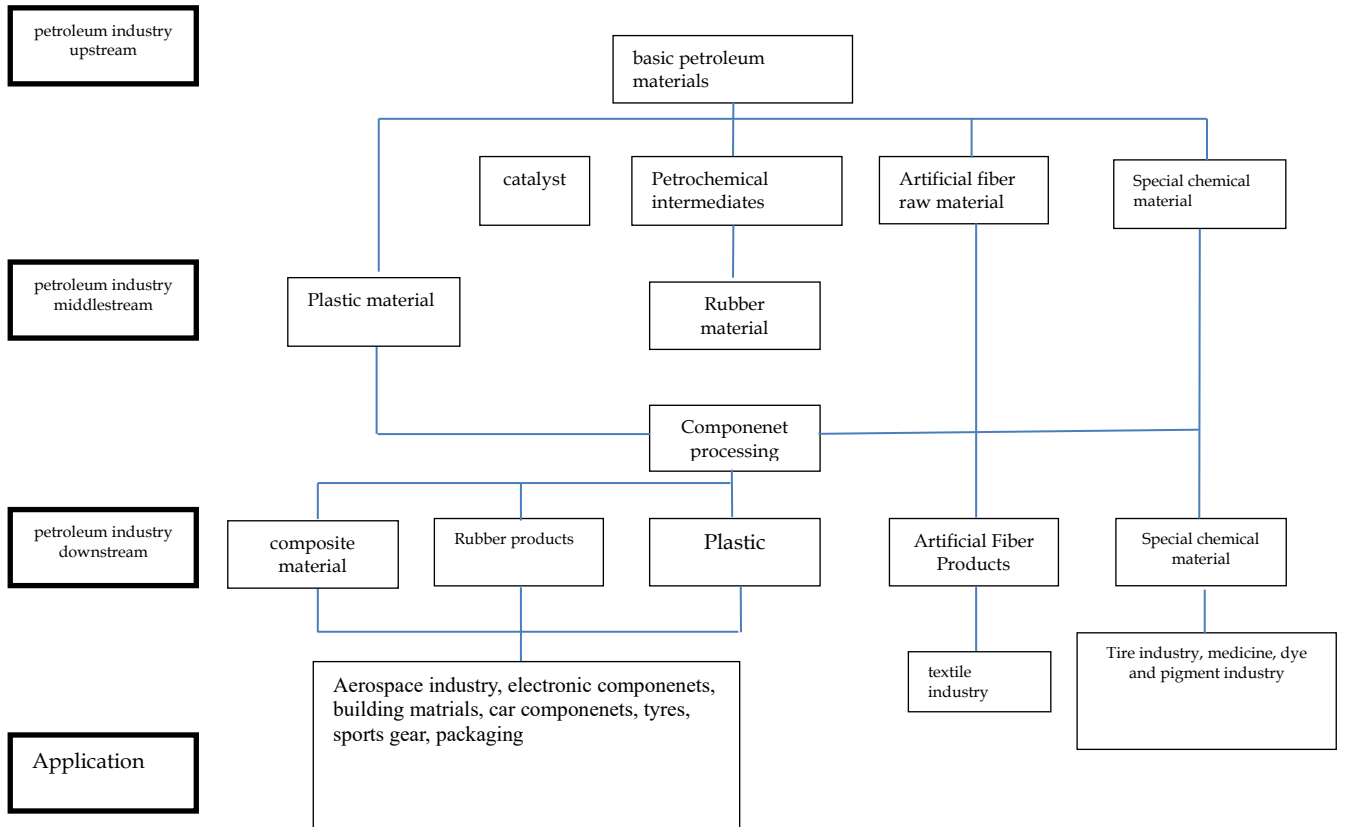
■ Hook Loop Fastening Tape



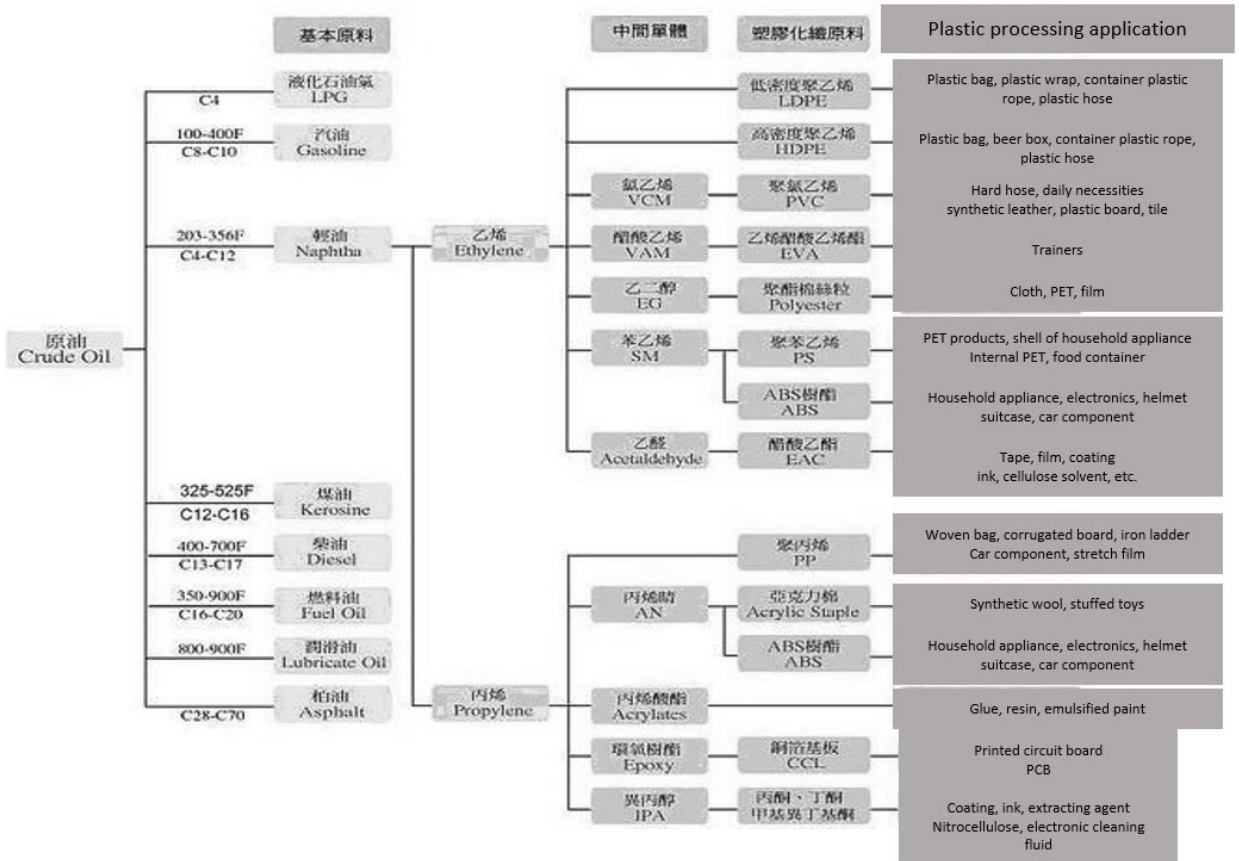
■ Tech-Textile



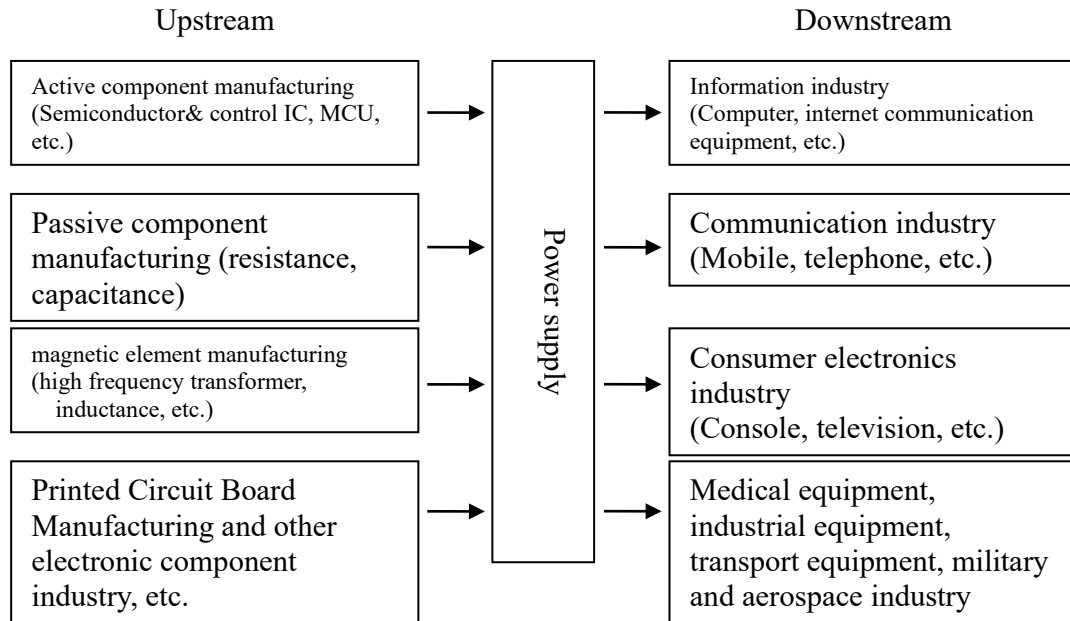
■ Rubber Sponge, Tech-Material



Chemical Products



Power Supply



3. Development trend and competitive of products

Product development trend

(1) Textile Composites

Overall textile and polymer industry are subject to change in the international economy, e.g., ongoing Covid-19 Pandemic, global inflation and Russian-Ukrainian War that causes oil price surge and hampers company operation. In order to maintain company operations and earnings, there shall be a change in production, sales, and R&D of new products.

■ Hook Loop Fastening Tape

In order to develop new products or customize products, we make process smart, sun stainable, and research and develop innovative products. We develop new or innovative products for current customers and develop new products on the basis of the current market and expand current sales to new market. We expand relations with customers with highly-customized products and services. We develop B2C and increase sales or market share of current products.

■ Tech-Textile

In response to protection requirements, we develop functional textile fabric and needlestick-proof products. Subsequently we will improve their comfort and protection (class 3~5) features in order to satisfy high-end and practical protection requirements. We reached an agreement with our competitors and support each other in specific aspects (materials, technique, platform, etc.) in terms of the requirements for strategic cooperation.

■ Rubber Sponge

For the sustainability of the company and market trend in the future, polymeric foam is being developed using light and green low pollution and highly functioning foam materials, with quality and recycling as a goal. We are focusing on the marketing of environmental polymeric materials, biopolymer materials, environmental light polymeric materials, bio-EVA, recyclable products. We develop highly functional foam and cooperate with brands and develop customised products.

■ Tech-Material

Development of TPEE/TPAE/functional film and functional master batches, and other diversified products. We expand TPU-products to upstream and certify the quality. We make good use of diversified production equipment (moisture reactive

PUR/oily PUR mesh roller & scraper) and have acquired material certificate (certification) threshold for market entry.

(2) Chemical Products

■ Technical Chemicals

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

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

Covid-19 policies of zero-tolerance have been lifted in terms of border reopening, economy reopening, while we cannot be optimistic about the overall industry. In the future, the domestic market will shrink due to the relocation of the downstream industry, which will affect the industry-wide competition. The company shall develop the international market and cooperate and integrate with international brands as a goal to work on.

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

■ Polymer Products

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

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

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

(3) Power Supply

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

of material application and develops new products against different applications in the market. We anticipate shifting from having only one single product in the market.

Competition

(1) Textile Composites

■ Hook Loop Fastening Tape, Tech-Textile

Besides production plants in Mainland China, we established production plants in Vietnam and a strategic association for the development of market in South East Asia and merged with a brand to expand our market share in the world.

We are updating and replacing equipment, rectifying old equipment and aged production personnel that impacts production efficiency and quality. Personnel shall be training for the short-, medium-, long-term. On the cooperation of supply chain, parts of products are commissioned that end up with poor management in scheduling and quality control. The lead time is affected. No accurate estimation can be made to ensure the lead time for customers. All departments are seeking for a solution.

■ Rubber Sponge, Tech-Material

The advantageous alliance between parent and subsidiaries with the integration of the advantages of Taiwan, Mainland, and Vietnam shall allow convenience and cost-effective shipping options for customers.

Materials focus on functionality. They are less sensitive to design with limited type and models, thus creates a challenge in the development of customization. From productivity, we shall replace old equipment and advance automatized production. Productivity will accelerate and production quality will stabilize. Young employees are trained for the short-, medium-, and long-term to ensure competitiveness.

(2) Chemical Products

■ Technical Chemicals

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

The company will be dedicated to managing the development of green products, invest in self-automation techniques, and focus on the technical development of product application. We will leverage on our technique and advantages of development speed to meet our customers' requirements.

■ Polymer Products

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

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

Despite the mature development of the polymer industry, the lack of market information by the companies and their intentions for scale production might lead to excessive investment; under excessive productivity, companies accept small orders

and price drops as chaos in supply and demand ensues.

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

(3) Power Supply

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

(3) Technique and R&D

1. Technical level and R&D of operating business

(1) Textile composites

Future R&D plan and investment

R&D product	Progress of R&D plan and schedule of mass production	Investment in R&D	Main factor that will affect R&D performance
Green process shall be developed (environmental-friendly water-based glue)	Under product development and trial production. Product categories expand in 2023 to 2024.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Environmental-friendly and material limitation/ban 3. Product performance and stability of quality
Development of all cycle water-proof moisture permeable film	Under product development and trial production. Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Environmental-friendly and material limitation/ban 3. Product performance and stability of quality
Complete development of bio-based rubber sponge	Under product development and trial production. Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Environmental-friendly and material limitation/ban 3. Customer requirements and promotion in market
WSR waste recycle with qualified development	Under product development and trial production. Product categories expand in 2023 and 2024.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Environmental-friendly and material limitation/ban 3. Product performance and stability of quality
Development of highly-performing yarn and swatches	Under product development and trial production. Development complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Product performance and stability of quality 3. Customer requirements and promotion in market

(2) Power supply

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

R&D product	Progress of R&D plan and schedule of mass production	Investment in R&D	Main factor that will affect R&D performance
Power converter for DC frequency convertible fan (domestic use)	Development started in 2022 Q2. To complete in 2023 Q2.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Master of market price 3. Dependency of household appliances
Domestic power storage(not high energy storage)	Development started in 2023 Q2. To complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	1. Master of key materials 2. Master of market price 3. Dependency of household appliances

2. Investment R&D expenses in 2022 as of March 31, 2023

Unit: NT\$ thousands

Item \ Year	2022	March 31, 2023 (Note)
R&D expenses	90,095	18,625
Income	3,082,227	583,085
Ratio to income	2.92%	3.19%

Note : Reviewed by CPA.

3. Developed products in 2022 as of March 31, 2023

Year	Item	Profit
2022 as of March 2023	Reused nylon from sea for composite	Test trial complete. Under mass production.
	Environmentally-friendly glue and process development	26% biomass. USDA will be certified. Trial production complete. Under mass production.
	Non-solvent environmentally-friendly weldable tape	Test trial complete. Under mass production.
	Development of process technique and films, environmentally-friendly recycled rTPEE film from sea	Test trial complete. Under mass production.
	Development of 100% recycled polyester (adhesion of polyester fabric and environmentally-friendly polyester)	Test trial complete. Under mass production.
	Development of highly wear-resistant cloth and coating processing	Test trial complete. Under mass production.
	Superconducting graphene energy cold-generating quilt, Tencel cold-generating quilt, graphene far infrared antibacterial heat-generating quilt	Test trial complete. Under mass production.
	Cala shoes-energy foot arch stretch	Test trial complete. Under mass production.
	Graphene titanium germanium 3D eye mask, waste support, energy bracers	Test trial complete. Under mass production.
	AerobicsVibrator, Whole Body Periodic Acceleration 2.0	Test trial complete. Under mass production.
	30W cable power supply (information equipment)	Test trial complete. Under mass production.
	High-voltage leakage protector (domestic)	Test trial complete. Under mass production.
	60W Ethernet cable power supply (commercial)	Test trial complete. Under mass production.
Plasma power supply derivatives (Dielectric barrier discharge wide type)	Test trial complete. Under mass production.	

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

1. Short-term business development plan

(1) Textile Composites

■ Hook Loop Fastening Tape, Tech-Textile

Increase in ratio of non-clothing market (medical equipment/ car equipment/bag equipment/national defense industry). It deepens customer relations and develops projects based on customer Acknowledgement Matters for development. We have mastered the market trends and cooperate closely with customers. We develop with mutual trust and mutual benefit.

We analyze requirements of key customers with significant sales boost for products and develop customized products.

In order to enhance the accuracy in lead time, we strengthen instant information feedback among businesses, speed up information transmission, short pending time of customers. We shorten communication time with the reinforcement of information and shorten the lead time for customers.

■ Rubber Sponge, Tech-Material

In order to enhance customer and brand development, we are moving towards market development and endeavoring customer relations. We maintain key customers. We shall analyze carefully and consider the feasibility against items being developed for the top 20 customers. We develop new function and new market and promote green & circular economy products.

We are certified (BuleSign, OEKO-TEX class 1, GRS, etc.), patented and in collaboration with major brands (including top-notch material suppliers). It enhances company image and creates opportunities for cooperation.

We pick apart highly-priced and non-competitive materials, production specification and customers and offer reasonable pricing for green products under no impact to customer brands' profit for their choice of environmentally-friendly and sustainable products. It generates an even greater margin.

Due to the impact of the Covid-19 pandemic, we are concerned with the currency forecast and future development. It will allow us to respond to the price of materials and products in a timely manner for better profit.

(2) Chemical Products

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

B. We reinforce natural and environmentally friendly products to open up opportunities in the market.

C. We seek strategic partners and expand their overseas market via current customer relations.

D. We expand business level via brand agents and supplier associations and develop customer brands.

(3) Power Supply

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

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

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

D. We analyze current customers and target potential customers for deepening relations.

E. We seek new product lines and develop via cross-industry alliance.

2. Long-term business development plan

- (1) We establish regional agents or sale system and seek suitable agents or sellers depending on local potential.
- (2) We raise our global reputation via internet marketing. We establish a professional image via constant updates to our company website and enhance Google search.
- (3) We attend big international fairs (e.g., US diving DEMA, US Foam Expo, etc.) and enhance marketing and global exhibits. We attract the media via site interactive events and exposure and attend relevant professional forums and expositions.
- (4) We optimise brand and reputation in the market. We seek supplier partners with a trustworthy quality and establish long-term customer relations.
- (5) We establish sustainable targets for the company and promote environmentally-friendliness. We improve social welfare and create a good image for the company in the world.
- (6) We are keen to develop new functions and new product markets. We develop high added value products and increase the profit for products.
- (7) We seek association with world brands for the development of new products or become an OEM thereof.
- (8) We continue to expand our overseas markets. South East Asia is our main development region. The market development focuses on Vietnam, Indonesia, Thailand, and Malaysia.

2. Market and product & sales

(1) Market analysis

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

Unit: NTS thousands

Region	Year	2021		2022	
		Sales	Ratio	Sales	Ratio
Taiwan		918,830	27.37%	782,359	25.38%
Asia		1,528,410	45.53%	1,430,336	46.41%
America		466,201	13.89%	410,621	13.32%
Europe		253,036	7.54%	317,421	10.30%
Other		190,423	5.67%	141,490	4.59%
Total		3,356,900	100.00%	3,082,227	100.00%

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

Market share

(1) Textile Composites

■ Hook Loop Fastening Tape, Tech-Textile

Currently the major sale location is focused on Taiwan and Mainland China. There is still room for growth in the US and Europe markets. We are expanding our global business. However, due to the current global situation and the Covid-19 pandemic, progress has been slow. We will manage to improve.

We enhance the exposure of the existing brand in the current market. We associate with brands and customers strategically. Sales shall improve their competence and enhance the knowledge of different materials, reflect customers' requirements in a timely manner and advise customers properly. We shorten the R&D and production schedule of products, facilitate the efficiency of product development, and thus achieve customer satisfaction. We integrate the material supply chain with materials from affiliates and other supply chains. We strive for OEM, ODM cooperation with brands.

■ Rubber Sponge, Tech-Material

We have moved one step forward towards sales in Vietnam and expanded to other markets outside Asia. We are developing the existing domestic market and Mainland Chinese market. We are establishing strong roots in Taiwan, with our foot in the World.

We improve our brand's image and reputation, develop the overseas market, seek cooperation with global brands. We concentrate on tracking the current developing projects of flagship brand customers and discuss the information sources with customers or use it; we strive to understand and forecast future market trends. We promote to target customers. We analyze the product requirements of our key customers whose turnover has a significant increase. We integrate the supply chain and facilitate a customised production development.

(2) Chemical Products

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

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

(3) Power supply

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

Future supply and demand of the market

(1) Textile Composite

■ Hook Loop Fastening Tape, Tech-Textile

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

■ Rubber Sponge, Tech-Material

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

(2) Chemical Products

Polymer products and special chemical products have been a severe red sea market for the longest time. The competition has not eased despite loads of customers downstream relocating overseas, while the competition relocated overseas. The output value will still grow, while customers downstream transfer to technical areas from the old industry. Non-toxic products replace products with highly toxic substances so that competitiveness is enhanced in the industry.

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

(3) Power Supply

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

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

Niche competition

(1) Textile Composite

■ Digital transformation and global marketing

The company launched digital marketing since 2020 on the existing strength and specialised categories of the company. There has been gradual growth and substantial performance. First-time inquiries worldwide in 2022, touched by digital marketing, has an increase of 3,858. The completed transaction online from new customers has an increase of over 50% from previous year. With the three-year accumulated digital marketing experience and optimization, we are focused on keywords and texts and pictures. We therefore understand how to conduct digital marketing from customers' requirements. We build multilingual service that overcomes the resource limits and time difference and thus our cooperation can develop.

■ Differentiated polymer composite

On the basis of existing supply chain, we explore new suppliers to be competitive with new material acquisition. The extraordinary technical development allows diverse customized materials and end product processing service. We have a one-stop-shop for all services. Our years' development of biomass materials in 2022 has gained reputation from our branded customers, from which the orders are increasing. Amid the ESG carbon reduction, our endeavor to collaborate with branded customers as a strategy is becoming a competition niche.

(2) Chemical Products

A. We will promote self-owned brand and OEM co-exists. We integrate technical core, customize products with special specifications. We plan our market strategy for OEM opportunities to increase business power.

B. We master our product techniques and associate with suppliers upstream.

C. We have been developing in the market and are experienced in sufficient application in practice. We can offer technical advice and customize products pursuant to customer requirements.

(3) Power Supply

A. We integrate techniques and profession in the market of specific applications with fast and complete service and new competitive products. We are increasing market share as well as the gross margin of our products.

B. We increase service and components agent so that it will deepen our customer relations, e.g., we offer customized magnetic and hardware components, apply for safety certificates for our customers, provide product testing, etc.

Advantages

(1) Textile Composite

■ Hook Loop Fastening Tape, Tech-Textile

In order to access the high margin product category, and free from low margin competition, we are improving the performance of products and stabilise in the market via international safety, environmental protection certificates. We are associated with and develop with competitive suppliers. Amid the global Covid-19 pandemic and Russia-Ukraine War, there is a significant demand in the medical industry. Medical protective gear is significant and consumable, which facilitates the development of hook and loops in future.

The shift in supply chain after the China-US Trade War is advantageous in terms of replacement. We are adjusting service for back processing of hook and loops. It facilitates customer service in terms of a one-stop-shop for all. We are adjusting also with flexible pricing as a strategy. We made a great deal in 2022's turnover.

■ Rubber Sponge, Tech-Material

Due to climate change and ESG call, our branded customers and end customers

recognise environmental friendly products, which leads to an increase in its market share by year. We are promoting ESG strategy, no matter in the development of biomass or circular reused materials and via certificates (USDA, Oeko-Tex Standard 100, Bluesign, UL, FSC); it allows an increase in our credibility with customers in terms of our competence and products that strike a deal by year.

Given that our polymer composite manufacturing is located cross the Taiwan Strait and in Vietnam, etc., we are competitive on the basis of a flexible supply chain and tariff reduction in ASEAN.

(2) Chemical products

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

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

C. We master cost-effective and core technical competence and productivity.

D. We have an experienced business team with stable financial structure, business competency and profitability.

(3) Power Supply

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

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

Disadvantages

(1) Textile Composite

■ Hook Loop Fastening Tape, Tech-Textile

The global COVID-19 pandemic and China-US Trade War, and the difficulty in shipping of end products and manpower shortage impacted the company's business. The comeback consumption post-Covid-19 was hampered by material shortage. The inventory beforehand and search of new supply became a thorny problem.

■ Rubber Sponge, Tech-Material

The China-US Trade War, Covid-19 pandemic, and severe weather brought global financial instability and impacted industrial and consumer markets and caused material shortage. Material price floated significantly. Besides decoupling of supply chain, the high rise in price offset the profit. Re-pricing and material inventory in advance are the prominent unsolved issues.

(2) Chemical Products

A. The employee turnover rate is high. It hampers the technique development and industrial competitive.

B. Environmental concerns emerge. Environmental standard is getting strict and hampers certain production aspects.

C. Raw materials are susceptible to international market fluctuations and hampers cost control.

(3) Power Supply

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

Response

(1) Textile composite

■ Hook Loop Fastening Tape, Tech-Textile

In the face of the impact of inflation, we will adopt more flexible response capabilities and optimize production efficiency. In the fourth quarter, we will streamline units with poor operating efficiency to reduce operating costs.

In terms of digital marketing, we have also adjusted from passive to active, providing diversified services for subsequent processed products, and flexible customization to increase customer stickiness. At the same time, the small packaging of terminal products allows us to open up more marketing channels, strengthen the cooperation between new customers and dealers, and deepen the alliance with major customers in the market.

■ Rubber Sponge, Tech-Material

Under the tightening situation of terminal consumption, it is more active to lay out the development of new products and new markets. In addition to the original product development of biomass and environmentally friendly recycled materials, it is also planned to strengthen the integration of ECO- Family series products to expand and compete. The gap between competitors covers BIO, TPAA, TPEE and more environmental protection and biomaterial alternatives, and selected brand customers cooperate with development.

At the same time, the operating layout in Southeast Asia has also begun to plan new investment plans, so that future operating costs can be reduced by local advantages to reduce various operating costs such as land, manpower, supply chain transportation, and taxation, which will contribute to future competitiveness prepare.

(2) Chemical Products

A. We promote automatic and electric production process to reduce manpower.

B. We orient employees, increase remuneration and benefits, reduce work load, and create a quality work environment.

C. We are replacing environmental-hampering solvent products with green non-toxic products. Meanwhile we optimise waste water treatment equipment and commission waste disposal to professional parties regularly.

D. We develop high added value products and reduce material cost.

(3) Power Supply

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

(2) Main purpose and production process of major products

(1) Textile Composite

■ Hook Loop Fastening Tape

We have standard hook and loop, specialty hook and loop, back-to-back hook and loop, etc. We are working on product diversification. It can apply to tags, loafer fasteners and package. The production is via weaving machine that weaves rough belts, and then it will be carved for hook and be an end product.

■ Tech-Textile

Other than general textiles, it is highly resistant, elastic, tough, and compatible fabric with other functions. It protects the weak body part under adverse conditions. It is suitable for protection, anti-piercing bags, etc. The production is via functional yarn that weaves functional cloth, then for application to specific area for protection.

