

**Tah Tong Textile Co., Ltd.**  
**Consolidated Financial Report and**  
**Independent Auditors' Report**  
**For the Years Ended December 31,**  
**2024 and 2023**  
**(CODE :1441)**

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【The financial statements are only translated into English based on the audit results of PwC.】

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Financial Report and Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023  
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Tah Tong Textile Co., Ltd. and subsidiaries

Declaration for the Affiliate Consolidated Financial Statements

It is hereby declared that companies to be included by the Company in its consolidated financial statements for the year 2024 (from January 1, 2024 to December 31, 2024) as per the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those to be included in the consolidated financial statements of the parent company and its subsidiaries as per the IFRS 10 and that all information to be disclosed in the Company's consolidated financial statements has been disclosed in the said consolidated financial statements of the parent company and its subsidiaries, requiring no additional consolidated financial statements of associates to be otherwise prepared.

Declared by

Name of the Company: Tah Tong Textile Co., Ltd.

Person in Charge: Chen, Shiou-Chung

March 10, 2025

## INDEPENDENT AUDITORS' REPORT

PWCR24005010

To the Board of Directors and Shareholders of TAH TONG TEXTILE CO., LTD.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of TAH TONG TEXTILE CO., LTD. and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' 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 Accountant 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 Group's 2024 consolidated financial statements. 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 2024 consolidated financial statements are stated as follows:

### **Allowance for inventory valuation losses**

#### Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for details of allowance for inventory valuation losses. As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT\$455,358 thousand and NT\$57,931 thousand, respectively.

The Group is engaged in the textile industry of manufacturing and sales of cotton yarn and finished fabrics. As textile products are subject to the fluctuations in raw material prices and the textile market is competitive, there is a higher risk of inventory losing value or becoming obsolete. The Group's inventory is stated at the lower of cost and net realisable value, and the net realisable value of inventory over a certain age is evaluated based on the historical data on inventory clearance and discounts.

As the Group operates in an industry where raw material prices fluctuate continuously, and the net realisable value used in evaluating obsolete inventories involves subjective judgement resulting in a high degree of uncertainty. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, we consider the assessment of allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures for allowance for valuation loss on inventories that were over a certain age and individually identified as obsolete and damaged:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.

2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Discussed with management the estimated net realisable value of individually identified obsolete and damaged inventories and obtained supporting documents to determine the reasonableness of allowance for inventory valuation losses.
4. Recalculated the net realisable value of individual inventory and calculated the required amount of the allowance for individual inventory valuation losses and compared it with the assessment result of the management.

### **Impairment assessment of property, plant and equipment**

#### Description

Refer to Note 4(18) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment valuation, and Note 6(6) for details of property, plant and equipment.

As of December 31, 2024, the Group's property, plant and equipment amounted to NT\$666,506 thousand. As the operation of the Vietnam subsidiary was not as expected due to the recent fluctuations in international cotton prices and the high competitiveness in quotations for downstream yarn spinning products, the management assessed the impairment of the assets held by the subsidiary and the assessment result may affect the amount of impairment of non-financial assets. The management hired an external expert to evaluate the value of property, plant and equipment using the market method and the cost method and used it as reference of the fair value of these assets. The valuation method performed by the external appraiser involves the choice of comparable properties, the evaluation of asset utilisation and the adjustment factors, and they are subjective judgement resulting in a high degree of estimation uncertainty. Thus, we consider the impairment assessment of assets a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the Group's policies and procedures in relation to the property, plant and equipment impairment assessment, including collection of internal and external data, long-term and short-term business forecasts and industry

changes, as well as obtained the asset impairment assessment reports that were assessed by the Company for cash-generating units.

2. Obtained the assets appraisal report issued by the appraiser and performed the following procedures:
  - Examined the appraiser's qualification and assessed his or her independence, objectiveness and competence.
  - Assessed whether the valuation method in the appraisal report was common industry practice and appropriate.
  - Ascertained whether the replacement costs, comparable properties and the asset utilisation used in the appraisal report were applied reasonably and were in accordance with the actuality.
  - Examined the reasonableness of the assumptions used in the appraisal report and ascertained the accuracy of the calculations.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were prepared using a different financial reporting framework and were audited by other auditors. We have performed necessary audit procedures on the adjustments made on the transition of preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission. Therefore, our opinion expressed herein, insofar as it relates to the unadjusted amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. The investment amount of the aforementioned company using the equity method as of December 31, 2024 and 2023 was NT\$211,597,000 and NT\$224,714,000 respectively, accounting for 10.61% and 11.74% of the consolidated total assets respectively. The comprehensive income recognized for the aforementioned company from January 1 to December 31, 2024 and 2023 was NT\$311,130,000 and NT\$26,247,000 respectively, accounting for 262.29% and 7.87% of the consolidated comprehensive income respectively..

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion and the Other matter section on the parent company only financial statements of TAH TONG TEXTILE CO., LTD. as at and for the years ended December 31, 2024 and 2023.

### ***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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 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 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 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 of the current period 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.

Lin, Ya-Hui

Lin, Yung-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 10, 2025

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

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

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated balance sheet  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

Asset			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 122,917	6	\$ 133,836	7
1170	Net value of accounts receivable	6(2)	145,134	7	78,596	4
1200	Other receivables	7	7,508	1	17,421	1
130X	Inventories	6(3)	397,427	20	314,190	17
1410	Prepayments	6(9)	64,870	3	58,653	3
1470	Other current assets	8	137,194	7	99,047	5
11XX	Total current assets		875,050	44	701,743	37
Non-current assets						
1517	Financial assets at fair value through other comprehensive income- non-current	6(4)	47,975	2	45,862	2
1550	Investment accounted for using the equity method	6(5) 、 7 and 8	211,597	11	224,714	12
1600	Property, Plant and Equipment	6(6) and 8	666,506	33	772,188	40
1755	Right-of-use asset	6(7) and 8	121,180	6	122,337	6
1780	Intangible assets		3,477	-	4,172	-
1840	Deferred tax assets	6(24)	39,114	2	16,488	1
1975	Net defined benefit assets - non-current		14,937	1	12,185	1
1990	Other non-current assets - others	6(9)	13,972	1	14,098	1
15XX	Total non-current assets		1,118,758	56	1,212,044	63
1XXX	Total assets		\$ 1,993,808	100	\$ 1,913,787	100

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Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated balance sheet  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 7	\$ 458,365	23	\$ 1,008,501	53
2150	Notes payable		4,082	-	9,503	-
2170	Accounts payable	7	349,677	17	196,808	10
2200	Other payables	6(13) and 7	53,397	3	44,089	2
2230	Income tax liability - Current		15,699	1	-	-
2320	Long-term liabilities due within a year or one operating cycle	6(12) and 7	243,261	12	29,803	2
2399	Other current liabilities - other		13,158	1	40,322	2
21XX	<b>Total current liabilities</b>		<u>1,137,639</u>	<u>57</u>	<u>1,329,026</u>	<u>69</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(11) and 7	-	-	100,000	6
2540	Long-term borrowings	6(12) and 7	198,462	10	96,753	5
2570	Deferred tax liabilities	6(24)	78,910	4	37,874	2
2600	Other non-current liabilities		4,036	-	4,051	-
25XX	<b>Total non-current liabilities</b>		<u>281,408</u>	<u>14</u>	<u>238,678</u>	<u>13</u>
2XXX	<b>Total Liabilities</b>		<u>1,419,047</u>	<u>71</u>	<u>1,567,704</u>	<u>82</u>
<b>Equity attributable to owners of parent company</b>						
	Share capital	6(15)				
3110	Common share capital		717,444	36	632,952	33
	Capital reserve	6(16)				
3200	Capital reserve		44,752	3	19,186	1
	Retained earnings	6(17)				
3350	Deficit yet to be compensated		( 185,472 )	( 9 )	( 299,521 )	( 16 )
	Other equity	6(18)				
3400	Other equity		( 8,131 )	( 1 )	( 22,491 )	( 1 )
31XX	<b>Total equity attributable to owners of parent company</b>		<u>568,593</u>	<u>29</u>	<u>330,126</u>	<u>17</u>
36XX	<b>Non-controlling interests</b>		<u>6,168</u>	<u>-</u>	<u>15,957</u>	<u>1</u>
3XXX	<b>Total equity</b>		<u>574,761</u>	<u>29</u>	<u>346,083</u>	<u>18</u>
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Events	11				
3X2X	<b>Total liabilities and equities</b>		<u>\$ 1,993,808</u>	<u>100</u>	<u>\$ 1,913,787</u>	<u>100</u>

The attached notes to consolidated financial statements are the integral part of the consolidated financial statements, please read together.

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand  
(Except for loss per share in NT\$)

	Item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	6(19)	\$ 1,625,979	100	\$ 1,157,753	100
5000	Operating costs	6(3)(22) and 7	( 1,634,062 )	( 100 )	( 1,307,719 )	( 113 )
5900	Gross profit (gross loss)		( 8,083 )	( - )	( 149,966 )	( 13 )
	Operating expenses	6(22)(23)				
6100	Selling expenses		( 58,904 )	( 4 )	( 59,460 )	( 5 )
6200	Administrative expenses		( 87,398 )	( 6 )	( 93,219 )	( 8 )
6300	Research and development expenses		( 5,555 )	-	( 7,212 )	( 1 )
6450	Expected credit impairment gains	12(3)	( 3,336 )	-	( 1,560 )	-
6000	Total operating expenses		( 155,193 )	( 10 )	( 161,451 )	( 14 )
6900	Operating loss		( 163,276 )	( 10 )	( 311,417 )	( 27 )
	Non-operating income and expenses					
7100	Interest revenue		2,764	-	1,597	-
7010	Other income		1,988	-	1,060	-
7020	Other gains or losses	6(20)	35,032	2	53,503	5
7050	Financial costs	6(21)	( 41,144 )	( 2 )	( 48,330 )	( 4 )
7055	Expected credit impairment loss	12(3)	( 9,819 )	( 1 )	-	-
7060	Share of the profit or loss of affiliates and joint ventures recognized using the equity method	6(5)	311,130	19	( 31,092 )	( 3 )
7000	Total non-operating incomes and expenses		299,951	18	23,262	( 2 )
7900	<b>Net loss before tax</b>		136,675	8	( 334,679 )	( 29 )
7950	Income tax benefit	6(24)	( 35,223 )	( 2 )	1,803	-
8200	<b>Current net loss</b>		<u>\$ 101,452</u>	<u>6</u>	<u>( \$ 332,876 )</u>	<u>( 29 )</u>

(Continued on next page)

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand  
(Except for loss per share in NT\$)

	Item	Notes	2024		2023	
			Amount	%	Amount	%
	<b>Other comprehensive profit and loss (net)</b>					
	<b>Items not reclassified subsequently to profit or loss</b>					
8311	Remeasurement of defined benefit programs	6(14)	\$ 1,873	- ( \$	235 )	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(4)	2,113	- (	101 )	-
8320	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss		883	-	4,901	-
8349	Income taxes related to the items not reclassified	6(24)	( 373 )	-	47	-
8310	Total items not reclassified subsequently to profit or loss		4,496	-	4,612	-
	<b>Items that may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translation of the financial statements of foreign operations		12,657	1 (	5,086 )	-
8370	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items may be reclassified subsequently to profit or loss		15	- (	56 )	-
8360	Total items that may be reclassified subsequently to profit or loss		12,672	1 (	5,142 )	-
8300	<b>Other comprehensive profit and loss (net)</b>		<u>\$ 17,168</u>	<u>1 ( \$</u>	<u>530 )</u>	<u>-</u>
8500	<b>Total comprehensive income for this period</b>		<u>\$ 118,620</u>	<u>7 ( \$</u>	<u>333,406 ) (</u>	<u>29 )</u>
	Net loss attributable to:					
8610	Owners of the parent-company		\$ 112,419	7 ( \$	301,478 ) (	26 )
8620	Non-controlling interests		( 10,967 )	( 1 ) (	31,398 ) (	3 )
			<u>\$ 101,452</u>	<u>6 ( \$</u>	<u>332,876 ) (</u>	<u>29 )</u>
	Total comprehensive loss attributable to:					
8710	Owners of the parent-company		\$ 128,409	8 ( \$	302,235 ) (	26 )
8720	Non-controlling interests		( 9,789 )	1 ) (	31,171 ) (	3 )
			<u>\$ 118,620</u>	<u>7 ( \$</u>	<u>333,406 ) (</u>	<u>29 )</u>
	Loss per share	6(25)				
9750	Basic loss per share		( \$	1.63 ) ( \$	4.76 )	

The attached notes to consolidated financial statements are the integral part of the consolidated financial statements, please read together.

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

Notes	Equity attributable to owners of parent company							Total	Non-controlling interests	Total equity
	Common share capital	Capital reserve-Issue Premium	Retained earnings Capital reserve - recognized changes in equity ownership of subsidiaries	Retained earnings (losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Other equity - others			
2023										
Opening balance at January 1	\$ 1,139,000	\$ -	11,181	( \$ 506,048 )	( \$ 37,582 )	17,586	\$ 219	\$ 624,356	\$ 67,064	\$ 691,420
Current net loss	-	-	--	( 301,478 )	-	-	-	( 301,478 )	( 31,398 )	( 332,876 )
Other comprehensive income recognized for the period	6(18) -	-	--	( 170 )	( 5,369 )	4,782	-	( 757 )	227	( 530 )
Total comprehensive income for this period	-	-	--	( 301,648 )	( 5,369 )	4,782	-	( 302,235 )	( 31,171 )	( 333,406 )
Recognized changes in equity ownership of subsidiaries	-	-	8,005	-	-	-	-	8,005	6,995	15,000
Capital reduction for cover accumulated deficits	6(15) ( 506,048 )	-	--	506,048	-	-	-	-	-	-
Disposal of equity instruments at FVOCI	6(18) -	-	--	2,127	-	( 2,127 )	-	-	-	-
	-	-	-	-	-	-	-	-	( 26,931 )	( 26,931 )
Ending balance on December 31	\$ 632,952	\$ -	\$ 19,186	( \$ 299,521 )	( \$ 42,951 )	\$ 20,241	\$ 219	\$ 330,126	\$ 15,957	\$ 346,083
2024										
Opening balance at January 1	\$ 632,952	\$ -	\$ 19,186	( \$ 299,521 )	( \$ 42,951 )	\$ 20,241	\$ 219	330,126	\$ 15,957	\$ 346,083
Current net loss	-	-	-	112,419	-	-	-	112,419	( 10,967 )	101,452
Other comprehensive income recognized for the period	6(18) -	-	-	1,630	11,494	2,866	-	15,990	1,178	17,168
Total comprehensive income for this period	-	-	-	114,049	11,494	2,866	-	128,409	( 9,789 )	118,620
Changes in associated companies and joint ventures recognized using the equity method	-	-	10,058	-	-	-	-	10,058	-	10,058
Cash capital increase	6(15) 84,492	15,508	-	-	-	-	-	100,000	-	100,000
Ending balance on December 31	\$ 717,444	\$ 15,508	\$ 29,244	( \$ 185,472 )	( \$ 31,457 )	23,107	\$ 219	\$ 568,593	\$ 6,186	\$ 574,761

The attached notes to consolidated financial statements are the integral part of the consolidated financial statements, please read together.