■ Rubber Sponge

Foam is enclosed. Different rubbers can be applied depending on requirements (e.g., chloroprene rubber, styrene-butadiene rubber, EVA, etc.). The products are water-proof, thermal-insulating, and buffer, suitable for wetsuits, surfing suits, swimsuits, sweat suits, medical protective gear, insoles, sports gear, bags, etc. The production of foaming sponge is via combination of foaming resin, foam aide, and adhesive resin (adhesive to end product).

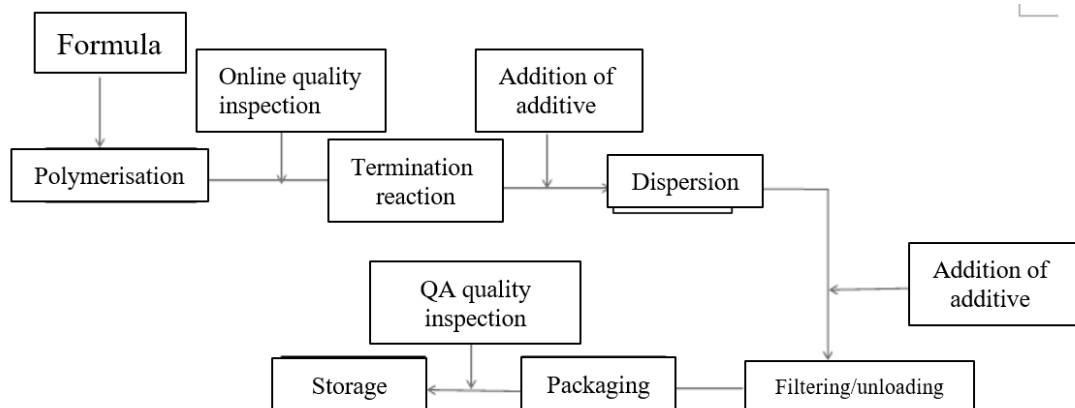
■ Tech-Material

Micro-porous composite on the surface, noctilucant film and green eco-friendly rubber particles are wind-proof, water-proof, moisture permeable and environmental friendly, suitable for wind jackets, raincoats, jackets, car cover, sleeping bags, etc. The production is via heating plastic particles then coating or blowing in order to get film products.

(2) Chemical Products

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

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



(3) Power Supply

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

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

(3) Supply condition of main materials

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

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

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

Unit: NTS thousands

No.	2021				2022				2023 as of previous quarter			
	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
1	—	—	—		—	—	—		Company A	20,837	10.38	
	Other	2,060,612	100.00		Other	1,688,619	100.00		Other	179,859	89.62	
	Net purchase	2,060,612	100.00		Net purchase	1,688,619	100.00		Net purchase	200,696	100.00	

2. Major customers for the past two years

Unit: NTS thousands

No.	2021				2022				2023 as of previous quarter			
	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Item	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
1	—	—	—		—	—	—		—	—	—	
	Other	3,356,900	100.00		Other	3,082,227	100.00		Other	583,085	100.00	
	Sales value	3,356,900	100.00		Sales value	3,082,227	100.00		Sales value	583,085	100.00	

(5) Yield of the past two years

Unit: NT\$ thousands

production volume value	Year	2021			2022		
	Main Products	Capacity	Yield	Output value	Capacity	Yield	Output value
Power Supply(PCS)		5,221,156	4,549,224	320,958	5,221,156	2,746,037	184,849
Chemical Products (KG)		1,063,142	675,780	116,155	1,029,172	308,331	64,194
Textile Composite (Note 3)		300,000,000	252,853,870	2,446,587	229,048,637	207,047,188	2,453,094

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

Note 2: Yield includes commissioned quantity.

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

(6) Sales value of the past two years

Sales Volume value	Year	2021				2022			
	Main products	Domestic		Export		Domestic		Export	
		Yield	Value	Yield	Value	Yield	Value	Yield	Value
Power Supply (PCS)		559,658	59,824	2,226,979	266,148	460,062	74,200	1,477,433	138,421
Chemical Products (KG)		247,719	62,925	418,436	151,297	94,875	27,942	330,412	114,783
Textile Composite (Note)		100,611,414	769,767	125,226,084	2,019,941	86,996,669	671,084	106,967,286	2,046,664
Other products (PCS)		122,195	26,314	1	684	40,609	9,133	-	-
Total			918,830		2,438,070		782,359		2,299,868

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

3. Employee information by past two years and end of March 31, 2023

Year		2021	2022	As of March 31, 2023
Number of Employees	Direct labor	369	373	353
	Indirect and management sales staff	458	454	453
	Total	827	827	806
Average age		40.96	41.15	41.26
Average service term		9.39	9.83	10.02
Highest Degree	PhD	0.36%	0.36%	0.37%
	Master's	6.53%	6.29%	6.20%
	Bachelor's	38.09%	38.33%	39.33%
	High School (including) and below	55.02%	55.02%	54.09%

4. Environmental cost

- (1) Environmental damage (including indemnity and environmental protection inspection of violations to environmental law. Specify disposition date, disposition reference number, violated articles, violated content, disposition details) by recent year end and closure of annual report shall be disclosed: N/A.**
- (2) Current and potential loss and response. Shall it fail to be reckoned, it shall be justified by fact: N/A.**

5. Labor relations

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

1. Employee benefits, development, training:

- (1) Benefits: includes labor insurance, universal health insurance, company accident insurance, holiday bonus, wedding/funeral subsidy, birthday coupon, birth subsidy, child scholarship, association activities and subsidy, department eat-out, annual employee health check, year end banquet and lantern festival lottery, employee travel, meal cheques, employee discounts, liaised shops.
- (2) Employee benefit remuneration committee: The company established the Employee Remuneration Committee that looks after employees' welfare, facilitate wellbeing, and maintain labor relations as main purpose. Employees elect members for the said committee who organise and execute employee benefit plans with reference to company advice. Labor relations are strengthened hence and employees are oriented.
- (3) On-the-job training: onboard training is provided to new employees. Employees during service will be trained based on one's function, self-conducted or commissioned professional and management training. Complete training system will improve the profession and competency of employees.

Training details for 2022

Training	Sessions	Number of Participants	Total hours	Total expenses (NT\$)
1. Onboard	36	224	664.5	-
2. Profession and competency	94	514	4,177.0	285,756
3. Leadership	32	320	1,354.0	189,615
4. General education	35	381	1,423.5	6,335
Total	197	1,439	7,619.0	481,706

Training details of managers for 2022

Title	Name	Date Elected	Term of training		Organiser	Session	Hour(s) of training
			Start	End			
General Manager	Chang, Shun-Ching	June 1, 2019	Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Board of Directors governance under ESG	3
			Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Material information disclosure of the company and director and supervisor liabilities	3
Chief Financial Officer	Pai, Ching-Jen	1 Dec. 2020	Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Board of Directors governance under ESG	3
			Sep. 14, 2022	Sep. 14, 2022	Taiwan Corporate Governance Association	Material information disclosure of the company and director and supervisor liabilities	3
Accounting Manager	Su, Meng-Hsu	Aug. 10, 2016	Aug. 8, 2022	Aug. 8, 2022	Taiwan Corporate Governance Association	Compliance audit practice of Audit Committee by the company	6
			Aug. 25, 2022	Aug. 25, 2022	Taiwan Corporate Governance Association	Accounting manager training at issuer securities issuer	12
			Nov. 28, 2022	Nov. 28, 2022	Taiwan Corporate Governance Association	Corporate ethics and sustainability	3
			Dec. 5, 2022	Dec. 5, 2022	Taiwan Corporate Governance Association	Latest corporate governance and corporate governance case study	3
Financial Manager	Lin, Hua-Tse	Apr. 1, 2017	Sep. 2, 2022	Sep. 2, 2022	Taiwan Corporate Governance Association	Latest amendment of internal control principle and compliance and anti-malpractice of information security	6
			Oct. 31, 2022	Oct. 31, 2022	Taiwan Corporate Governance Association	Relevant policy development and internal management practice of latest ESG CSR and self-prepared financial statement	6

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

2. Pension and implementation:

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

3. Labor agreement and maintenance of employee benefits

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

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

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

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

No.	Date of disposition	Disposition reference	Violation concerned	Disposition
1	Feb. 12, 2022	Occupational permit ref. 1110218112	Labor Standards Act Art. 36 Sec. 1	NT\$ 20,000 fine
	Violation concerned: Failure to give workers one day off in every seven days.			
2	July 21, 2022	Occupational permit ref. 1110204083	Occupational Safety and Health Act Art. 6 Sec. 1	NT\$ 80,000 fine
	Violation concerned: Motor drive wheel, transmission belt of fabric dyeing machine are potentially harmful to personnel. No safety equipment was set.			
3	Oct. 19, 2022	Occupational permit ref. 11100205893	Occupational Safety and Health Act Art. 6 Sec. 1	NT\$ 100,000 fine
	Violation concerned: The machine did not idle from running and material dispatch during cleaning, which harmed the personnel in terms of occupational injury.			

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

6. Cyber security management

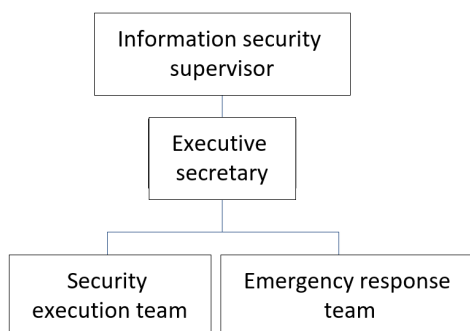
(1) Information on cyber risk management structure, information security policy, concrete management plan and resources for information security management.

1. Information security risk management structure

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

(2) Cyber security team:

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



2. Cyber security policy:

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

(1) Improvement of cyber security, management of security

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

(2) Complementing cyber protection. Ensuring operation to prevail.

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

3. Management details and invested cyber security resources

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

(1) Promotion of ISO27001 certificate: We acquired the certificate in November 2020 and manage risks and implement control measures hereto pursuant to the policy. We promote annual external audit and expand scope of introduction.

(2) We introduce anti-virus software Kaspersky and block third-party cyber attacks that paralyze the operating system.

(3) Redundant core system: addition of foreign redundancy to the computer room on 2nd F., Tuandui Building. It improves data resilience and ensures the availability of essential information.

(4) Local internet MPSL by Renai and Yuansong Plants has been replaced with SD-WAN. It improves the transmission efficiency and reduces the internet cost.

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

7. Important contracts:

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

VI. Financial Statement

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

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

Condensed balance sheets-IFRS application

Unit: NT\$ thousands

Item	Year	Financial Statement for the Last Five Years					Financial Statement as of March 31, 2023
		2018 (Re-settlement)	2019	2020	2021	2022 (Re-settlement)	
Current assets		1,612,279	1,535,447	1,621,069	1,878,271	1,795,323	2,281,128
Property, Plant and Equipment		825,791	1,010,501	924,505	1,059,156	1,064,128	1,042,644
Intangible assets		130,425	92,931	92,182	92,148	92,965	92,722
Other assets		109,045	194,447	338,270	402,612	487,850	494,503
Total assets		2,677,540	2,833,326	2,976,026	3,432,187	3,440,266	3,910,997
Current liabilities	Before distribution	810,659	919,738	901,874	1,172,630	1,134,722	1,025,833
	After distribution	810,659	919,738	901,874	1,246,065	(Note 1)	—
Non-current liabilities		754,270	766,728	844,876	809,820	666,390	1,186,618
Total liabilities	Before distribution	1,564,929	1,686,466	1,746,750	1,982,450	1,801,112	2,212,451
	After distribution	1,564,929	1,686,466	1,746,750	2,055,885	(Note 1)	—
Equity attributable to shareholders of the parent company		468,290	1,146,860	1,229,276	1,449,737	1,639,154	1,698,546
Share capital		503,923	1,223,923	1,223,923	1,223,923	1,223,923	1,223,923
Capital surplus		—	32,321	32,321	57,621	57,621	100,683
Retained earnings (for loss coverage)	Before distribution	(32,587)	(77,753)	(4,512)	145,969	250,428	252,022
	After distribution	(32,587)	(77,753)	(4,512)	72,534	(Note 1)	—
Other equity		(3,046)	(31,631)	(22,456)	22,224	107,182	121,918
Treasury stock		—	—	—	—	—	—
Precendent equity of joint control		644,321	—	—	—	—	—
Non-controlling equity		—	—	—	—	—	—
Total equity	Before distribution	1,112,611	1,146,860	1,229,276	1,449,737	1,639,154	1,698,546
	After distribution	1,112,611	1,146,860	1,229,276	1,376,302	(Note 1)	—

Note 1: 2022 Distribution of earnings has not been resolved by the Shareholders' Meeting.

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

Note 3: The company launched amendment to IAS 12 on Jan. 1, 2023, deferred tax related to assets and liabilities arising from a single transaction. Temporary difference between all deductible and taxable regarding lease and decommission on Jan. 1, 2022 shall be corrected. Liabilities with deferred income tax and asset with deferred income tax will be recognised. Retroceable re-settlement was applied for 2022.

Condensed consolidated statement of comprehensive income -IFRS application

Unit: NT\$ thousands

Item \ Year	Financial statement within past five years					Financial Statement as of March 31, 2023
	2018 (Re-settlement)	2019 (Re-settlement)	2020	2021	2022	
Operating revenue	2,925,008	2,914,426	2,675,589	3,356,900	3,082,227	583,085
Gross profit	684,779	749,432	676,490	871,762	820,094	155,991
Profit from operations	118,625	148,933	113,455	190,929	139,914	12,755
Non-operating income and expenses	18,036	(34,586)	(25,868)	(14,836)	51,585	(7,747)
Profit before income tax	136,661	114,347	87,587	176,093	191,499	5,008
Operating profit before tax	86,801	70,931	66,465	150,255	177,619	1,594
Discontinued loss	—	—	—	—	—	—
Net profit for the year	86,801	70,931	66,465	150,255	177,619	1,594
Other comprehensive income (income after tax)	(16,517)	(36,682)	15,951	44,906	85,233	14,736
Total comprehensive income for the year	70,284	34,249	82,416	195,161	262,852	16,330
Comprehensive profit attributable to Shareholders of the parent	(19,744)	70,931	66,465	150,255	177,619	1,594
Comprehensive profit attributable to joint-controlling interest of precedent	106,545	—	—	—	—	—
Profit attributable to non-controlling equity	—	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent	(22,128)	34,249	82,416	195,161	262,852	16,330
Comprehensive income attributable to joint-controlling interest of precedent	92,412	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	—
Earnings per share (NT\$)	(0.39)	0.58	0.54	1.23	1.45	0.01

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

Condensed parent company only balance sheets-IFRS application

Unit: NT\$ thousands

Item	Year	Financial statement for the past five years					Financial statement as of March 31, 2023
		2018 (Re-settlement)	2019 (Re-settlement)	2020	2021	2022	
Current assets		44,319	735,884	748,474	958,310	981,367	
Property, Plant and Equipment		142,045	622,679	527,523	637,890	640,755	
Intangible assets		115	2,960	2,627	2,620	3,441	
Other assets		1,090,912	1,083,957	1,124,267	1,319,285	1,428,051	
Total assets		1,277,391	2,445,480	2,402,891	2,918,105	3,053,614	
Current liabilities	Before distribution	45,974	632,761	532,588	835,371	936,116	
	After distribution	45,974	632,761	532,588	908,806	(Note 1)	
Non-current liabilities		118,806	665,859	641,027	632,997	478,344	
Total liabilities	Before distribution	164,780	1,298,620	1,173,615	1,468,368	1,414,460	
	After distribution	164,780	1,298,620	1,173,615	1,541,803	(Note 1)	
Equity attributable to shareholders of the parent		468,290	1,146,860	1,229,276	1,449,737	1,639,154	N/A
Treasury stock		503,923	1,223,923	1,223,923	1,223,923	1,223,923	
Legal reserve		—	32,321	32,321	57,621	57,621	
Retained earnings (for loss coverage)	Before distribution	(32,587)	(77,753)	(4,512)	145,969	250,428	
	After distribution	(32,587)	(77,753)	(4,512)	72,534	(Note 1)	
Other equity		(3,046)	(31,631)	(22,456)	22,224	107,182	
Treasury stock		—	—	—	—	—	
Equity of joint-controlling equity of precedent		644,321	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	1,112,611	1,146,860	1,229,276	1,449,737	1,639,154	
	After distribution	1,112,611	1,146,860	1,229,276	1,376,302	(Note 1)	

Note 1: 2022 Distribution of earnings has not been resolved by the Shareholders' Meeting.

Note 2: The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. On Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement. The company acquired condensedly 100% shares of NAM LIONG ENTERPRISE CO., LTD.. The basis date of merger is December 31, 2020. The merger is deemed joint-controlling re-organisation and initial; financial statement comparison of previous year was re-settled; 2019 financial statement was retroactive settlement.

Condensed parent company only statement of comprehensive income -IFRS application

Unit: NT\$ thousands

Item \ Year	Financial statement for the past five years					Financial statement as of March 31, 2023
	2018 (Re-settlement)	2019 (Re-settlement)	2020	2021	2022	
Operating revenue	54,667	1,736,874	1,580,760	1,987,624	2,014,659	N/A
Gross profit	21,530	471,527	420,898	559,279	544,812	
Profit from operations	(32,734)	93,467	68,310	126,336	98,488	
Non-operating income and expenses	118,129	4,667	3,965	30,201	84,666	
Profit before income tax	85,395	98,134	72,275	156,537	183,154	
Operating profit before tax	86,801	70,931	66,465	150,255	177,619	
Discontinued loss	—	—	—	—	—	
Net profit for the year	86,801	70,931	66,465	150,255	177,619	
Other comprehensive income (income after tax)	(11,800)	(36,682)	15,951	44,906	85,233	
Total comprehensive income for the year	70,284	34,249	82,416	195,161	262,852	
Comprehensive profit attributable to Shareholders of the parent	(19,744)	70,931	66,465	150,255	177,619	
Comprehensive profit attributable to joint-controlling interest of precedent	106,545	—	—	—	—	
Profit attributable to non-controlling equity	—	—	—	—	—	
Comprehensive income attributable to Shareholders of the parent	(22,128)	34,249	82,416	195,161	262,852	
Comprehensive income attributable to joint-controlling interest of precedent	92,412	—	—	—	—	
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	
Earnings per share (NT\$)	(0.39)	0.58	0.54	1.23	1.45	

Note : The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. on Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement. The company acquired condensedly 100% shares of NAM LIONG ENTERPRISE CO., LTD.. The basis date of merger is December 31, 2020. The merger is deemed joint-controlling re-organisation and initial; financial statement comparison of previous year was re-settled; 2019 financial statement was retroactive settlement.

(2) Five-year CPA names and audit commentary

Audit Year	CPA	Commentary
2022	Huang,Hsiu-Chun, Chuang,Pi-Yu	No expression of reservation
2021	Huang,Hsiu-Chun, Chuang,Pi-Yu	No expression of reservation
2020	Chuang,Pi-Yu, Huang,Hsiu-Chun	No expression of reservation
2019	Chiu,Cheng-Chun, Chuang,Pi-Yu	No expression of reservation
2018	Chiu,Cheng-Chun, Wu,Shih-Tsung	No expression of reservation

2. Financial Statement for the past five years

(1) Consolidated financial analysis-IFRS application

Analysis		Year	Financial statement for the past five years				Year end as of March 31, 2023
			2018 (Re-settlement)	2019	2020	2021	
Financial structure (%)	Debt Ratio	58.45	59.52	58.69	57.76	52.35	56.56
	Ratio of long-term capital to property, plant and equipment	226.07	189.37	224.35	213.33	216.16	276.71
Solvency (%)	Current ratio	198.89	166.94	179.74	160.17	158.21	222.36
	Quick ratio	152.84	122.25	132.05	114.54	111.70	171.60
	Interest coverage ratio	8.44	6.54	4.37	7.79	7.47	1.57
Operating performance	Receivable turnover rate (times)	4.87	5.20	4.96	5.75	5.68	5.43
	Average cash recovery day	75	70	74	63	64	67
	Inventory turnover rate (times)	6.38	5.69	4.93	5.34	4.40	3.35
	Payable turnover rate (times)	6.94	6.99	6.11	7.23	7.89	7.44
	Average days in sales	57	64	74	68	83	109
	Property, plant, and equipment turnover rate (times)	3.58	3.17	2.76	3.38	2.90	2.21
	Total assets turnover rate (times)	1.10	1.06	0.92	1.04	0.90	0.63
Profitability	Return on total assets (%)	3.80	3.17	3.00	5.33	5.88	0.93
	Return on stockholders' equity (%)	7.83	6.28	5.59	11.21	11.50	0.09
	Pre-tax income to paid-in capital (%)	27.12	9.34	7.15	14.38	15.64	0.40
	Profit ratio (%)	2.97	2.43	2.48	4.47	5.76	0.27
	Earnings per share (NT\$)	(0.39)	0.58	0.54	1.23	1.45	0.01
Cash flow	Cash flow ratio (%)	19.96	19.46	12.26	10.98	36.82	1.66
	Cash flow adequacy ratio (%)	73.04	100.07	112.74	66.90	86.46	103.35
	Cash reinvestment ratio (%)	5.71	6.27	3.67	3.99	10.46	0.43
Leverage	Operating leverage	5.44	4.77	5.51	4.21	5.43	11.40
	Financial leverage	1.18	1.16	1.29	1.15	1.26	3.12
Please justify the financial rate change for the past two years. (is exempted if difference falls below 20%)							
1. Average sale days: cause of change is due to operating cost and inventory reduced.							
2. Profit ratio: change originated from increase in net profit for the year.							
3. Cash flow ratio/cash flow allocation/re-investment from cash ratio: cause of change is due to inflow of operating net cash.							
4. Operating leverage: cause of change is due to decrease in operating income.							

Note 1: Formulae of the table as following:

1. Financial structure

(1) Debt to asset ratio = Total Debt / Total Asset

(2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net capital from property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – inventory – prepaid fee) / Current liabilities

(3) Interest earned ratio (times) = net profit of income tax and interest fee / current interest cost

3. Operating performance

(1) Accounts receivable turnover (including receivable turnover and operation note receivable) = net sales / remaining average receivable turnover (Accounts receivable turnover (including receivable turnover and operation note receivable))

(2) Average days in sales = 365 / Accounts payable turnover ratio

(3) Inventory turnover = cost of goods sold / average inventory

(4) Accounts receivable turnover (including receivable turnover and operation note receivable) = net sales / remaining average receivable turnover (Accounts receivable turnover (including receivable turnover and operation note receivable))

(5) Average days in sales = 365 / Accounts payable turnover ratio

(6) Property, plant and equipment turnover = net sales / net income from property, plant and equipment

(7) Total asset turnover = net sales / average asset total

4. Profitability

(1) Total assets turnover = [net profit for the year income + Interest × (1 – tax rate)] / Average asset total

(2) Return on stockholders' equity = net profit for the year income / Total average equity

(3) Net income rate = net profit for the year income / net sales

(4) EPS = (Net income attributable to shareholders of the parent – Preferred Share Dividend) / Weighted Average Shares

5. Cash flow

(1) Cash flow ratio = Operation net cash flow / Current liabilities

(2) Net Cash flow adequacy ratio = net cash flow of past five years / Cash reinvestment thioplast five years + inventory addition + cash dividends

(3) Cash reinvestment ratio = (Operation cash flow – cash dividend) / (Property, plant and equipment gross + long-term investment + other non-current asset + operation capital) °

6. Leverage:

(1) Operating leverage = (Operating net income – floating operation cost and fee) / operating profit

(2) Financial leverage = operating profit / (operating profit – profit fee)

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

Note 3: The company launched amendment to IAS 12 on Jan. 1, 2023, deferred tax related to assets and liabilities arising from a single transaction. Temporary difference between all deductible and taxable regarding lease and decommission on Jan. 1, 2022 shall be corrected. Liabilities with deferred income tax and asset with deferred income tax will be recognized. Retraceable re-settlement was applied for 2022.

(2) Parent company only financial statement-IFRS application

Statement		Year	Financial statement for the past five years					Year end as of March 31, 2023
			2018 (Re-settlement)	2019 (Re-settlement)	2020	2021	2022	
Financial structure (%)	Debt Ratio		12.90	53.10	48.84	50.31	46.32	N/A
	Ratio of long-term capital to Property, Plant and Equipment		866.92	291.12	354.54	326.50	330.46	
Solvency (%)	Current ratio		96.40	116.30	140.54	114.71	104.83	
	Quick ratio		73.29	79.72	101.62	80.43	73.17	
	Interest earned ratio (times)		23.09	6.38	4.30	9.95	8.95	
Operating performance	Accounts receivable turnover (times)		5.74	5.98	5.32	5.83	5.76	
	Average collection period		64	61	69	63	63	
	Inventory turnover (times)		4.48	5.89	5.43	6.04	5.25	
	Accounts payable turnover (times)		16.49	6.91	6.19	6.79	7.25	
	Average days in sales		81	62	67	60	70	
	Fixed assets turnover (times)		0.41	3.39	2.75	3.41	3.15	
	Total assets turnover (times)		0.06	0.72	0.65	0.74	0.67	
Profitability	Return on total assets (%)		9.35	3.54	3.47	6.17	6.56	
	Return on stockholders' equity (%)		7.83	6.28	5.59	11.21	11.50	
	Ratio to paid-in capital (%)		16.95	8.02	5.91	12.78	14.96	
	Profit ratio (%)		158.78	4.08	4.20	7.55	8.81	
	Earnings per share (NT\$)		(0.39)	0.58	0.54	1.23	1.45	
Cash flow	Cash flow ratio (%)		(25.96)	13.98	0.19	11.98	21.33	
	Cash flow adequacy ratio (%)		66.99	63.84	65.64	59.64	85.24	
	Cash reinvestment ratio (%)		(6.54)	6.62	0.08	7.08	4.52	
Leverage	Operating leverage		(0.61)	4.76	5.66	4.08	5.11	
	Financial leverage		0.89	1.24	1.47	1.16	1.30	
Justify the cause for financial ratio differences for the last two years. (Not required if the difference does not exceed 20%) 1. Cash flow ratio/cash flow allocation/re-investment from cash ratio: cause of change is due to inflow of operating net cash. 2. Operating leverage: cause of change is due to decrease in operating income.								

Note 1: Formulae of the table as following:

1. Financial structure

(1) Debt to asset ratio = Total Debt / Total Asset

(2) Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net capital from property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – inventory – prepaid fee) / Current liabilities

(3) Interest earned ratio (times) = net profit of income tax and interest fee / current interest cost

3. Operating performance

(1) Accounts receivable turnover (including receivable turnover and operation note receivable) = net sales / remaining average receivable turnover (Accounts receivable turnover (including receivable turnover and operation note receivable))

(2) Average days in sales = 365 / Accounts payable turnover ratio

(3) Inventory turnover = cost of goods sold / average inventory

(4) Accounts receivable turnover (including receivable turnover and operation note receivable) = net sales / remaining average receivable turnover (Accounts receivable turnover (including receivable turnover and operation note receivable))

(5) Average days in sales = 365 / Accounts payable turnover ratio

(6) Property, plant and equipment turnover = net sales / net income from property, plant and equipment

(7) Total asset turnover = net sales / average asset total

4. Profitability

(1) Total assets turnover = [net profit for the year income + Interest × (1 – tax rate)] / Average asset total

(2) Return on stockholders' equity = net profit for the year income / Total average equity

(3) Net income rate = net profit for the year income / net sales

(4) EPS = (Net income attributable to shareholders of the parent – Preferred Share Dividend) / Weighted Average Shares

5. Cash flow

(1) Cash flow ratio = Operation net cash flow / Current liabilities

(2) Net Cash flow adequacy ratio = net cash flow of past five years / Cash reinvestment thioplast five years + inventory addition + cash dividends

(3) Cash reinvestment ratio = (Operation cash flow – cash dividend) / (Property, plant and equipment gross + long-term investment + other non-current asset + operation capital)

6. Leverage:

(1) Operating leverage = (Operating net income – floating operation cost and fee) / operating profit

(2) Financial leverage = operating profit / (operating profit – profit fee)

Note 2: The company acquired 100% equity of NAM LIONG ENTERPRISE CO., LTD. on Jan. 1, 2019. The acquisition of the equity is of re-organisation of joint control was initial then previous financial statement comparison was re-settled; 2018 financial statement was retroactive settlement. The company acquired condensedly 100% shares of NAM LIONG ENTERPRISE CO., LTD.. The basis date of merger is December 31, 2020. The merger is deemed joint-controlling re-organisation and initial; financial statement comparison of previous year was re-settled; 2019 financial statement was retroactive settlement.

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

NAM LIONG GLOBAL CORPORATION Audit Committee's Review Report

The 2022 business report, parent company only financial statements and consolidated financial statements of the Company were prepared by its Board of Directors and certified by Hsiu-Chun Huang and Pi-Yu Chuang of Deloitte & Touche. The aforementioned reports, business report, parent company only financial statements and consolidated financial statements as well as earnings distribution proposal were reviewed by the Committee and are certified true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2023 Annual Shareholders' Meeting

NAM LIONG GLOBAL CORPORATION

Convener of Audit Committee

HUANG, CHUNG-HUI

March 29, 2023

4. Consolidated financial statement of recent year audited by CPA

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, the entities that are required to be included in the consolidated financial statements of Nam Liong Global Corporation, in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared under the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of Affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, Nam Liong Global Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare,

Nam Liong Global Corporation

By

SHAO, TEN-PO
Chairman

March 29, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders

Nam Liong Global Corporation (Original name: Prolink Microsystems Corporation)

Opinion

We have audited the consolidated financial statements of Nam Liong Global Corporation and its subsidiaries (Original name: Prolink Microsystems Corporation) (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) that came into effect as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Sales to Specific Customers

The Group's sales growth of specific customers was higher than the average growth rate and the amount was substantial in 2022. 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, 2022.

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

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

Other Matter

We have audited and issued an unmodified opinion with an explanatory paragraph on the parent company only financial statements of Nam Liong Global Corporation (Original name: Prolink Microsystems Corporation) as of and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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 Hsiu-Chun Huang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2023

Notice to Readers

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

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

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 730,742	22	\$ 588,613	17
1136	Financial assets at amortized cost – current (Note 4, 8 and 24)	46,863	1	65,340	2
1150	Notes receivable – non-related parties (Note 4 and 9)	35,954	1	98,995	3
1160	Notes receivable – related parties (Note 4, 9 and 23)	11,309	-	17,896	1
1170	Accounts receivable – non-related parties (Note 4 and 9)	354,095	11	445,386	13
1180	Accounts receivable – related parties (Note 4, 9 and 23)	46,909	1	73,352	2
1220	Current tax assets (Note 4 and 19)	1,857	-	223	-
130X	Inventories (Notes 4, 5 and 10)	511,778	15	516,209	15
1470	Other current assets (Notes 23)	55,816	2	72,257	2
11XX	Total current assets	<u>1,795,323</u>	<u>53</u>	<u>1,878,271</u>	<u>55</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4, 7 and 22)	205,273	6	100,674	3
1535	Financial assets at amortized cost – non-current (Note 4, 8 and 24)	-	-	16,640	-
1600	Property, plant and equipment (Notes 4, 12 and 24)	1,064,128	31	1,059,156	31
1755	Right-of-use assets (Notes 4, 13, 24 and 25)	212,150	6	242,006	7
1805	Goodwill (Notes 4 and 14)	88,813	3	88,813	2
1821	Intangible assets (Notes 4)	4,152	-	3,335	-
1840	Deferred tax assets (Notes 4 and 19)	16,490	-	20,227	1
1990	Other non-current assets	16,728	1	23,065	1
15XX	Total non-current assets	<u>1,607,734</u>	<u>47</u>	<u>1,553,916</u>	<u>45</u>
1XXX	TOTAL	<u>\$ 3,403,057</u>	<u>100</u>	<u>\$ 3,432,187</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 15 and 24)	\$ 362,143	11	\$ 420,006	12
2110	Short-term notes and bills payable (Notes 15 and 24)	29,871	1	29,954	1
2150	Notes payable – non-related parties	15,107	-	20,013	1
2160	Notes payable – related parties (Notes 23)	527	-	667	-
2170	Accounts payable – non-related parties	203,878	6	311,129	9
2180	Accounts payable – related parties (Notes 23)	7,230	-	14,313	1
2219	Other payables (Notes 23)	174,555	5	180,247	5
2230	Current tax liabilities (Notes 4 and 19)	11,451	-	8,168	-
2280	Lease liabilities – current (Notes 4, 13 and 23)	30,114	1	30,795	1
2320	Current portion of long-term borrowings (Notes 15, 24 and 25)	220,607	7	113,836	3
2399	Other current liabilities	79,239	2	43,502	1
21XX	Total current liabilities	<u>1,134,722</u>	<u>33</u>	<u>1,172,630</u>	<u>34</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 15, 24 and 25)	456,238	14	610,276	18
2570	Deferred tax liabilities (Notes 4 and 19)	10,249	-	10,895	1
2580	Lease liabilities – non-current (Notes 4, 13 and 23)	153,453	5	179,341	5
2640	Net defined benefit liability – non-current (Note 4 and 16)	9,065	-	9,136	-
2645	Guarantee deposits received	176	-	172	-
25XX	Total non-current liabilities	<u>629,181</u>	<u>19</u>	<u>809,820</u>	<u>24</u>
2XXX	Total liabilities	<u>1,763,903</u>	<u>52</u>	<u>1,982,450</u>	<u>58</u>
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 7, 11, 16 and 17)				
3100	Share capital	1,223,923	36	1,223,923	36
3211	Capital surplus	57,621	2	57,621	2
	Retained earnings				
3310	Legal reserve	14,597	-	-	-
3350	Unappropriated earnings	235,831	7	145,969	4
3300	Total Retained earnings	250,428	7	145,969	4
3400	Other equity	107,182	3	22,224	-
3XXX	Total equity	<u>1,639,154</u>	<u>48</u>	<u>1,449,737</u>	<u>42</u>
	TOTAL	<u>\$ 3,403,057</u>	<u>100</u>	<u>\$ 3,432,187</u>	<u>100</u>

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2011	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4 and 23)	\$ 3,082,227	100	\$ 3,356,900	100
5110	OPERATING COSTS (Notes 4, 10, 16, 18 and 23)	<u>2,262,133</u>	<u>74</u>	<u>2,485,138</u>	<u>74</u>
5900	GROSS PROFIT	<u>820,094</u>	<u>26</u>	<u>871,762</u>	<u>26</u>
	OPERATING EXPENSES (Notes 4, 9, 16, 18 and 23)				
6100	Selling and marketing expenses	180,060	6	192,840	6
6200	General and administrative expenses	410,025	13	399,615	12
6300	Research and development expenses	<u>90,095</u>	<u>3</u>	<u>88,810</u>	<u>2</u>
6000	Total operating expenses	<u>680,180</u>	<u>22</u>	<u>681,265</u>	<u>20</u>
6500	OTHER OPERATING INCOME AND EXPENSES, NET (Notes 4 and 26)	<u>-</u>	<u>-</u>	<u>432</u>	<u>-</u>
6900	PROFIT FROM OPERATIONS	<u>139,914</u>	<u>4</u>	<u>190,929</u>	<u>6</u>
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4, 12 and 18)	916	-	(6,349)	-
7050	Finance costs (Note 4 and 18)	(30,670)	(1)	(27,222)	(1)
7100	Interest revenue	3,352	-	1,865	-
7190	Other income (Note 4, 7, 13, 18 and 23)	29,074	1	32,690	1
7230	Foreign exchange gains (losses) (Note 4, 18 and 28)	52,847	2	(12,424)	-
7590	Miscellaneous disbursements	(<u>3,934</u>)	<u>-</u>	(<u>3,396</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>51,585</u>	<u>2</u>	(<u>14,836</u>)	<u>-</u>

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 191,499	6	\$ 176,093	6
7950	INCOME TAX EXPENSE (Notes 4 and 19)	(13,880)	-	(25,838)	(1)
8200	NET PROFIT FOR THE YEAR	<u>177,619</u>	<u>6</u>	<u>150,255</u>	<u>5</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16 and 19)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	344	-	283	-
8316	Unrealized gains on investments in equity instruments at fair value through other comprehensive income	73,614	3	46,255	1
8349	Income tax related to items that will not be reclassified subsequently	(69)	-	(57)	-
8310		<u>73,889</u>	<u>3</u>	<u>46,481</u>	<u>1</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	11,899	-	(962)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	(555)	-	(613)	-
8360		<u>11,344</u>	<u>-</u>	<u>(1,575)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>85,233</u>	<u>3</u>	<u>44,906</u>	<u>1</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 262,852</u>	<u>9</u>	<u>\$ 195,161</u>	<u>6</u>
	EARNINGS PER SHARE (Note 20)				
9710	Basic	<u>\$ 1.45</u>		<u>\$ 1.23</u>	
9810	Diluted	<u>\$ 1.44</u>		<u>\$ 1.22</u>	

(Concluded)

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital (Note 4 and 17)		Capital surplus (Note 4, 11 and 17)	Retained Earnings (Note 4, 7, 16 and 17)		Other equity		Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation (Note 4 and 19)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 4 and 7)	
A1	BALANCE AT JANUARY 1, 2021	122,392	\$ 1,223,923	\$ 32,321	\$ -	(\$ 4,512)	(\$ 22,456)	\$ -	\$ 1,229,276
D1	Net profit for the year ended December 31, 2021	-	-	-	-	150,255	-	-	150,255
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	226	(1,575)	46,255	44,906
D5	Total comprehensive income (loss) in 2021	-	-	-	-	150,481	(1,575)	46,255	195,161
M7	Changes in percentage of ownership interests in subsidiaries	-	-	25,300	-	-	-	-	25,300
Z1	BALANCE AT DECEMBER 31, 2021	122,392	1,223,923	57,621	-	145,969	(24,031)	46,255	1,449,737
	Appropriation of 2021 earnings								
B1	Legal reserve	-	-	-	14,597	(14,597)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(73,435)	-	-	(73,435)
		-	-	-	14,597	(88,032)	-	-	(73,435)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	177,619	-	-	177,619
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	275	11,344	73,614	85,233
D5	Total comprehensive income (loss) in 2022	-	-	-	-	177,894	11,344	73,614	262,852
Z1	BALANCE AT DECEMBER 31, 2022	122,392	\$ 1,223,923	\$ 57,621	\$ 14,597	\$ 235,831	(\$ 12,687)	\$ 119,869	\$ 1,639,154

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 191,499	\$ 176,093
A20010	Adjustments for:		
A20100	Depreciation expense	112,730	100,193
A20200	Amortization expense	1,060	877
A20300	Expected credit loss recognized (reversed)	(1,102)	1,533
A20900	Finance costs	30,670	27,222
A21200	Interest income	(3,352)	(1,865)
A21300	Dividend income	(44)	-
A22500	Losses (Gains) on disposal of property, plant and equipment	(961)	2,206
A22800	Losses on disposal of intangible assets	45	-
A23700	Write-down of inventories	23,936	2,823
A24100	Unrealized foreign currency exchange losses	619	384
A29900	Gains from lease modification	72	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	69,628	6,476
A31150	Accounts receivable	118,449	(111,920)
A31200	Inventories	(21,912)	(105,005)
A31240	Other current assets	15,901	(1,193)
A32130	Notes payable	(5,046)	8,324
A32150	Accounts payable	(114,530)	14,808
A32180	Other payables	(5,743)	44,881
A32230	Other current liabilities	35,737	3,051
A32240	Net defined benefit liabilities	<u>273</u>	<u>248</u>
A33000	Cash generated from operations	447,929	169,136
A33100	Interest received	3,352	1,880
A33300	Interest paid	(24,344)	(20,393)
A33500	Income taxes return (paid)	<u>(9,044)</u>	<u>(21,751)</u>
AAAA	Net cash generated from operating activities	<u>417,893</u>	<u>128,872</u>

(Continued)

Code		2022	2021
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B00010	Acquisitions of financial assets at fair value through other comprehensive income	(\$ 30,985)	(\$ 54,419)
B00040	Acquisitions of financial assets at amortized cost	-	(32,613)
B00050	Proceeds from disposal of financial assets at amortized cost	35,372	8,862
B02700	Acquisitions of property, plant, and equipment	(97,464)	(189,664)
B02800	Proceeds from disposal of property, plant and equipment	1,091	1,776
B03800	Decrease (Increase) in guarantee deposits paid	4,235	(3,236)
B04500	Acquisitions of intangible assets	(1,922)	(843)
B05350	Acquisition of right-of-use assets	(208)	-
B07200	Decrease (Increase) in prepayments for equipment	18,863	(4,235)
B07600	Dividends received	44	-
BBBB	Net cash used in investing activities	<u>(70,974)</u>	<u>(274,372)</u>
	CASH FLOWS FROM FINANCING		
	ACTIVITIES		
C00200	Increase (Decrease) in short-term borrowings	(58,642)	170,131
C00600	Decrease in short-term notes and bills payable	(166)	(247)
C01600	Proceeds from long-term borrowings	46,000	211,600
C01700	Repayments of long-term borrowings	(93,267)	(172,239)
C04020	Payments of lease liabilities	(37,261)	(32,610)
C04500	Cash dividends	<u>(73,435)</u>	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>(216,771)</u>	<u>176,635</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>11,981</u>	<u>1,914</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	142,129	33,049
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>588,613</u>	<u>555,564</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 730,742</u>	<u>\$ 588,613</u>

(Concluded)

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.08% equity interest in the Company.

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

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

The consolidated financial statements were approved by the Board of Directors on March 29, 2023.

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, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

The Company assessed that the application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application beginning in 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1, “Disclosure of accounting policies”	January 1, 2023 (Note 1)
Amendments to IAS 8, “Definition of accounting estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: The amendments shall be applied prospectively for the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments apply to transactions that occur after January 1, 2022.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting date; 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 date; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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

d. Basis of Consolidation

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

Please refer to Note 11, Table 5 and 6 for details on the subsidiaries (including the percentages of ownership and main businesses).

e. Foreign Currencies

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

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

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

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

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

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

in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

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

f. Inventories

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

g. Property, Plant and Equipment

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

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

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

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

h. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination in the current fiscal period, that unit shall be tested for impairment before the end of the current fiscal period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, followed by the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the discontinued operation is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative value of the discontinued operation and the retained portion of the cash-generating unit.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets (with finite useful life) acquired separately are initially measured at cost, and subsequently measured at cost, less any accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful life. The estimated useful life, residual value, and amortization method are reviewed at each reporting date, with the effect of any changes in 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 and Intangible Assets other than Goodwill

At each reporting date, the Group assesses for indications of impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill. If any such indication exists, the recoverable amount of the asset shall be estimated. If it is not possible to determine the recoverable amount for an individual asset, the Group shall estimate the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. If the recoverable amount of individual asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial Assets at Amortized Cost

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

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

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

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

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

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

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

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

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

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

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

- b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of Financial Assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method.

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.

1. Revenue Recognition

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

Revenue from the sale of goods

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

m. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement date 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 Group uses the lessee's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method with interest expense recognized over the lease term. If there is a change in a lease term or a change in future lease payments resulting from a change in the rate used to determine lease payments, the Group shall remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets is already reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to a reduction in the scope of the lease reduces the right-of-use assets, and recognizes the profit or loss on the partial or full termination of the lease. The remeasurement of the lease liabilities due to other modifications adjusts the right-of-use assets. Lease liabilities are separately presented on the consolidated balance sheets.

The Group entered into rent concessions with the lessor as a direct consequence of the Covid-19 pandemic in order to change the lease payments originally due by June 30, 2022. There was no material change in other lease terms and conditions. The Group elects to adopt the practical expedient to all rent concessions; therefore, it does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur (other revenues shall be recorded in the account), and makes a corresponding adjustment to the lease liabilities.

n. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of such 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 used to finance 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 Group would comply with the conditions imposed by the government and that such grants could be received.

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

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

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

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

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

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 an asset as well as liability and the corresponding tax base used in the computation of taxable profit.

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revision affects only that period, or recognized in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of assumptions and estimation uncertainty - impairment 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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 1,716	\$ 1,541
Checking accounts and demand deposits	686,039	587,072
Cash equivalents (Investments with original maturities of less than 3 months)		
Time deposits	<u>42,987</u>	<u>-</u>
	<u>\$ 730,742</u>	<u>\$ 588,613</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand deposit	0.05%~1.15%	0.001%~0.30%
Time deposits with original maturities of less than 3 months	3.10%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$ 205,273</u>	<u>\$ 100,674</u>

In October 2022 and November 2021, the Group contributed to a cash capital increase for TIONG LIONG INDUSTRIAL CO., LTD. (TLI) at NT\$15 per share, and acquired 2,066,000 shares with shareholding percentage of 13.52% on December 31, 2022 and 3,628,000 shares with shareholding percentage of 9.62% on December 31, 2021.

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Restricted demand deposits	\$ 29,863	\$ 30,958
Pledged time deposits	17,000	17,106
Time deposits with original maturities of less than 3 months	-	17,276
	<u>\$ 46,863</u>	<u>\$ 65,340</u>
<u>Non-current</u>		
Restricted demand deposits	<u>\$ -</u>	<u>\$ 16,640</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted demand deposits	0.20%~0.46%	0.01%~1.55%
Pledged time deposits	0.15%~1.20%	0.10%~0.57%
Time deposits with original maturities of less than 3 months	-	1.65%

Please refer to Note 24 for details on financial assets at pledged amortized cost.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount – non-related parties	\$ 36,470	\$ 99,511
Less: Allowance for impairment loss	(516)	(516)
	<u>\$ 35,954</u>	<u>\$ 98,995</u>
Gross carrying amount – related parties	<u>\$ 11,309</u>	<u>\$ 17,896</u>

(Continued)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount – non-related parties	\$ 358,544	\$ 450,901
Less: Allowance for impairment loss	(4,449)	(5,515)
	<u>\$ 354,095</u>	<u>\$ 445,386</u>
 Gross carrying amount – related parties	 <u>\$ 46,909</u>	 <u>\$ 73,352</u>
		(Concluded)

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

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

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

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

December 31, 2022

	<u>Number of days past due</u>				<u>Total</u>
	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due for 61~120 days</u>	<u>Past due over 121 days</u>	
Gross carrying amount	\$420,967	\$ 15,423	\$ 15,810	\$ 1,032	\$453,232
Loss allowance (Lifetime expected credit losses)	(2,136)	(2,379)	(215)	(235)	(4,965)
Amortized cost	<u>\$418,831</u>	<u>\$ 13,044</u>	<u>\$ 15,595</u>	<u>\$ 797</u>	<u>\$448,267</u>

December 31, 2021

	<u>Number of days past due</u>				<u>Total</u>
	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due for 61~120 days</u>	<u>Past due over 121 days</u>	
Gross carrying amount	\$594,487	\$ 20,843	\$ 21,362	\$ 4,968	\$641,660
Loss allowance (Lifetime expected credit losses)	(4,256)	(327)	(584)	(864)	(6,031)
Amortized cost	<u>\$590,231</u>	<u>\$ 20,516</u>	<u>\$ 20,778</u>	<u>\$ 4,104</u>	<u>\$635,629</u>

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

	<u>2022</u>	<u>2021</u>
Balance at the beginning of year	\$ 6,031	\$ 4,514
Add: (Reversal) Provision for impairment loss in the year	(1,102)	1,533
Less: Amounts written off	-	(5)
Foreign exchange translation gains and losses	<u>36</u>	(<u>11</u>)
Balance at the end of year	<u>\$ 4,965</u>	<u>\$ 6,031</u>

10. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials and supplies	\$ 213,025	\$ 246,665
Work-in-process and semi-finished goods	158,199	138,219
Finished goods	102,772	91,041
Merchandise	<u>37,782</u>	<u>40,284</u>
	<u>\$ 511,778</u>	<u>\$ 516,209</u>

For the years ended December 31, 2022 and 2021, the operating costs related to inventories were NT\$2,262,133 thousand and NT\$2,485,138 thousand, respectively. For the years ended December 31, 2022 and 2021, the operating costs included inventory write-downs amounting to NT\$23,936 thousand and NT\$2,823 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated financial statements include the following subsidiaries:

Investor Company	Investee Company	Main Businesses	The proportion of the ownership		Remark
			December 31, 2022	December 31, 2021	
Nam Liong Global Corporation	GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	Chemical product	100.00%	100.00%	-
Nam Liong Global Corporation	PROLINK INTERNATIONAL (HONG KONG) CO., LIMITED (PROLINK HONG KONG)	Holding and investment	-	-	(1)
Nam Liong Global Corporation	ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	Electronic products trading	100.00%	100.00%	(2)
Nam Liong Global Corporation	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN NAM LIONG)	Holding and investment	100.00%	100.00%	(4)
Nam Liong Global Corporation	SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL)	Holding and investment	100.00%	100.00%	(4)
Nam Liong Global Corporation	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM NAM LIONG)	Textile products (downstream)	100.00%	100.00%	(5)
GREENCHEM	GREENCHEM International Shanghai Co., Ltd. (GREENCHEM)	Chemical product	100.00%	100.00%	-
ELEMENTECH INTERNATIONAL	ELEMENTECH (HONG KONG) LIMITED (ELEMENTECH HONG KONG)	Holding and investment	100.00%	100.00%	(3)
ELEMENTECH HONG KONG	SUZHOU GREATSUN ELECTRONICS ELECTRONICS & COMMUNICATIONS CO., LTD. (SUZHOU GREATSUN ELECTRONICS)	Electronic products trading and manufacturing	100.00%	100.00%	(3)
SPEEDBEST INTERNATIONAL	JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG)	Textile products (downstream)	100.00%	100.00%	(4)
CAYMAN NAM LIONG and SPEEDBEST INTERNATIONAL	DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG)	Textile products (downstream)	100.00%	100.00%	(4)

- 1) On November 2019, the Company's board of directors decided to liquidate PROLINK HONG KONG. The remaining NT\$16,576 thousand worth of liquidation funds were returned in February 2021, and the liquidation procedures were completed in October 2021.
- 2) ELEMENTECH INTERNATIONAL's board of directors decided to implement a capital reduction of NT\$13,878 thousand to offset deficits, and issued ordinary shares for NT\$60,000 thousand with a par value of \$10, which were fully subscribed by the Company. The subscription base date was determined on November 18, 2021.
- 3) To implement its management strategies and establish a complete supply chain, ELEMENTECH INTERNATIONAL made an indirect investment for 100% shares (i.e., US\$1,000 thousand in March 2014, US\$500 thousand in June 2022, and US\$500 thousand in July 2022) through ELEMENTECH HONG KONG's direct investment in SUZHOU GREATSUN ELECTRONICS, whose main business is electronic product manufacturing.
- 4) As of December 31, 2022, 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.
- 5) As of December 31, 2022, the Company holds 100% equity in VIETNAM NAM LIONG with US\$1,600 thousand in accumulated investment amount.

12. PROPERTY, PLANT AND EQUIPMENT

	2022					Balance at the end of year
	Balance at the beginning of year	Additions	Reductions	Reclassifications	Effects of foreign currency exchange differences	
Cost						
Land	\$ 243,715	\$ -	\$ -	\$ -	\$ -	\$ 243,715
Buildings	549,139	13,363	(2,709)	180,258	667	740,718
Machinery equipment	777,982	33,176	(10,132)	-	4,432	805,458
Transportation equipment	41,375	6,208	(2,949)	-	210	44,844
Miscellaneous equipment	200,378	18,250	(7,026)	363	544	212,509
Leasehold improvements	8,919	2,112	-	-	132	11,163
Construction in progress and equipment under installation	<u>201,725</u>	<u>24,355</u>	<u>-</u>	<u>(197,382)</u>	<u>20</u>	<u>28,718</u>
	<u>2,023,233</u>	<u>\$ 97,464</u>	<u>(\$ 22,816)</u>	<u>(\$ 16,761)</u>	<u>\$ 6,005</u>	<u>2,087,125</u>
Accumulated depreciation and impairment						
Buildings	214,921	\$ 28,857	(\$ 2,697)	\$ -	\$ 685	241,766
Machinery equipment	604,383	30,093	(10,083)	-	2,715	627,108
Transportation equipment	31,882	2,804	(2,912)	-	134	31,908
Miscellaneous equipment	107,061	15,029	(6,994)	-	364	115,460
Leasehold improvements	<u>5,830</u>	<u>841</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>6,755</u>
	<u>964,077</u>	<u>\$ 77,624</u>	<u>(\$ 22,686)</u>	<u>\$ -</u>	<u>\$ 3,982</u>	<u>1,022,997</u>
Net	<u>\$1,059,156</u>					<u>\$1,064,128</u>

	2021						
	Balance at the beginning of year	Additions	Reductions	Reclassifications	Transferred from non-current assets held for sale	Effects of foreign currency exchange differences	Balance at the end of year
<u>Cost</u>							
Land	\$163,255	\$ 80,460	\$ -	\$ -	\$ -	\$ -	\$243,715
Buildings	527,711	22,195	(168)	-	-	(599)	549,139
Machinery equipment	784,690	25,738	(38,285)	8,026	-	(2,187)	777,982
Transportation equipment	41,546	3,697	(3,766)	-	-	(102)	41,375
Miscellaneous equipment	182,330	7,948	(1,109)	-	11,464	(255)	200,378
Leasehold improvements	5,325	-	-	3,632	-	(38)	8,919
Construction in progress and equipment installation	<u>156,786</u>	<u>49,626</u>	<u>-</u>	<u>(3,544)</u>	<u>-</u>	<u>(1,143)</u>	<u>201,725</u>
	<u>1,861,643</u>	<u>\$189,664</u>	<u>(\$ 43,328)</u>	<u>\$ 8,114</u>	<u>\$ 11,464</u>	<u>(\$ 4,324)</u>	<u>2,023,233</u>
<u>Accumulated depreciation and impairment</u>							
Buildings	193,924	\$ 21,486	(\$ 168)	\$ -	\$ -	(\$ 321)	214,921
Machinery equipment	611,498	28,876	(34,475)	-	-	(1,516)	604,383
Transportation equipment	33,398	2,228	(3,658)	-	-	(86)	31,882
Miscellaneous equipment	92,993	13,690	(1,045)	-	1,579	(156)	107,061
Leasehold improvements	<u>5,325</u>	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40)</u>	<u>5,830</u>
	<u>937,138</u>	<u>\$ 66,825</u>	<u>(\$ 39,346)</u>	<u>\$ -</u>	<u>\$ 1,579</u>	<u>(\$ 2,119)</u>	<u>964,077</u>
Net	<u>\$924,505</u>						<u>\$1,059,156</u>

The Group did not implement an impairment evaluation because there were no signs of impairment in 2022 and 2021.