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

	Notes	January 1, 2024 to December 31, 2024	January 1, 2023 to December 31, 2023
<u>Cash flows from operating activities</u>			
Net loss before income tax		\$ 136,675	( \$ 334,679 )
Adjustments			
Income/expenses items			
Depreciation expense	6(22)	94,220	109,048
Amortization cost	6(22)	956	946
Expected credit impairment reversed gains	12(3)	13,155	1,560
Interest revenue		( 2,764 )	( 1,597 )
Disposal of investment interests	6(20)	-	( 78,039 )
Dividend income		( 1,027 )	( 855 )
Interest expenses	6(21)	41,144	48,330
Losses on disposal of property, plant and equipment	6(20)	2,134	-
Loss Recovering Benefit	6(6)(20)	( 26,245 )	-
Net loss (gain) from financial assets at FVTPL	6(20)	-	( 697 )
Share of the profit or loss of affiliates and joint ventures using the equity method	6(5)	( 311,130 )	31,092
Unrealized exchange gains		( 14,612 )	16,770
Changes in assets/debts having to do with business activities			
Net changes in the assets related to the operating activities			
Notes receivable		-	1,779
Accounts receivable		( 54,263 )	( 20,814 )
Other receivables		( 13,022 )	4,681
Inventories		( 78,143 )	233,455
Prepayments		( 2,222 )	( 37 )
Other current assets		( 36,570 )	( 33,371 )
Other non-current assets		( 4,353 )	( 835 )
Net changes in the liabilities related to the operating activities			
Notes payable		( 5,421 )	2,838
Accounts payable		135,523	65,435
Other payables		6,423	( 15,152 )
Other current liabilities		( 13,224 )	( 10,070 )
Other non-current liabilities		-	( 8,796 )
Cash outflows generated from operations		( 132,766 )	10,992
Interest received		2,580	548
Dividends received		1,027	855
Interest paid		( 38,404 )	( 47,390 )
Income paid		( 2,183 )	-
Net cash outflow from operating activities		( 169,746 )	( 34,995 )

(Continued on next page)



Tah Tong Textile Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

	Notes	January 1, 2024 to December 31, 2024	January 1, 2023 to December 31, 2023
<u>Cash flows from investing activities</u>			
Disposal of financial assets at FVTPL		\$ -	\$ 2,597
Decrease (increase) in capital loaned to related parties		14,069	( 21,717 )
Financial assets at fair value through other comprehensive income - share payment refunded due to capital decrease		129	255
Liquidation of investment using the equity method to return the stock proceeds	6(5)	76,232	-
Disposal of investment price using equity method	7	-	87,569
Receiving dividends from equity-based companies	6(5)	258,969	-
Purchase of property, plant and equipment	6(27)	( 5,811 )	( 2,584 )
Disposal of real estate, factory buildings and equipment		60,867	-
Increase in intangible assets		-	( 17 )
Decrease (increase) in other non-current assets		( 2,773 )	( 7,910 )
Net cash inflow (outflow) from investing activities		<u>401,682</u>	<u>58,193</u>
<u>Cash flows from financing activities</u>			
Borrow short-term borrowings		2,454,753	2,658,097
Repay short-term borrowings		( 2,420,457 )	( 2,868,489 )
Proceeds from long-term borrowings		-	-
Repayments of long-term borrowings		( 29,805 )	( 73,698 )
Borrowings from related parties		425,830	224,000
Repayments of loans to related parties		( 681,784 )	( 34,600 )
Repaid principal of lease		-	( 5,795 )
Redeem company debt	6(11)	( 100,000 )	-
Changes in non-controlling interests - cash capital increase		-	15,000
Cash capital increase	6(15)	100,000	-
Net cash inflow from financing activities		( 251,463 )	( 85,485 )
Effect on foreign currency exchange differences		8,608	( 16,275 )
Increase of cash and cash equivalents of the current term		( 10,919 )	( 78,562 )
Cash and cash equivalents at the beginning of the year		133,836	212,398
Cash and cash equivalents at the end of the year		<u>\$ 122,917</u>	<u>\$ 133,836</u>

The attached notes to consolidated financial statements are the integral part of the consolidated financial statements, please read together.

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan    Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries  
Notes to consolidated financial statements  
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand  
(except for specified otherwise)

I. Company History

Tah Tong Textile Co., Ltd. (hereinafter “the Company”) is incorporated in Republic of China, the major businesses operated by the Company and subsidiaries (hereinafter “the Group”) are production and sales of cotton yarns and T/C blended yarns, synthetic yarns, gray cloths, finished fabrics and knitted fabrics.

II. Approval Date and Procedures of The Financial Statements

These consolidated financial statements were approved and released by the Board of Directors on March 10, 2025.

III. New Standards, Amendments and Interpretations Adopted

(I) Impacts of the newly released or amended IFRSs endorsed and effectuated by the Financial Supervisory Commission (“FSC”) adopted

The following table aggregates the newly released or amended, revised IFRSs and interpretations endorsed by the FSC and adopted since 2024:

New issued/amended/revised standards and interpretations	Effective date of publication by IASB
Amendments to International Financial Reporting Standard No. 16, “Lease liabilities in sale and leaseback arrangements”	2024.01.01
Amendments to International Accounting Standard No. 1, “Category of Liabilities as Current or Non-current”	2024.01.01
Amendments to International Accounting Standard No. 1, “Non-current liabilities with contractual provisions”	2024.01.01
Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7, “Supplier Financing Arrangements”	2024.01.01

After assessing the aforesaid IFRSs and interpretations, the Group believes no material impact is generated on the Group’s financial position and financial performance.

(II) Impacts of the newly released or amended IFRSs endorsed by the FSC not yet adopted

The following table aggregates the newly released or amended, revised IFRSs and interpretations endorsed by the FSC and adopted since 2024:

New issued/amended/revised standards and interpretations	Effective date of publication by IASB
Amendments to International Accounting Standard No. 21 “Lack of Convertibility”	2025.01.01

After assessing the aforesaid IFRSs and interpretations, the Group believes no material impact is generated on the Group’s financial position and financial performance.

(III) Impacts of the IFRSs release by the IASB but not endorsed by the FSC

The following table aggregates the newly released or amended, revised IFRSs and interpretations release by the IASB but not endorsed by the FSC:

New issued/amended/revised standards and interpretations	Effective date of publication by IASB
Amendments to International Financial Reporting Standards No. 9 and No. 7, "Classification and Measurement of Financial Instruments"	2026.01.01
Amendments to International Financial Reporting Standard No. 9 and International Financial Reporting Standard No. 7 "Contracts involving natural power"	2026.01.01
Amendments to IFRS 10 and IAS 28 "Asset sales or contributions between investors and their affiliates or joint ventures"	Wait IASB approve
IFRS 17 : Insurance Contracts"	2023.01.01
Amendments to IFRS 17 "Contracts of Insurance	2023.01.01
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	2023.01.01
International Financial Reporting Standards No. 18 "Presentation and Disclosure in Financial Statements"	2027.01.01
International Financial Reporting Standards No. 19 "Non-Publicly Accountable Subsidiaries: Disclosure"	2027.01.01
Annual Improvement of Accounting Standards in International Financial Reporting Standards - Volume 11	2026.01.01

The Company has assessed that the above standards and interpretations have no material impact on the Company's financial condition and financial performance, except as described below:

International Financial Reporting Standards No. 18 "Presentation and Disclosure in Financial Statements"

International Financial Reporting Standard No. 18, "Presentation and Disclosure in Financial Statements", replaces International Accounting Standard No. 1 and updates the structure of the comprehensive income statement, adds disclosures on management performance measures, and strengthens the principles of summary and detail applied to the principal financial statements and notes.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted for the consolidated financial report are explained below. Unless specified otherwise, all these policies are applicable generally during all reporting periods.

(I) Compliance Statement

The consolidated financial report is prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and adopted by the FSC.

(II) Basis of preparation

1. Other than the following key items, the consolidated financial report is prepared based on the historical costs:
  - (1) Financial assets measured at FVOCI.
  - (2) Defined benefit assets recognized as the net amount of pension fund assets less the present value of defined benefit obligations.
2. To prepare the financial reports compliant to the IFRSs, some key accounting estimates are required to be used. During the process of applying the Group's accounting policies, the management is required to use their judgement. For the items involving high judgement or complexity, or involving the material assumptions and estimates of the consolidated financial reports, please refer to Note 5 for estimate.

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements
  - (1) The Group include all subsidiaries into the preparation entity of the consolidated financial reports. The subsidiaries refer to the entities controlled by the Group (including the structured entities). When the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, the Group controls the entity. The subsidiaries are incorporated in the consolidated financial reports since the date when the Group obtains the control, and the consolidation is terminated at the date losing such control.
  - (2) The material transactions, balances, and unrealized incomes within the Group is cancelled. The accounting policies of the subsidiaries are adjusted where necessary to be aligned with the policies adopted by the Group.
  - (3) Each component composing the profit and loss, and other comprehensive income is attributed to the owners of the parent and non-controlling interests; the total comprehensive income also is attributed to the owners of the parent and non-controlling interests, even though the loss balance is resulted in for the non-controlling interests.
  - (4) The changes in the shareholding in a subsidiary is treated as the equity transaction if the control is not lost (transactions with the non-controlling interests), i.e. the transactions with the owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity.
  - (5) Where the Group loses the control over a subsidiary, the remaining investment in the previous subsidiary is re-measured at fair value, and deemed as the fair value of the initially recognized financial asset, or the costs of the investment in affiliates or joint venture initially recognized. The difference between the fair value and carrying amount is recognized as the profit or loss for the current period. For all the amounts related to the subsidiary in question and recognized under other comprehensive income, the accounting treatment shares the same basis as if the Group directly disposes the related assets or liabilities, i.e. the

income or loss recognized under the comprehensive income, and reclassified to profit and loss when disposing the related assets or liabilities, such income or loss will be reclassified from equity to profit and loss when the control over the subsidiary is lost.

2. Subsidiaries incorporated in the consolidated financial statements:

investment company	Invested company	Business	Shareholding ratio		Note
			2024/12/31	2023/12/31	
Tah Tong Textile Co., Ltd.	GLOUSTER CO., LTD	Investment	100.00	100.00	
Tah Tong Textile Co., Ltd.	InnoPeak Co.Ltd.	Composite fiber production and sales	-	-	(1)
GLOUSTER CO., LTD	ROSEGATE HOLDING CORP.	Investment	100.00	100.00	
ROSEGATE HOLDING CORP.	TAH TONG TEXTILE(VIETNAM) CO., LTD	Production and sales of yarn and Fabric	100.00	100.00	
GLOUSTER CO., LTD	DAYSTAR LIMITED	Investment	100.00	100.00	
DAYSTAR LIMITED	eNOVA Limited	Yam sales	100.00	100.00	
GLOUSTER CO., LTD	KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY(KTD)	Textile weaving, dyeing, printing and processing	52.14	52.14	(2)

Note 1: On February 24, 2023, the Board of Directors passed a resolution that since the Group has completed its phased tasks, it will no longer participate in the relevant business management affairs of InnoPeak Co.Ltd., and will no longer participate in the subsequent capital increase plan. The transfer of business management affairs was completed on March 27, 2023, and thus the Group has lost control since then. The Group recognised its remaining investment in its former subsidiary at fair value on the date of loss of control and recognised a gain on disposal of investment of \$12,706. Please refer to Notes 6(26) and (27) for further explanation.

Note 2: KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY (abbreviated as "KTD") was sold on January 27, 2025. Please refer to Note 11 for details.

3. Subsidiaries not included in the consolidated financial statements: none.

4. Adjustment and treatment for different accounting periods adopted by subsidiaries: none.

5. Significant restrictions: none.

6. Subsidiaries of non-controlling interests material to the Group

As of December 31, 2024 and 2023, the total non-controlling interests amounted to \$6,168 and \$15,957. The information on non-controlling interests material to the Group and in the subsidiaries is presented below:

Company	Location	non-controlling interest		non-controlling interest	
		2024/12/31		2023/12/31	
		Amount	%	Amount	%
KTD	VN	\$6,168	47.86%	\$15,957	47.86%

Aggregating financial information of subsidiaries.

Balance sheet

	KTD	
	2024/12/31	2023/12/31
current assets	\$14,591	\$11,977
Non-current assets	219,422	230,542
Current liabilities	(210,908 )	(198,495 )
Non-current liabilities	(10,216 )	(10,682 )
Total net assets	\$12,889	\$33,342

Statement of comprehensive income

	KTD	
	2024	2023
income	\$67,312	\$39,557
net before tax	(22,914 )	(50,356 )
Income tax expense	-	-
Net amount of continuing business units in the current period	(22,914 )	(50,356 )
Total comprehensive profit and loss for the period	(\$22,914 )	(\$50,356 )
Total comprehensive loss attributable to non-controlling interests	(\$10,967 )	(\$24,100 )

Statement of cash flows

	KTD	
	2024	2023
Cash outflow from operating activities	\$21,109	\$36,667
Cash outflows from investing activities	(3,153 )	1,279
Cash inflow from financing activities	(17,593 )	(29,868 )
exchange rate impact number	496	(7,356 )
Changes in cash and equivalent cash for the period	859	722
Cash and cash equivalents at the beginning	1,066	344
Ending cash and cash equivalents	\$1,925	\$1,066

(IV) Foreign currency translation

The items listed under each entity within the Group, is measured at the currency of the major economic environment where it operates (i.e. functional currency). The consolidated financial statements were expressed in "New Taiwan Dollars," which is the Company's functional currency.

1. Foreign currency transactions and balance

- (1) Foreign currency transactions are translated into the functional currency using the spot exchange rate at the transaction date or measurement date; translation differences generated from such translations are recognized in current profit or loss.
- (2) The balance of the foreign currency monetary assets and liabilities is measured and adjusted based on the spot exchange rate at the balance sheet date; translation differences generated from such adjustments are recognized in current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities that are measured at fair value through profit and loss is measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated from such adjustments are recognized in current profit or loss. Those that are not measured at fair value are measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated such adjustments are recognized in other comprehensive income. Those that are not measured at fair value are measured at the historical exchange rate at the date of the initial transaction.
- (4) All other exchange gains and losses are reported in "Other gains and losses" of the income statement.

2. Translation of foreign operations

- (1) For all of the Group's members, affiliates, and joint arrangements that differ in the functional currency and the presentation currency, their operating results and financial positions are translated to the presentation currency as follows:
  - A. All assets and liabilities presented in the balance sheet are translated at the closing rate at the same balance sheet;
  - B. All income and expenses presented in the statement of comprehensive income are translated at the average exchange rate of the year; and
  - C. All exchange differences generated from translations are recognized in other comprehensive income.
- (2) When a foreign operation partially disposed of or sold is an associate or joint arrangement, its exchange difference under other comprehensive income will be re-classified proportionally to current profit or loss as part of gains or losses on sales. Provided, even though the Group retains some equity in the said associate or joint arrangement, if the Group has lost material influence on the foreign operation, or lost joint control over the foreign operation as a joint arrangement, disposal will be recognized

for all equity of the foreign operation.

- (3) When the foreign operation disposed or sold partially is a subsidiary, accumulated exchange differences recognized in other comprehensive income, proportionally will be re-attributed to the non-controlling interests of the foreign operation again. Provided, even though the Group retains some equity in the said subsidiary, if the Group has lost control over the foreign operation as a subsidiary, disposal will be recognized for all equity of the foreign operation.
- (4) Goodwill generated from a purchase of a foreign entity and fair value adjustments are deemed as the assets and liabilities of that foreign entity, and are translated at the exchange rate at the end of the year.

(V) Classification criteria of current and non-current assets and liabilities

1. An asset is classified as a current asset if it is:

- (1) expected to be realized, or intended to be sold or consumed, in the normal business cycle;
- (2) held primarily for the purpose of trading;
- (3) expected to be realized within 12 months from the balance sheet date; or
- (4) cash and cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

The Group classifies all other assets than classified above as non-current except for Note 4(12).

2. A liability is classified as a current liability if it is:

- (1) expected to be settled in its normal operating cycle;
- (2) held primarily for the purpose of trading;
- (3) due to be settled within 12 months from the balance sheet date; or
- (4) does not have the right to defer payment of its liabilities for at least twelve months after the reporting period.

The Group classifies all other liabilities than classified above as non-current.