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

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

Please refer to Note 24 for details on property, plant and equipment pledged as collateral for bank borrowings.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of use assets		
Land	\$ 60,149	\$ 63,393
Buildings	150,517	175,639
Transportation equipment	1,484	2,974
	<u>\$ 212,150</u>	<u>\$ 242,006</u>

	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	\$ <u>2,342</u>	\$ <u>4,319</u>
Depreciation of right-of-use assets		
Land	\$ 3,763	\$ 3,519
Buildings	29,853	28,511
Transportation equipment	<u>1,490</u>	<u>1,338</u>
	<u>\$ 35,106</u>	<u>\$ 33,368</u>

Except for the aforementioned additions and depreciation expenses, no significant subleasing and impairment loss of the right-of-use assets were recorded in 2022 and 2021.

b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	\$ <u>30,114</u>	\$ <u>30,795</u>
Non-current	<u>\$ 153,453</u>	<u>\$ 179,341</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.59%~2.19%	1.59%
Buildings	1.59%~3.08%	1.59%~3.08%
Transportation equipment	1.75%~2.21%	1.75%~2.21%

c. Material lease activities and terms

- 1) The Group leases certain land, buildings and transportation equipment for manufacturing and operations with lease terms of 2 to 20 years.
- 2) Due to the severe impact of COVID-19 on the market economy, the Group was aware of the importance of rent concessions and negotiated these with the lessor, amounting to NT\$26 thousand as other income for the month under rent concessions in 2021 (2022: none).

d. Other lease information

	<u>2022</u>	<u>2021</u>
Expenses related to short-term leases	\$ <u>10,781</u>	\$ <u>11,898</u>
Expenses related to low-value asset leases	<u>\$ 1,434</u>	<u>\$ 1,416</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 198</u>	<u>\$ 208</u>
Total cash outflow for leases	<u>\$ 49,674</u>	<u>\$ 46,132</u>

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

Please refer to Note 24 and 25 for details on right-of-use assets pledged as collateral for bank borrowings.

14. Goodwill

	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance, beginning of the year and end of the year	\$ 112,610	\$ 112,610
<u>Accumulated impairment loss</u>		
Balance, beginning of the year and end of the year	(<u>23,797</u>)	(<u>23,797</u>)
Net, end of the year	<u>\$ 88,813</u>	<u>\$ 88,813</u>

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

Chemical product – GREENCHEM

The recoverable amount is estimated on the basis of value in use for goodwill impairment testing in 2022 and 2021, and the key assumption used are as follows:

- Each of the cash-generating units approved by the management on assessment date shall be the estimated expected cash flow in accordance with financial forecasts in the next 5 years.
- Cash flows beyond the five-year period is extrapolated using the stable growth rates 2%, which is adjusted by referring to macroeconomic growth rate.
- The discount rates used in 2022 and 2021 were respectively 7.03% and 6.99%, and reflected the market's evaluation of time value of money and relevant risks.

After evaluating in 2022 and 2021, the recoverable amount exceeded carrying amount evaluated, therefore goodwill was not impaired.

15. BORROWINGS

- a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ 362,143	\$ 376,816
<u>Unsecured borrowings</u>		
Credit limit borrowings	-	43,190
	<u>\$ 362,143</u>	<u>\$ 420,006</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loans	1.76%~3.11%	0.89%~2.37%
credit limit borrowings	-	4.35%

Short-term borrowings are pledged with bank deposits and time deposits, and joint and several guarantees are signed by chairman as well as directors. Please refer to Note 24 for details on short-term borrowings.

b. Short-term notes and bills payable

	December 31, 2022		December 31, 2021	
	Interest rate	Amount	Interest rate	Amount
Commercial paper payable	1.82%	\$ 30,000	0.86%	\$ 30,000
Less: Unamortized discount on notes and bills payable		(<u>129</u>)		(<u>46</u>)
		<u>\$ 29,871</u>		<u>\$ 29,954</u>

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

c. Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings	\$ 676,845	\$ 724,112
Long-term borrowings, current portion	(<u>220,607</u>)	(<u>113,836</u>)
	<u>\$ 456,238</u>	<u>\$ 610,276</u>

	December 31, 2022	December 31, 2021
Maturity	2025~2036	2022~2036
Interest Rate	1.93%~2.97%	1.45%~2.09%

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

Please refer to Note 24 and 25 for details on pledged long-term borrowings.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

The defined benefit plan adopted by NAM LIONG ENTERPRISE CO., LTD. in accordance with the Labor Standards Act is managed by the government. Pension benefits are calculated based on the period of service and average monthly salaries for 6 months prior to the approved retirement date. NAM LIONG ENTERPRISE CO., LTD. contributes an amount equal to 10% of the total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee, and the pension fund is deposited to a specific account at the Bank of Taiwan under the name of the committee. Before the end of each year, if the balance in the pension fund is insufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit shall be made for the difference before the end of next March. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the Group has no right to influence the investment and administration strategies. In 2020, NAM LIONG ENTERPRISE CO., LTD. settled the job tenure of employees who were eligible for the defined benefit retirement plans, and applied for closing asset of the plans in the specific account at the Bank of Taiwan in 2021. A deposit shall be made to offset the difference of NT\$1,513 thousand, which was recognized as pension expense in 2021.

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net defined benefit liabilities	<u>\$ 9,065</u>	<u>\$ 9,136</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit plans	Fair value of plan assets	Net defined benefit liabilities
BALANCE AT JANUARY 1, 2021	<u>\$ 9,171</u>	<u>\$ -</u>	<u>\$ 9,171</u>
Service cost			
Current service cost	230	-	230
Interest expense	<u>18</u>	<u>-</u>	<u>18</u>
Recognized in profit or loss	<u>248</u>	<u>-</u>	<u>248</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	4	-	4
Actuarial gain - changes in financial assumptions	(132)	-	(132)
Actuarial gain - experience adjustments	(155)	<u>-</u>	(155)
Recognized in other comprehensive income	(283)	<u>-</u>	(283)
BALANCE AT DECEMBER 31, 2021	<u>9,136</u>	<u>-</u>	<u>9,136</u>
Service cost			
Current service cost	224	-	224
Interest expense	<u>49</u>	<u>-</u>	<u>49</u>
Recognized in profit or loss	<u>273</u>	<u>-</u>	<u>273</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	-	-	-
Actuarial gain - changes in financial assumptions	(179)	-	(179)
Actuarial gain - experience adjustments	(165)	<u>-</u>	(165)
Recognized in other comprehensive income	(344)	<u>-</u>	(344)
BALANCE AT DECEMBER 31, 2022	<u>\$ 9,065</u>	<u>\$ -</u>	<u>\$ 9,065</u>

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

	2022	2021
Operating expenses	<u>\$ 273</u>	<u>\$ 1,761</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity as well as debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under a mandated management structure. However, in accordance with relevant regulations, the return generated from plan assets should not be below the interest rates of local banks for a 2-year time deposit.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit plans; however, this will be partially offset by an increase in the return on debt investments of plan assets.
- 3) Salary risk: The present value of the defined benefit plans is calculated based on the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the present value of the defined benefit plans.

The actuarial valuations of the present value of the defined benefit plans were carried out by qualified actuaries. The principal assumptions of the actuarial valuation are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.15%	0.55%
Expected salary increase rate	2.00%	2.00%

If there is a possible reasonable change in each of the significant actuarial assumptions, while all other assumptions remain constant, the present value of defined benefit plans would increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	(\$ <u>73</u>)	(\$ <u>94</u>)
0.25% decrease	<u>\$ 74</u>	<u>\$ 95</u>
Expected salary increase rate		
0.25% increase	<u>\$ 73</u>	<u>\$ 93</u>
0.25% decrease	(\$ <u>73</u>)	(\$ <u>92</u>)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit plans as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Average duration of the defined benefit plans	3 years	4 years

17. EQUITY

a. Share capital

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>122,392</u>	<u>122,392</u>
Issued capital	<u>\$ 1,223,923</u>	<u>\$ 1,223,923</u>

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

ZI LIONG ENTERPRISE CO., LTD., the Company's main shareholder, acquired 72,000,000 shares through private placement at NT\$612,000 thousand. As of December 31, 2022, the Company has accumulated 72,000,000 private placements, and the effective registration for supplemental public issuance of securities through private placement was authorized by a competent authority on October 27, 2022.

b. Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>25,300</u>	<u>25,300</u>
	<u>\$ 57,621</u>	<u>\$ 57,621</u>

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

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

c. Retained earnings and dividend policy

Under the dividend policy set forth in the Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall first be used to pay taxes, offset losses in previous years, allocate 10% of the remaining profit as legal reserve, and set aside or reverse a special reserve in accordance with the law and regulations. Moreover, the Company's board of directors shall use any remaining profit together with undistributed retained earnings as a basis for proposing a distribution plan (i.e., distribution of dividends and bonuses to shareholders), which shall be resolved at the shareholders' meeting. For policies provided in the Articles of Incorporation with regard to the distribution of employee compensation and remuneration of directors and supervisors, please refer to the employee compensation and remuneration of directors and supervisors in Note 18 (g).

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

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the

Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

On August 6, 2021, the shareholders amended the Articles of Incorporation to 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 Group should further compensate for the gap using the net profit after tax and the balances of other equity items in the current period. Before amending its Articles of Incorporation, the Company appropriated from retained earnings of the previous period in accordance with the law.

Offsetting against accumulated deficit for 2020 was approved at the shareholders' meeting in August, 2021. The profit in 2020 was NT\$66,465 thousand and accumulated deficit was NT\$4,512 thousand.

The appropriation of earnings for 2021 was approved at the Company's general meeting of shareholders on June 23, 2022. The appropriation and dividends per share were as follows:

	2021
Legal reserve	<u>\$ 14,597</u>
Cash dividends	<u>\$ 73,435</u>
Cash dividends per share	\$ 0.60

The appropriation of earnings for 2022 was approved at the Board of Directors' meeting on March 29, 2023. The appropriation and dividends per share were as follows:

	2022
Legal reserve	<u>\$ 17,789</u>
Cash dividends	<u>\$ 79,555</u>
Cash dividends per share	\$ 0.65

The other appropriations of earnings for 2022 will be approved at the shareholders' meeting in June, 2023 (expected).

18. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	2022	2021
Energy sales revenue	\$ 6,249	\$ 2,601
Rental revenue	4,023	3,909
Service revenue	3,560	4,320
Grants income	900	8,267
Others	14,342	13,593
	<u>\$ 29,074</u>	<u>\$ 32,690</u>

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

b. Foreign exchange gains or losses

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 74,809	\$ 15,726
Foreign exchange losses	(21,962)	(28,150)
Profit or loss	<u>\$ 52,847</u>	<u>(\$ 12,424)</u>

c. Financial costs

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 23,935	\$ 20,034
Interest on lease liabilities	5,652	5,887
Other financial costs	<u>1,083</u>	<u>1,301</u>
	<u>\$ 30,670</u>	<u>\$ 27,222</u>

d. Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 961	(\$ 2,206)
Losses on disposal of intangible assets	(45)	-
Losses on liquidation of subsidiaries using equity method	<u>-</u>	<u>(4,143)</u>
	<u>\$ 916</u>	<u>(\$ 6,349)</u>

e. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 77,624	\$ 66,825
Right-of-use assets	35,106	33,368
Intangible assets	<u>1,060</u>	<u>877</u>
Total	<u>\$ 113,790</u>	<u>\$ 101,070</u>

	<u>2022</u>	<u>2021</u>
Analysis of depreciation by function		
Operating Costs	\$ 53,682	\$ 51,595
Operating expenses	<u>59,048</u>	<u>48,598</u>
	<u>\$ 112,730</u>	<u>\$ 100,193</u>

	<u>2022</u>	<u>2021</u>
Analysis of amortization by function		
Operating Costs	\$ 176	\$ 176
Operating expenses	<u>884</u>	<u>701</u>
	<u>\$ 1,060</u>	<u>\$ 877</u>

f. Employee benefit expenses

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plans	\$ 15,720	\$ 15,347
Defined benefit plans	<u>273</u>	<u>1,761</u>
	15,993	17,108
Salaries	577,679	580,570
Other personnel expenses	<u>58,506</u>	<u>54,681</u>
Total	<u>\$ 652,178</u>	<u>\$ 652,359</u>

(Continued)

	<u>2022</u>	<u>2021</u>
Analysis of employee benefits expense by function		
Operating Costs	\$ 272,276	\$ 274,061
Operating expenses	<u>379,902</u>	<u>378,298</u>
	<u>\$ 652,178</u>	<u>\$ 652,359</u>

(Concluded)

g. Remuneration of employees, directors and supervisors

The Company allocated compensation for employees and remuneration for directors ranging from 2%-20% and no higher than 2%, respectively, of net profit before tax for each category (i.e., employees and directors/supervisors).

For the years ended December 31, 2022 and 2021, the estimated employee compensation and remuneration of directors and supervisors resolved by the board of directors on March 29, 2023 and March 23, 2022, respectively, were as follows:

Accrual Rate

	<u>2022</u>	<u>2021</u>
Employee compensation	7.29%	7.93%
Remuneration of directors and supervisors	1.25%	1.20%

Amount

	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employee compensation	\$ 14,590	\$ 13,275
Remuneration of directors and supervisors	2,500	2,000

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

There is no difference between the actual amounts paid for employee compensation and remuneration of directors and supervisors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's Board of Directors is available on the "Market Observation Post System" website of the Taiwan Stock Exchange.

19. INCOME TAXES RELATED TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

Major components of income tax expense recognized in profit or loss are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 11,440	\$ 20,224
Prior year adjustments	(<u>26</u>)	<u>7,601</u>
	<u>11,414</u>	<u>27,825</u>
Deferred tax		
In respect of the current year	2,435	(1,987)
Prior year adjustments	<u>31</u>	<u>-</u>
	<u>2,466</u>	(<u>1,987</u>)
Income tax expense recognized in profit or loss	<u>\$ 13,880</u>	<u>\$ 25,838</u>

A reconciliation of accounting income and income tax expense as well as tax rate is shown below:

	<u>2022</u>	<u>2021</u>
Income before tax from continuing operations	<u>\$ 191,499</u>	<u>\$ 176,093</u>
Income tax expense calculated at statutory rate	\$ 49,187	\$ 46,367
Nondeductible items in determining taxable income	(13,038)	(5,069)
Tax-exempt income	-	(14,784)
Unrecognized deficit reduction	(22,358)	(8,331)
Non-deductible expenses in determining taxable income	84	54
Prior year adjustments	<u>5</u>	<u>7,601</u>
Income tax expense recognized in profit or loss	<u>\$ 13,880</u>	<u>\$ 25,838</u>

b. Income tax expense recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
In respect of the current year		
– Translation of foreign operations	\$ 555	\$ 613
– Defined benefit plans	<u>69</u>	<u>57</u>
	<u>\$ 624</u>	<u>\$ 670</u>

c. Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivables	<u>\$ 1,857</u>	<u>\$ 223</u>
Current tax liabilities		
Income tax payable	<u>\$ 11,451</u>	<u>\$ 8,168</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	Balance at the beginning of year	Profit or Loss	Other Comprehensive Income	Exchange differences	Balance at the end of year
<u>Deferred tax assets</u>					
<u>Temporary differences</u>					
Payables for annual leave	\$ 982	(\$ 51)	\$ -	\$ -	\$ 931
Inventory write-down	3,202	2,344	-	-	5,546
Excess of accrual pension	836	54	-	-	890
Defined benefit retirement plans	918	-	(69)	-	849
Losses on investments accounted for using the equity method	3,911	2,582	-	-	6,493
Deficit reduction	7,733	(7,733)	-	-	-
Exchange differences on translation of foreign operations	1,593	-	(586)	-	1,007
Others	1,052	(278)	-	-	774
	<u>\$ 20,227</u>	<u>(\$ 3,082)</u>	<u>(\$ 655)</u>	<u>\$ -</u>	<u>\$ 16,490</u>
<u>Deferred tax liabilities</u>					
<u>Temporary differences</u>					
Exchange differences on translation of foreign operations	(\$ 377)	\$ -	\$ 31	\$ -	(\$ 346)
Depreciation of property, plant and equipment	(113)	-	-	(1)	(114)
Gains on investments accounted for using the equity method	(10,106)	1,387	-	-	(8,719)
Unrealized exchange gains	(299)	(771)	-	-	(1,070)
	<u>(\$ 10,895)</u>	<u>\$ 616</u>	<u>\$ 31</u>	<u>(\$ 1)</u>	<u>(\$ 10,249)</u>

2021

	Balance at the beginning of year	Profit or Loss	Other Comprehensive Income	Exchange differences	Balance at the end of year
<u>Deferred tax assets</u>					
<u>Temporary differences</u>					
Payable for annual leave	\$ 720	\$ 262	\$ -	\$ -	\$ 982
Inventory write-down	3,578	(376)	-	-	3,202
Excess of accrual pension	786	50	-	-	836
Defined benefit retirement plans	975	-	(57)	-	918
Losses on investments accounted for using the equity method	2,539	1,372	-	-	3,911
Deficit reduction	7,733	-	-	-	7,733
Exchange differences on translation of foreign operations	2,196	-	(603)	-	1,593
Others	872	180	-	-	1,052
	<u>\$ 19,399</u>	<u>\$ 1,488</u>	<u>(\$ 660)</u>	<u>\$ -</u>	<u>\$ 20,227</u>
<u>Deferred tax liabilities</u>					
<u>Temporary differences</u>					
Exchange differences on translation of foreign operations	(\$ 367)	\$ -	(\$ 10)	\$ -	(\$ 377)
Depreciation of property, plant and equipment	(133)	19	-	1	(113)
Gains on investments accounted for using the equity method	(10,421)	315	-	-	(10,106)
Unrealized exchange gains	(464)	165	-	-	(299)
	<u>(\$ 11,385)</u>	<u>\$ 499</u>	<u>(\$ 10)</u>	<u>\$ 1</u>	<u>(\$ 10,895)</u>

e. As of the end of 2021, the amount of unused deficit reduction for which no deferred assets have been recognized in the consolidated balance sheets was NT\$97,830 thousand (As of the end of 2022: none). As of the end of 2021, the amount of unrecognized deductible temporary differences was NT\$65,019 thousand (As of the end of 2022: none).

f. Income tax examination

Tax authorities have examined income tax returns of the Company, ELEMENTECH INTERNATIONAL, and GREENCHEM until 2020.

g. Income tax related to subsidiaries:

- 1) Applicable tax rate of subsidiaries in Mainland China is 25%;
- 2) For other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

20. EARNINGS PER SHARE

EPS is computed as follows:

	Amount (Numerator)	Number of Shares (Denominator)	Earnings Per Share
	After Income Tax	(In Thousands)	After Income Tax (In Dollars)
<u>Year Ended December 31, 2022</u>			
Basic EPS			
Net income available to common shareholders	\$ 177,619	122,392	<u>\$ 1.45</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	<u>1,003</u>	
Diluted EPS			
Net income available to common shareholders	<u>\$ 177,619</u>	<u>123,395</u>	<u>\$ 1.44</u>
<u>Year Ended December 31, 2021</u>			
Basic EPS			
Net income available to common shareholders	\$ 150,255	122,392	<u>\$ 1.23</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	<u>633</u>	
Diluted EPS			
Net income available to common shareholders	<u>\$ 150,255</u>	<u>123,025</u>	<u>\$ 1.22</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.

21. CAPITAL MANAGEMENT

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

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

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

1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	\$ -	\$ -	\$100,674	\$100,674

In 2022 and 2021, there were no transfers between Level 1 and Level 2.

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

Financial assets at fair value through other comprehensive income – equity instrument

	<u>2022</u>	<u>2021</u>
Balance at the beginning of year	\$ 100,674	\$ -
Purchase	30,985	54,419
Recognized in other comprehensive income (Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income)	<u>73,614</u>	<u>46,255</u>
Balance at the end of year	<u>\$ 205,273</u>	<u>\$ 100,674</u>

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

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount for lack of marketability		
10% increase	(<u>\$ 67,751</u>)	(<u>\$ 4,300</u>)
10% decrease	(<u>\$ 55,436</u>)	<u>\$ 4,331</u>

c. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
At amortized cost (1)	\$ 1,244,104	\$ 1,337,453
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	205,273	100,674
<u>Financial liabilities</u>		
At amortized cost (2)	1,470,332	1,700,613

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), financial assets measured at amortized cost (including current and non-current), and paid guarantee deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other accounts payable (including related parties), 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 Group are reviewed by the board of directors in accordance with relevant regulations or internal controls. During the implementation of such financial plans, the Group must comply with relevant financial risk control procedures and accountability principles. Compliance with policies and exposure limits is continuously reviewed by internal auditors. The Group did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

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

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

a) Foreign currency risk

Foreign currency sales and purchases exposed the Group to foreign currency risk. In order to avoid the impact of changes in foreign exchange rates, which lead to deductions in foreign currency denominated assets and fluctuations in its future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. In 2022 and 2021, approximately 74.72% and 66.74% of the Group's sales revenue were not denominated in functional currency, respectively.

For the carrying amount of the Group's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 28.

Sensitivity analysis

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

If there was a 1% strengthening/weakening of the functional currency against the USD, the net income before tax for the years ended December 31, 2022 and 2021 would have decreased/increased by NT\$4,493 thousand and NT\$5,503 thousand, respectively.

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

b) Interest rate risk

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

interest rate to make the Group's interest rate close to market interest rates so as to mitigate risks of market interest rate fluctuations.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
– Financial assets	\$ 59,987	\$ 34,382
– Financial liabilities	225,581	351,546
Cash flow interest rate risk		
– Financial assets	714,430	631,893
– Financial liabilities	1,026,845	1,032,662

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group were all measured at amortized cost, so they were not included in the analysis. For financial assets and liabilities at floating interest rates, it was assumed in the analysis that they were outstanding throughout the reporting period if outstanding on the balance sheet date. The 0.25% increase or decrease in interest rate was used to report on reasonably possible change in interest rate to key management. If all other variables were held constant and interest rates had been 0.25% higher or lower, the Group's profit before tax for the years ended December 31, 2022 and 2021 would have decreased or increased by NT\$781 thousand and NT\$1,002 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk, which would cause financial loss due to failure of counterparties to meet their obligations and financial guarantees provided by the Group (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools), could arise from:

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

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

The Group has accounts receivable from a wide range of customers belonging to different industries and regions. It continues to evaluate the financial position of its customers.

As of December 31, 2022, and 2021, five major customers account for 28% and 20% of the Group's accounts receivable, respectively, and the credit concentration risk of other accounts receivable is insignificant.

3) Liquidity risk

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

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

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

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$292,281	\$ 70,219	\$ 38,797	\$ -
Lease liabilities	2.73%	5,096	6,617	22,974	165,729
Fixed interest rate liabilities	1.82%~ 3.11%	35,201	7,208	11	-
Floating interest rate liabilities	1.76%~ 2.97%	<u>56,037</u>	<u>81,405</u>	<u>403,432</u>	<u>551,170</u>
		<u>\$388,615</u>	<u>\$165,449</u>	<u>\$465,214</u>	<u>\$716,899</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 ~5 Years	5 ~10 Years	10 ~15 Years	15 ~20 Years	20+ Years
		\$				
Lease liabilities	<u>\$34,687</u>	<u>110,527</u>	<u>\$46,348</u>	<u>\$ 8,548</u>	<u>\$ 306</u>	<u>\$ -</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$289,779	\$180,367	\$ 56,223	\$ -
Lease liabilities	2.65%	4,977	6,427	24,769	195,860
Fixed interest rate liabilities	0.86%~ 4.35%	30,164	18,526	63,419	-
Floating interest rate liabilities	0.89%~ 2.19%	<u>25,660</u>	<u>118,709</u>	<u>323,459</u>	<u>657,966</u>
		<u>\$350,580</u>	<u>\$324,029</u>	<u>\$467,870</u>	<u>\$853,826</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>\$ 36,173</u>	<u>\$120,678</u>	<u>\$ 64,890</u>	<u>\$ 8,415</u>	<u>\$ 1,877</u>	<u>\$ -</u>

b) Financing facilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowing facilities		
– Amount used	\$ -	\$ 43,190
– Amount unused	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 43,190</u>
Secured bank borrowing facilities		
– Amount used	\$ 1,068,988	\$ 1,130,928
– Amount unused	<u>618,252</u>	<u>542,878</u>
	<u>\$ 1,687,240</u>	<u>\$ 1,673,806</u>

As of December 31, 2022, the Group's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Group has no significant exposure to liquidity risk.

23. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed in other notes, details on transactions between the Group and other related parties are disclosed below:

a. Names and categories of related parties

Related Party Name	Related Party Categories
Shao, Ten-Po	Chairman of the Company
Great Industries Corp. (G.I.C.)	Related party in substance
GREENRAYS INTERNATIONAL CO., LTD. (GREENRAYS)	Related party in substance
U-LONG HIGH-TECH TEXTILE CO., LTD. (U-LONG)	Related party in substance
TIONG LIONG INDUSTRIAL CO., LTD. (TLI)	Related party in substance
EARS MANAGEMENT & CONSULTANT COMPANY (EARS)	Related party in substance
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
AGRO-GREEN INTERNATIONAL CO., LTD. (AGRO-GREEN)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
Jiafeng Maoliang Investment Co., Ltd. (Jiafeng Maoliang)	Related party in substance
Fu Qing Tong Liong weaving Co.,Ltd. (China) (Fu Qing Tong Liong)	Related party in substance
Fuqing Hong Liong Textile Technology Co., Ltd. (China) (Fuqing Hong Liong)	Related party in substance
Shanghai Huiliang Textile Accessories Co., Ltd. (China) (Shanghai Huiliang)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance
HONG LI TEXTILE CO., LTD. (HONG LI)	Related party in substance
JSM Green Field (Taiwan) Co., Ltd. (JSM Green)	Related party in substance
Zhongshan Tiongliong Tech-textile Technology Co., Ltd. (China) (Zhongshan Tiongliong)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
E-LIONG GREEN ENGINEERING TECHNOLOGY CO., LTD. (E-LIONG)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (China) (SHANGHAI JIAN LENG)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD (NAM GUANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
Qi Hong Investment CO., LTD. (Qi Hong)	Related party in substance
Xin Yan Investment CO., LTD. (Xin Yan)	Related party in substance
Heng Ding Biotechnology Co., Ltd. (Heng Ding Biotechnology)	Related party in substance
DECORTEC CO., LTD. (DECORTEC)	Related party in substance
Gu Yi Investment CO., LTD. (Gu Yi)	Related party in substance
Vietnam Tronjen Industrial Co., Ltd. (Vietnam) (Vietnam Tronjen)	Related party in substance
Hoa Gia Plastics Industrial Co., Ltd. (Hoa Gia)	Related party in substance
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
Liang Cheng Sporting Goods Company Limited (Liang Cheng)	Related party in substance
GREENRAY BIOMEDICAL CO., LTD. (GREENRAY BIOMEDICAL)	Related party in substance
UNION LINE TEXTILE CO., LTD. (UNION LINE)	Related party in substance
BANG-HONG TECHNOLOGY CO., LTD. (BANG-HONG)	Related party in substance
SICOM ENTERPRISE CO., LTD. (SICOM)	Related party in substance
DONGGUAN PROPRENE SPORTING GOODS CO., LTD. (China) (PROPRENE SPORTING GOODS)	Related party in substance

(Continued)

Related Party Name	Related Party Categories
Teholy Co., Ltd. (Teholy)	Related party in substance
GOLDEN-PRENE ENTERPRISE CO., LTD. (GOLDEN-PRENE)	Related party in substance
Xu Tai Sports Bag Co., Ltd. (China) (Xu Tai)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (China) (NAMDE)	Related party in substance
DongGuan Nan You Sporting Goods Enterprise Ltd. (China) (Nan You)	Related party in substance
Dongguan Shengliang Textile Co., Ltd. (China) (Shengliang)	Related party in substance
HONGLITEXTILE (China) (HONGLITEXTILE)	Related party in substance
Dongguan Goldew Rubber PRODUCT Co. Ltd. (Dongguan Goldew)	Related party in substance
ETERNALCARE BIOTECH INC. (ETERNALCARE)	Related party in substance
Shi Jin Culture and Art Co., Ltd. (Shi Jin)	Related party in substance
HONG LIONG TEXTILE CO., LTD. (HONG LIONG)	Related party in substance
Shanghai Nantec Textile Co., Ltd. (Shanghai Nantec)	Related party in substance
Shanghai Guanqiao Textile Co., Ltd. (Shanghai Guanqiao)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance
TIONG LIONG TRADING (SAMOA) CO., LTD (TIONG LIONG TRADING)	Related party in substance
TIEN POU INTERNATIONAL LTD., TAIWAN BRANCH (CAYMAN) (TIEN POU)	Related party in substance
Chiayi County Private Ziliang Social Welfare and Charity Foundation (Ziliang Foundation)	Related party in substance
TrueLove Aquatic Solar Power Co., Ltd. (Aquatic Solar Power)	Related party in substance
GREATHEALTH INDUSTRY DEVELOPMENT CO., LTD (GREATHEALTH)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
SHANGHAI JIE EN DI ENTERPRISE CO. LTD. (JIE EN DI)	Related party in substance
Zhongdao Fuliang Health Technology CO., LTD. (China) (Zhongdao Fuliang)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKYCOSMOS LIMITED (SKYCOSMOS LIMITPED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun)	Related party in substance

(Concluded)

b. Operating revenue

Item	Related Party Name/Categories	2022	2021
Sales revenue	Related party in substance		
	G.I.C.	\$ 55,481	\$ 60,384
	TLI	23,603	24,819
	TIEN JIANG	22,040	37,746
	ZHONGSHAN	17,962	33,493
	TIONGLIONG		
	Other related parties in substance	<u>98,528</u>	<u>136,967</u>
		<u>\$ 217,614</u>	<u>\$ 293,409</u>

c. Purchase

Related Party Name/Categories	2022	2021
Related party in substance		
HONG LI	\$ 23,796	\$ 20,901
NAMDE	12,200	15,606
U-LONG	6,021	7,563
HUI LIANG	4,726	10,147
Other related parties in substance	<u>2,932</u>	<u>5,333</u>
	<u>\$ 49,675</u>	<u>\$ 59,550</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 (excluding loans and contract assets to related parties)

Item	Related Party Name/Categories	December 31, 2022	December 31, 2021
Notes receivable	Related party in substance		
	TLI	\$ 4,691	\$ 3,887
	TIEN JIANG	4,388	11,990
	Other related parties in substance	<u>2,230</u>	<u>2,019</u>
		<u>\$ 11,309</u>	<u>\$ 17,896</u>
Accounts receivable	Related party in substance		
	G.I.C.	\$ 13,780	\$ 24,421
	ZHONGSHAN	9,062	3,969
	TIONGLIONG		
	PROPRENE	5,486	2,983
	SPORTING GOODS		
	Nan You	4,743	14,500
	Other related parties in substance	<u>13,838</u>	<u>27,479</u>
		<u>\$ 46,909</u>	<u>\$ 73,352</u>
Other current assets	Related party in substance		
	EARS	\$ 438	\$ 375
	HUI LIANG	293	96
	GREENRAYS	292	385
	AGRO-GREEN	245	287
	JSM Green	200	168
	Other related parties in substance	<u>247</u>	<u>314</u>
		<u>\$ 1,715</u>	<u>\$ 1,625</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, 2022 and 2021.

e. Payables – related parties

<u>Item</u>	<u>Related Party Name/Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable	Related parties in substance		
	U-LONG	\$ 408	\$ 667
	DECORTEC	<u>119</u>	<u>-</u>
		<u>\$ 527</u>	<u>\$ 667</u>
Accounts payable	Related parties in substance		
	HONG LI	\$ 5,408	\$ 8,277
	NAMDE	420	3,254
	Other related parties in substance	<u>1,402</u>	<u>2,782</u>
		<u>\$ 7,230</u>	<u>\$ 14,313</u>
Other accounts payable	Related parties in substance		
	EARS	\$ 972	\$ 1,772
	Hoa Gia	429	554
	NAMDE	413	602
	Other related parties in substance	<u>86</u>	<u>389</u>
	<u>\$ 1,900</u>	<u>\$ 3,317</u>	

f. Acquisition of property, plant, and equipment

<u>Related Party Name/Categories</u>	<u>Purchase Price</u>	
	<u>2022</u>	<u>2021</u>
Related parties in substance		
ORIENTAL	<u>\$ 179</u>	<u>\$ -</u>

g. Lease arrangements

<u>Related Party Name/Categories</u>	<u>2022</u>	<u>2021</u>
<u>Lease expenses</u>		
Chairman of the Company	\$ 4,403	\$ 4,403
Related parties in substance	<u>120</u>	<u>160</u>
	<u>\$ 4,523</u>	<u>\$ 4,563</u>

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

Subsidiaries lease parking spaces, offices, display space for samples, and warehouse from related parties in substance. The rentals are paid on a monthly basis.

Lease expenses include expenses related to short-term leases as well as low-value asset leases. The total amount of future expenses associated with short-term leases and expenses to be paid related to low-value asset leases are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total amount of lease expenses to be paid in the future	<u>\$ 120</u>	<u>\$ 10</u>

h. Lease-out agreement

Operating lease

The Group leases a dormitory and offices to related parties by means of an operating lease based on prevailing rates in the surrounding area. Rentals may be paid in lump sum at the beginning of the year or collected on a monthly basis. Lease income were NT\$3,666 thousand and NT\$3,763 thousand in 2022 and 2021, respectively.

i. Others

Item	Related Party Name/Categories	2022	2021
Operating Costs (excluding rentals)	Related parties in substance		
	NAMDE	\$ 5,692	\$ 5,742
	Hoa Gia	686	-
	TIEN JIANG	-	840
	Other related parties in substance	250	1,014
		\$ 6,628	\$ 7,596
Operating expenses (excluding rentals)	Related parties in substance		
	EARS	\$ 11,331	\$ 12,262
	JIE EN DI	-	4,143
	Other related parties in substance	1,813	2,326
		\$ 13,144	\$ 18,731
Other income	Related parties in substance		
	AGRO-GREEN	\$ 1,200	\$ 1,442
	JSM Green	1,020	840
	GREENRAYS	930	1,457
	Other related parties in substance	517	750
		\$ 3,667	\$ 4,489

Related parties in substance provide human resources to the Group, and the Group paid NT\$10,975 thousand and NT\$11,813 thousand in management service fees in 2022 and 2021, respectively. Payment is collected in the following quarter based on actual fees every quarter (actual fee was included in the Operating expenses mentioned above).

The Group provides related party in substance with management and consultation services, with management service revenue of NT\$3,560 thousand and NT\$4,320 thousand collected on a monthly basis (included in other income) in 2022 and 2021, respectively.

The Group disposed of transportation equipment with no residual value to related parties in substance for NT\$50 thousand in 2021, and NT\$50 thousand; such gains on the disposal were recognized as other income.

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, 2022 and 2021.

k. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 62,575	\$ 56,349
Post-employment benefits	<u>1,415</u>	<u>1,315</u>
	<u>\$ 63,990</u>	<u>\$ 57,664</u>

Remuneration of directors and key management is determined by the Remuneration Committee based on personal performance and market trends. If the decision-making and handling of any matter related to the remuneration of directors and managerial officers of a subsidiary are delegated to the subsidiary but require ratification by the Company's board of directors, the Remuneration Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group pledged the following assets as bank loans and collaterals with letter of guarantee, or customs guarantee for imported materials and supplies:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Restricted demand deposits	\$ 29,863	\$ 47,598	Borrowings and performance
Pledged time deposits	17,000	17,106	Borrowings and performance
Right-of-use assets	13,047	13,907	Borrowings
Property, plant and equipment, net	<u>491,122</u>	<u>510,133</u>	Borrowings
	<u>\$ 551,032</u>	<u>\$ 588,744</u>	

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2022 and 2021, the unused letters of credit amounted to NT\$20,960 and NT\$23,293, respectively.
- b. The Company has agreed to lease 7 superficies from Taiwan Sugar Corporation (TSC) which are located in San Kan Dian and Niaosong, YongKang Dist., Tainan City. In accordance with the agreement with TSC, the Company has established the value of the right of superficies through the Land Bank of Taiwan, which is the management bank for syndicated credit facility agreements. In addition, the Company has promised the Land Bank of Taiwan that it shall maintain ownership of the superficies during the syndicated credit facility period and shall faithfully comply with the superficies contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficies. Please refer to Notes 13, 15, and 24 for further details.

26. OTHER ITEMS

Due to the COVID-19 pandemic and current conditions, GREENCHEM, a subsidiary of the Group, has applied for subsidy on salary and operating funds from the government, and acquired NT\$432 thousand in 2021 (2022: none).

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 21, 2023, the Company issued 5,000 units of secured convertible corporate bonds denominated in New Taiwan Dollars with a coupon rate of 0%. The total capital was NT\$500,000 thousand while the total offering amount was NT\$581,140 thousand based on a par value of 116.23%.

28. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on aggregation of foreign currencies other than functional currencies of the entities in the Group as well as exchange rates between foreign currencies and respective functional currencies were disclosed. Significant assets and liabilities denominated in foreign currencies are as follows:

(Except for the exchange rate, individual foreign currencies all in thousands of New Taiwan Dollars)

	December 31, 2022			
	Foreign currency amount	Exchange rate	Functional currencies	NT\$
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 12,315	30.660 (USD : NTD)	\$377,578	\$377,578
USD	2,655	6.995 (USD : CNY)	18,572	81,402
USD	94	23,540.00 (USD : VND)	2,212,760	2,390
CNY	2,137	4.383 (CNY : NTD)	9,366	9,366
EUR	514	32.520 (EUR : NTD)	16,715	16,715
HKD	35	3.908 (HKD : NTD)	137	137
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	341	30.660 (USD : NTD)	10,455	10,455
USD	64	23,540.00 (USD : VND)	1,506,560	1,627

December 31, 2021

	Foreign currency amount	Exchange rate	Functional currencies	NT\$
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,333	27.630 (USD : NTD)	\$ 478,911	\$ 478,911
USD	3,091	6.397 (USD : CNY)	19,774	85,404
USD	148	22,860.00 (USD : VND)	3,383,280	4,089
CNY	198	4.319 (CNY : NTD)	855	855
EUR	705	31.120 (EUR : NTD)	21,940	21,940
HKD	1,147	3.519 (HKD : NTD)	4,036	4,036
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 475	27.630 (USD : NTD)	\$ 13,124	\$ 13,124
USD	182	22,860.00 (USD : VND)	4,160,520	5,029

For the years ended December 31, 2022 and 2021, net foreign exchange gains and losses (realized and unrealized) were NT\$52,847 thousand, and NT\$12,424 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses per significant foreign currency due to various foreign currency transactions.

29. ADDITIONAL DISCLOSURES

a. Information about significant transactions and reinvestments:

- 1) Financing provided to others: None.
- 2) Endorsement and guarantee provided: Table 1.
- 3) Marketable securities held: Table 2.
- 4) Acquisition and disposal of marketable securities for at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchase or sales transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: None.

10) Others:

Intercompany relationships and significant intercompany transactions: Table 4.

11) Information on investees: Table 5.

b. Information on investments in Mainland China:

1) The name of investee in Mainland China, main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 6.

2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: Table 3 and 4.

b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 3 and 4.

c) The amount of property transactions and the amount of resultant gains or losses: None.

d) The balance and purposes of endorsements or guarantees or pledged of collateral at the end of the period: None.

e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.

f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.

c. Information on major shareholders: list the names of all shareholders with ownership of 5% or greater, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

30. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group's reportable segments, including departments in charge of electronic products, chemical products, textile products (downstream), and other products.

a. Segment revenue and results

Below is an analysis of continuing revenue and results from the operations of reportable segments of the Group:

	Segment Revenue		Segmented Income	
	2022	2021	2022	2021
Electronic products	\$ 212,621	\$ 325,972	\$ 881	(\$ 17,073)
Chemical products	142,725	214,222	7,556	16,865
Textile products (downstream)	2,717,748	2,789,708	140,415	280,306
Other products	9,133	26,998	(8,938)	(89,169)
	<u>\$3,082,227</u>	<u>\$3,356,900</u>	139,914	190,929
Interest revenue			3,352	1,865
Foreign exchange gains (losses)			52,847	(12,424)
Finance costs			(30,670)	(27,222)
Other gains and losses, net			26,056	22,945
Profit before tax from continuing operations			<u>\$ 191,499</u>	<u>\$ 176,093</u>

The reported segment revenue was generated from transactions with external customers.

Segment revenue represented the profit before tax earned by each segment without allocation of interest revenue, foreign exchange gains (losses), financing costs, and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

Because the Group did not provide the operating decision-maker with segment assets of reportable segments, information of segment assets shall not be disclosed.

b. Major revenue from products and service

Below is the major revenue from products and services of continuing operations of the Group:

	2022	2021
Electronic products	\$ 212,621	\$ 325,972
Chemical product	142,725	214,222
Textile products (downstream)	2,717,748	2,789,708
Other products	9,133	26,998
	<u>\$ 3,082,227</u>	<u>\$ 3,356,900</u>

c. Geographical information

Taiwan, China, and Vietnam are the Group's major operational locations.

The Group's revenue from continuing operations of external customers based on the operational location and information on non-current assets according to location are detailed as follows:

	Revenue from External Customers		Non-current Assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	\$ 2,193,290	\$ 2,330,306	\$ 1,115,108	\$ 1,013,158
China	864,544	999,807	458,262	486,496
Vietnam	<u>24,393</u>	<u>26,787</u>	<u>17,874</u>	<u>17,395</u>
	<u>\$ 3,082,227</u>	<u>\$ 3,356,900</u>	<u>\$ 1,591,244</u>	<u>\$ 1,517,049</u>

Non-current assets exclude financial assets at amortized cost and deferred tax assets.

d. Information on major customers

The Group does not have revenues from a single customer that exceed 10% of the consolidated operating revenues in 2022 and 2021.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
ENDORSEMENT AND GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

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

No.	Endorser and Guarantor	Party being endorsed and guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount of Endorsement/ Guarantee During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Maximum Allowable Amount for Endorsements/Guarantees (Note)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Nature of Relationships										
0	Nam Liong Global Corporation	ELEMENTECH INTERNATIONAL CO., LTD.	Subsidiary	\$ 327,831	\$ 20,000	\$ 20,000	\$ -	\$ -	1.22%	\$ 819,577	Yes	-	-

Note: The Company's aggregate amount of endorsements/guarantees for external entities and for a single entity shall not exceed 50% and 20% of the Company's net worth, respectively. The maximum amount of aggregate endorsements/guarantees provided by the Company was the net value on December 31, 2022.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
 (Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
 MARKETABLE SECURITIES HELD
 FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				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	5,875,002	\$ 205,273	13,52%	\$ 205,273	Note

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

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)

TOTAL PURCHASES OR SALES TRANSACTIONS WITH RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ELEMENTECH INTERNATIONAL CO., LTD.	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Subsidiary	Purchases	\$ 148,619	88.53%	30 days after monthly closing	N/A	N/A	\$ -	-	Note
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	ELEMENTECH INTERNATIONAL CO., LTD.	Parent	Sales	148,619	92.17%	30 days after monthly closing	N/A	N/A	-	-	Note

Note: All transactions have been eliminated upon consolidation.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 4 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Transaction Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Nam Liong Global Corporation	JIAXING NANXIONG POLYMER CO., LTD.	(1)	Sales revenue	\$ 49,118	Note 5	1.57%
0	Nam Liong Global Corporation	JIAXING NANXIONG POLYMER CO., LTD.	(1)	Accounts receivable	4,678	Note 5	0.06%
1	ELEMENTECH INTERNATIONAL CO., LTD.	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	(3)	Operating costs	148,619	Note 5	4.75%

Note 1: Transactions between the parent corporation and its subsidiaries should be remarked, as well as numbered in the first column. Rules are as follows:

- (1) The parent corporation shall be 0.
- (2) Subsidiaries are numbered in Arabic figures.

Note 2: Related party transactions are divided into three categories:

- (1) The parent corporation to its subsidiaries
- (2) Subsidiaries to the parent corporation
- (3) Subsidiaries to Subsidiaries

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, computation is based on period-end balance of transaction to consolidated total assets for balance sheet accounts, as well as accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: All transactions have been eliminated upon consolidation.

Note 5: The amount was determined through mutual agreement.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 5

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held by the Company			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) of the Company (Note 1) (Foreign Currencies in Thousands)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Nam Liong Global Corporation	GREENCHEM INTERNATIONAL CO., LTD.	Chiayi	Chemical product	\$ 240,000	\$ 240,000	8,000,000	100.00	\$ 290,725	\$12,140	\$11,834	Note 1 and 2
Nam Liong Global Corporation	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	154,500	154,500	10,612,130	100.00	125,150	7,146	7,146	Note 2
Nam Liong Global Corporation	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (Cayman)	Cayman Islands	Holding and investment	USD 1,930 thousand	USD 1,930 thousand	1,930,000	100.00	138,742	16,240 (USD 546 thousand)	16,240 (USD 546 thousand)	Note 2
Nam Liong Global Corporation	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	USD 6,810 thousand	USD 6,810 thousand	6,810,000	100.00	582,880	24,934 (USD 838 thousand)	24,934 (USD 838 thousand)	Note 2
Nam Liong Global Corporation	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	Vietnam	Textile products (downstream)	USD 1,600 thousand	USD 1,600 thousand	-	100.00	14,947	(12,905) (Loss VND 10,085,144 thousand)	(12,905) (Loss VND 10,085,144 thousand)	Note 2
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HKD 15,856 thousand	HKD 8,076 thousand	-	100.00	10,280	(11,915) (Loss HKD 3,155 thousand)	(11,915) (Loss HKD 3,155 thousand)	Note 2

Note 1: The difference between current profit and current investment income of investees is recognized as amortized amount of investees' fair value of asset higher than book value.

Note 2: All transactions have been eliminated upon consolidation.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND SUBSIDIARIES)
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

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

Investee Company	Main Businesses and Product	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Losses) of the Investee Company (Note 2)	Ownership of Direct or Indirect Investment	Share of Profits and Losses (Note 2 and 6)	Carrying Amount as of December 31, 2022 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2022 (Note 4)
					Outflow	Inflow						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,132 (USD 200 thousand)	The Company's direct investment in Mainland China	\$ 6,465 (USD 200 thousand)	\$ -	\$ -	\$ 6,465 (USD 200 thousand)	\$ 10,839 (CNY 2,465 thousand)	100%	\$ 10,839 (CNY 2,465 thousand)	\$ 46,795	\$ 207,023 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Electronic products trading and manufacturing	61,320 (USD 2,000 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	29,670 (USD 1,000 thousand)	29,520 (USD 1,000 thousand)	-	59,190 (USD 2,000 thousand)	(11,864) (Loss CNY 2,698 thousand)	100%	(11,864) (Loss CNY 2,698 thousand)	10,335 (HKD 2,645 thousand)	-
JIAXING NANXIONG POLYMER CO., LTD.	Textile products (downstream)	183,960 (USD 6,000 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	272,723 (USD 8,583 thousand)	-	-	272,723 (USD 8,583 thousand)	17,975 (CNY 4,088 thousand)	100%	17,975 (CNY 4,088 thousand)	525,369 USD 17,135 thousand	-
DONG GUAN NAMLIONG RUBBER MANUFACTURE S CO., LTD.	Textile products (downstream)	82,782 (USD 2,700 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	84,351 (USD 2,651 thousand)	-	-	84,351 (USD 2,651 thousand)	23,199 (CNY 5,276 thousand)	100%	23,199 (CNY 5,276 thousand)	198,385 USD 6,470 thousand	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 422,729 (USD 13,434 thousand) (Note 1)	\$ 486,064 (USD 15,497 thousand) (Note 1 and 7)	\$ - (Note 5)

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: Calculated using the average exchange rate between January 31, 2022 and December 31, 2022

Note 3: Calculated using the exchange rate on December 31, 2022

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

Note 5: Pursuant to the Industrial Development Bureau, MOEA No. 11020444220 dated December 6, 2021, the Company has obtained a certificate of qualification for headquarters operations, issued by the Industrial Development Bureau, MOEA, thus the upper limit on investments in Mainland China is not applicable to the Company.

Note 6: Calculated with the financial statements audited and attested by R.O.C parent company's certified public accountant in the same period.

Note 7: Investment amounts authorized by the Investment Commission, MOEA when the Company acquired GREENCHEM and merged with NAM LIONG ENTERPRISE, are included.

Note 8: The Company obtained 100% shares in GREENCHEM in October 2010, and dividends of GREENCHEM were remitted by GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. after October 2010.

Note 9: All transactions have been eliminated upon consolidation.

NAM LIONG GLOBAL CORPORATION AND SUBSIDIARIES
(Original name: PROLINK MICROSYSTEMS CORPORATION AND
SUBSIDIARIES)

INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 7

Name of Major Shareholder	Shares	
	Total Shares Owned	Percentage of Ownership
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.08%

Note 1: The information in this table refers to the total shareholdings of more than 5% of the Company's shares of common stock and preferred stock that have completed non-physical registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository and Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of shares that have completed non-physical registration and delivery may vary due to different basis of calculation.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders

Nam Liong Global Corporation (Original name: Prolink Microsystems Corporation)

Opinion

We have audited the parent company only financial statements of Nam Liong Global Corporation (Original name: Prolink Microsystems Corporation) (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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, 2022 are stated as follows:

Sales to Specific Customers

The Company's sales growth of specific customers was higher than the average growth rate and the amount was substantial in 2022. 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, 2022.

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, 2022 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 Hsiu-Chun Huang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2023

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 (Original name: PROLINK MICROSYSTEMS CORPORATION)
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 304,350	10	\$ 251,278	9
1136	Financial assets at amortized cost – current (Note 4, 8 and 24)	43,863	1	29,933	1
1150	Notes receivable, net – non-related parties (Note 4 and 9)	34,751	1	44,886	1
1160	Notes receivable – related parties (Note 4, 9 and 23)	11,242	-	17,856	1
1170	Accounts receivable, net – non-related parties (Note 4 and 9)	232,316	8	257,950	9
1180	Accounts receivable – related parties (Note 4, 9 and 23)	47,127	2	53,388	2
1200	Other receivables	3,032	-	6,708	-
1210	Other receivables – related parties (Note 23)	772	-	537	-
1220	Current tax assets (Note 4 and 19)	-	-	212	-
130X	Inventories (Notes 4, 5 and 10)	286,395	9	273,185	9
1470	Other current assets	17,519	1	22,377	1
11XX	Total current assets	<u>981,367</u>	<u>32</u>	<u>958,310</u>	<u>33</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4, 7 and 22)	205,273	7	100,674	3
1535	Financial assets at amortized cost – non-current (Note 4, 8 and 24)	-	-	16,640	1
1550	Investments accounted for using equity method (Note 4 and 11)	1,152,444	38	1,124,123	38
1600	Property, plant and equipment (Notes 4, 12 and 24)	640,755	21	637,890	22
1755	Right-of-use assets (Notes 4, 13, 24 and 25)	46,794	2	50,570	2
1821	Intangible assets (Notes 4)	3,441	-	2,620	-
1840	Deferred tax assets (Notes 4 and 19)	13,628	-	16,881	1
1900	Other non-current assets	9,912	-	10,397	-
15XX	Total non-current assets	<u>2,072,247</u>	<u>68</u>	<u>1,959,795</u>	<u>67</u>
1XXX	TOTAL	<u>\$ 3,053,614</u>	<u>100</u>	<u>\$ 2,918,105</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14 and 24)	\$ 362,143	12	\$ 338,266	12
2110	Short-term notes and bills payable (Notes 14)	29,871	1	29,954	1
2150	Notes payable – non-related parties	14,950	1	14,445	-
2160	Notes payable – related parties (Notes 23)	516	-	680	-
2170	Accounts payable – non-related parties	145,260	5	203,281	7
2180	Accounts payable – related parties (Notes 23)	11,636	-	14,292	-
2219	Other payables (Notes 15)	126,414	4	122,225	4
2220	Other payables – related parties (Notes 15 and 23)	731	-	1,685	-
2230	Current tax liabilities (Notes 4 and 19)	2,302	-	-	-
2280	Lease liabilities – current (Notes 4, 13 and 23)	1,856	-	2,639	-
2320	Current portion of long-term borrowings (Notes 14, 24 and 25)	196,915	6	90,144	3
2399	Other current liabilities	43,522	1	17,760	1
21XX	Total current liabilities	<u>936,116</u>	<u>30</u>	<u>835,371</u>	<u>28</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 14, 24 and 25)	453,700	15	607,045	21
2570	Deferred tax liabilities (Notes 4 and 19)	164	-	-	-
2580	Lease liabilities – non-current (Notes 4, 13 and 23)	24,480	1	25,952	1
25XX	Total non-current liabilities	<u>478,344</u>	<u>16</u>	<u>632,997</u>	<u>22</u>
2XXX	Total liabilities	<u>1,414,460</u>	<u>46</u>	<u>1,468,368</u>	<u>50</u>
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 7, 11, 17 and 20)				
3100	Share capital	1,223,923	40	1,223,923	42
3211	Capital surplus	57,621	2	57,621	2
	Retained earnings				
3310	Legal reserve	14,597	-	-	-
3350	Unappropriated earnings	235,831	8	145,969	5
3300	Total Retained earnings	250,428	8	145,969	5
3400	Other equity	107,182	4	22,224	1
3XXX	Total equity	<u>1,639,154</u>	<u>54</u>	<u>1,449,737</u>	<u>50</u>
	TOTAL	<u>\$ 3,053,614</u>	<u>100</u>	<u>\$ 2,918,105</u>	<u>100</u>

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

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4110	OPERATING REVENUE (Notes 4 and 23)	\$ 2,014,659	100	\$ 1,987,624	100
5110	OPERATING COSTS (Notes 4, 10, 18, and 23)	(1,468,941)	(73)	(1,427,715)	(72)
5900	GROSS PROFIT	545,718	27	559,909	28
5910	UNREALIZED GAINS FROM SALES (Notes 4)	(2,260)	-	(1,354)	-
5920	REALIZED GAINS FROM SALES (Notes 4)	1,354	-	724	-
5950	REALIZED GROSS PROFIT	544,812	27	559,279	28
	OPERATING EXPENSES (Notes 4, 18 and 23)				
6100	Selling and marketing expenses	120,178	6	125,161	6
6200	General and administrative expenses	283,042	14	274,606	14
6300	Research and development expenses	43,104	2	33,176	2
6000	Total operating expenses	446,324	22	432,943	22
6900	PROFIT FROM OPERATIONS	98,488	5	126,336	6
	NON-OPERATING INCOME AND EXPENSES				
7020	Other gains and losses (Notes 4, 18 and 23)	955	-	(4,109)	-
7050	Finance costs (Note 4 and 18)	(24,098)	(1)	(18,779)	(1)
7070	Share of profits of subsidiaries accounted for using equity method (Note 4 and 11)	47,249	2	41,388	2