(VI) Financial assets at FVTPL

1. Financial assets are measured at FVTPL, unless measured at amortized cost or at FVOCI.
2. The Group recognizes customary financial assets at FVTPL at the date of the transaction.
3. On initial recognition, the Group measures such financial assets at fair value and recognizes transaction costs in profit or loss; the Group subsequently measures such financial assets at fair value and recognizes gains or losses in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends may



be measured reliably, the Group recognizes dividend income under the profit or loss.

(VII) Financial assets at FVOCI

1. At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument. Investments in debt instruments are measured at FVOCI if both of the following conditions are met:
  - (1) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - (2) The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Group adopts the transaction date accounting for financial assets measured at FVOCI from customary transactions.
3. The Group measures at its fair value plus transaction costs at the initial recognition, and subsequently measures at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. When derecognizing, the accumulated gains or losses previously recognized in other comprehensive income must not be reclassified to income, and shall be transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends may be measured reliably, the Group recognizes dividend income under the profit or loss.

(VIII) Accounts and notes receivable

1. The accounts and notes that the Group has an unconditional contractual right to consideration for goods or services that have been transferred.
2. The Group measures short-term accounts and notes receivable with unpaid interest at the original invoice amount due to be insignificant effect of discounting.

(IX) Financial asset impairment

At each balance sheet date, the Group, with respect to financial assets measured at amortized cost and accounts receivable containing significant financial components, considers all reasonable and supportable information (including forward-looking ones). Where the credit risk has not increased significantly since initial recognition, the loss allowance will be measured at an amount equal to 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance will be measured at an amount equal to lifetime expected credit losses and for the accounts

receivable or contract assets that do not include significant financial components, the loss allowance will be measured at lifetime expected credit losses.

(X) Lease transaction as lessor - operating leases

Lease income on operating leases less all incentives given to the lessee is amortized on a straight-line basis during the lease term and recognized in current profit or loss.

(XI) Inventories

1. Inventories are measured at the lower of cost and net realizable value. The costs carried forward are calculated using the moving average method. The costs of finished products and products in progress include the raw materials, direct labor, other direct costs, and the production overheads related to production (shared by normal capacity), but the borrowing costs are excluded. When comparing which one is lower of cost and net realizable value, the item by item comparison method is adopted. The net realizable value is the balance of expected selling price during the ordinary course of business deducting the expected costs to be input until completion and related variable selling expenses.
2. By-products are inventoried at the estimated net realizable value at the end of each month. The estimated net realizable value is recognized in other operating costs, and the actual selling price is recognized in other operating income.

(XII) Property to be sold

1. The Group hires construction companies to build residential and office buildings for sales. Invested land and construction costs during the construction are represented as construction in process and measured at the lower of cost and net realizable value. The cost is calculated by each site, and these with the construction completed are transfer to the property to be sold.
2. In the consolidated financial statements, the Group classifies all assets and liabilities related to construction as current assets and current liabilities respectively within one business cycle. Additionally, the inventory items of the property to be sold for the construction business are accounted as the current asset because they are parts of the composition for the ordinary operating cycle, while not being expected to be realized within 12 months after the balance sheet dates.

(XIII) Investments accounted for using the equity method - affiliates

1. An associate is an entity over which the Group has significant influence (other than control) or, more generally, of which the Group holds, directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power. The Group accounts for investments in affiliates using the equity

method, and recognizes them at cost at the time of acquisition.

2. The Group recognizes the share of the profit or loss of affiliates in current profit or loss and the share of other comprehensive income in other comprehensive income after acquisition. When the Group's share of loss in any associate equals to, or exceeds the equity in the same associate (including any other unsecured receivables), the Group does not recognize further loss, unless the Group has any legal obligation or constructive obligation incurred in that associate, or made any payment on behalf of the associate.
3. When an associate has any changes in equity arising from non-recurring gains and losses and other comprehensive income do not affect the Group's shareholding in the associate, the Group recognizes all such changes in equity in "Capital reserve" proportionally to the shareholding.
4. Unrealized gains or losses arising from a transaction between the Group and an associate have been written off proportionally to the equity interests held by the Group in the said associate. Unless evidence shows that assets transferred through the said transaction are impaired, unrealized losses will be written off as well. The accounting policies of affiliates have been adjusted where necessary to be aligned with the policies adopted by the Group.
5. When an associate issues additional new shares, if the Group does not subscribe for or acquire the new shares proportionally, to the extent of resulting in a change in the investment ratio but maintaining significant influence on the associate, then "Capital reserve" and "Investments accounted for using the equity method" should be adjusted according to the change in the net worth of equity interests. If it results in a reduced investment ratio, other than the aforesaid adjustments, all profits or losses related to such ownership equity reduction and recognized under other comprehensive income that shall be reclassified to profit and loss when disposing related assets or liabilities, are reclassified to profit and loss in proportion to the reduction.
6. When the Group loses its significant influence on an associate, the remaining investment in that associate will be re-measured at fair value, and the difference between the fair value and the carrying amount will be recognized in current profit or loss.
7. When the Group disposes of an associate, if its significant influence on that associate is lost, then all amounts previously recognized in other comprehensive income that were related to that associate will be reclassified from equity to profit or loss. If the Group maintains its significant influence on that associate, any amount recognized in other

comprehensive income will be transferred out proportionally as said above.

8. When the Group disposes of an associate, if its significant influence on that associate is lost, then the capital reserve related to that associate will be transferred to profit or loss; if the Group maintains its significant influence on that associate, then the capital reserve related to that associate will be transferred to profit or loss according to the disposal ratio.

(XIV) Property, Plant and Equipment

1. An item of property, plant and equipment is recognized at cost at the time of its acquisition.
2. Subsequent costs are included in the carrying amount of assets or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow into the Group and the cost of the item can be measured reliably. The carrying amount of a replacement will be derecognized. All other maintenance expenses are recognized as current profit or loss when incur.
3. Property, plant and equipment are subsequently measured using the cost model, and depreciated over the estimated useful live on the straight-line basis except for land. If each component of property, plant and equipment is material, such shall be depreciated separately.
4. The Group reviews the residual value, useful life and depreciation of each asset at the ending day of each fiscal year. If expectations differ from previous estimates, or the expected pattern of consumption of the future economic benefits embodied in the asset has changed significantly, the changes will be accounted for as change in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of such changes. The useful life of each asset is as follows:

Houses, buildings and the ancillary equipment: 3 to 55 years

Machinery equipment: 5 to 25 years

Water and power equipment: 5 to 15 years

Other assets: 5 to 20 years

(XV) Lease transaction as a lessee - right-of-use-assets/ lease liabilities

1. Lease assets are recognized as right-of-use assets or lease liabilities from the date when they are made available for use by the Group. When a lease contract is a short-term lease or a lease of low-value underlying asset, the lease is recognized as expense during the lease term with the straight-line method.

2. At the commencement date, a lease liability is recognized at the present value of the lease payments that are not paid at that date using the incremental borrowing interest rate of the Group; the lease payments are fixed payments, less all lease incentives receivable.

Subsequently, it is measured at the amortized cost method, and the interest expense is provided during the lease term. If the lease term or the lease payment is changed not due to revision of the contract, the lease liability is re-valuated, and the remeasurement adjusts the right-of-use asset.

3. At the commencement date, right-of-use assets are recognized at cost. The cost of a right-of-use asset includes:

- (1) the amount of the initial measurement of the lease liability; and
- (2) any lease payments made at or before the commencement date.

Subsequently, the measurement is made with costs, where the right-of-use assets are provided with the depreciation expenses to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. When the lease liability is re-measured, the right-of-use asset will adjust all and any remeasurement of the lease liability.

4. For lease modifications that decrease the scope of the lease, the lessee will decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the re-measured amount of the lease liability and the carrying amount in profit or loss.

(XVI) Investment Property

The investment properties are recognized at the acquisition costs, and the cost model is adopted for the subsequent measurement. Other than lands, the depreciation is provided at the straight-line method based on the useful life, and the use life is 38 years.

(XVII) Intangible assets

The computer software is recognized at the acquisition costs, and amortized with the straight-line method based on the useful life of 2-8 years.

(XVIII) Non-financial asset impairment

For the assets showing the impairment signals at the balance sheet date, the Group estimates the recoverable amount; if the recoverable amount, it is recognized as the impairment loss. The recoverable amount is the higher balance of the fair value deducting the disposal costs or the use value. When the circumstance resulting in the recognized asset impairment does not exist or reduces, the impairment loss is reversed; provided, the carrying amount of the asset is increased due to the reversed impairment loss, such amount shall not exceed the carrying amount of the same asset deducting the depreciation or amortization if no impairment loss is recognized.

(XIX) Borrowings

1. Long- and short- term funds borrowed from banks. At the initial recognition, the Group measures such as the balance of the fair value deducting the disposal costs; subsequently, for any difference between the consideration deduction of the transaction costs and the redemption value, the effective interest method is adopted to recognize any interest expenses as the profit or loss during the outstanding time based on the amortization procedures.
2. Regarding the expenses paid when the borrowing limit is determined, if the limit is very likely to be drawn partially or in whole, such expenses are recognized as the transaction costs of the borrowings, and are deferred until withdrawal and recognized as an adjustment of effective interest rate; if the limit is not likely to be drawn partially or in whole, such expenses are recognized in prepayments, and amortized over the term related to the limit.

(XX) Accounts and notes payable

1. Liabilities incurred from the purchase of raw materials, goods or services on credit, and notes payable by the business entity due to operation and non-operation.
2. The Group measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(XXI) Ordinary corporate bonds payable

The ordinary corporate bonds payable issued by the Group are measured at the balance of the fair value deducting the transaction costs when being initially recognized; the difference between the consideration deduction of the transaction costs and the redemption value is listed as the addition or deduction of the corporate bonds payable; subsequently, the effective interest method is adopted to recognize the profit or loss during the outstanding time based on the amortization procedures, as the adjustment to the “financial costs.”

(XXII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the expected payment of the non-discounted amount, and recognized as expenses when the related services are provided.

2. Pension

- (1) Defined contribution plan

For the defined contribution plans, the retirement fund amount to be contributed on the accrual basis is recognized as the cost of pension for the current period. The pre-paid contribution is recognized as an asset within the extent of refundable cash and reduction of future

payment.

(2) Defined benefit plan

(I) The net obligation under the defined benefit plan is calculated as the discounted amount of future benefits earned by employees in return for their service in the current and prior periods, and the fair value of any plan assets is deducted from the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated with the projected unit credit method by an actuary. The discount rate refers to the market yield of the government bonds with the same currency and duration as the defined benefit plan (at the balance sheet date).

(II) Re-measurements generated from the defined benefit plan are recognized in other comprehensive income for the current year, and presented in retained earnings.

3. Employees' compensation and remuneration of directors

The employees' compensation and remuneration of directors are recognized as expense or liability when the legal or constructive obligation incurs and the amount can be reasonably estimated. If there is any difference occurs between the actual distribution amount resolved and the estimated amount later, it is treated as the change in the accounting estimates. Where employees' remuneration is distributed in shares, the share number is calculated based on the closing price of the previous day of the day when the Board makes the resolution.

(XXIII) Income tax

1. Income tax expenses includes current and deferred income tax. Except that the income taxes accounted under the other comprehensive income or directly accounted to the equity items are accounted to other comprehensive income or directly accounted to the equity, income taxes are recognized under profit and loss.
2. The Group calculates the income tax for the current period using the tax rates that have been enacted or substantially enacted in the country where the Group operates and at the balance sheet date. The management regularly assesses the income taxes filing status pursuant to the applicable income tax related regulations, and estimates the income tax liability based on the expected taxes payable to tax collection authorities when applicable. For the additional income tax imposed on the undistributed earnings pursuant to the income tax laws, is only recognized as the income tax expense of undistributed earnings based on the actual earning distribution upon the approval of the earning distribution proposal by the shareholders in the next year of the year generating the

earnings.

3. Deferred income tax is recognized based on any temporary difference between the tax base of assets and liabilities and their carrying amount in the consolidated balance sheet using the balance sheet method. The deferred income tax liabilities generated from the goodwill initially recognized are not recognized; if the deferred income tax is generated from an initial recognition of an assets or liabilities in a transaction (not including enterprise merger), and the accounting profit or the taxable income (taxable loss) is not impacted at the time of transaction, no recognition will be made. For the temporary differences generated in the subsidiaries and affiliates, if the Group is able to control the timing reversing the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future, such temporary differences will not be recognized. The deferred income taxes adopt the tax rate (and tax law) that is legislated, or substantively legislated at the balance sheet date, and is expected to be applicable when the related deferred income tax assets are realized, or the deferred income tax liabilities are repaid.
4. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. The carryforward of unused tax losses is recognized in deferred income tax assets to the extent that the future taxable profit will be available to the unused tax losses.

(XXIV) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as a liability, and stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date when new shares are issued.

(XXV) Revenue recognition

Product sales:

1. The Group manufactures and sells cotton, cotton yarn, T/C blended yarn, chemical fiber yarn, and gray cloth, finished fabrics and knitted fabrics, among related products. Revenues are the fair value of the considerations received or shall be received from the sales to non-Group customers during the ordinary operating amount, presented in the amount net of sales tax, goods returned, quantity discount and discounts. Sales of goods are recognized as revenue when the goods



are delivered to the buyers, the sales amounts may be reliably measured, and the future economic benefits are very likely to flow into the entity. When all material risks related to the ownership and return have been transferred to customers, and the Group neither continues the involvement in management, nor maintains the effective control over the goods accepted by customers pursuant to the sales contracts, or the objective evidence shows that all the acceptance terms are met, the delivery of goods occurs.

2. Accounts receivable are recognized when the goods are delivered to the customer as from that point, the Group has unconditional rights to the contract price if only the passage of time is required before payment.

(XXVI) Operating Segments

The information on the Group's operating segments and the internal management reports provided to the key operating decision-makers are reported in a consistent approach. The key operating decision-makers are responsible to allocate resources to operating segments and evaluate their performance.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

When preparing the consolidated financial reports, the management has applied the judgement to determine the accounting policies adopted, and makes the accounting estimates and assumptions based on the reasonable expectation for future events under the circumstance on the balance sheet date. The material accounting estimates and assumptions made may be different from the actual results, and will be continuously assessed and adjusted by taking the historical experience and other factors into account. Such estimates and assumptions have the risk resulting in material adjustments of the carrying amount of the assets and liabilities in the next fiscal year. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

(I) Key judgements adopted for the accounting policies

The Group has no information that the accounting policy involving material judgements, and the recognized amount is materially impacted.

(II) Key accounting estimates and assumptions

1. Assessment of property, plant, and equipment impairment

In assessing the impairment of assets, the Group should, relying on subjective judgment and the pattern of utilizing assets and industrial characteristics, determine the independent cash flows of a group of assets, the useful life of assets, and gains, income and expenses that may arise in the future. Any

changes in estimates due to changes in economic conditions or the Group's strategy may result in significant impairment in the future. See Note 6(6) for details.

## 2. Valuation of inventories

Since the inventories is valued at the lower between the costs and the net realizable values, the Group has to apply the judgement and estimates to decide the net realizable values of inventories at the balance sheet date. As the market evolves rapidly, the Group assesses the amount of the inventories at the balance sheet date after the normal depletion, obsolete, or no marketable value, and reduces the inventory costs to the net realizable values. The valuation of inventories are many based on the product demands in a certain future period, and thus material changes are possible; please refer to Note 6(3) for an explanation.

## 3. Estimation of loss allowance for accounts receivable

Loss allowances are made for accounts receivable in accordance with the loss allowance policy. Management evaluates the credit quality and collection status of customers and adjusts the credit policy towards customers in a timely manner. In addition, management evaluates the loss allowance for accounts receivable, and during the evaluation process, it considers a number of factors that may affect the customer's ability to pay, such as future expectations and historical bad debt records, customer financial status and economic conditions. The estimate of this loss allowance is based on reasonable expectations of future events based on the circumstances at the balance sheet date. However, actual results may differ from the estimate and are subject to change. Please refer to Note 6(2) and Note 12(3) for detailed explanation.