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7100	Interest revenue	\$ 698	-	\$ 110	-
7190	Other income (Note 4, 7, 18 and 23)	24,102	1	22,032	1
7590	Miscellaneous disbursements	(507)	-	(1,093)	-
7230	Foreign exchange gains (losses) (Note 4, 18 and 27)	<u>36,267</u>	<u>2</u>	<u>(9,348)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>84,666</u>	<u>4</u>	<u>30,201</u>	<u>2</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	183,154	9	156,537	8
7950	INCOME TAX EXPENSE (Notes 4 and 19)	<u>(5,535)</u>	<u>-</u>	<u>(6,282)</u>	<u>-</u>
8200	NET PROFIT FOR THE YEAR	<u>177,619</u>	<u>9</u>	<u>150,255</u>	<u>8</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16 and 19)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains on investments in equity instruments at fair value through other comprehensive income	73,614	4	46,255	2
8388	Share of other comprehensive income of subsidiaries accounted for using the equity method-remeasurement of defined benefit plans	<u>275</u>	<u>-</u>	<u>226</u>	<u>-</u>
8310		<u>73,889</u>	<u>4</u>	<u>46,481</u>	<u>2</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	10,919	-	(603)	-

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
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	\$ 784	-	(\$ 287)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	(359)	-	(685)	-
8360		<u>11,344</u>	<u>-</u>	<u>(1,575)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>85,233</u>	<u>4</u>	<u>44,906</u>	<u>2</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 262,852</u>	<u>13</u>	<u>\$ 195,161</u>	<u>10</u>
	EARNINGS PER SHARE (Note 20)				
9710	Basic	<u>\$ 1.45</u>		<u>\$ 1.23</u>	
9810	Diluted	<u>\$ 1.44</u>		<u>\$ 1.22</u>	

(Concluded)

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

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Code		Share capital (Note 4 and 17)		Capital surplus (Note 4, 11 and 17)	Retained Earnings (Note 4, 7, 16 and 17)		Other equity		Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Foreign Currency of Foreign Operation (Note 4 and 19)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 4 and 7)	
A1	BALANCE AT JANUARY 1, 2021	122,392	\$ 1,223,923	\$ 32,321	\$ -	(\$ 4,512)	(\$ 22,456)	\$ -	\$ 1,229,276
D1	Net profit for the year ended December 31, 2021	-	-	-	-	150,255	-	-	150,255
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	226	(1,575)	46,255	44,906
D5	Total comprehensive income (loss) in 2021	-	-	-	-	150,481	(1,575)	46,255	195,161
M7	Changes in percentage of ownership interests in subsidiaries	-	-	25,300	-	-	-	-	25,300
Z1	BALANCE AT DECEMBER 31, 2021	122,392	1,223,923	57,621	-	145,969	(24,031)	46,255	1,449,737
B1	Appropriation of 2021 earnings Legal reserve	-	-	-	14,597	(14,597)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(73,435)	-	-	(73,435)
		-	-	-	14,597	(88,032)	-	-	(73,435)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	177,619	-	-	177,619
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	275	11,344	73,614	85,233
D5	Total comprehensive income (loss) in 2022	-	-	-	-	177,894	11,344	73,614	262,852
Z1	BALANCE AT DECEMBER 31, 2022	<u>122,392</u>	<u>\$ 1,223,923</u>	<u>\$ 57,621</u>	<u>\$ 14,597</u>	<u>\$ 235,831</u>	<u>(\$ 12,687)</u>	<u>\$ 119,869</u>	<u>\$ 1,639,154</u>

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

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 183,154	\$ 156,537
A20010	Incomes and expenses not affecting cash flow		
A20100	Depreciation expense	49,425	46,406
A20200	Amortization expense	863	376
A20300	Expected credit loss recognized (reversed)	(890)	563
A20900	Finance costs	24,098	18,779
A21200	Interest income	(698)	(110)
A21300	Dividend income	(44)	-
A22400	Share of profits of subsidiaries accounted for using the equity method	(47,249)	(41,388)
A22500	Gains on disposal of property, plant and equipment	(1,000)	(34)
A22800	Losses on disposal of intangible assets	45	-
A23200	Losses on disposal of investments accounted for using the equity method	-	4,143
A23700	Write-down of inventories	12,519	2,783
A23900	Unrealized gains from sales with subsidiary	2,260	1,354
A24000	Realized gains from sales with subsidiary	(1,354)	(724)
A24100	Unrealized foreign currency exchange gains (losses)	(203)	222
A29900	Gains from lease modification	72	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	16,749	7,921
A31150	Accounts receivable	33,006	(71,905)
A31180	Other receivables	3,441	(2,887)
A31200	Inventories	(25,729)	(76,693)
A31240	Other current assets	4,318	(1,199)
A32130	Notes payable	341	6,332
A32150	Accounts payable	(60,695)	39,099
A32180	Other payables	3,107	32,176
A32230	Other current liabilities	<u>25,762</u>	<u>5,303</u>
A33000	Cash generated from operations	221,298	127,054

(Continued)

Code		2022	2021
A33100	Interest received	\$ 698	\$ 110
A33300	Interest paid	(22,350)	(17,334)
AC0500	Income taxes return (paid)	<u>37</u>	<u>(9,672)</u>
AAAA	Net cash generated from operating activities	<u>199,683</u>	<u>100,158</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisitions of financial assets at fair value through other comprehensive income	(30,985)	(54,419)
B00040	Acquisitions of financial assets at amortized cost	(16,657)	(6,004)
B00050	Proceeds from disposal of financial assets at amortized cost	19,367	5,718
B01800	Acquisitions of long-term equity investments accounted for using the equity method	-	(60,000)
B02300	Proceeds from disposal of investments in subsidiaries	-	16,576
B02700	Acquisitions of property, plant, and equipment	(48,216)	(141,544)
B02800	Proceeds from disposal of property, plant and equipment	1,000	50
B03700	Increase in guarantee deposits paid	(179)	(368)
B04500	Acquisitions of intangible assets	(1,729)	(369)
B07200	Decrease (increase) in prepayments for equipment	664	(3,192)
B07600	Dividends received	<u>30,044</u>	<u>6,000</u>
BBBB	Net cash used in investing activities	<u>(46,691)</u>	<u>(237,552)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	23,877	173,266
C00600	Decrease in short-term notes and bills payable	(386)	(247)
C01600	Proceeds from long-term borrowings	-	165,600
C01700	Repayments of long-term borrowings	(46,574)	(125,547)
C04020	Payments of lease liabilities	(3,402)	(2,742)
C04500	Cash dividends	<u>(73,435)</u>	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>(99,920)</u>	<u>210,330</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	53,072	72,936
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>251,278</u>	<u>178,342</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 304,350</u>	<u>\$ 251,278</u>

(Concluded)

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

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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. (NAM LIONG ENTERPRISE) 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, 2022 and 2021, ZI LIONG ENTERPRISE CO., LTD. is the major shareholder with 72.08% equity interest in the Company.

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

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

The parent company only financial statements were approved by the Board of Directors on March 29, 2023.

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, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

- b. The IFRSs endorsed by the FSC for application beginning in 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1, “Disclosure of accounting policies”	January 1, 2023 (Note 1)
Amendments to IAS 8, “Definition of accounting estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: The amendments shall be applied prospectively for the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments apply to transactions that occur after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company assesses that the application of the above standards and interpretations will not impact the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

As of the date the parent company only financial statements were authorized for issue, the Company is continuously has assessed 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 SIGNIFICANT ACCOUNTING POLICIES

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 date; 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 date; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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 denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency using the exchange rate on the 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.

On the partial disposal of a subsidiary in a foreign operation without loss of control, 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 of foreign operations, the accumulated exchange differences recognized in other comprehensive income are proportionally 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 has adopted the equity method to account for its investment in subsidiaries. Subsidiaries refer to entities 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. Intangible assets

1) Intangible assets acquired separately

Intangible assets (with finite useful life) acquired separately are initially measured at cost, and subsequently measured at cost, less any accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful life. The estimated useful life, residual value, and amortization method are reviewed at each reporting date, with the effect of any changes in 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.

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

At each reporting date, the Company assesses for indications of impairment of property, plant and equipment, right-of-use assets 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.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial Assets at Amortized Cost

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

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

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

Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

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

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

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

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

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

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of Financial Assets

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

- d) 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

All financial liabilities are measured at amortized cost using the effective interest method.

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.

k. 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.

l. 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 date 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 Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method with interest expense recognized over the lease term. If 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 shall remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets is already reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to a decrease in the scope of the lease reduces the right-of-use assets and recognizes the profit or loss on the partial or full termination of the lease. The remeasurement of the lease liabilities due to other modifications adjusts the right-of-use assets. Lease liabilities are separately presented on the parent company only balance sheets.

The Company entered into rent concessions with the lessor as a direct consequence of the Covid-19 pandemic in order to change the lease payments originally due by June 30, 2022. There was no material change in other lease terms and conditions. The Company elects to adopt the practical expedient to all rent concessions; therefore, it does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur (other income shall be recorded in the account), and makes a corresponding adjustment to the lease liabilities.

m. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of such 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 used to finance 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.

n. 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.

o. 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.

p. 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 an asset as well as liability 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. CRITICAL 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revision affects only that period, or recognized in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of assumptions and estimation uncertainty - impairment 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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 1,080	\$ 973
Checking accounts and demand deposits	<u>303,270</u>	<u>250,305</u>
	<u>\$ 304,350</u>	<u>\$ 251,278</u>

Interest rate ranges at the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand deposit	0.05%~1.15%	0.001%~0.20%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Investments in equity instruments		
Unlisted ordinary shares	<u>\$ 205,273</u>	<u>\$ 100,674</u>

In 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 2,066,000 shares with shareholding percentage of 13.52% on December 31, 2022 and 3,628,000 shares with shareholding percentage of 9.62% on December 31, 2021.

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.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Restricted demand deposits	\$ 29,863	\$ 15,933
Pledged time deposits	<u>14,000</u>	<u>14,000</u>
	<u>\$ 43,863</u>	<u>\$ 29,933</u>
<u>Non-current</u>		
Restricted demand deposits	\$ -	\$ 16,640
Pledged time deposits	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 16,640</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted demand deposits	0.39%~0.46%	0.01%~0.03%
Pledged time deposits	0.15%~0.87%	0.10%~0.49%

Please refer to Note 24 for details of financial assets at pledged amortized cost.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount – non-related parties	\$ 35,130	\$ 45,265
Less: Allowance for impairment loss	(379)	(379)
	<u>\$ 34,751</u>	<u>\$ 44,886</u>
Gross carrying amount – related parties	<u>\$ 11,242</u>	<u>\$ 17,856</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount – non-related parties	\$233,140	\$259,664
Less: Allowance for impairment loss	(824)	(1,714)
	<u>\$232,316</u>	<u>\$257,950</u>
Gross carrying amount – related parties	<u>\$ 47,127</u>	<u>\$ 53,388</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:

	<u>December 31, 2022</u>				
	<u>Not past due</u>	<u>Number of days past due</u>			
<u>Past due within 60 days</u>		<u>Past due for 61~120 days</u>	<u>Past due over 121 days</u>		
Gross carrying amount	\$317,971	\$ 5,77	\$ 2,897	\$ -	\$326,639
Loss allowance (Lifetime expected credit losses)	(939)	(22)	(38)	-	(1,203)
Amortized cost	<u>\$317,032</u>	<u>\$ 5,54</u>	<u>\$ 2,859</u>	<u>\$ -</u>	<u>\$325,436</u>

December 31, 2021

	Number of days past due				Total
	Not past due	Past due within 60 days	Past due for 61 ~ 120 days	Past due over 121 days	
Gross carrying amount	\$ 364,487	\$ 4,682	\$ 6,842	\$ 162	\$ 376,173
Loss allowance (Lifetime expected credit losses)	(2,018)	(21)	(47)	(7)	(2,093)
Amortized cost	\$ 362,469	\$ 4,661	\$ 6,795	\$ 155	\$ 374,080

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

	<u>2022</u>	<u>2021</u>
Balance at the beginning of year	\$ 2,093	\$ 1,530
Add: (Reversal) Provision for impairment loss in the year	(890)	563
Balance at the end of year	<u>\$ 1,203</u>	<u>\$ 2,093</u>

10. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials and supplies	\$ 112,595	\$ 121,628
Work-in-process and semi-finished goods	104,405	92,906
Finished goods	64,169	48,647
Merchandise	<u>5,226</u>	<u>10,004</u>
	<u>\$286,395</u>	<u>\$273,185</u>

For the years ended December 31, 2022 and 2021, the cost of sales related to inventories were NT\$1,468,941 thousand and NT\$1,427,715 thousand, respectively. For the years ended December 31, 2022 and 2021, the cost of sales included inventory write-down of NT\$12,519 thousand and obsolescence losses of NT\$2,783 thousand.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment in subsidiaries	<u>\$ 1,152,444</u>	<u>\$ 1,124,123</u>

Investment in subsidiaries

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Amount	The proportion of the Company's ownership	Amount	The proportion of the Company's ownership
Unlisted companies				
GREENCHEM INTERNATIONAL CO., LTD. (GREENCHEM)	\$ 290,725	100	\$ 307,705	100
ELEMENTECH INTERNATIONAL CO., LTD. (ELEMENTECH)	125,150	100	118,131	100

(Continued)

	December 31, 2022		December 31, 2021	
	Amount	The proportion of the Company's ownership	Amount	The proportion of the Company's ownership
SPEEDBEST INTERNATIONAL LIMITED (SPEEDBEST INTERNATIONAL) NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. (CAYMAN) (CAYMAN NAM LIONG) NAM LIONG ENTERPRISE CO., LTD. (VIETNAM NAM LIONG)	\$ 582,880	100	\$ 551,271	100
	138,742	100	120,956	100
	<u>14,947</u>	100	<u>26,060</u>	100
	<u>\$ 1,152,444</u>		<u>\$ 1,124,123</u>	

(Concluded)

ELEMENTECH's board of directors decided to implement a capital reduction of NT\$13,878 thousand to offset deficits, and issued ordinary shares for NT\$60,000 thousand with a par value of \$10, which were fully subscribed by the Company. The subscription base date was determined on November 18, 2021.

As of December 31, 2022, the Company remitted US\$1,890 thousand from CAYMAN NAM LIONG and US\$761 thousand from SPEEDBEST INTERNATIONAL as indirect investments in DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD. (DONG GUAN NAMLIONG) for 70% and 30% equity holding in DONG GUAN NAMLIONG, respectively, totaling 100%. In addition, the Company remitted US\$8,583 thousand from SPEEDBEST INTERNATIONAL for 100% equity holding in JIAXING NANXIONG POLYMER CO., LTD. (JIAXING NANXIONG).

As of December 31, 2022, the Company holds 100% equity in VIETNAM NAM LIONG with US\$1,600 thousand in accumulated investment amount.

12. PROPERTY, PLANT AND EQUIPMENT

	2022				
	Balance at the beginning of year	Additions	Reductions	Reclassification s	Balance at the end of year
<u>Cost</u>					
Land	\$ 188,929	\$ -	\$ -	\$ -	\$ 188,929
Buildings	385,835	9,501	-	7,951	403,287
Machinery and equipment	511,284	14,683	(8,698)	-	517,269
Transportation equipment	29,007	5,580	(2,585)	-	32,002
Miscellaneous equipment	149,698	9,710	(1,709)	363	158,062
Construction in progress and equipment under installation	<u>15,437</u>	<u>8,742</u>	<u>-</u>	<u>(8,314)</u>	<u>15,865</u>
	<u>1,280,190</u>	<u>\$ 48,216</u>	<u>(\$ 12,992)</u>	<u>\$ -</u>	<u>1,315,414</u>
<u>Accumulated depreciation and impairment</u>					
Buildings	136,861	\$ 14,168	\$ -	\$ -	151,029
Machinery and equipment	411,585	17,963	(8,698)	-	420,850
Transportation equipment	23,370	2,014	(2,585)	-	22,799
Miscellaneous equipment	<u>70,484</u>	<u>11,206</u>	<u>(1,709)</u>	<u>-</u>	<u>79,981</u>
	<u>642,300</u>	<u>\$ 45,351</u>	<u>(\$ 12,992)</u>	<u>\$ -</u>	<u>674,659</u>
Net	<u>\$ 637,890</u>				<u>\$ 640,755</u>

	2021					
	Balance at the beginning of year	Additions	Reductions	Reclassifications	Transferred from non-current assets held for sale	Balance at the end of year
<u>Cost</u>						
Land	\$ 108,469	\$ 80,460	\$ -	\$ -	\$ -	\$ 188,929
Buildings	363,809	22,194	(168)	-	-	385,835
Machinery and equipment	492,818	18,033	(2,114)	2,547	-	511,284
Transportation equipment	29,004	844	(841)	-	-	29,007
Miscellaneous equipment	131,745	6,674	(185)	-	11,464	149,698
Construction in progress and equipment installation	2,938	13,339	-	(840)	-	15,437
	<u>1,128,783</u>	<u>\$ 141,544</u>	<u>(\$ 3,308)</u>	<u>\$ 1,707</u>	<u>\$ 11,464</u>	<u>1,280,190</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	123,340	\$ 13,689	(\$ 168)	\$ -	\$ -	136,861
Machinery and equipment	396,035	17,648	(2,098)	-	-	411,585
Transportation equipment	22,358	1,853	(841)	-	-	23,370
Miscellaneous equipment	59,527	9,563	(185)	-	1,579	70,484
	<u>601,260</u>	<u>\$ 42,753</u>	<u>(\$ 3,292)</u>	<u>\$ -</u>	<u>\$ 1,579</u>	<u>642,300</u>
Net	<u>\$ 527,523</u>					<u>\$ 637,890</u>

The Company did not implement an impairment evaluation because there were no signs of impairment in 2022 and 2021.

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

Building	
Main buildings	45~50 years
Plant maintenance and improvements	25~40 years
Others	3~20 years
Machinery and equipment	2~20 years
Transportation equipment	2~10 years
Miscellaneous equipment	1~20 years

Please refer to Note 24 for details on property, plant and equipment pledged as collateral for bank borrowings.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of use assets		
Land	\$ 45,745	\$ 48,518
Transportation equipment	<u>1,049</u>	<u>2,052</u>
	<u>\$ 46,794</u>	<u>\$ 50,570</u>
	2022	2021
Additions to right-of-use assets	<u>\$ 298</u>	<u>\$ 2,554</u>
Depreciation of right-of-use assets		
Land	\$ 3,071	\$ 3,085
Transportation equipment	<u>1,003</u>	<u>568</u>
	<u>\$ 4,074</u>	<u>\$ 3,653</u>

b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 1,856</u>	<u>\$ 2,639</u>
Non-current	<u>\$ 24,480</u>	<u>\$ 25,952</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.59%~2.19%	1.59%
Transportation equipment	2.21%	2.21%

c. Material lease activities and terms

The Company leases certain land and transportation equipment for manufacturing and operations with lease terms of 3 to 20 years.

d. Other lease information

	<u>2022</u>	<u>2021</u>
Expenses related to short-term leases	<u>\$ 5,650</u>	<u>\$ 5,932</u>
Expenses related to low-value asset leases	<u>\$ 596</u>	<u>\$ 1,068</u>
Expenses related to variable lease payments not included in the measurement of lease liabilities	<u>\$ 198</u>	<u>\$ 208</u>
Total cash outflow for leases	<u>\$ 9,846</u>	<u>\$ 9,950</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 24 and 25 for details on right-of-use assets pledged as collateral for bank borrowings.

14. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans	<u>\$ 362,143</u>	<u>\$ 338,266</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loans	1.76%~3.11%	0.89%~2.37%

Short-term borrowings are pledged with bank deposits and time deposit, while joint and several guarantees are signed by the chairman as well as directors. Please refer to Note 24 for details on short-term borrowings.

b. Short-term notes and bills payable

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Interest rate</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Amount</u>
Commercial paper payable	1.82%	\$ 30,000	0.86%	\$ 30,000
Less: Unamortized discount on notes and bills payable		(<u>129</u>)		(<u>46</u>)
		<u>\$ 29,871</u>		<u>\$ 29,954</u>

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

c. Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank of Panhsin		
Repayment Terms: from January 2021 to July 2023	\$ 10,400	\$ 29,600
Land Bank of Taiwan		
Repayment Terms: from January 2021 to December 2022	-	48,650
Repayment Terms: from June 2021 to June 2036	74,160	79,653
Repayment Terms: from May 2022 to December 2032	43,569	-
Bank of Kaohsiung Co., Ltd.		
Repayment Terms: from January 2021 to February 2023	3,800	20,600
<u>Syndicated bank loans</u>		
syndicated credit facility agreements on Tranche A with Land Bank of Taiwan and 7 other banks		
Repayment Terms: from November 2020 to November 2025	<u>\$ 518,686</u>	<u>\$ 518,686</u>
	650,615	697,189
Long-term borrowings, current portion	(<u>196,915</u>)	(<u>90,144</u>)
	<u>\$ 453,700</u>	<u>\$ 607,045</u>
Interest Rate	2.09%~2.97%	1.59%~2.09%

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

2) Joint and several guarantees of long-term borrowings from Land Bank of Taiwan are signed by the chairman and chief strategy officer of the Company.

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

Please refer to Note 24 for details on pledged long-term borrowing.

15. OTHER PAYABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables - non-related parties		
Wages and salaries payable	\$ 80,505	\$ 77,476
Employee bonus payable	14,590	13,275
Others	<u>31,319</u>	<u>31,474</u>
	<u>\$126,414</u>	<u>\$122,225</u>
Other payables - related parties	<u>\$ 731</u>	<u>\$ 1,685</u>

16. RETIREMENT BENEFIT PLANS

a. 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.

b. Defined benefit plans

The defined benefit plan adopted by NAM LIONG ENTERPRISE CO., LTD. in accordance with the Labor Standards Act is managed by the government. Pension benefits are calculated based on the period of service and average monthly salaries for 6 months prior to the approved retirement date. NAM LIONG ENTERPRISE CO., LTD. contributes an amount equal to 10% of the total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee, and the pension fund is deposited to a specific account at the Bank of Taiwan under the name of the committee. Before the end of each year, if the balance in the pension fund is insufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit shall be made for the difference before the end of next March. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the Company has no right to influence the investment and administration strategies. In 2020, NAM LIONG ENTERPRISE CO., LTD. settled the job tenure of employees who were eligible for the defined benefit retirement plans, and applied for closing asset of the plans in the specific account at the Bank of Taiwan in 2021. A deposit shall be made to offset the difference of NT\$1,513 thousand, which was recognized as pension expense in 2021.

17. EQUITY

a. Share capital

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>122,392</u>	<u>122,392</u>
Issued capital	<u>\$ 1,223,923</u>	<u>\$ 1,223,923</u>

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

ZI LIONG ENTERPRISE CO., LTD., the Company's main shareholder, acquired 72,000,000 shares through private placement at NT\$612,000 thousand in January, 2019. As of December 31, 2022, the Company has accumulated 72,000,000 private placements, and the effective registration for supplemental public issuance of securities through private placement was authorized by a competent authority on October 27, 2022.

b. Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 32,321	\$ 32,321
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>25,300</u>	<u>25,300</u>
	<u>\$ 57,621</u>	<u>\$ 57,621</u>

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

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

c. Retained earnings and dividend policy

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

employee compensation and remuneration of directors and supervisors, please refer to the employee compensation and remuneration of directors and supervisors in Note 18 (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.

On August 6, 2021, the shareholders amended the Articles of Incorporation to 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 Group should further compensate for the gap using the net profit after tax and the balances of other equity items in the current period. Before amending its Articles of Incorporation, the Company appropriated from retained earnings of the previous period in accordance with the law.

Offsetting against accumulated deficit in 2020 was approved at the shareholders' meeting in August, 2021. The profit in 2020 was NT\$66,465 thousand and accumulated deficit was NT\$4,512 thousand.

The appropriation of earnings for 2021 was approved at the Company's general meeting of shareholders on June 23, 2022. The appropriation and dividends per share were as follows:

	<u>2021</u>
Legal reserve	<u>\$ 14,597</u>
Cash dividends	<u>\$ 73,435</u>
Cash dividends per share	\$ 0.60

The appropriation of earnings for 2022 was approved at the Board of Directors' meeting on March 29, 2023. The appropriation and dividends per share were as follows:

	<u>2022</u>
Legal reserve	<u>\$ 17,789</u>
Cash dividends	<u>\$ 79,555</u>
Cash dividends per share	\$ 0.65

The other appropriations of earnings for 2022 will be approved at the shareholders' meeting in June, 2023 (expected).

18. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	<u>2022</u>	<u>2021</u>
Service revenue	\$ 8,748	\$ 5,921
Energy sales revenue	6,249	2,601
Rental revenue	2,785	2,655
Grant income	900	8,267
Dividend income	44	-
Others	<u>5,376</u>	<u>2,588</u>
	<u>\$ 24,102</u>	<u>\$ 22,032</u>

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

b. Financial cost

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 22,238	\$ 16,984
Interest on lease liabilities	777	494
Other financial costs	<u>1,083</u>	<u>1,301</u>
	<u>\$ 24,098</u>	<u>\$ 18,779</u>

c. Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 1,000	\$ 34
Losses on disposal of intangible assets	(45)	-
Losses on liquidation of subsidiaries using equity method	-	(4,143)
	<u>\$ 955</u>	<u>(\$ 4,109)</u>

d. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 45,351	\$ 42,753
Right-of-use assets	4,074	3,653
Intangible assets	<u>863</u>	<u>376</u>
Total	<u>\$ 50,288</u>	<u>\$ 46,782</u>
Analysis of depreciation by function		
Operating Costs	\$ 18,073	\$ 17,668
Operating expenses	<u>31,352</u>	<u>28,738</u>
	<u>\$ 49,425</u>	<u>\$ 46,406</u>

(Continued)

	<u>2022</u>	<u>2021</u>
Analysis of amortization by function		
Operating Costs	\$ 176	\$ 176
Operating expenses	<u>687</u>	<u>200</u>
	<u>\$ 863</u>	<u>\$ 376</u>
e. Employee benefit expenses		
	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plans	\$ 14,090	\$ 12,947
Defined benefit plans	<u>-</u>	<u>1,513</u>
	\$ 14,090	\$ 14,460
Salaries	446,993	419,815
Other personnel expenses	<u>38,089</u>	<u>33,737</u>
Total	<u>\$ 499,172</u>	<u>\$ 468,012</u>
Analysis of employee benefit expenses by function		
Operating Costs	\$ 222,479	\$ 208,377
Operating expenses	<u>276,693</u>	<u>259,635</u>
	<u>\$ 499,172</u>	<u>\$ 468,012</u>
		(Concluded)
f. Remuneration of employees, directors and supervisors		

The Company allocated compensation for employees and remuneration for directors and supervisors ranging from 2%-20% and no higher than 2%, respectively, of net profit before tax for each category (i.e., employees and directors/supervisors).