# VI. Summary of Significant Accounting Items

## (I) Cash

	2024/12/31	2023/12/31
cash	\$49	\$83
Bank savings	122,868	133,753
	<u>\$122,917</u>	<u>\$133,836</u>

1. Financial institutions that deal with the Group have good credit and the Group has business with multiple financial institutions in order to spread its credit risk; the possibility of default is expected to be quite low.
2. The Group's bank deposits transferred to pledged assets have been transferred to "Other current assets". See Note 8 for details.

## (II) Note payable and accounts payable

	2024/12/31	2023/12/31
Account Receivable	\$155,326	88,574
Less : Allowance for losses	(10,192 )	(9,978 )
	<u>\$145,134</u>	<u>\$78,596</u>

1. As of December 31, 2024 and 2023, the balances of accounts receivable and notes receivable were both generated from contracts with customers; the

balance of accounts receivable from contracts with customers as of January 1, 2023 was \$100,211.

2. For relevant information on credit risk, see Note 12(3).

(III) Inventories

1. Textile inventories

	2024/12/31		
	COST	Allowance	Book Value
Materials	\$278,824	(\$31,878 )	\$246,946
WIP	94,660	(5,189 )	89,471
Finish Goods	81,874	(20,864 )	61,010
Total	<u>\$455,358</u>	<u>(\$57,931 )</u>	<u>\$397,427</u>
	2023/12/31		
	COST	Allowance	Book Value
Materials	\$186,719	(\$18,175 )	\$168,544
WIP	42,022	(4,333 )	37,689
Finish Goods	136,768	(28,811 )	107,957
Total	<u>\$365,509</u>	<u>(\$51,319 )</u>	<u>\$314,190</u>

The expenses of the sales costs recognized in the current period are listed below:

	2024	2023
Cost of Good Sold	\$1,627,798	\$1,307,344
Allowance	6,264	375
	<u>\$1,634,062</u>	<u>\$1,307,719</u>

- (1) In 2024, the Group recorded an increase in inventory valuation losses due to changes in the net realizable value of inventories as a result of evaluating the subsequent market demand structure adjustments.
- (2) The Group's inventory was not pledged in 2024 and 2023.

2. Net amount of property held for sale:

ITEM	2024/12/31	2023/12/31
Parking Area	\$2,403	\$2,403
Less : allowance	(2,403 )	(2,403 )
Net Amount	<u>\$-</u>	<u>\$-</u>

In 2024 and 2023, the Group did not recognize the cost of inventories related to property held for sale.

(IV) Financial assets at fair value through other comprehensive income- non-current

	2024/12/31	2023/12/31
Non-Open Market Stock	\$26,266	\$26,266
Allowance	21,709	19,596
	<u>\$47,975</u>	<u>\$45,862</u>

1. In 2023, some of the investee companies reduced their capital and liquidated and dissolved. The Group received distributable funds of \$384.

2. Financial assets at FVOCI recognized under other comprehensive income and retained earnings are presented as follows:

	2024	2023
Accumulated fair value gains recognized in other comprehensive income due to delisting are transferred to retained earnings	\$2,113	(\$101 )
Dividend income included in profit or loss	\$-	(\$2,127 )
Holding at the end of the period	\$1,027	\$855

3. In 2024 and 2023, the Group did not pledge any financial assets at FVOCI.

4. For relevant information on credit risk, see Note 12(3).

(V) Investment accounted for using the equity method

	2024	2023
1/1	\$224,714	\$236,537
Share of investment profits and losses using the equity method	311,258	(31,074 )
Liquidation of investment using the equity method to return the stock proceeds	(76,232 )	-
Deemed disposal of investments acquired using the equity method	-	36,660
Disposal of investments using the equity method	-	(22,236 )
Distribution of investment earnings using the equity method	(258,969 )	-
Changes in capital reserves((5)5.)	10,058	-
Other changes in equity(6(18))	768	4,827
12/31	\$211,597	\$224,714

Affiliated company name	2024/12/31	2023/12/31
Great Bell	\$195,733	\$202,811
InnoPeak	15,864	21,903
12/31	\$211,597	\$224,714

1. The basic information on the Group's major affiliates is presented below:

Shareholding comparison

Company	location	2024/12/31	2023/12/31	characteristic	measurement method
Great Bell	TW	19.18%	19.18%	supplier	equity

2. The summarized financial information on the Group's major affiliates is presented below:

Balance sheet

Great Bell

	2024/12/31	2023/12/31
current assets	\$315,551	\$420,479
Non-current assets	1,351,397	1,568,038
Current liabilities	(607,606 )	(848,338 )
Non-current liabilities	(38,992 )	(82,930 )
Total net assets	<u>\$1,020,350</u>	<u>\$1,057,249</u>
With % of the net Assets	<u>\$195,733</u>	<u>\$202,811</u>
Related party book value	<u>\$195,733</u>	<u>\$202,811</u>

Statement of comprehensive income

	Great Bell	
	2024	2023
income	<u>\$489,322</u>	<u>\$439,540</u>
Net amount of continuing business units in the current period	\$1,839,752	(\$82,574 )
Other comprehensive income	(129,381 )	23,558
Total comprehensive profit and loss for the period	<u>\$1,710,371</u>	<u>(\$59,016 )</u>
Dividends received from related companies	<u>\$258,969</u>	<u>\$-</u>

3. The book amounts and operating results of individual insignificant affiliated enterprises of the Group are summarized as follows:

As of December 31, 2024 and 2023, the total book amounts of individual insignificant affiliated companies of the Group were \$15,864 and \$21,903 respectively.

	2024	2023
Net loss for the current period of continuing operations	<u>(\$40,242 )</u>	<u>(\$50,030 )</u>

4. The Group holds 36.09% of the shares of InnoPeak Co.Ltd. and is the single largest shareholder of the company. Since the second and third largest shareholders (not related parties) hold more shares than the Group, it shows that the Group has no actual ability to lead the relevant activities. Therefore, it is judged that it has no control over the company and only has a significant influence.
5. On December 9, 2024, the board of directors of InnoPeak Co.Ltd. approved a cash capital increase to issue 1,625,000 common shares with a par value of \$10 per share. The base date for capital increase is December 26, 2014. The Company did not subscribe in accordance with its shareholding ratio and its shareholding ratio was reduced from 40% to 36.09%, and the amount of capital reserve increased by \$10,058.
6. The Group provided shares of Great bell printing & dyeing Co., Ltd.. as collateral for the loan. Please refer to Note 7 for details.

(VI) Property, Plant and Equipment

	Land	housing and construction	machine	Hydropower	Other	Unfinished project	Total
2024/1/1							
COST	\$41,128	\$258,044	\$1,065,875	\$78,606	\$43,459	\$346	\$1,487,458
Accumulated Depreciation	(17,877 )	(64,137 )	(558,781 )	(42,546 )	(31,929 )	-	(715,270 )
	<u>\$23,251</u>	<u>\$193,907</u>	<u>\$507,094</u>	<u>\$36,060</u>	<u>\$11,530</u>	<u>\$346</u>	<u>\$772,188</u>
2024/1/1	\$23,251	\$193,907	\$507,094	\$36,060	\$11,530	\$346	\$772,188
purchase	-	1,106	2,616	-	40	1,936	5,698
disposal	(40,538 )	(20,446 )	(2,005 )	(12 )	-	-	(63,001 )
depreciation	-	(10,238 )	(73,215 )	(5,330 )	(1,563 )	-	(90,346 )
loss reversal	17,878	8,367	-	-	-	-	26,245
exchange rate impac	-	3,595	11,312	617	183	15	15,722
2024/12/31	<u>\$591</u>	<u>\$176,291</u>	<u>\$445,802</u>	<u>\$31,335</u>	<u>\$10,190</u>	<u>\$2,297</u>	<u>\$666,506</u>
2024/12/31							
COST	\$591	\$214,905	\$1,079,141	\$79,900	\$43,967	\$2,297	\$1,420,801
Accumulated Depreciation	-	(38,614 )	(633,339 )	(48,565 )	(33,777 )	-	(754,295 )
	<u>\$591</u>	<u>\$176,291</u>	<u>\$445,802</u>	<u>\$31,335</u>	<u>\$10,190</u>	<u>\$2,297</u>	<u>\$666,506</u>
	Land	housing and construction	machine	Hydropower	Other	Unfinished project	Total
2023/1/1							
COST	\$41,128	\$233,682	\$1,217,284	\$86,453	\$46,685	\$3,251	\$1,628,483
Accumulated Depreciation	(17,877 )	(54,314 )	(545,048 )	(39,394 )	(31,156 )	-	(687,789 )
	<u>\$23,251</u>	<u>\$179,368</u>	<u>\$672,236</u>	<u>\$47,059</u>	<u>\$15,529</u>	<u>\$3,251</u>	<u>\$940,694</u>
2023/1/1	\$23,251	\$179,368	\$672,236	\$47,059	\$15,529	\$3,251	\$940,694
purchase	-	1,168	3,685	-	500	96	5,449
rearrange	-	46,518	6,010	-	-	(2,999 )	49,529
Consolidated changes	-	(13,185 )	(82,996 )	(4,310 )	(2,085 )	-	(102,576 )
depreciation	-	(10,763 )	(80,444 )	(5,615 )	(2,138 )	-	(98,960 )
exchange rate impac	-	(9,199 )	(11,397 )	(1,074 )	(276 )	(2 )	(21,948 )
2023/12/31	<u>\$23,251</u>	<u>\$193,907</u>	<u>\$507,094</u>	<u>\$36,060</u>	<u>\$11,530</u>	<u>\$346</u>	<u>\$772,188</u>
2023/12/31							
COST	\$41,128	\$258,044	\$1,065,875	\$78,606	\$43,459	\$346	\$1,487,458
Accumulated Depreciation	(17,877 )	(64,137 )	(558,781 )	(42,546 )	(31,929 )	-	(715,270 )
	<u>\$23,251</u>	<u>\$193,907</u>	<u>\$507,094</u>	<u>\$36,060</u>	<u>\$11,530</u>	<u>\$346</u>	<u>\$772,188</u>

1. For property, plant and equipment pledged as collateral, see Note 8 for details.

2. The number affected by merger changes is the number affected by the disposal of subsidiaries by the Group. Please explain in Note 6 (27) for details.

(VII) Leases transaction - lessee

- The underlying assets leased by the Group include land use rights, land, machinery and equipment, buildings and structures. Except for the lease term of land use rights, which is 40 to 43 years, the lease term of other lease contracts is usually 2 to 5 years. The lease contracts are negotiated individually, and include different terms. Other than some leased lands are provided as the collaterals for borrowings, the restrictive terms of other leased assets are not to be provided for guaranteeing borrowings.
- The carrying amounts of right-of-use assets and recognized depreciation expenses are presented as follows:

	2024/12/31	2023/12/31
--	------------	------------

	Book Value	Book Value
Land use rights(VN)	\$122,180	\$122,337
	2024	2023
	depreciation	depreciation
Land use rights(VN)	\$3,874	\$1,867
machine	-	2,242
Housing and construction	-	5,225
	\$3,874	\$9,334

- (1) In 2024 and 2023, the Group's right-of-use assets increased \$0 and \$76 respectively.
- (2) For information right-of-use assets pledged as collateral, see Note 8 for details.
- (3) Profit and loss items related to the lease contracts are presented as follows:

P&L item	2024	2023
lease interest expense	\$-	\$531
short-term rental fee	\$4,392	\$1,790

In 2024 and 2023, the Group's total cash outflows from leases amounted to \$4,392 and \$8,116 respectively.

(VIII) Investment Property

	2023
Jan. 1	Buildings
Cost	\$ 45,385
depreciation	(2,981 )
	\$ 42,404
Jan. 1	\$ 42,404
rearrange	( 41,779 )
depreciation	(754 )
exchange	129
Dec. 31	\$ -
Dec. 31	
Cost	\$ -
depreciation	-
	\$ -

1. The Group has no investment properties in 2024.

2. Rental income and direct operating expenses related to investment property:

	2023
Investment real estate rental income	\$8,445
Current direct operating expenses of investment real estate	\$754

3. As of December 31, 2023, the fair value of investment property held by the Group was \$0. This is the result of comparing the information on transactions in the market with the similar conditions as the aforesaid assets, with proper

adjustments. The comparison method is used to the fair value of level 3 assets.

(IX) Prepayments and other non-current assets

1. Prepayments

	2024/12/31	2023/12/31
Residual tax credit	\$46,084	\$49,449
Advance payment	10,081	3,781
prepaid fee	8,705	5,423
	<u>\$64,870</u>	<u>\$58,653</u>

2. Other non-current assets

	2024/12/31	2023/12/31
prepaid equipment	\$10,363	\$13,967
deposit	3,609	131
	<u>\$13,972</u>	<u>\$14,098</u>

(X) Short-term borrowings

	2024/12/31	2023/12/31
Bank unsecured borrowing	\$376,243	\$130,727
Bank secured borrowing	67,349	750,259
Other short-term borrowings	14,773	127,515
	<u>\$458,365</u>	<u>\$1,008,501</u>
loan amount	<u>572,486</u>	<u>1,207,871</u>
interest rate		
Company	2.44%~3.43%	2.31%~3.41%
Subsidiary _ USD loan	5.65%~7.85%	4.75%~8.41%
Subsidiary _ VND loan	8.38 %~10.82%	8.58 %~9.15%
Subsidiary _ NTD loan	-	-

1. For the said secured borrowings pledged as collateral, see Note 8 for details.
2. Other short-term loans are loans from related parties. Please refer to Note 7 for details.
3. Some of the secured loans are secured by land and stocks provided by the Company's related parties and affiliated enterprises, and some of the short-term loan credit lines are jointly guaranteed by the Chairman and General Manager. Please refer to Note 7.

(XI) Corporate bonds payable

	2024/12/31	2023/12/31
Bonds	<u>\$-</u>	<u>\$100,000</u>

1. In November 2021, the Group issued the first domestic unsecured corporate bond in a private placement, as outlined below:
  - (1) Total face value: NT\$100,000
  - (2) Term: 3 years, outstanding from December 10, 2021 to December 10, 2024.
  - (3) Coupon rate: 1.7% per annum.



(4) Redemption: The Company may redeem all or part of the corporate bond early as actually needed.

2. For the information on the Group's corporate bonds held by related parties, see Note 7(2)4.
3. The Company's Board of Directors resolved on March 19, 2024 and June 19, 2024 to repurchase part of the first private placement of unsecured corporate bonds in 2021 in advance on March 25, 2024 and June 26, 2024, totaling \$100,000.

(XII) Long-term borrowings

Loan type	2024/12/31	2023/12/31
Export-Import Bank	\$-	\$25,000
TCFHC	5,351	10,156
Other long-term borrowings	436,372	91,400
Less : due within one year	(243,261 )	(29,803 )
	<u>\$198,462</u>	<u>\$96,753</u>
loan amount	<u>\$5,351</u>	<u>\$35,156</u>
interest rate	<u>1.88%~2.72%</u>	<u>2.60%~2.68%</u>

Loan type	2024/12/31	2023/12/31
Export-Import Bank	-	2019/7/25~ 2024/7/25
TCFHC	2020/12/18~ 2025/12/18	2020/12/18~ 2025/12/18
Other long-term borrowings	2020/12/18~ 2029/12/25	2022/12/28~ 2025/6/2

1. According to the medium- and long-term loan agreement signed between our company and the Export-Import Bank of China on December 31, 2023, the first installment of the principal will be repaid on the day 18 months after the first use of the loan. Thereafter, the principal will be repaid in eight installments, every six months, according to the agreed ratio in the contract.
2. According to the medium- and long-term loan contract signed between our company and the Cooperative Bank Commercial Bank on December 31, 2024 and 2023, the first installment of the principal will be repaid on the day twelve months after the first use, and the principal and interest will be evenly amortized monthly thereafter, for a total of 48 installments.
3. Please provide detailed explanations of the guarantees provided for the above-mentioned loans in Note 8.
4. Please refer to Note 12 for details on the Group's liquidity risk.
5. Regarding the long-term loan credit line, part of it is jointly guaranteed by the Chairman and General Manager. Please refer to Note 7.
6. Other long-term loans are loans from related parties. Please refer to Note 7 for details.

(XIII) Other payables

	2024/12/31	2023/12/31
Salary payable	\$36,127	\$29,691
other	17,270	14,398
	<u>\$53,397</u>	<u>\$44,089</u>

(XIV) Pension

1. Defined benefit plan

- (1) The Company has made the defined benefit plan pursuant to the “Labor Standards Act,” applicable to the service years of all permanent employees before the “Labor Pension Act” enforced on July 1, 2005, and the subsequent service years of the employees who elected to apply the “Labor Standards Act” after the enforcement of the “Labor Pension Act.” For the employees qualified for retirement, the payment of their pensions is based on their service years and average wages of the six months prior to the retirement. For the service years within 15 years (inclusive), two bases are given for each full year of service rendered; for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes 14% of the total wage for the retirement fund, and deposit the fund in the Bank of Taiwan under the name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the balance of the labor retirement reserve account in the preceding paragraph is computed; if the balance is insufficient to pay the estimated pension amount calculated for the worker qualified for retirement in the next year, the Company will contribute the difference in a lump sum before the end of next March.

- (2) Amounts recognized in the balance sheet include the following:

	2024/12/31	2023/12/31
Defined Benefit Obligation Current	\$6,493	\$6,659
Employment		
Fair value of project assets	(21,430)	(18,844)
Net defined benefit assets	<u>(\$14,937)</u>	<u>(\$12,185)</u>

- (3) Changes in net defined benefit assets are presented as follows:

	Defined Benefit Obligation Current Employment	Fair value of project assets	Net defined benefit assets
2024/1/1	\$6,659	\$18,844	(\$12,185)
Interest	80	226	(146)
	<u>6,739</u>	<u>19,070</u>	<u>(12,331)</u>
Re-measure remuneration	-	1,627	(1,627)
assumption change	81	-	81
experience adjustment	(327)	-	(327)
	<u>(246)</u>	<u>1,627</u>	<u>(1,873)</u>
Appropriate pension	-	733	(733)
2024/12/31	<u>\$6,493</u>	<u>\$21,430</u>	<u>(\$14,937)</u>

	Defined Benefit Obligation Current Employment	Fair value of project assets	Net defined benefit assets
2023/1/1	\$6,279	\$17,864	(\$11,585 )
Interest	81	175	(94 )
	6,360	18,039	(11,679 )
Re-measure remuneration	-	64	(64 )
assumption change	45	-	45
experience adjustment	254	-	254
	299	64	235
Appropriate pension	-	741	(741 )
2023/12/31	\$6,659	\$18,844	(\$12,185 )

Note: The amount included in the interest income or expense is not included.

- (4) The Company's defined benefit plan fund assets are commissioned for operation by the Bank of Taiwan within the ratio and amount of the operation items specified in the annual investment and utilization plan of the fund pursuant to items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign financial institutions; investment in domestic or foreign listed, over-the-counter, or private placement equity securities; or investment in domestic or foreign property and its securitization products, among others). The related utilization is overseen by the Labor Retirement Reserve Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks; in case the deficit is still inadequate to cover the surplus, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has not right to participate the operation and management for the Fund, therefore the classification for the fair value of the plan asset is unable to be disclosed per Section 142 of IFRS 19. Regarding the fair value of the fund's total assets as of December 31, 2024 and 2023, see the Labor Pension Fund Utilization report for each year published by the government.
- (5) The actuarial assumptions related to pensions are summarized as follows:

	2024	2023
Discount Rate	1.6%	1.2%
salary increase rate	1.75%	1.75%

The assumption of the future mortality rate is estimated based on the "6th Experience Life Table of Life Insurance Industry in Taiwan."

- (6) The affected present value of defined benefit obligations due to the change of main actuarial assumption is analyzed as follows:

	Discount rate		salary increase rate	
	+1%	-1%	+1%	-1%
Effect in 2024	(\$375)	\$383	\$317	(\$312 )
Effect in 2023	(\$446)	\$456	\$386	(\$380 )

The aforesaid sensitivity analysis is analysis of changes in one single assumption with no other assumption changed. In practice, changes of many assumptions may be correlated. The sensitivity analysis adopts the same method calculating the net pension liability for the balance sheet.

The method and assumptions to prepare the sensitivity analysis for the current period are identical to the previous period.

- (7) In 2025, the Group is expected to pay \$727 as the contribution to the retirement plan.
- (8) As of December 31, 2024, the weighted average duration of the benefit plan was 6 years.

## 2. Defined contribution plan

- (1) Since July 1, 2005, the Company has made the defined contribution plan in accordance with the "Labor Pension Act", which is applicable to local employees. For the part where the employees elect to apply the labor pension specified in the "Labor Pension Act," the labor pension no less than 6% of the wage is contributed to the employees' individual accounts with the Labor Insurance Bureau every month. The payment of the employee's pension may be received monthly or in a lump sum from the employees' personal pension account and the accumulated gains.
- (2) For the subsidiaries in Chinese mainland and Vietnam, pursuant to the pension insurance systems required by the local governments, the pension insurance fund at a certain percentage to the total wage of the local employees is contributed monthly to the independent accounts of the employees as the special account. The pensions of employees are arranged uniformly by the governments, and the aforesaid companies have no further obligation other than the monthly contribution.
- (3) In 2024 and 2023, the Group recognized the pension costs at \$2,046 and \$2,743 respectively based on the said plans.

## (XV) Share capital

1. As of December 31, 2024, the registered capital of this company is \$1,625,006, divided into 71,744,000 shares, and the paid-in capital is \$717,444, with a par value of \$10 per share. All payments for the shares issued by the Company have been received.

The Company's outstanding ordinary shares at the beginning and end of the period were adjusted as follows:

	2024	2023
Jan. 1	63,295	113.900

Cash capital increase - private placement	8,449	-
Capital reduction for cover accumulated deficits	-	(50,605 )
Dec. 31	<u>71,744</u>	<u>63,295</u>

2. The shareholders' meeting of this company on May 22, 2023 passed a resolution to increase cash capital by private placement. The base date of the private placement is March 28, 2024. The purpose of the cash capital increase is to increase working capital. The number of private placement shares is 6,087,000 shares, and the subscription price per share is NT\$11.5. A total of \$70,000 was raised. The change registration was completed on April 17, 2024. The rights and obligations of this private placement common stock are the same as other issued common stocks, except that there are restrictions on circulation and transfer under the Securities and Exchange Act and it must be listed and traded after three years from the delivery date and the public issuance is completed.
3. The shareholders' meeting of this company on May 27, 2024 passed a resolution to increase cash capital by private placement. The base date of the private placement is June 28, 2024. The purpose of the cash capital increase is to increase working capital. The number of private placement shares is 2,362,000 shares, and the subscription price per share is NT\$12.7. A total of \$30,000 was raised. However, the change registration was completed as of August 8, 2024. The rights and obligations of the private placement common shares are the same as other issued common shares, except that there are restrictions on circulation and transfer under the Securities and Exchange Act and they must be listed and traded after three years from the delivery date and the public issuance is completed.
4. In order to improve the financial structure, the company passed a resolution of the shareholders' meeting on May 22, 2023 to reduce capital to make up for losses, and the Taiwan Securities Exchange Co., Ltd. approved the application for effectiveness in the letter No. 1121802835 on June 21, 2023. The capital reduction amount is \$506,048, and a total of 50,605,000 shares are eliminated, with a capital reduction ratio of 44.43%. The base date for capital reduction is June 28, 2023, and the change registration was completed on July 24, 2023.

(XVI) Capital reserve

Pursuant to the Company Act, capital reserve of the income derived from the issuance of new shares at a premium and the income from endowments received by the company, other than compensating the deficit, when the Company has no accumulated loss, may be distributed as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Additionally, pursuant to the Securities Exchange Act, when the said capital reserve is capitalized, the combined amount of any

portions capitalized in any 1 year may not exceed 10 percent of paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the reserve reserve is insufficient to make good such loss.

(XVII) Deficit yet to be compensated

1. If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital. The special reserves shall be set aside or reversed pursuant to the laws or competent authorities' requirements; if there is any remaining balance, with the undistributed earnings in previous years it shall be set aside as the cumulative distributable earnings. After considering the Company's future funding and budget plans, and measuring the fund requirements in the coming years, the retained earnings will be used to fund; if there is any balance, the shareholders' meeting may resolve to distribute the shareholders' bonus. The percentage of cash dividends being no less than 10% of the total dividend; provided, where the cash dividend is lower than NT\$0.2, dividends may be distributed in share dividends.
2. The Company operates in a mature and stable industry; provided, for the future capital and budget planning, the dividends are distributed based on the residual dividend policy.
3. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributing new shares or cash to its original shareholders in proportion; provided the distribution of new shares or cash may not exceed 25% of the part of the reserve over the paid-in capital.
4. (1) When distributing the earnings, the distribution may only made from the special surplus reserve provided from the debit balance of the other equity item at the balance sheet date of the current year; later the reversal amount may be accounted to the distributable earnings when reversing the debit balance of the other equity item.

(2)When the IFRSs were first adopted, the special surplus reserve was set aside in the letter No. 1010012865 dated April 6, 2012. When the company subsequently uses, disposes or reclassifies the relevant assets, it will set aside the original special surplus reserve. The proportion is reversed.

The special surplus reserve that the company set aside due to the previous letter order on January 1, 2013 has been fully used to make up for losses. It needs to be supplemented after making profits. The amount of special surplus reserve that has been set aside previously has not yet been made. The composition of the implementation of sanctions is as follows:

Adding value for revaluation	\$58,831
Cumulative Conversion Adjustments	474
	<u>\$59,305</u>

5. On May 22, 2023, the company's shareholders' meeting resolved to make up for losses.
6. On May 27, 2024, the company's shareholders' meeting resolved to make up for losses.
7. On March 10, 2025, the board of directors of this company decided to make up for the losses.

(XVIII) Other items of equity

	Investments through other comprehensive income	foreign currency conversion	Other interests	total
2024/1/1	\$20,241	(\$42,951 )	\$219	(\$22,491 )
Equity Instrument Evaluation Adjustment				
group	2,113	-	-	2,113
relate party	753	-	-	753
Foreign Currency Translation Differences				
group	-	11,479	-	11,479
relate party	-	15	-	15
2024/12/31	\$23,107	(\$31,457 )	\$219	(\$8,131 )
	Investments through other comprehensive income	foreign currency conversion	Other interests	total
2023/1/1	\$17,586	(\$37,582 )	\$219	(\$19,777 )
Equity Instrument Evaluation Adjustment				
group	(101 )	-	-	(101 )
relate party	4,883	-	-	4,883
transfer to retained earnings	(2,127 )	-	-	(2,127 )
Foreign Currency Translation Differences				
group	-	(5,313 )	-	(5,313 )
relate party	-	(56 )	-	(56 )
2023/12/31	\$20,241	(\$42,951 )	\$219	(\$22,491 )

(XIX) Operating revenue

	2024	2023
Revenue	\$1,625,979	\$1,157,753

1. The Group's revenue is derived from products transferred at a point in time.  
See note 14 for the breakdown of revenue.

- The Group recognizes contract liabilities related to revenue from contracts with customers as follows:

	2024/12/31	2023/12/31	2023/1/1
contract liabilities	\$9,699	\$39,417	\$41,885

The amounts of the opening contract liabilities recognized as income in the current period in 2024 and 2023 were \$329 and \$3,582 respectively.

(XX) Other gains or losses

	2024	2023
Exchange Gain(Loss)	\$13,353	(\$23,301 )
Loss Recovering Benefit	26,245	-
Disposal of real estate, plant and equipment losses	(2,134 )	-
Disposal of investment interests	-	78,039
Financial assets measure profit and loss	-	697
Other Loss	(2,432 )	(1,932 )
	<u>\$35,032</u>	<u>\$53,503</u>

(XXI) Financial costs

	2024	2023
Interest Exp.	\$40,359	\$47,347
lease interest expense	-	531
Other Financial Exp.	785	452
	<u>\$41,144</u>	<u>\$48,330</u>

(XXII) Additional information of the expense nature.

	2024	2023
Employee Benefits	\$161,595	\$172,739
depreciation	94,220	109,048
amortization	956	946
Total	<u>\$256,771</u>	<u>\$282,733</u>

(XXIII) Employee benefit expense

	2024	2023
salary	\$137,344	\$146,395
social insurance	15,670	17,506
pension	1,900	2,649
other	6,681	6,189
Total	<u>\$161,595</u>	<u>\$172,739</u>

- According to the Company's Articles of Incorporation, when distributing earnings, the Company shall allocate no less than 3% and no more than 15% as the employees' remuneration, and no more than 3% as the directors' remuneration.
- As of December 31, 2024 and 2023, the Company reported accumulated losses, and thus estimated no remuneration to employees and directors pursuant to the Articles of Incorporation.



The information regarding the employees' and directors' remunerations approved by the Board may be inquired at MOPS.

(XXIV) Income tax

1. Composition of income tax expense benefits:

(1) Composition of income tax expense benefits

	2024	2023
Current income tax		
Land value-added tax	\$2,076	\$-
previous year overvalued	15,805	2,236
Total income tax for the current period	17,881	2,236
temporary difference reversal	17,342	(4,039 )
income tax benefit	<u>\$35,223</u>	<u>(\$1,803 )</u>

(2) Income tax expense amount related to other comprehensive income:

	2024	2023
Determine the measure of welfare obligations	\$373	(\$47 )

2. Income tax expense and accounting profit adjustment items

	2024	2023
Income tax expense (benefit)	\$1,224	(\$79,334 )
Expenses that should be excluded according to the law	12,039	-
tax-free income	(205 )	(171 )
Adjustment items	-	973
Land value-added tax	2,076	-
previous year overvalued	15,805	2,236
temporary difference	(26,313 )	65,803
Deferred tax assets	15,928	15,658
Deferred tax assets can be assessed	14,669	(6,968 )
income tax benefit	<u>\$35,223</u>	<u>(\$1,803 )</u>

3. The amounts of the deferred income tax assets or liabilities generated from the temporary differences and taxable losses are presented as follows:

	2024					
	Jan.1	recognized income	Recognition of other comprehensive income	exchange rate impact	Consolidated changes	Dec.31
Deferred tax assets						
Losses from falling prices of bottomed inventories	\$4,957	(\$4,957 )	\$-	\$-	\$-	\$-
asset impairment loss	10,998	(10,998 )	-	-	-	-

other	533	38,581	-	-		39,114
	<u>\$16,488</u>	<u>\$22,626</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$39,114</u>
Deferred tax liabilities						
prepaid pension	(\$25,548 )	(\$176 )	(\$373 )	\$-	\$-	(\$26,097 )
In order to realize the exchange benefit	(1,424 )	(40,956 )	-	-	-	(42,380 )
other	(10,902 )	1,164	-	(695 )	-	(10,433 )
	<u>(\$37,874 )</u>	<u>(\$39,968 )</u>	<u>(\$373)</u>	<u>(\$695 )</u>	<u>\$-</u>	<u>(\$78,910 )</u>