For the years ended December 31, 2022 and 2021, the estimated employee compensation and remuneration of directors and supervisors resolved by the board of directors on March 29, 2023 and March 23, 2022, respectively, were as follows:

<u>Accrual Rate</u>	<u>2022</u>	<u>2021</u>
Employee compensation	7.29%	7.93%
Remuneration of directors and supervisors	1.25%	1.20%
<u>Amount</u>	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employee compensation	\$ 14,590	\$ 13,275
Remuneration of directors and supervisors	2,500	2,000

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 employee compensation and remuneration of directors and supervisors and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's Board of Directors is available on the "Market Observation Post System" website of the Taiwan Stock Exchange.

g. Foreign exchange gain or loss

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 49,361	\$ 7,574
Foreign exchange losses	(<u>13,094</u>)	(<u>16,922</u>)
Profit or loss	<u>\$ 36,267</u>	<u>(\$ 9,348)</u>

19. INCOME TAXES RELATED TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

Major components of income tax expense recognized in profit or loss are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 2,477	\$ -
Prior year adjustments	<u>-</u>	<u>7,600</u>
	<u>2,477</u>	<u>7,600</u>
Deferred tax		
In respect of the current year	<u>3,058</u>	(<u>1,318</u>)
Income tax expense recognized in profit or loss	<u>\$ 5,535</u>	<u>\$ 6,282</u>

A reconciliation of accounting income and income tax expense as well as tax rate is shown below:

	<u>2022</u>	<u>2021</u>
Profit before income tax from continuing operations	<u>\$ 183,154</u>	<u>\$ 156,537</u>
Income tax expense calculated at statutory rate (20%)	\$ 36,631	\$ 31,308
Nondeductible items in determining taxable income	(12,032)	(9,651)
Unrecognized deficit reduction	(19,148)	(8,331)
Non-deductible expenses in determining taxable income	84	54
Tax-exempt income	-	(14,698)
Prior year adjustments	<u>-</u>	<u>7,600</u>
Income tax expense recognized in profit or loss	<u>\$ 5,535</u>	<u>\$ 6,282</u>

b. Income tax expense recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
In respect of the current year		
— Translation of foreign operations	\$ <u>359</u>	\$ <u>685</u>

c. Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivables	\$ <u>-</u>	\$ <u>212</u>
Current tax liabilities		
Income tax payable	\$ <u>2,302</u>	\$ <u>-</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	<u>Balance at the beginning of year</u>	<u>Profit or Loss</u>	<u>Other Comprehensive Income</u>	<u>Balance at the end of year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 960	(\$ 41)	\$ -	\$ 919
Inventory Write-Downs	2,919	2,504	-	5,423
Deficit reduction	7,734	(7,734)	-	-
Unrealized gross profit	271	181	-	452
Unrealized exchange losses	385	(385)	-	-
Losses on investments accounted for using the equity method	3,911	2,581	-	6,492
Exchange differences on translation of foreign operations	<u>701</u>	<u>-</u>	<u>(359)</u>	<u>342</u>
	<u>\$ 16,881</u>	<u>(\$ 2,894)</u>	<u>(\$ 359)</u>	<u>\$ 13,628</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ 164</u>

2021

	<u>Balance at the beginning of year</u>	<u>Profit or Loss</u>	<u>Other Comprehensive Income</u>	<u>Balance at the end of year</u>
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 695	\$ 265	\$ -	\$ 960
Inventory Write-Downs	3,476	(557)	-	2,919
Deficit reduction	7,734	-	-	7,734
Unrealized gross profit	145	126	-	271
Unrealized exchange losses	273	112	-	385
Losses on investments accounted for using the equity method	2,539	1,372	-	3,911
Exchange differences resulting from translation of foreign operations	<u>1,386</u>	<u>-</u>	<u>(685)</u>	<u>701</u>
	<u>\$ 16,248</u>	<u>\$ 1,318</u>	<u>(\$ 685)</u>	<u>\$ 16,881</u>

e. As of the end of 2021, the amount of unused deficit reduction for which no deferred assets have been recognized in the parent company only balance sheets was NT\$95,592 thousand (As of the end of 2022: none)

f. Income tax examination

Tax authorities have examined income tax returns of the Company until 2020.

20. EARNINGS PER SHARE

EPS is computed as follows:

	<u>Amount (Numerator)</u>	<u>Number of Shares</u>	<u>Earnings Per Share</u>
	After Income Tax	(Denominator) (In Thousands)	After Income Tax (In Dollars)
<u>Year Ended December 31, 2022</u>			
Basic EPS			
Net profit for the year available to common shareholders	\$ 177,619	122,392	<u>\$ 1.45</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>1,003</u>	
Diluted EPS			
Net profit for the year available to common shareholders	<u>\$ 177,619</u>	<u>123,395</u>	<u>\$ 1.44</u>
<u>Year Ended December 31, 2021</u>			
Basic EPS			
Net profit for the year available to common shareholders	\$ 150,255	122,392	<u>\$ 1.23</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>633</u>	
Diluted EPS			
Net profit for the year available to common shareholders	<u>\$ 150,255</u>	<u>123,025</u>	<u>\$ 1.22</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.

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure its long-term viability 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.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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, 2022

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

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted ordinary shares	\$ -	\$ -	\$100,674	\$100,674

In 2022 and 2021, there were no transfers between Level 1 and Level 2.

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

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

	<u>2022</u>	<u>2021</u>
Balance at the beginning of year	\$ 100,674	\$ -
Purchase	30,985	54,419
Recognized in other comprehensive income (Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income)	<u>73,614</u>	<u>46,255</u>
Balance at the end of year	<u>\$ 205,273</u>	<u>\$ 100,674</u>

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

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 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount for lack of marketability		
10% increase	(\$ <u>67,751</u>)	(\$ <u>4,300</u>)
10% decrease	(\$ <u>55,436</u>)	\$ <u>4,331</u>

c. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 683,998	\$ 685,542
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	205,273	100,674
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,342,136	1,422,017

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 guarantee deposits paid.

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

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 27.

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, 2022 and 2021 would have decreased/increased by NT\$2,617 thousand and NT\$3,481 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 associated with fluctuating interest rates 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 are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
– Financial assets	\$ 14,000	\$ 14,000
– Financial liabilities	68,350	96,811
Cash flow interest rate risk		
– Financial assets	332,175	281,106
– Financial liabilities	1,000,615	997,189

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, 2022 and 2021 would have decreased or increased by NT\$1,671 thousand and NT\$1,790 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 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 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, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$241,178	\$ 27,653	\$ 30,676	\$ -
Lease liabilities	2.19	73	1,754	658	27,192
Fixed interest rate liabilities	1.82%~ 3.11%	35,270	7,144	24	-
Floating interest rate liabilities	1.76%~ 2.97%	<u>55,863</u>	<u>81,260</u>	<u>379,747</u>	<u>548,538</u>
		<u>\$332,384</u>	<u>\$117,811</u>	<u>\$411,105</u>	<u>\$575,730</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 ~5 Years	5 ~10 Years	10 ~15 Years	15 ~20 Years	20+ Years
Lease liabilities	<u>\$2,485</u>	<u>\$8,496</u>	<u>\$9,842</u>	<u>\$8,548</u>	<u>\$ 306</u>	<u>\$ -</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	-	\$201,542	\$123,757	\$ 31,309	\$ -
Lease liabilities	1.64%	119	1,825	1,419	29,160
Fixed interest rate liabilities	0.86%~2.37%	30,072	18,363	20,026	-
Floating interest rate liabilities	0.89%~2.19%	<u>25,528</u>	<u>110,931</u>	<u>268,712</u>	<u>654,612</u>
		<u>\$257,261</u>	<u>\$254,876</u>	<u>\$321,466</u>	<u>\$683,772</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>\$ 3,363</u>	<u>\$9,219</u>	<u>\$9,649</u>	<u>\$ 8,415</u>	<u>\$ 1,877</u>	<u>\$ -</u>

b) Financing facilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank borrowing facilities		
– Amount used	\$ 1,042,758	\$ 1,065,455
– Amount unused	<u>475,482</u>	<u>439,351</u>
	<u>\$ 1,518,240</u>	<u>\$ 1,504,806</u>

As of December 31, 2022, the Company's operating funds are sufficient to fulfill all obligations. Therefore, management believes that the Company has no significant exposure to liquidity risk.

23. 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

<u>Related Party Name</u>	<u>Related Party Categories</u>
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
DECORTEC CO., LTD. (DECORTEC)	Related party in substance

(Continued)

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
ETERNALCARE BUSINESS LTD. (ETERNALCARE)	Related party in substance
SHANGHAI JIAN LENG BIOLOGICAL TECHNOLOGY CO., LTD. (SHANGHAI JIAN LENG)	Related party in substance
Universal Mean Great Health Technology Co., Ltd. (Universal Mean Great Health)	Related party in substance
Chiayi County Private Ziliang Social Welfare and Charity Foundation (Zi Liong Foundation)	Related party in substance
ORIENTAL GREEN ENERGY TECHNOLOGY INC. (ORIENTAL)	Related party in substance
DONG GUAN NAMDE RUBBER&PLASTIC MANUFACTURES CO., LTD (NAMDE)	Related party in substance
Skycosmos Sport and outdoor products Ltd. (SKYCOSMOS)	Related party in substance
TIEN JIANG ENTERPRISE CO., LTD. (TIEN JIANG)	Related party in substance
HUI LIANG INDUSTRIAL CO., LTD. (HUI LIANG)	Related party in substance
Gu Hong Investment CO., LTD. (GU HONG)	Related party in substance
EVER THRIVING INTERNATIONAL INVESTMENT CO., LTD. (EVER THRIVING)	Related party in substance
DONGGUAN 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
GOLDEN-PRENE ENTERPRISE CO., LTD. (GOLDEN-PRENE)	Related party in substance
AGRO-GREEN INTERNATIONAL CO., LTD. (AGRO-GREEN)	Related party in substance
Tainan City Fucheng Anti-Cancer Health Association (Fucheng Anti-Cancer Association)	Related party in substance
TrueLove Aquatic Solar Power Co., Ltd. (Aquatic Solar Power)	Related party in substance
DONG GUAN NAM GUANG RUBBER&PLASTIC MANUFACTURES CO., LTD (NAM GUANG)	Related party in substance
JSM Green Field (Taiwan) Co., Ltd. (JSM Green)	Related party in substance
JSM Agriculture Development Co., Ltd. (JSM Agriculture)	Related party in substance
Vietnam Tronjen Industrial Co., Ltd. (Vietnam Tronjen)	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
Shi Jin Culture and Art Co., Ltd. (Shi Jin)	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

(Continued)

Related Party Name	Related Party Categories
TIONG LIONG TRADING (SAMOA) Co., Ltd. (TIONG LIONG TRADING)	Related party in substance
TIEN POU INTERNATIONAL LTD., TAIWAN BRANCH (CAYMAN) (TIEN POU)	Related party in substance
Quanye Kangyang Development Co., Ltd. (Quanye Kangyang)	Related party in substance
Liongtex Innovation Enterprises Co., Ltd. (Liongtex)	Related party in substance
TrueLove Agriculture, Fishery and Electricity Symbiosis Co., Ltd. (Truelove Symbiosis)	Related party in substance
SKYCOSMOS LIMITED (SKYCOSMOS LIMITED)	Related party in substance
Yuan Yun Food Co., Ltd. (Yuan Yun Food)	Related party in substance
Dongguan Goldew Rubber PRODUCT Co. Ltd. (Dongguan Goldew)	Related party in substance
GREATHEALTH INDUSTRY DEVELOPMENT CO., LTD (GREATHEALTH)	Related party in substance

(Concluded)

b. Operating revenue

Item	Related Party Name/Categories	2022	2021
Sales revenue	Related parties in substance		
	G.I.C.	\$ 55,481	\$ 60,384
	TLI	23,214	23,689
	TIEN JIANG	22,040	37,746
	ZHONGSHAN	17,188	31,560
	TIONGLIONG		
	Other related parties in substance	<u>27,542</u>	<u>60,517</u>
		<u>145,465</u>	<u>213,896</u>
	Subsidiaries		
	JIAXING NANXIONG	49,118	54,034
	Other subsidiaries	<u>16,032</u>	<u>5,395</u>
		<u>65,150</u>	<u>59,429</u>
	<u>\$ 210,615</u>	<u>\$ 273,325</u>	

c. Purchase

Related Party Name/Categories	2022	2021
Related parties in substance		
HONG LI	\$ 23,796	\$ 20,901
U-LONG	6,021	7,563
HUI LIANG	4,726	10,147
Other related parties in substance	<u>1,470</u>	<u>1,521</u>
	<u>36,013</u>	<u>40,132</u>
Subsidiaries		
JIAXING NANXIONG	24,338	12,754
DONG GUAN NAMLIONG	16,138	17,418
Other subsidiaries	<u>7,582</u>	<u>13</u>
	<u>48,058</u>	<u>30,185</u>
	<u>\$ 84,071</u>	<u>\$ 70,317</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 offered 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 (excluding loans and contract assets to related parties)

Item	Related Party Name/Categories	December 31, 2022	December 31, 2021
Notes receivable	Related parties in substance		
	TLI	\$ 4,648	\$ 3,856
	TIEN JIANG	4,388	11,990
	Other related parties in substance	<u>2,206</u>	<u>2,010</u>
		<u>\$ 11,242</u>	<u>\$ 17,856</u>
Accounts receivable	Related parties in substance		
	G.I.C.	\$ 13,780	\$ 24,421
	ZHONGSHAN	8,980	3,671
	TIONGLIONG		
	Other related parties in substance	<u>6,545</u>	<u>15,053</u>
		<u>29,305</u>	<u>43,145</u>
	Subsidiaries		
	VIETNAM NAM	12,834	949
	LIONG		
	JIAXING NANXIONG	4,678	8,038
Other subsidiaries	<u>310</u>	<u>1,256</u>	
	<u>17,822</u>	<u>10,243</u>	
	<u>\$ 47,127</u>	<u>\$ 53,388</u>	
Other receivables	Related parties in substance		
	EARS	\$ 438	\$ 375
	HUI LIANG	293	96
	Other related parties in substance	<u>41</u>	<u>66</u>
		<u>\$ 772</u>	<u>\$ 537</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, 2022 and 2021.

e. Payables – related parties

Item	Related Party Name/Categories	December 31, 2022	December 31, 2021
Notes payable	Related parties in substance		
	U-LONG	\$ 397	\$ 656
	DECORTEC	119	-
		<u>516</u>	<u>656</u>
	Subsidiaries	<u>-</u>	<u>24</u>
	<u>\$ 516</u>	<u>\$ 680</u>	

(Continued)

Item	Related Party Name/Categories	December 31, 2022	December 31, 2021
Accounts payable	Related parties in substance		
	HONG LI	\$ 5,408	\$ 8,277
	HUI LIANG	623	1,247
	Other related parties in substance	<u>684</u>	<u>650</u>
		<u>6,715</u>	<u>10,174</u>
	Subsidiaries		
	JIAXING NANXIONG	2,143	2,638
	DONG GUAN	1,845	1,480
	NAMLIONG		
	Other subsidiaries	<u>933</u>	<u>-</u>
		<u>4,921</u>	<u>4,118</u>
		<u>\$ 11,636</u>	<u>\$ 14,292</u>
Other accounts payable	Related parties in substance		
	EARS	\$ 672	\$ 1,329
	Other related parties in substance	<u>59</u>	<u>356</u>
		<u>\$ 731</u>	<u>\$ 1,685</u>

f. Acquisition of property, plant, and equipment

Related Party Name/Categories	Purchase Price	
	2022	2021
Related parties in substance		
ORIENTAL	<u>\$ 179</u>	<u>\$ -</u>

g. Lease arrangements

Related Party Name/Categories	2022	2021
<u>Lease expenses</u>		
Chairman of the Company	\$ 4,403	\$ 4,403
Related parties in substance	<u>-</u>	<u>40</u>
	<u>\$ 4,403</u>	<u>\$ 4,443</u>

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

The Company leases parking spaces and offices from related parties in substance. The rentals are paid on a monthly basis.

Lease expenses include expenses related to short-term leases as well as low-value asset leases. The total amount of future expenses associated with short-term leases and expenses to be paid related to low-value asset leases are as follows:

	December 31, 2022	December 31, 2021
Total amount of lease expenses to be paid in the future	<u>\$ -</u>	<u>\$ 10</u>

h. Lease-out agreement

Operating lease

The Company leases a dormitory and offices to related parties by means of an operating lease based on the 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 were NT\$2,446 thousand and NT\$2,526 thousand in 2022 and 2021, respectively.

i. Others

Item	Related Party Name/Categories	2022	2021
Operating costs (excluding rentals)	Related parties in substance		
	HONG LI	\$ 180	\$ 218
	U-LONG	35	65
	TIEN JIANG	-	840
	HUI LIANG	-	196
	Other related parties in substance	<u>44</u>	<u>18</u>
		259	1,337
	Subsidiaries		
	JIAXING NANXIONG	63	111
	Other Subsidiaries	<u>-</u>	<u>33</u>
	<u>63</u>	<u>144</u>	
	<u>\$ 322</u>	<u>\$ 1,481</u>	
Operating expenses (excluding rentals)	Related parties in substance		
	EARS	\$ 10,975	\$ 11,862
	Other related parties in substance	<u>508</u>	<u>2,219</u>
		11,483	14,081
	Subsidiaries	<u>144</u>	<u>62</u>
	<u>\$ 11,627</u>	<u>\$ 14,143</u>	
Other income	Related parties in substance	<u>\$ 92</u>	<u>\$ 164</u>
	Subsidiaries		
	DONG GUAN	5,424	3,221
	NAMLIONG		
	ELEMENTECH	3,345	2,700
	Other subsidiaries	<u>495</u>	<u>213</u>
	<u>9,264</u>	<u>6,134</u>	
	<u>\$ 9,356</u>	<u>\$ 6,298</u>	

Related parties in substance provide human resources to the Company, and the Company paid NT\$10,975 thousand and NT\$11,813 thousand in management service fees in 2022 and 2021, respectively. Payment is collected the following quarter 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).

The Company disposed of transportation equipment with no residual value to related parties in substance in 2021 for NT\$50 thousand; such gains on the disposal were recognized as other income.

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, 2022 and 2021.

k. Remuneration of key management personnel

The remuneration of directors and key management personnel in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 48,723	\$ 43,685
Post-employment benefits	<u>816</u>	<u>730</u>
	<u>\$ 49,539</u>	<u>\$ 44,415</u>

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

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company pledged the following assets as bank loans and collaterals with letter of guarantee or customs guarantee for imported materials and supplies:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Restricted demand deposits	\$ 29,863	\$ 32,573	Borrowings and performance
Pledged deposits	14,000	14,000	Borrowings and performance
Right-of-use assets	13,047	13,907	Borrowings
Property, plant and equipment, net	<u>398,305</u>	<u>414,761</u>	Borrowings
	<u>\$ 455,215</u>	<u>\$ 475,241</u>	

25. COMMITMENTS AND CONTINGENCIES

- a. As of December 31, 2022 and 2021, the unused letters of credit amounted to NT\$20,960 and NT\$23,293, 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 superficies contract signed with TSC. Without the agreement of the Land Bank of Taiwan, the Company is not allowed to cancel, revoke or terminate the contract, and abandon the superficies. Please refer to Notes 13, 14, and 24 for further details.

26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 21, 2023, the Company issued 5,000 units of secured convertible corporate bonds denominated in New Taiwan Dollars with a coupon rate of 0%. The total capital was NT\$500,000 thousand while the total offering amount was NT\$581,140 thousand based on a par value of 116.23%.

27. EXCHANGE RATE OF FINANCIAL 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 are as follows:

(In thousands of individual foreign currencies to New Taiwan Dollars)

December 31, 2022

	Foreign currency amount	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 8,751	30.660 (USD : NTD)	\$ 268,318
EUR	514	32.520 (EUR : NTD)	16,704
<u>Non-monetary items</u>			
USD	23,609	30.660 (USD : NTD)	721,622
VND	11,475,908	0.0013 (VND : NTD)	14,947
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	216	30.660 (USD : NTD)	6,637

December 31, 2021

	Foreign currency amount	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 13,031	27.630 (USD : NTD)	\$ 360,047
EUR	705	31.120 (EUR : NTD)	21,940

(Continued)

	Foreign currency amount	Exchange rate	Carrying amount (NTD)
<u>Non-monetary items</u>			
USD	\$ 24,352	27.630 (USD : NTD)	\$ 672,227
VND	21,561,052	0.0012 (VND : NTD)	26,060
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	432	27.630 (USD : NTD)	11,936 (Concluded)

The Company's (realized and unrealized) foreign exchange gains and losses for the years ended December 31, 2022 and 2021 amounted to a net gain of NT\$36,267 thousand and net loss of NT\$9,348 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) per significant foreign currency due to various foreign currency transactions.

28. ADDITIONAL DISCLOSURES

a. Information about significant transactions and reinvestments:

- 1) Financing provided to others: None.
- 2) Endorsement and guarantee provided: Table 1.
- 3) Marketable securities held: Table 2.
- 4) Acquisition and disposal of marketable securities for at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties for at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchase and sales transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 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 4.

b. Information on investments in Mainland China:

- 1) The name of investee in Mainland China, main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in Mainland China: Table 5.
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 3.
 - c) The amount of property transactions and the amount of resultant gains or losses: None.
 - d) The balance and purposes of endorsements or guarantees or pledged collateral at the end of the period: None.
 - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year: None.
 - f) Other transactions that have a material effect on profit or loss for the period or on financial position, such as rendering or receiving of services: None.

- c. Information on major shareholders: list the names of all shareholders with ownership of 5% or greater, the number of shares owned, and percentage of ownership of each shareholder: Table 6

29. 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.

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
ENDORSEMENT AND GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

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

No.	Endorser and Guarantor	Party being endorsed and guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount of Endorsement/ Guarantee During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Maximum Allowable Amount for Endorsements/ Guarantees (Note)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Nature of Relationships										
0	Nam Liong Global Corporation	ELEMENTECH INTERNATIONAL CO., LTD.	Subsidiary	\$ 327,831	\$ 20,000	\$ 20,000	\$ -	\$ -	1.22%	\$ 819,577	Y	-	-

Note: The Company's aggregate amount of endorsements/guarantees for external entities and for a single entity shall not exceed 50% and 20% of the Company's net worth, respectively. The maximum amount of aggregate endorsements/guarantees provided by the Company was the net value on December 31, 2022.

NAM LIONG GLOBAL CORPORATION
 (Original name: PROLINK MICROSYSTEMS CORPORATION)
 MARKETABLE SECURITIES HELD
 FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Nam Liong Global Corporation	Shares TIONG LIONG INDUSTRIAL CO., LTD.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	5,875,002	\$ 205,273	13.52%	\$ 205,273	Note

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

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)

TOTAL PURCHASES OR SALES TRANSACTIONS WITH RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ELEMENTECH INTERNATIONAL CO., LTD.	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Subsidiary	Purchases	\$ 148,619	88.53%	30 days after monthly closing	N/A	N/A	\$ -	-	-
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	ELEMENTECH INTERNATIONAL CO., LTD.	Parent	Sales	148,619	92.17%	30 days after monthly closing	N/A	N/A	-	-	-

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held by the Company			Investee's Net profit (loss) for the year (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1) (Foreign Currencies in Thousands)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Nam Liong Global Corporation	GREENCHEM INTERNATIONAL CO., LTD.	Chiayi	Chemical product	\$ 240,000	\$ 240,000	8,000,000	100.00	\$ 290,725	\$ 12,140	\$ 11,834	Note 1 and 2
Nam Liong Global Corporation	ELEMENTECH INTERNATIONAL CO., LTD.	Taipei	Electronic products trading	154,500	154,500	10,612,130	100.00	125,150	7,146	7,146	Note 2
Nam Liong Global Corporation	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	Cayman Islands	Holding and investment	USD 1,930 thousand	USD 1,930 thousand	1,930,000	100.00	138,742	16,240	16,240	Note 2
Nam Liong Global Corporation	SPEEDBEST INTERNATIONAL LIMITED	Samoa	Holding and investment	USD 6,810 thousand	USD 6,810 thousand	6,810,000	100.00	582,880	(USD 546 thousand) 24,934	(USD 546 thousand) 24,934	Note 2
Nam Liong Global Corporation	NAM LIONG ENTERPRISE CO., LTD. (VIETNAM)	Vietnam	Textile products (downstream)	USD 1,600 thousand	USD 1,600 thousand	-	100.00	14,947	(USD 838 thousand) (12,905)	(USD 838 thousand) (12,905)	Note 2
ELEMENTECH INTERNATIONAL CO., LTD.	ELEMENTECH (HONG KONG) LIMITED	Hong Kong	Holding and investment	HKD 15,856 thousand	HKD 8,076 thousand	-	100.00	10,280	(Loss VND 10,085,144 thousand) (11,915)	(Loss VND 10,085,144 thousand) (11,915)	Note 2
									(Loss HKD 3,155 thousand)	(Loss HKD 3,155 thousand)	

Note 1: The difference between current profit and current investment income of investees is recognized as amortized amount of investees' fair value of asset higher than book value.

Note 2: The profit or loss of invested subsidiaries under equity method in 2022 is recognized in the financial statement based on audit result from accountants of individual subsidiaries in the same period.

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5

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

Investee Company	Main Businesses and Product	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 1)	Investee Company's Net profit (loss) for the year (Note 2)	Ownership of Direct or Indirect Investment	Share of Profits and Losses (Note 2 and 6)	Carrying Amount as of December 31, 2022 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2022 (Note 4)
					Outflow	Inflow						
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chemical product	\$ 6,132 (USD 200 thousand)	The Company's direct investment in Mainland China	\$ 6,465 (USD 200 thousand)	\$ -	\$ -	\$ 6,465 (USD 200 thousand)	\$ 10,839 (CNY2,465 thousand)	100%	\$ 10,839 (CNY 2,465 thousand)	\$ 46,795	\$ 207,023 (Note 8)
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Electronic products trading and manufacturing	61,320 (USD 2,000 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	29,670 (USD 1,000 thousand)	29,520 (USD 1,000 thousand)	-	59,190 (USD 2,000 thousand)	(11,864) (Loss CNY 2,698 thousand)	100%	(11,864) (Loss CNY 2,698 thousand)	10,335 (HKD2,645 thousand)	
JIAXING NANXIONG POLYMER CO., LTD.	Textile products (downstream)	183,960 (USD 6,000 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	272,723 (USD8,583 thousand)	-	-	272,723 (USD 8,583 thousand)	17,975 (CNY4,088 thousand)	100%	17,975 (CNY4,088 thousand)	525,369 USD 17,135 thousand	
DONG GUAN NAMLIONG RUBBER MANUFACTURE S CO., LTD.	Textile products (downstream)	82,782 (USD 2,700 thousand)	Investments in Mainland China companies were made through a company invested and established in a third region	84,351 (USD2,651 thousand)	-	-	84,351 (USD 2,651 thousand)	23,199 (CNY5,276 thousand)	100%	23,199 (CNY 5,276 thousand)	198,385 USD 6,470 thousand	

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 422,729 (USD 13,434 thousand) (Note 1)	\$ 486,064 (USD 15,497 thousand) (Note 1 and 7)	\$ - (Note 5)

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: Calculated using the average exchange rate between January 31, 2022 and December 31, 2022.

Note 3: Calculated using the exchange rate on December 31, 2022.