2023

	Jan.1	recognized income	Recognition of other comprehensive income	exchange rate impact	Consolidated changes	Dec.31
Deferred tax assets						
Losses from falling prices of bottomed inventories	\$4,957	\$-	\$-	\$-	\$-	\$4,957
asset impairment loss	10,998	-	-	-	-	10,998
other	770	-	-	-	(237 )	533
	<u>\$16,725</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>(\$237 )</u>	<u>\$16,488</u>
Deferred tax liabilities						
prepaid pension	(\$25,428 )	(\$167 )	\$47	\$-	\$-	(\$25,548 )
In order to realize the exchange benefit	(4,739 )	3,315	-	-	-	(1,424 )
other	(11,796 )	891	-	3	-	(10,902 )
	<u>(\$41,963 )</u>	<u>\$4,039</u>	<u>\$47</u>	<u>\$3</u>	<u>\$-</u>	<u>(\$37,874 )</u>

4. The expirations of the unused taxable losses and amounts of the unrecognized deferred income tax assets are presented as follows:

2024/12/31

Year	Declared number/approved number	not yet deducted	Deferred income tax assets have not been deducted	last available year
2015	67,053	67,053	67,053	2025
2016	162,129	162,129	162,129	2026
2017	177,881	177,881	177,881	2027
2020	99,462	99,462	99,462	2030
2021	23,316	23,316	23,316	2031
2022	53,719	53,719	53,719	2032
2023	35,312	35,312	35,312	2033
2024	76,309	76,309	76,309	2034

	<u>\$695,181</u>	<u>\$695,181</u>	<u>\$695,181</u>	
		2023/12/31		
Year	Declared number/approved number	not yet deducted	Deferred income tax assets have not been deducted	last available year
2014	113,698	80,779	80,779	2024
2015	67,053	67,053	67,053	2025
2016	162,129	162,129	162,129	2026
2017	177,881	177,881	177,881	2027
2020	99,462	99,462	99,462	2030
2021	23,316	23,316	23,316	2031
2022	53,719	53,719	53,719	2032
	<u>\$697,258</u>	<u>\$664,339</u>	<u>\$664,339</u>	

5. Deductible temporary differences not recognized as deferred income tax assets:

	2024/12/31	2023/12/31
Temporary differences can be deducted	<u>\$523,070</u>	<u>\$478,612</u>

6. The tax authorities have approved the Company's business income tax returns through 2022.

(XXV) Loss per share

	2024		
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	<u>\$112,419</u>	<u>69,112</u>	<u>1.63</u>
	2023		
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	<u>(\$301,478)</u>	<u>63,295</u>	<u>(\$4.76)</u>

Note: Because the company is reducing capital to make up for losses, the weighted average number of outstanding shares is retrospectively adjusted.

(XXVI) Transactions with the non-controlling interests

- InnoPeak Co.Ltd., a subsidiary of the Group, issued new shares through a cash capital increase on March 25, 2023. The Group did not subscribe in accordance with its shareholding ratio, thus reducing its equity by 4.44%. The transaction increased non-controlling equity by \$6,995, and equity attributable to the parent company increased by \$8,005. The impact of changes in the equity of Ding Chuangke in 2023 on the equity attributable to the owners of the parent company

is as follows:

	2023/12/31
Cash	\$15,000
Increase in carrying amount of non-controlling interests	(6,995)
The influence of the equity and interests of the parent company	\$8,005
Adjustment of owner's equity of parent company	-
Return earning	-
capital reserve	\$8,005

2. On February 24, 2023, the board of directors passed a resolution that since the group has completed its phased tasks, it will no longer participate in the relevant operation and management affairs of InnoPeak Co.Ltd., and will no longer participate in the subsequent capital increase plan, and will no longer participate in the subsequent capital increase plan. The transfer of operation and management affairs was completed on March 27, 2023, so control was lost from the beginning. This transaction recognized the disposal of investment interests of \$12,706 and reduced non-controlling interests by \$26,931.

(XXVII) Supplementary information of cash flow

1. Cash payment for purchase of property, plant and equipment: :

	2024	2023
Purchase of real estate, plant and equipment	\$5,698	\$5,449
Prepayment for equipment at the beginning	(4,693)	(15,663)
Prepayment for equipment at the end	113	4,693
Reclassification of prepaid equipment payments	4,693	8,105
Current cash expenditure	\$5,811	\$2,584

2. On March 27, 2023, the Group completed its phased tasks and no longer participated in the relevant operation and management affairs of InnoPeak Co.Ltd., and also no longer participated in the subsequent capital increase plan, resulting in the loss of the Group Regarding the control of the subsidiary (please refer to Note 4 (3) for details), no consideration was received for this transaction. The information on the relevant assets and liabilities of the subsidiary is as follows:

	2023/03/27
Book amounts of assets and liabilities of InnoPeak Co.Ltd.subsidiaries	
Cash and cash equivalents	\$29,341
Net value of accounts receivable	13,502
Other receivables	541
Inventories	9,449
Prepayments	17,182
Other current assets	626
Property, Plant and Equipment	102,576
Right-of-use asset	37,396
Deferred tax assets	237
Net defined benefit assets - non-current	3,975

Notes payable	(60)
Accounts payable	(31,384)
Other payables	(3,504)
Other payables-related parties	(53,000)
Lease liabilities - Current	(39,878)
Other current liabilities - other	(25,528)
Long-term borrowings	(1,588)
Total net assets	<u>\$59,883</u>

(XXVIII) Changes in liabilities from financing activities

Changes in the Group's liabilities from financing activities in 2024 and 2023 were mainly due to borrowings, repayments, lease principal repayments, exchange rate effects, and changes in lease liabilities. See the Consolidated Statement of Cash Flows.

VII. Related party transaction

(I) Name and relationships of related parties

Company	Relation
GREAT BELL PRINTING & DYEING CO., LTD.	Related Party
InnoPeak Co.Ltd.	Related Party
KINGTEX CORPORATION	Other Related
PHAN LE DIEM TRANG	Other Related
NAMKUNG CHUL WOONG	Other Related
Yung Huang Investment Co., Ltd.	Other Related
HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD.	Other Related
Chen Jianmin	Other Related
Yan Lirong	Other Related
Chen Xiuzhong	chairman
Chen Jianzhou	GM

Note: The Group lost control of InnoPeak Co.Ltd. on March 27, 2023, and recognized it as an investment using the equity method. Therefore, it was classified as an associated enterprise from the beginning. For relevant information, please refer to Notes 4 (3) and 6 ( 26) and 6 (27) instructions.

(II) Material transactional matters with related parties

1. Outsourcing processing

	2024	2023
Labor FEE - Great Bell	<u>\$1,981</u>	<u>\$5,777</u>

The transaction price of the printing and dyeing processing services provided by the Group's related parties is not significantly different from that of ordinary customers.

2. Other receivables

	2024/12/31	2023/12/31
Other receivable-Fund loan		

InnoPeak Co.Ltd.	\$15,365	\$14,869
Less: allowance for losses	(9,819)	-
	<u>\$5,546</u>	<u>\$14,869</u>

The Group estimated the recoverable amount based on the operating performance of InnoPeak and recognized an impairment loss of \$9,819 in 2024.

3. Accounts payable

	2024/12/31	2023/12/31
Great Bell	<u>\$886</u>	<u>\$1,930</u>

Amounts payable to related parties are mainly payments for outsourcing processing, and the payment terms are monthly settlements of 60 days.

4. Corporate bonds payable

	2024/12/31	2023/12/31
Yung Huang Investment Co., Ltd.	\$-	\$68,000
Chen Jianzhou	-	19,000
HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD.	-	10,000
Chen Xiuzhong	-	3,000
	<u>\$-</u>	<u>\$100,000</u>

For more details of the said corporate bonds, see note 6(11).

5. Transaction of property

Related Party	Item	Stock	transaction target	2023	
				Amount	benefit
Great Bell	equity method investment	1,000K	common stock	\$87,569	\$65,333

For more details of the said corporate bonds, see note 6(13).

6. Lease transactions - lessee

(1) In October 2021, the Group leased a building from a related party for a term of 2 years. The rent was determined by both parties, taking into account market pricing. The Group obtained \$5,420 right-of-use assets.

(2) Lease liabilities:

Interest expenses:

	2024	2023
Other Related Party	<u>\$-</u>	<u>\$11</u>

(3) rental costs

	2024	2023
Other Related Party	<u>\$2,718</u>	<u>\$-</u>

7. Capital loans - loans from related parties (presented under "Other current and non-current liabilities")

	2024/12/31	2023/12/31
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Other Related Party-current		
Great bell	\$25,004	-
Yung Huang Investment Co., Ltd.	149,000	73,000
Chen Jianzhou	26,561	-
PHAN LE DIEM TRANG	10,690	10,504
NAMKUNG CHUL WOONG	4,083	4,012
Chen Jianzhou	-	40,000
Yan Lirong	37,344	-
	<u>\$252,682</u>	<u>\$127,516</u>
Other Related Party-non current		
Great bell	\$131,462	\$-
Yung Huang Investment Co., Ltd.	7,000	54,000
Chen Xiuzhong	60,000	37,400
	<u>\$198,462</u>	<u>\$91,400</u>

The above-mentioned related party loans are the financing needs of the Company and its subsidiary KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY from other shareholders. Except for Chen Xiuzhong, Yonghuang Investment Co., Ltd., Great bell Printing and Dyeing and Yan Lirong, which have agreed interest rates of 1.88% to 2.93%, 3.05% to 3.29%, 2.50% and 2.53% respectively, the rest have no fixed interest rates. As of December 31, 2024 and 2023, the interest payable to related parties was \$4,407 and \$949 respectively.

8. Endorsements/guarantees provided by related parties

(1) Land pledged by affiliates as collateral for loans

	2024/12/31		2023/12/31	
	Loan Guarantee Amount	Loan used	Loan Guarantee Amount	Loan used
Grest Bell	\$-	\$-	\$497,384	\$421,203

In November 2023, Great bell printing & dyeing Co., Ltd. signed a land disposal transaction contract with an external party. According to the contract, the loan from a financial institution obtained by the company with the land as collateral will be repaid by the land disposal price of Great bell printing & dyeing. The company will also use the distribution of Great bell printing & dyeing's surplus to repay the aforementioned part that Great bell printing & dyeing used to compensate with the land disposal price. The part that the distribution amount is insufficient to repay will be repaid to Great bell printing & dyeing in 48 equal installments. The land transfer procedure and the repayment of the loan from the financial institution were completed in June 2024. In response to the aforementioned repayment of bank loans totaling \$487,926, the Company has, with the approval of the Company's Board of Directors and Audit Committee, pledged a total of 7,300,000 shares of Great bell printing & dyeing held by the Company to Hanbo livestock & farming products Co., Ltd. (hereinafter referred to as "Hanbo livestock & farming"), a third party designated by Great bell printing & dyeing, and agreed that the amount distributed from the pledged shares will be deemed to have been received by the pledgee as the repayment to Great bell printing & dyeing. As of December 31, 2024, the balance of the bank loan repaid above was \$156,466, which was recorded as short-term loans (including those due within one year). In response to the aforementioned compensation by Great bell printing & dyeing, in addition to pledging the Great bell stocks held by the Company to Hanbo livestock & farming, the Company also negotiated with Chen

Xiuzhong and Yan Lirong to assist in providing a total of 2,150,000 Great bell pringing & dyeing stocks held by them as pledges to Hanbo livestock & farming, a third party designated by Great bell pringing & dyeing, and agreed that the amount distributed from the pledged stocks, when received by the pledgee, would be deemed to have completed the repayment to Great bell pringing & dyeing, and that the repayment amount would be deemed to be a loan from the Company to the above-mentioned related parties.

- (2) The related party provides land and stocks as loan security

	2024/12/31		2023/12/31	
	Loan Guarantee Amount	Loan used	Loan Guarantee Amount	Loan used
Yan Lirong	\$100,000	\$42,287	\$100,000	\$15,557

As of December 31, 2024 and 2023, the joint guarantors Chen Xiuzhong and Yan Lirong used the stocks they held and Yan Lirong additionally provided land as collateral for the Company's short-term loans, and promised to continue to provide the guarantees required for the Company's short-term financing.

- (3) As of December 31, 2023, Chen Xiuzhong, Chen Jianzhou and Yan Lirong provided joint guarantees for long-term and short-term loans.

(III) Information of remuneration of key management personnel

	2024	2023
Salary	\$10,085	\$10,489
Pension	216	216
	<u>\$10,301</u>	<u>\$10,705</u>

VIII. Pledged Assets

The carrying amounts of assets pledged by the Group as collateral are presented below:

Assets Item	Guarantee purpose	Book Value	
		2024/12/31	2023/12/31
current assets			
Bank savings	Bank Loan	\$119,204	\$98,679
Property, Plant and Equipment			
land	Bank Loan	-	23,251
housing and construction	Bank Loan	62,716	121,018
mechanical equipment	Bank Loan	237,266	315,954
right-of-use asset			
Land use rights	Bank Loan	-	75,770
Investment real estate			
housing and construction	Bank Loan	-	-
Investments using the equity method- Great Bell	non-financial institution	149,750	-
		<u>\$568,936</u>	<u>\$634,672</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

None.



(II) Commitment matter

1. Issued but not yet used letters of credit

The amounts of letters of credit issued for purchase goods and machinery equipment but yet used are as below:

	2024/12/31	2023/12/31
Unused LC	\$8,853	\$20,988
2. Capital expenditures that have been contracted but not yet incurred		
	2024/12/31	2023/12/31
Intangible assets	\$1,437	\$2,414

X. Losses Due to Major Disasters

None.

XI. Significant Events

On January 16, 2025, the board of directors of our company approved the sale of our subsidiary, KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY (hereinafter referred to as "KTD"), and on January 27, 2025, we signed a share sale agreement with KAM FUNG (HONG KONG) GARMENT COMPANY LIMITED..

share.

XII. Others

(I)As of December 31, 2024, the Company's current liabilities exceeded current assets by NT\$262,589 thousand. In order to improve the said situation, the Company intends to take the following countermeasures in the future:

1. Business:

In terms of business operations, the Group will continue to optimize product mix, improve gross profit margins, and expand services to customers to improve performance.

- (1) Spinning Division will continue to work with niche customers to increase the production and sales ratio of specialty yarn products and improve production efficiency and quality to raise gross profit margins.
- (2) Fabrics Division will continue to develop new products for target customers, deepen the vertical integration of products and services, and expand product share, and can be expected to effectively improve performance.

2. Finance:

- (1) To ensure the continued operation of the Group, the Company approved at its shareholders meeting on May 27, 2024 that it would issue common shares in the form of private placements for cash at an appropriate time, subject to market and funding conditions, with a par value of NT\$10 per share and a maximum number of 30 million shares to be issued. The company completed the fundraising of 2,362,000 shares in the second quarter of 2024. Subsequently, fundraising operations will be carried out at an appropriate time based on market

and funding demand conditions. In addition, the Group has resolved on March 10, 2025, by the Board of Directors, to issue common shares in the form of a private placement for cash capital increase, with a par value of NT\$10 per share and a number of shares not exceeding 15 million shares, which will be submitted to the shareholders' meeting for approval.

- (2) The Company disposed of its shares in KTD on January 27, 2025, which helped improve the Company's working capital and financial structure. Please refer to Note 11 for details.
- (3) The Group has the undertaking from major shareholders for continuous financial support to the Group, whereby they agree to assist the Group to continue operating and repay debts if necessary.
- (4) The Company will continue to actively examine all of its assets and resources on hand, and revitalize the assets to maximize the benefits and value created for the Company under market assessment. It is expected that this will effectively improve the Company's financial position.
- (5) The Group continues to actively review its assets and resources, and is working to revitalize and create value for each asset based on the market value of the asset, which is expected to effectively contribute to and improve the Group's financial position.

## (II) Capital management

The capital management goal of the Group is to ensure the Group's continuing operation, maintain the best capital structure to reduce the capital costs, and provide returns to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issuance of new shares, or sell assets to lower the debts.