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

Note 5: Pursuant to the Industrial Development Bureau, MOEA No. 11020444220 dated December 6, 2021, the Company has obtained a certificate of qualification for headquarters operations, issued by the Industrial Development Bureau, MOEA, thus the upper limit on investments in Mainland China is not applicable to the Company.

Note 6: Calculated with the financial statements audited and attested by R.O.C parent company's certified public accountant in the same period.

Note 7: Investment amounts authorized by the Investment Commission, MOEA when the Company acquired GREENCHEM and merged with NAM LIONG ENTERPRISE, are included.

Note 8: The Company obtained 100% shares in GREENCHEM in October 2010, and dividends of GREENCHEM were remitted by GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. after October 2010.

NAM LIONG GLOBAL CORPORATION
 (Original name: PROLINK MICROSYSTEMS CORPORATION)
 INFORMATION ON MAJOR SHAREHOLDERS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

Name of Major Shareholder	Shares	
	Total Shares Owned	Percentage of Ownership
ZI LIONG ENTERPRISE CO., LTD.	88,221,501	72.08%

Note 1: The information in this table refers to the total shareholdings of more than 5% of the Company's shares of common stock and preferred stock that have completed non-physical registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository and Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of shares that have completed non-physical registration and delivery may vary due to different basis of calculation.

6. Financial turnover issues and adversity by company and its affiliated companies by recent year and by closure date of annual report: N/A.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of financial status

Financial statement comparison of the past two years

Unit: NT\$ thousands

Item	Year	2022 (Re-settlement)	2021	Difference	
				Amount	%
Current assets		1,795,323	1,878,271	(82,948)	(4.42)
Property, plant, equipment		1,064,128	1,059,156	4,972	0.47
Other assets		580,815	494,760	86,055	17.39
Total assets		3,440,266	3,432,187	8,079	0.24
Current liabilities		1,134,722	1,172,630	(37,908)	(3.23)
Other liabilities		666,390	809,820	(143,430)	(17.71)
Total liabilities		1,801,112	1,982,450	(181,338)	(9.15)
Share capital		1,223,923	1,223,923	—	—
Legal reserve		57,621	57,621	—	—
Retained earnings		250,428	145,969	104,459	71.56
Other equity		107,182	22,224	84,958	382.28
Non-controlling equity		—	—	—	—
Total Stockholders' Equity		1,639,154	1,449,737	189,417	13.07
Explanation on two-year difference:					
1. Retained earnings increase: due to current annual income.					
2. Other equity increase: currently caused by unrealized valuation gain/(loss) on financial assets at fair value through other comprehensive income.					

2. Business performance

(1) Business performance comparison for the past two years

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	
				Amount	%
Operating revenue		3,082,227	3,356,900	(274,673)	(8.18)
Operating cost		2,262,133	2,485,138	(223,005)	(8.97)
Gross profit		820,094	871,762	(51,668)	(5.93)
Profit from operations		139,914	190,929	(51,015)	(26.72)
Non-operating income and expenses and expense		51,585	(14,836)	66,421	(447.70)
Operating Income		177,619	150,255	27,364	18.21
Discontinued income (Loss)		—	—	—	—
Net profit for the year		177,619	150,255	27,364	18.21
Other comprehensive income (income after tax)		85,233	44,906	40,327	89.80
Total comprehensive income		262,852	195,161	67,691	34.68
Net income attributable to shareholders of the parent		177,619	150,255	27,364	18.21
Net income attributable to non-controlling equity		—	—	—	—
Comprehensive income attributable to Shareholders of the parent		262,852	195,161	67,691	34.68
Comprehensive income attributable to non-controlling equity		—	—	—	—
Earnings per share (NT\$)		1.45	1.23	0.22	17.89
Two-year difference:					
1. Decrease in operating income: due to decrease in other income by end term					
2. Increase in non-operating income and expenses: due to increase in income of foreign currency exchange.					
3. Increase in other comprehensive income (income after tax) / total comprehensive income: due to increase by unrealized valuation gain/(loss) on financial assets at fair value through other comprehensive income and exchange rate converted from financial statement of foreign operating institutes.					

(2) Cause of change in business items by the company: should business policy, market conditions, economic conditions or other internal or external factors have occurred or it is anticipated that material change hereof will occur and its impact to finance and business of the company and response plan: N/A.

(3) Major cause to forecast of sales for the coming year and its basis and sale estimation, increase or decrease: estimation of industrial prosperity, market demand.

3. Cash flow

(1) Cash flow alteration analysis

Unit: NTS thousand

Item	2022	2021	Difference		
			Amount	%	Explanation
Operating activities	417,893	128,872	289,021	224.27	Due to increase in accounts payable in 2022.
Investing activities	(70,974)	(274,372)	203,398	(74.13)	Acquisition decrease in immobility, plants, and equipment in 2022.
Financing activities	(216,771)	176,635	(393,406)	(222.72)	Due to decrease in loan in 2022.
Effect of exchange rate changes	11,981	1,914	10,067	525.97	Due to exchange rate flow.
Net cash flow	142,129	33,049	109,080	330.06	

(2) Cash Flow Analysis for the Coming Year

Unit: NTS thousands

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1	2	3	1+2+3		
730,742	119,962	(62,922)	787,782	—	—

1. Operation activities: income generated from operation.
2. Investing activities: procurement of asset.

4. Effects from recent annual material capital to finance: N/A.

5. Investment policy, earning or loss from recent year-cause, rectification, and investment plan for coming year

Amid the world's trend and government policy, the company's re-investment strategy targets green energy and visionary technical products. We are based in Taiwan and developing in Asia-Pacific, eyeing the global market, in order to create margin and profit. The company currently invests in GREENCHEM INTERNATIONAL CO., LTD., ELEMENTECH INTERNATIONAL CO., LTD., JIAXING NANXIONG POLYMER CO., LTD., DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD., and NAM LIONG ENTERPRISE CO., LTD (VIET NAM)..

GREENCHEM INTERNATIONAL CO., LTD.

Business items of GREENCHEM INTERNATIONAL CO., LTD. focus on polymer and environmental antiseptic products, mainly applied to special textile products and leather. Its subsidiary GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. mainly produces and sells antimicrobial agent, natural anti-mite agent, functional ceramic polymer masterbatches and long-acting silver ion antibacterial agent, other products, etc. Greechems will be more cautious and take steady operation and quality improvement as strategy for 2023, so that the market share of products will increase.

ELEMENTECH INTERNATIONAL CO., LTD.

ELEMENTECH INTERNATIONAL CO., LTD. focuses on convertible power supplies in the global market. It endeavours as a team in operation and innovation and development, improve resource cost and customer service. Elementech's series all achieve up to efficiency grade 6 of IEA. It started investing in development of industrial spare power supply and domestic power storage (non-high power mobile energy storage machine). We are developing new generation energy act as a goal and energy-saving products. Its subsidiary SUZHOU GREATSUN

ELECTRONICS & COMMUNICATIONS CO., LTD. mainly operates production of power products. The company complies with grade 6 products of the parent company in terms of quality. It is optimising process, controlling materials, and improving product line, and other measures, etc. It is elevating capacity and production efficiency. It is competitive and advantageous in the market.

JIAXING NANXIONG POLYMER CO., LTD.

It sells mainly water-proof moisture-permissible film, wear cloth, cut resistant cloth. The future plan is to change marketing, build up one-on-all sale platform, integrate resources other than upstream and downstream, per se cross-industry integration.

DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.

It produces foaming material pieces, processes special foaming materials, and processes OEM end products. Current plan is to increase diversification in products, development of new market and branded customers, and supplies products of steady quality and reasonable price to customers.

NAM LIONG ENTERPRISE CO., LTD (VIET NAM).

It specialises in slices and adhesive of foaming materials and responds to requirements of local customers in a timely manner. Our goal is to develop the market and income.

The company respects life and cares for the environment as a core business value. It is reinforcing the development and sales at all products and seeks strategic partners all the way. It integrates highly-competitive industry chain. It is convinced that the business will improve with its team spirit.

6. Analysis and evaluation of risk items

(1) Interest rate, exchange rate change, inflation impact to company's income and future response measures:

The Group takes part in sales and purchases evaluated with foreign currency, thus the Group is likely to risk exchange rate crash. In order to avoid change in exchange rate that depreciates the foreign currency and cash flow, the Group offsets the risk of exchange rate flow with asset and liability in foreign currency. The Group has a 74.72% and 66.74% in sales counted in currency with which it is not traded by the group as its individual function.

The interest rate risks interest flow in the market, and the fair value flow of financial products or cash flow change. The Group is in possession of financial asset and financial liability of floating exchange rate, so that the cash flow risks exchange rate risk. The Group's management monitors the change in exchange rate of the market on a regular basis and adapts financial liability with flow rate, so that the interest rate of the Group approaches to the market rate and offsets the risk in change in exchange rate. The company does not trade financial products (including financial derivatives) with speculative purpose.

(2) Cause and future response plan for policy, earning or loss of highly-risky, high-leverage investment, capital loan and guarantee and derivatives trades:

The company has not taken part in highly-risky, high-leverage investment, or derivatives trades in recent year or by end of closure state of annual report. The capital loan and guarantee endorsement was conducted capital loan procedure and endorsement guarantee guideline. The regarding content is announced by regulatory of competent authority and disclosed in each financial report.

(3) Future R&D plan and R&D budget:

R&D product	R&D and mass production schedules	R&D estimation	Major factors that will impact the R&D in future
Development of green processed products	Under product development and trial production. Development to complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1.All-PU under product development and trial production. Product categories will expand in 2023. 2.Environmental friendly yarn under product development and trial production. Product categories will expand in 2023. 3. Will be developed in 2023 per phase.
WSR circular recycling (textile and polymer materials) and reused polymer composite project	Under product development and trial production. Development to complete in end 2023 per phase.	R&D cost overall makes up of personnel charge and product development.	1.Elevation of recycling ratio of PET and PA materials and hook and loop and development of new composite materials. Product under development and trial production. Development will complete in 2023. 2. Recycling and development of TPU trimming for new application materials. Product under development and trial production. Development will complete in 2023. 3.Sponge foaming and adhesive waste is recycled and developed into new products. Product categories will expand in 2023. 4. Recycle of semiconductor silicon for sponge products that manages circular economy. Development will complete in 2023 with patent.
Development of functional and anti-yellowing agent (special chemical product)	Under product development and trial production. Product categories expand in 2021 and 2024.	R&D cost overall makes up of personnel charge and product development.	For development of functional additive of TPU film and anti-yellowing agent. Product under development and trial production. Product categories will expand in 2023 and 2024 per phase.
Product development of highly-performing environmentally friendly yarn	Under product development and trial production. Development to complete in 2023 and 2024 per phase.	R&D cost overall makes up of personnel charge and product development.	Development of highly-performing and environmental friendly carbon reducing yarn (reduction of petrochemical source). Product under development trial production. Product categories will increase in 2023 and 2024 per phase.
Cool quilt in summer/cool mat, graphene energy winter quilt, functional pillow	Under product development and trial production. Development to complete in end 2023.	R&D cost overall makes up of personnel charge and product development.	1.Summer products will be evaluated and proper and competitive materials will be opted in 2023 Q1 and will be launched in Q2. 2.Graphene energy winter quilt and functional pillow will be evaluated and proper and competitive materials will be opted in 2023 Q1 and will be launched in Q3~Q4.
DC convertible frequency power converter fan (domestic)	Investment in development from 2022 Q2. Development will complete in 2023 Q2.	R&D cost overall makes up of personnel charge and product development.	1. Master of key components 2. Master of market price 3. Dependency of household appliances
Domestic power storage (non-high power mobile energy storage machine)	Investment in development from 2023 Q2. Development will complete in 2024 Q4.	R&D cost overall makes up of personnel charge and product development.	1. Master of key components 2. Master of market price 3. Dependency of household appliances

- (4) Impact and response plan for alteration in domestic and international legal policy:**
The company complies with relevant regulatory. We master change in important policy and law. Recent change of domestic and international policy and law has not hampered materially to business finance or business.
- (5) Impact and response plan for technology change (including information security risk) and industrial change:**
Digitalisation is a future technical trend. The company elevates core technique as well as adjusts product combination, so that the company is competitive and overall operation performance is improved.
- (6) Impact and response plan for corporate image change and risk management by corporate:**
The company cares about corporate image. The company implements manager responsibility in practice. The company has not incurred anything that hampers corporate image.
- (7) Profit estimation, potential risk and response measures for merger: N/A.**
- (8) Profit estimation, potential risk and response measures for plant expansion: N/A.**
In order to the development of Chinese market and improvement of global competitiveness, we acquired property license in March 2022 for the expansion of Jiaxing Nanxiong Plant Phase 2. We anticipate it will enhance the supply competence of high-tech textile and polymer composite in Mainland China and US and Europe market.
China-US Trade War and Covid-19 Pandemic impacted the global market and taxation, which delayed the customer orders or procrastinated even replaced with us and hampered the Chinese export market. In light of the risk, the expanded capacity adjustment shall be flexible and towards development of green materials. We are improving and replacing production equipment to respond to insecure future.
- (9) Risk and response measures to concentration of purchases or sales:**
- (1) Evaluation of risk in concentration of sales
The company's sales to the top 10 customers in 2022 and 2021 is 851,749 thousand and 855,740 thousand, which accounts for 27.63% and 25.50% in the annual income. The proportion to one single customer has not exceeded 10%. No risk in concentration of sales or purchase exists.
- (2) Evaluation of risk in concentration of purchase
The company's import from the top 10 customers in 2022 and 2021 is 33.14% and 27.12% in the annual income. The proportion to one single customer has not exceeded 10%. No risk in concentration of purchase exists.
- (10) Impact, risk, and response measures of stock transfer, immense stock transfer, or change of directors, supervisors, or shareholders with a ratio over ten percent:**
The company has no directors or shareholders whose shareholding ratio exceeds ten percent and whose immense equity transfers or is replaced.
- (11) Impact, risk, and response measures to change of franchise: N/A.**
- (12) litigation or non-litigation. Please specify the company and directors, supervisors, General Manager, substantial in-charge, shareholders of the company whose shareholding ratio exceeds ten percent and the resolved or un-resolved material litigation, non-litigation or administrative dispute of the belonging company whose resolution will impact shareholder's rights or securities price. Shall it be applicable, please disclose resolution details on the dispute, claim price, start date of litigation, major involved stakeholders in litigation hereof by end of closure date of annual report: N/A.**

(13) Other important risks and response measures

Cyber risk evaluation and its response measures

- (1) Core TIPTOP system of the company was dependent to IE browser. Given the IE browser will terminate by Microsoft policy, TIPTOP and CR reports will be upgraded in April 2023 to ensure the system operation does not suspend.
- (2) In order to reinforce the cyber security understanding and resilience, there will be spam drills.
- (3) The company conducts at least one security drill per year in order to control and maintain the operation, production and sales, research and development, and finance and accounting, and other major business functions after the establishment of functional HA structure, so that the resilience plan will be proven effective and feasible. We will improve and update in future so that operation capacity will improve.

7. Other important matters: N/A.

VIII. Special Matters

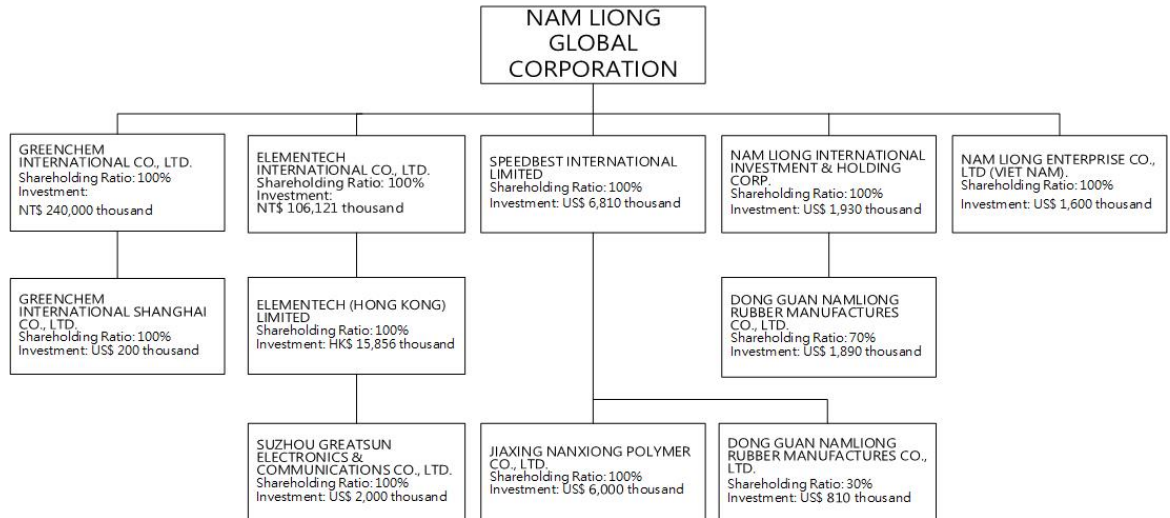
1. Affiliated businesses

(1) Consolidated businesses report by affiliated companies

1. Affiliated corporates

(1) Organisation chart

Investee of parent company shareholding in 2022 as following:



(2) Contact of affiliates

No.	Company	Capital (Dec. 31, 2022)	Date of establishment	Address	Core business items
1	GREENCHEM INTERNATIONAL CO., LTD.	NT\$ 80,000 thousand	Dec. 1999	No. 8, Xingye Rd., Jiatai Industrial Park, Guogou, Taibao City, Chiayi County	Production and sales of basic chemical industry, production and sales of precision chemical materials
2	GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	US\$ 200 thousand	Oct. 2004	No. 55-1 Pongfong Rd., Malu Town, Jiading Dist., Shanghai City	Production and sales of functional textile primer
4	ELEMENTECH INTERNATIONAL CO., LTD.	NT\$ 106,121 thousand	Oct. 2003	4F., No. 267, Chongyang Rd., Nangang Dist., Taipei City	R&D, production and sales of switching power supply
5	ELEMENTECH (HONG KONG) LIMITED	HK\$ 15, 856 thousand	Nov. 2013	Flat 11-12, 9F Metro Conter 32 Lam Hing St Kowloon, Bay Kln HK	Overseas holding company
6	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	US\$ 2,000 thousand	March 2014	Plant No. 2, No. 6 Ziteng Rd., Liuhe Town, Taicang City	Production of chargers, computer electronics and components, etc.
7	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	US\$ 1,930 thousand	May 2006	Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Island	Overseas holding company
8	SPEEDBEST INTERNATIONAL LIMITED	US\$ 6,810 thousand	Apr. 2004	Ground Floor NPF Building, Beach Road, Apia, Samon	Overseas holding company
9	NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	US\$ 1,600 thousand	July 2019	Factory F2, Lot C1-3-2, Tao Luc 1 Street, Dai Dang Industrial Park, Phu Tan Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	Rubber, plastic, and elastic foaming material slices, processing and adhesive, water-proof moisture-permissible film and trades of textile products
10	JIXING NANXIONG POLYMER CO., LTD.	US\$ 6,000 thousand	Nov. 2004	NO.216 YA'O ROAD SOUTHLAKE ECONOMIC DEVELOPMENT ZONE JIXING CITY ZHE JIANG PROVINCE, CHINA	Sales and production of water-proof moisture-permissible film (TPU); arrangement and processing of high-end fabric (processing of TPU film composite), sales of fire equipment
11	DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	US\$ 2,700 thousand	Sep. 2007	NO.295 XIANG FU RD., KENG KOU, LIAO BU, DONG GUAN CITY, GUANG DONG, 523420 CHINA	Production and sales of rubber, plastic materials and its end products

(3) Shareholders having controlling and subordinate relation between them: N/A.

(4) Industry covered by overall affiliates and corporate operation:

A. The company produces and sells rubber sponge, sponge adhesive, fabric belt hook and loop, fire-proof cloth, anti-abrasion cloth, TPU film, and other products.

B. Scope of other affiliates as in the abovementioned table.

(5) Director, supervisor, and general manager by affiliated companies and their shareholding or investment

May 22, 2023

Company	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
GREENCHEM INTERNATIONAL CO., LTD.	Chairman	NAM LIONG GLOBAL CORPORATION Representative: Hsiao,Chung-Hu	8,000,000	100.00%
	Director & General Manager	NAM LIONG GLOBAL CORPORATION Representative: Yang,Feng-Chang		
	Director	NAM LIONG GLOBAL CORPORATION Representative: Hung,Chun-Chih		
	Supervisor	NAM LIONG GLOBAL CORPORATION Representative: Pai,Ching-Jen		
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	Chairman	GREENCHEM INTERNATIONAL CO., LTD. Representative: Yang,Feng-Chang	N/A	100.00%
	Director	GREENCHEM INTERNATIONAL CO., LTD. Representative: missing		
	Director & General Manager	GREENCHEM INTERNATIONAL CO., LTD. Representative: Lin,Hung-Peng		
	Supervisor	GREENCHEM INTERNATIONAL CO., LTD. Representative: Tsai,Hsiu-Han		
ELEMENTECH INTERNATIONAL CO., LTD.	Chairman & General Manager	NAM LIONG GLOBAL CORPORATION Representative: Hsiao,Chung-Hu	10,612,130	100.00%
	Director	NAM LIONG GLOBAL CORPORATION Representative: Pai,Ching-Jen		
	Director	NAM LIONG GLOBAL CORPORATION Representative: Hsiao,Yu-Chiao		
	Supervisor	NAM LIONG GLOBAL CORPORATION Representative: Hung,Chun-Chih		
ELEMENTECH (HONG KONG) LIMITED	Director	ELEMENTECH INTERNATIONAL CO., LTD. Representative: Pai,Ching-Jen	N/A	100.00%
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	Chairman	ELEMENTECH (HONG KONG) LIMITED Representative: Hsiao,Yu-Chiao	N/A	100.00%
	Director	ELEMENTECH (HONG KONG) LIMITED Representative: Pai,Ching-Jen		
	Director	ELEMENTECH (HONG KONG) LIMITED Representative: missing		
	Supervisor	ELEMENTECH (HONG KONG) LIMITED Representative: Lin,Hua-Tse		
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	Director	NAM LIONG GLOBAL CORPORATION Representative: Shao,Ten-Po	1,930,000	100.00%
SPEEDBEST INTERNATIONAL LIMITED	Director	NAM LIONG GLOBAL CORPORATION Representative: Chang,Shun-Ching	6,810,000	100.00%
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	Director	NAM LIONG GLOBAL CORPORATION Representative: Chen,Yi-Hsiao	N/A	100.00%

Company	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
JIAXING NANXIONG POLYMER CO., LTD.	Chairman	SPEEDBEST INTERNATIONAL LIMITED Representative: Wang, Chuan-Cheng	N/A	100.00%
	Director	SPEEDBEST INTERNATIONAL LIMITED Representative: Hsu, Shih-Jung		
	Director	SPEEDBEST INTERNATIONAL LIMITED Representative: Chiang, Tsun-Ming		
	Supervisor	SPEEDBEST INTERNATIONAL LIMITED Representative: Chiu, Shu-Chen		
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	Chairman	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Wang, Chuan-Cheng	N/A	100.00%
	Director	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Wang, Chih-Chung		
	Director	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Tsai, Chia-Pin		
	Supervisor	NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP. Representative: Pai, Ching-Jen		

(6) Affiliate business

Unit: NT\$ thousands

Company	Capital	Total asset	Total liabilities	Equity	Operating revenue	Operating profit(loss)	Net profit for the year (after tax)	EPS (NT) (after tax)
GREENCHEM INTERNATIONAL CO., LTD.	80,000	258,873	61,903	196,970	43,822	(8,438)	12,140	1.52
GREENCHEM INTERNATIONAL SHANGHAI CO., LTD.	6,132	67,352	20,557	46,795	100,646	12,127	10,839	—
ELEMENTECH INTERNATIONAL CO., LTD.	106,121	135,614	10,464	125,150	203,765	7,220	7,146	0.67
ELEMENTECH (HONG KONG) LIMITED	60,250	10,377	97	10,280	—	(132)	(11,915)	—
SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD.	61,320	96,027	85,692	10,335	161,239	(9,564)	(11,864)	—
NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP.	62,353	138,997	—	138,997	—	—	16,240	—
SPEEDBEST INTERNATIONAL LIMITED	215,679	584,885	—	584,885	—	—	24,934	—
NAM LIONG ENTERPRISE CO., LTD (VIET NAM).	49,121	63,242	48,295	14,947	31,950	(12,723)	(12,905)	—
JIAXING NANXIONG POLYMER CO., LTD.	183,960	566,047	40,678	525,369	523,079	12,273	17,975	—
DONG GUAN NAMLIONG RUBBER MANUFACTURES CO., LTD.	82,782	355,964	157,579	198,385	300,590	27,662	23,199	—

Note: Data is all from 2022.

(2) Consolidated financial statement by affiliated companies

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, the entities that are required to be included in the consolidated financial statements of Nam Liong Global Corporation, in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared under the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of Affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, Nam Liong Global Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare,

Nam Liong Global Corporation

By

SHAO, TEN-PO

Chairman

March 29, 2023

(3) Relationship report:

NAM LIONG GLOBAL CORPORATION

Relationship Report

2022

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

Deloitte & Touche CPA review No. 11203055 of April 10, 2023

Recipient: Nam Liong Global Corporation

Title: Commentary on 2022 Relation Report of the company with statement of no material non-compliance.

Explanation:

1. 2022 Relation Report (1 January 2022 to 31 December 2022) of the company, prepared on 29 March 2023, stated by the company that it was pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. The disclosed information has no material non-compliance with aforesaid disclosed financial statement. Disclaimer is as attached.
2. CPAs have cross-checked the relation report, prepared by the company, with 2022 Financial Statement pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. Aforesaid statement was found with no material non-compliance.

Deloitte & Touche

Huang,Hsiu-Chun

Chuang,Pi-Yu

Relation Report Disclaimer

2022 Relation Report (January 1, 2022 to December 31, 2022) of the company, stated by the company that it was pursuant to Preparation Guideline for affiliate merger business statement, affiliate merger financial statement, and relation report. The disclosed information has no material non-compliance with aforesaid disclosed financial statement. Disclaimer is as attached.

Company: Nam Liong Global Corporation

Chairman: Shao, Ten-Po

NAM LIONG GLOBAL CORPORATION
Relation Report
2022

1. Relations between affiliate and controlling company:

Controlling company	Reason of control	Shareholding and pledge of controlling company, supervisors and managers			Directors from the controlling company	
		Number of shares	Shareholding ratio	Number of pledged shares	Title	Name
ZI LIONG ENTERPRISE CO., LTD.	Direct control of business operation by the company	88,221,501	72.08%	-	Director	Shao, Ten-Po
					Director	Hsiao, Chung-Hu

2. Trading details

1. Purchase (sales): N/A.
2. Property trading: N/A.
3. Financing: N/A.
4. Asset lease: N/A.
5. Other important trading: N/A.

3. Endorsement guarantee: N/A.

- 2. Private equity securities by recent year and closure date of annual report: N/A.**
- 3. Shareholding or share disposition by subsidiaries by by recent year and closure date of annual report: N/A.**
- 4. Other mentionable matters: N/A.**
- 5. Occurrence associated with Securities Exchange Act. Art. 36 Item 3 Paragraph 2, any event which has a material impact on shareholders' rights and interests or securities prices, by recent year and closure date of annual report: N/A.**

NAM LIONG GLOBAL CORPORATION
(Original name: PROLINK MICROSYSTEMS CORPORATION)

Chairman: SHAO, TEN-PO