## (III) Financial instruments

### 1. Categories of financial instruments

	2024/12/31	2023/12/31
financial assets		
Fair value through other comprehensive income	\$47,975	\$45,862
Measured at amortized cost	279,168	229,974
	<u>\$327,143</u>	<u>\$275,836</u>
financial liabilities		
Measured at amortized cost	<u>\$1,307,283</u>	<u>\$1,385,581</u>

Note: Financial assets measured at amortized cost include cash, notes and accounts receivable, other receivables, and other current assets; financial liabilities measured at amortized cost include short-term borrowings, notes and accounts payable, and other payables, long-term loans (including those due within one year), corporate bonds payable, and deposit margin.

### 2. Risk management policy

- (1) The Group's daily operations are subjected to various financial risks, including market risk (including exchange rate risk, interest rate risk,

and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictable matters in financial markets and seeks to mitigate the potential adverse effects on the Group's financial position and financial performance.

- (2) The Group's Finance Department manages risks as per any policy approved by the Board of Directors. The Group's Finance Department is responsible for identifying, evaluating and avoiding financial risks through close collaboration with various operating units within the Group. The Board has written principles for overall risk management, and also provides written policies for specific extent and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of remaining current capital.

### 3. Nature and extent of material financial risks

#### (1) Market risk

##### Foreign currency risk

- A. The Group is a multinational company that is subject to exchange rate risk arising from transactions where the functional currency of exchanges is different from that of the Company and its subsidiaries, which are mainly denominated in USD and VND. The related exchange risks come from the commercial transactions in the future and the recognized assets and liabilities.
- B. The Group's management has made a policy for each entity within the Group to manage exchange rate risk relative to its functional currency. Each entity shall hedge its overall exchange rate risk via the Group's Finance Department. The measurement of the exchange rate risk is through the expected transactions very likely to generate USD and VND expenditures, and the forward exchange contracts are adopted to reduce the impact from the exchange rate fluctuation on the expected costs to purchase inventories.
- C. The Group's business involves several non-functional currencies (the functional currency is NTD for the Company and USD and/or VND for some subsidiaries), which is subject to exchange rate fluctuations. Foreign currency assets and liabilities subjected to material exchange rate fluctuations are summarized as below:

2024/12/31

	Foreign Currency	Exchange Rate	Book Value (NT)
<u>Foreign Currency: Functional Currency</u>			
<u>Financial assets</u>			

<u>monetary item</u>			
USD : NTD	\$12,949	32.725	\$423,756
USD : VND	5,702	25,248	186,603
<u>Subsidiary</u>			
USD : NTD	17,390	32.725	569,088
VND : USD	487,758,345	0.0000396	632,184
<u>financial liabilities</u>			
<u>monetary item</u>			
USD : NTD	916	32.73	29,976
USD : VND	16,354	25,248	535,184

2023/12/31

	Foreign Currency	Exchange Rate	Book Value (NT)
<u>Foreign Currency: Functional Currency</u>			
<u>Financial assets</u>			
<u>monetary item</u>			
USD : NTD	\$24,736	30.71	\$759,643
USD : VND	3,160	24,110	97,015
<u>Subsidiary</u>			
USD : NTD	7,041	30.71	216,229
VND : USD	215,878,715	0.0000415	274,922
<u>financial liabilities</u>			
<u>monetary item</u>			
USD : NTD	780	30.71	23,954
USD : VND	29,068	24,110	892,534

For the sensitivity analysis of the foreign currency exchange rate risk, the calculation mainly focused on the monetary items of foreign currency at the ending date of the financial reporting period. When NTD appreciates or depreciates by 1% against other currencies, the Group's net loss after tax for 2024 and 2023 would be increased or decreased by \$362 and \$479 respectively.

D. Due to the significant impact of exchange rate fluctuations, total (realized and unrealized) exchange gains (losses) on the Group's monetary items for 2024 and 2023 amounted to \$13,353 and (\$23,301) respectively.

#### Price risk

A. The Group's equity instruments exposed to price risk are financial assets at FVTPL and financial assets at FVOCI. To manage the price risk of the investment in equity instruments, the Group diversifies the portfolio, based on the limits set by the Group.

B. The Group primarily invests in equity instruments that are

TWSE/TPEX-listed or not listed. The prices of these equity instruments are affected by their uncertain future values. If the prices of these equity instruments rose or fell by 1%, with all other factors unchanged, there would be no significant impact on the Group's net profit for 2024 and 2023 due to gains or losses on equity instruments measured at fair value.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from bank loans. The borrowings issued at the floating interest rates cause the Group to sustain the interest rate risk for the cash flow; partial risk are offset by the held cash and cash equivalents at the floating rate. In 2024 and 2023, the Group's borrowings at floating rates were denominated in NTD, USD, and VND.
- B. The Group simulates multiple programs and analyzes interest rate risk, including considering refinancing, renewal of existing positions, other available financing and hedging, to calculate the impact of changes in specific interest rates on profit or loss. For each simulation programs, all currencies adopts the same interest rate change. Such simulation programs are only applied to the material liability position accruing interests.
- C. According to the simulation results, a 0.5% change in the interest rate would increase the net income before tax for 2024 and 2023 by NT\$1,796 and NT\$3,665, respectively.

(2) Credit risk

- A. The Group's credit risk is the risk of financial losses incurred to the Group after the counterparty of the customer's financial instruments fail to fulfill its contractual obligations, mainly from the reasonable cash flows of accounts receivable the counterparty is unable to pay off according to the payment terms.
- B. The Group manages credit risk from a group perspective. For the banks and financial institutions to establish a business relationship, only these banks with good credit and the financial institutions with an investment grade or higher are accepted as the counterparties of transactions. Pursuant to the specified internal crediting policy, each operating entity within the Group shall conduct the management and credit risk analysis for any new customer before determining the terms and conditions for payment and delivery. The internal risk control is to assess the credit quality of a customer by taking its financial position, experience, and other factors into account. The limit of an individual risk is established by the Board based on the internal or external credit ratings, and the use of the credit limit is monitored regularly.
- C. When the contract payments are more than 90 days past due according to the agreed payment terms, it is deemed that the credit risk on the financial assets has increased significantly since original recognition; when the contract payments are 181 days past due according to the agreed payment terms, it is deemed that a default has occurred.

The aging analysis of the accounts receivable is as below:

	2024/12/31	2023/12/31
not overdue	\$96,125	\$44,338
within 90 days	52,432	35,606
91 ~ 180 days	1,869	682
over 181 days	4,900	7,948
	<u>\$155,326</u>	<u>\$88,574</u>

The above is the age analysis based on the overdue days.

D. The indicators used by the Group to determine if debt instrument investments are credit-impaired are summarized as follows:

- (A) The issuer is suffering serious financial difficulty, or it is increasingly probable that the issuer will go into bankruptcy or other financial restructuring;
- (B) The issuer has the active market for the financial assets disappearing due to its financial difficulty;
- (C) The issuer delays the repayment of, or fails to repay, the interest or principal;
- (D) Adverse changes in national or regional economic conditions resulting in a default by the issuer.

E. After the recourse procedure, the Group will write off the amount of financial assets that cannot be reasonably expected to be recovered; provided that, the Group will continue to proceed with the legal recourse procedure to preserve the rights of the claims. As of December 31, 2024 and 2023, the Group's claims that were written off and still had recourse activities amounted to \$15,087.

F. The Group has adopts a simplified approach to estimate the expected credit losses based on the provision matrix of rolling rates, and adjusts the loss rate established according to the historical and current information for a specific period for future-looking considerations to estimate notes and accounts receivable. The provision matrix using rolling rates as of December 31, 2024 and 2023 is presented as follows:

	not overdue	within 90 days	91 ~ 180 days	over 181 days	Total
2024/12/31					
Rate	1.87%	4.92%	48.90%	100.00%	
Account Receivable	<u>\$96,125</u>	<u>\$52,432</u>	<u>\$1,869</u>	<u>\$4,900</u>	<u>\$155,326</u>
Allowance	<u>\$1,798</u>	<u>\$2,580</u>	<u>\$914</u>	<u>\$4,900</u>	<u>\$10,192</u>
2023/12/31					
Rate	1.31%	3.43%	33.87%	100.00%	
Account Receivable	<u>\$44,338</u>	<u>\$35,606</u>	<u>\$682</u>	<u>\$7,948</u>	<u>\$88,574</u>
Allowance	<u>\$579</u>	<u>\$1,220</u>	<u>\$231</u>	<u>\$7,948</u>	<u>\$9,978</u>

G. The Group's simplified statement of changes in the loss allowance on notes and accounts receivable is presented as follows:

	Account Receivable		Other receivables	
	2024	2023	2024	2023
Jan. 1	\$9,978	\$8,686	\$-	\$-
Turn around	3,336	1,560	9,819	-
Delist	(3,292 )	(169 )	-	-

Exchange effect	170	(99)	-	-
Dec. 31	<u>\$10,192</u>	<u>\$9,978</u>	<u>\$9,819</u>	<u>\$-</u>

(3) Liquidity risk

- A. Cash flows are forecast by each operating entity within the Group and summarized by the Group's Finance Department. The Finance Department of the Group monitors the forecasts of the liquidity of the Group, and ensures sufficient capitals to fund the operating requirements, and to maintain enough undrawn limit of the borrowing commitments all the time, so that the Group is free from any violation of related borrowing limit or terms. Such forecasts considers the Group's debt and financing plants, compliance of debt terms, the financial ratio target determined internally, and the external supervisory regulatory requirements.
- B. The surplus cash held by each operating entity will be transferred back to the Group's Finance Department if it is greater than required for the management of working capital. The Finance Department of the Group invests the remaining capital in the demand deposit with interests, time-deposit, money deposit, and marketable securities; the instruments selected have due maturities or sufficient liquidity to respond to the aforesaid forecast and provide the sufficient funding level for deployment, and are expected to generate cash flow instantly, to manage the liquidity risk.
- C. The Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis are grouped according to their respective maturity dates. Non-derivative financial liabilities are analysed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analysed based on the remaining period from the balance sheet date to the expected maturity date. As of December 31, 2024 and 2023, the Group's non-derivative financial liabilities include short-term loans, notes payable, accounts payable, other payables, long-term loans (including those due within one year) and corporate bonds payable. Except for long-term loans and corporate bonds payable, the number of days to maturity of other financial liabilities is less than one year. The following table discloses the contractual cash flows of corporate bonds payable and long-term loans (including imputed interest payable and long-term loans due within one year) which are undiscounted amounts:

	Within 1 Year	1 ~2 Year	2 ~ 5 Year	Total
2024/12/31				
Long term loan	\$250,491	\$39,161	\$164,018	\$453,679
	Within 1 Year	1 ~2 Year	2 ~ 5 Year	Total
2023/12/31				
Corporate bonds	\$101,700	\$-	\$-	\$101,700
Long term loan	64,911	66,409	461	131,781
	\$166,611	\$66,409	\$461	\$233,481

D. The Group does not expect that the timing of cash flows analyzed at the maturity date will be significantly earlier, or the actual amount will be significantly different.

(IV) Information on fair value

1. For the fair value of the Group's financial assets and financial liabilities not measured at fair value, see Note 12(3)1.
2. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active markets are ones where asset and liability transactions take place with sufficient frequency and volume for pricing information to be provided on the ongoing basis. The fair values of the Group's investments in the TWSE/TPex listed shares belong to this level.

Level 2: The direct or indirect observable inputs of the assets or liabilities; but these included in the quotations of Level 1 are excluded.

Level 3: The unobservable inputs of assets or liabilities. The fair values of the Group's investments in equity instruments without any active market at this level.

3. The Group classifies the financial and non-financial instruments measured at fair value based on the nature, characteristics, and risk of the assets and liabilities, and fair value levels, as detailed below:

As of December 31, 2024 and 2023, the Group's financial instruments at Level 3 valuation were \$47,975 and \$45,862, respectively.

4. The approaches and assumptions adopted by the Group to measure fair values are stated as below:

(1) If the Group adopts a market quotation as an input to fair value measurement (i.e. Level 1), the characteristics of the instruments are presented as follows:

Market quotation	<u>Open Market Stock stock closing price</u>
------------------	--

(2) Financial instruments other than the said financial instruments with



active markets are measured at fair value through valuation techniques or by reference to quotations from counterparties. The fair values obtained with the valuation techniques may refer to the current fair values of the financial instruments with substantially similar conditions or characteristics, or with other valuation techniques, including the calculation of the obtainable market information at the consolidated balance sheet date with a model.

- (3) Derivative financial instruments are measured based on valuation models widely accepted by market users, such as the discount method and the option pricing model. The forward foreign exchange contracts usually adopt the current valuation of the forward exchange rates.
- (4) The output of a valuation model is the estimated value, and valuation techniques may not reflect all the factors related to the financial instruments and non-financial instruments held by the Group. Therefore, the forecasted value of the valuation model may be adjusted properly based on additional parameters, such as the model risks or the liquidity risk. Based on the Group's management policy and control procedures for the fair value valuation model, the management believes to fairly present the fair values of the financial and non-financial instruments in the consolidated balance sheet, the valuation adjustment is properly and necessary. The price information and parameters used during the valuation process are prudentially evaluated, and properly adjusted based on the current market conditions.
- (5) The Group incorporates credit risk valuation into the calculation of the fair value of financial instruments and non-financial instruments to reflect the counterparty's credit risk and the Group's credit quality.

5. In 2024 and 2023, there was no transfer between Level 1 and Level 2.

6. Changes in Level 3 for 2024 and 2023 are presented below:

	Equity Securities	
	2024	2023
Jan. 1	\$45,862	\$46,347
recognized in other comprehensive income	2,113	(101 )
return of share capital	-	(384 )
Dec. 31	<u>\$47,975</u>	<u>\$45,862</u>

7. In 2024 and 2023, there was no transfer in and out of Level 3.

8. For Level 3 fair value measurement, the Group has its Finance Department and independent valuation experts responsible for the independent fair value verification of financial instruments, making the valuation results close to the market status using independent source data, and regularly reviewing to ensure reasonable valuation results.

Additionally, the Finance Department prescribes the valuation policies for the fair value of financial instrument, the valuation procedures, and the confirms the compliance with the requirements of the IFRSs.

9. The quantitative information on material unobservable inputs used in the valuation model adopted for Level 3 fair value measurement items and the

sensitivity analysis of changes in material unobservable inputs are presented as below:

	2024/12/31 fair Value	Model	Significant unobserva ble input	Weighted average	Input quality and fair value relationship
non-derivative equity instruments					
Non-Open market company	\$47,975	analogy	Price-to- book ratio	2.24	The higher the share price to fair value ratio, the higher the fair value
			Market capitalizati on base debt ratio	0.23	The lower the market value basis debt ratio, the higher the fair value
			liquidity discount	30.00%	The higher the liquidity discount, the lower the fair value
	2023/12/31 fair Value	Model	Significant unobserva ble input	Weighted average	Input quality and fair value relationship
non-derivative equity instruments					
Non-Open market company	\$45,862	analogy	Price-to- book ratio	2.01	The higher the share price to fair value ratio, the higher the fair value
			Market capitalizati on base debt ratio	0.15	The lower the market value basis debt ratio, the higher the fair value
			liquidity discount	30.00%	The higher the liquidity discount, the lower the fair value

10. The Group has adopted a valuation model and parameters with prudential assessment and selection; provided, using different valuation models and parameters may result in different valuation results. For the financial assets and liabilities classified as Level 3, if the valuation parameters change, the impacts on the profit and loss or other comprehensive income of the current period are as below:

			2024/12/31	
			recognized in other comprehensive income	
Financial Assets	Input	Change	favorable	unfavorable

equity instruments	Price-to-book ratio	±1%	\$536	(\$536)
	Market capitalization base debt ratio	±1%	110	(110)
	liquidity discount	±1%	71	(71)
			2023/12/31	
			recognized in other comprehensive income	
Financial Assets	Input	Change	favorable	unfavorable
equity instruments	Price-to-book ratio	±1%	\$459	(\$459)
	Market capitalization base debt ratio	±1%	69	(69)
	liquidity discount	±1%	68	(68)

### XIII. Other Disclosures

For the disclosures of investees, some of them are prepared based on the financial statements self-prepared and audited by the CPAs. The following transactions among the Company and subsidiaries are offset when preparing the consolidated statements, and the following disclosures are for reference only.

#### (I) Information on Significant Transactions

1. Loans to others: See Appendix 1.
2. Endorsements/guarantees provided: See Appendix 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): See Appendix 3.
4. The cumulative amount of buying or selling the same securities reaches NT\$300 million or more, or 20% of the paid-in capital: none.
5. Acquisition of individual property at least NT\$300 million or 20% of the paid-in capital: none.
6. Disposal of individual property at least NT\$300 million or 20% of the paid-in capital: none.
7. Purchases or sales of goods from and to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Appendix 4.

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Appendix 5.
9. Trading of derivative instruments: none.
10. Business relations between the parent company and its subsidiaries, and the status and amount of important transactions: See Appendix 6.

(II) Information on Investees

The name and location of investees and other relevant information (excluding investees located in mainland): See Appendix 7.

(III) Information on Investment in Mainland China

1. Basic information: See Appendix 8.
2. Significant transactions with investees in Mainland China, either directly or indirectly through a third area: none.

(IV) Information on Major Shareholders

Information on major shareholders: See Appendix 9.

XIV. Information of Operating Segments

(I) General information

The Group has two reportable segments, namely the yarn segment and fabric segment. The reportable segment are the strategic business units, to provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they need to be managed separately.

The Group deems the sales and transfer between the segments as the transactions with third parties, and complies with the arm's length principle. The profit and loss of segment is the balance of the segment revenue deducting the segment costs, operating costs and capital costs used. Segment costs, operating expenses, and borrowing costs are costs, operating expenses, and interest expenses related to revenue from the product department; however, segment costs, operating expenses, and interest expenses do not include losses to the Company unrelated to the segments.

The information of each operating segment is prepared based on the Group's accounting policies. The operating decision makers mainly take the revenues and income before tax of each operating segment as the indicators to assess the performance and resource allocation.

(II) Information of reportable segment

The information of reportable segments provided to the chief operating decision makers is as below:

	2024			
	Yarn	Fabric	Adjustment	Total
Revenue				
From Outside	\$518,419	\$1,107,560	\$-	\$1,625,979
From Group	-	-	-	-
Total Revenue	<u>\$518,419</u>	<u>\$1,107,560</u>	<u>\$-</u>	<u>\$1,625,979</u>
Departmental profit or loss	<u>(\$55,242 )</u>	<u>\$191,917</u>	<u>\$-</u>	<u>\$136,675</u>
Including				
Depreciation amortization	<u>\$80,368</u>	<u>\$14,808</u>	<u>\$-</u>	<u>\$95,176</u>
Interest income	<u>\$881</u>	<u>\$1,883</u>	<u>\$-</u>	<u>\$2,764</u>
Interest expenditure	<u>\$13,118</u>	<u>\$28,026</u>	<u>\$-</u>	<u>\$41,144</u>

	2023			
	Yarn	Fabric	Adjustment	Total
Revenue				
From Outside	\$646,727	\$511,026	\$-	\$1,157,753
From Group	-	-	-	-
Total Revenue	<u>\$646,727</u>	<u>\$511,026</u>	<u>\$-</u>	<u>\$1,157,753</u>
Departmental profit or loss	<u>(\$265,679 )</u>	<u>(\$69,000 )</u>	<u>\$-</u>	<u>(\$334,679 )</u>
Including				
Depreciation amortization	<u>\$93,257</u>	<u>\$16,737</u>	<u>\$-</u>	<u>\$109,994</u>
Interest income	<u>\$1,597</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,597</u>
Interest expenditure	<u>\$26,997</u>	<u>\$21,333</u>	<u>\$-</u>	<u>\$48,330</u>

Note: The measured amounts of the Group's assets are not the indicator used by the operating decision-maker. Therefore, the measured amount of the Group's assets should be disclosed as zero.

(III) Information by regions

The Group's information by region for 2024 and 2023 is presented as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$194,906	\$12,890	\$167,566	\$48,990
China	113,755	99	499,585	75
Southeast Asia	1,262,920	792,146	434,002	863,730
Other	54,398	-	56,600	-
Total	<u>\$1,625,979</u>	<u>\$805,135</u>	<u>\$1,157,753</u>	<u>\$912,795</u>

Revenue from the said regions is calculated based on the region where the sales to external customers are received.

(IV) Information on major customers

	2024		2023	
	sales amount	proportion	sales amount	proportion
B	\$ 303,051	19%	\$ 116,244	10%
A	273,354	17%	129,358	11%
D	170,129	10%	-	
	<u>\$ 746,534</u>		<u>\$ 245,602</u>	

Tah Tong Textile Co., Ltd. and subsidiaries  
Financing provided to others  
January 1, 2024 to December 31, 2024

Appendix 1

															Unit: NT\$ thousand (except for specified otherwise)		
No. (Note 1)	Lender	Borrower	Item	Related party or not	Maximum amount for the year	Ending balance (Amount)	Amount actually drawn	Range of interest rates	Nature of loan	Transaction amount	Cause for Short-term Financing	Provision for losses	Collateral		Limits on lending to individual borrowers	Limits on total loans	Remarks
													Name	Value			
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Other receivables	Y	\$ 131,400	\$ 98,175	\$ 65,450	3.1995%-3.4932%	Transaction	\$ 196,197	Not applicable.	\$ -	-	-	\$ 196,197	\$ 196,197	Note 2, 5
0	Tah Tong Textile Co., Ltd.	InnoPeak Advanced Materials Co., Ltd.	Other receivables	Y	14,700	14,700	14,700	3.5958%	Short-term Financing	-	used for the subsidiary's operation and purchase of materials	-	mechanical equipment	22,183	227,437	227,437	Note 3, 5
1	GLOUCESTER CO., LTD.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Other receivables	Y	32,850	32,725	-	-	Short-term Financing	-	used for the subsidiary's operation and purchase of materials	-	-	-	568,593	568,593	Note 4

Note 1: Numbers given in Column No. are defined as follows:

(1) 0 represents the Issuer.

(2) Invested companies are numbered sequentially starting from 1.

Note 2: The total amount of loans made to a company or firm with whom the Company does business with shall not exceed the Company's net worth, and an individual loan shall be limited to the amount of the transaction conducted between them.

Note 3: The total or individual amount of short-term financing provided by the Company shall be capped at 40% of the Company's net worth.

Note 4: Gloucester : The company's parent company's foreign subsidiaries that directly and indirectly hold 100% of the voting shares are engaged in fund lending with the company. The total amount and individual limits of short-term financing are limited to no more than 100% of the company's net worth. The financing period is One year (and may be extended twice for another year).

Note 5: Amount does not include interest payable.

Tah Tong Textile Co., Ltd. and subsidiaries  
Endorsements/guarantees provided  
January 1, 2024 to December 31, 2024

Appendix 2

Appendix 2

															Unit: NT\$ thousand (except for specified otherwise)	
No. (Note 1)	Guarantor	Name of the Company	Relationship (Note 2)	Principal			Amount actually drawn	Amount of the endorsement/gu arantee secured by property	Accumulated endorsement/guarantee amount as a percentage of net worth in the latest financial statements (%)	Maximum limits on the endorsement/gu arantee (Note 3)	Endorsement/gu arantee provided by the parent company to a subsidiary	Endorsement/ guarantee provided by a subsidiary to the parent company	Endorsement/g uarantee provided to a subsidiary in Mainland China	Remarks		
				Limits on the endorsement/guarantee to a principal (Note 3)	Maximum balance of the endorsement/guarantee for the year	Ending balance of the endorsement/guarantee										
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	2	\$ 1,137,186	\$ 305,505	\$ 304,343	\$ 258,947	\$ -	53.53%	1,137,186	Y	N	N			
0	Tah Tong Textile Co., Ltd.	GLOUCESTER CO., LTD.	2	1,137,186	39,420	39,270			6.91%	1,137,186	Y	N	N			

Note 1: Numbers given in Column No. are defined as follows:

(1) 0 represents the Issuer

(2) Invested companies are numbered sequentially starting from 1.

Note 2: The relationship between the Guarantor and the Principal may be either of the following two:

(1) A subsidiary in which the Company directly holds more than 50% ordinary shares.

(2) An invested company in which the Company and its subsidiary together hold more than 50% ordinary shares.

Note 3: The amount of the endorsement/guarantee provided to a company shall be limited to 50% of the Company's net worth for the year. However, for a subsidiary with 100% of voting rights held directly or indirectly by the Company, it shall be limited to 200% of the Company's net worth. The net worth is contained in the financial statements as audited or verified by CPAs. The amount of the endorsement/guarantee necessary for a transaction to a principal shall be limited to the amount of the transaction. The amount of the transaction is the total amount of purchases, sales and other dealings between two parties, as calculated for the latest year. The total liability of external endorsements/guarantees provided by the Company and its subsidiaries shall be limited to 200% of the Company's current net worth.



Tah Tong Textile Co., Ltd. and subsidiaries  
Marketable securities held as of the end of the year (excluding investments in subsidiaries, associates and jointly controlled entities)  
December 31, 2024

Appendix 3

Unit: NT\$ thousand  
(except for specified otherwise)

Holder	Type of securities	Name of securities	Relationship with Issuer	Item (Note 1)	Ending		Shareholding percentage (%)	Fair value	Remarks
					No. of shares	Carrying amount			
Tah Tong Textile Co., Ltd.	Ordinary shares	KINGTEX CORPORATION	The Company is a director of the company	1	171,095	47,549	13.58	47,549	
Tah Tong Textile Co., Ltd.	Ordinary shares	Ubn Corporapion	None	1	58,979	426	8.58	426	

Note 1: Item code: 1 - Financial assets at fair value through other comprehensive income - non-current

## Appendix 4

Tah Tong Textile Co., Ltd. and subsidiaries  
Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital.  
January 1, 2024 to December 31, 2024

Unit: NT\$ thousand  
(except for specified otherwise)

			Trading details				Trading terms different from general transactions and why		Notes receivable/payable and accounts receivable/payable				
			Purchase/Sales	Amount	Percentage of total purchase (sale)		Credit period	Unit Price	Credit period	Balance	As a percentage of notes receivable/payable and accounts receivable/payable		Remarks
					(%)						(%)		
Pruchaser or Seller	Counterparty	Relationship											
Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Subsidiary	Sales	\$ 196,197	44%	payable on a monthly basis with 270 days on account	The transaction prices of the transactions and the credit facilities between the Company and the related parties are negotiated by the both parties	No major deviation	\$ 319,517	93%	-		

Tah Tong Textile Co., Ltd. and subsidiaries  
Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital.  
December 31, 2024

Appendix 5

								Unit: NT\$ thousand (except for specified otherwise)	
Payee	Counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties Amount	Solution	Amount subsequently recovered	Provision for bad debts	
Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Subsidiary	\$ 386,220	-	\$ 143,479	Active collection	\$ -	\$ -	-

Note: Receivables from related parties include accounts receivable and other receivables

Tah Tong Textile Co., Ltd. and subsidiaries  
Significant transactions between the Company and its subsidiaries  
January 1, 2024 to December 31, 2024

Appendix 6

Unit: NT\$ thousand  
(except for specified otherwise)

No. (Note 1)	Trader	Counterparty	Relationship with the Trader (Note 2)	Trading details (Note 3)		Trading terms (Note 6)	As a percentage of consolidated total revenue or total assets
				Item	Amount		
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	1	Sales	\$ 196,197	(Note 6)	12
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	1	Receivables from related parties (Note 5)	386,220	(Note 6)	19

Note 1: Transactions between the parent company and its subsidiaries shall be indicated respectively in column No. Numbers so given are defined as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1.

Note 2: The relationship with the trader may be one of the following three:

1. Represents the transaction of the parent company to its subsidiary.
2. Represents the transaction of the subsidiary and its parent company.
3. Represents the transaction between subsidiaries.

Note 3: The amount of purchases, sales, and receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital shall be disclosed for transactions between the parent company and its subsidiaries.

Note 4: See Appendix 1 for loans between the Company and its subsidiaries.

Note 5: Receivables from related parties include accounts receivable and other receivables.

Note 6: Commodities are sold at the agreed price, payable on a monthly basis with 9 months on account. Other receivables are adjusted as needed for the working capital.

Note 7: The transaction price is the same as that of a general customer, payable on a monthly basis with 120 days on account.

## Appendix 7

Tah Tong Textile Co., Ltd. and subsidiaries  
Names and locations of investees (investees in Mainland China excluded)  
January 1, 2024 to December 31, 2024

											Unit: NT\$ thousand (except for specified otherwise)
Investor	Investee	Location	Main business activities	Initial investment amount		Held at the end of the year			Profit or loss of the investee	Share of the profit or loss of the investee recognized for the year	Remarks
				Ending	End of last year	No. of shares	Ratio (%)	Carrying amount			
Tah Tong Textile Co., Ltd.	Great Bell Printing & Dyeing Co., Ltd.	Taiwan	Printing, dyeing, finishing, processing and sales of textiles	\$ 81,486	\$ 81,486	1,918,290	19.18	\$ 195,733	\$ 1,710,371	\$ 327,227	Affiliate
Tah Tong Textile Co., Ltd.	GLOUCESTER CO., LTD.	Samoa Islands	General investment	2,091,174	1,578,194	67,455,000	100.00	561,752 (	171,584) (	171,584)	Subsidiary
Tah Tong Textile Co., Ltd.	InnoPeak Advanced Materials Co., Ltd.	Taiwan	Production, sales, and trading of plastic of compound materials, woven fabrics, and woven panels	90,000	90,000	6,000,000	36.09	15,864 (	40,242) (	16,097)	Affiliate
GLOUCESTER CO., LTD.	DAYSTAR LIMITED	Mauritius	General investment	90,405	90,405	3,000,000	100.00	( 70,485) (	( 2,664) (	( 2,664)	Subsidiary
GLOUCESTER CO., LTD.	ROSEGATE HOLDING CORP.	British Virgin Islands	General investment	1,844,004	1,331,024	59,000,000	100.00	( 624,916) (	( 157,111) (	( 157,111)	Subsidiary
GLOUCESTER CO., LTD.	KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY	Vietnam	Printing, dyeing, refining, and process of textiles	165,486	165,486	9,696,215	52.14	( 6,720) (	( 18,345) (	( 11,948)	Subsidiary
ROSEGATE HOLDING CORP.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Vietnam	Production, sales, and trading of natural yarn, artificial yarn, woven fabrics, industrial fabrics, and other fabrics	1,844,004	1,331,024	59,000,000	100.00	( 625,497) (	( 157,111) (	( 157,111)	Subsidiary

Note: On December 9, 2024, the board of directors of Innopeak co.ltd.. approved a cash capital increase to issue 1,625,000 common shares with a par value of \$10 per share. The base date for the capital increase is December 26, 2024. The Company did not subscribe according to its shareholding ratio and its shareholding ratio was reduced from 40% to 36.09%.

Tah Tong Textile Co., Ltd. and subsidiaries  
Information on Investments in Mainland China—Basic Information  
January 1, 2024 to December 31, 2024

Appendix8

Unit: NT\$ thousand  
(except for specified otherwise)

Investee in mainland China	Main business activities	Paid-in capital	Form of investment	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered for the year		Accumulated investment amount remitted from Taiwan at the end of the year	Profit or loss of the investee	Ownership percentage through direct or indirect investment (%)	Share of the profit or loss of the investee recognized for the year (Note 2)	Carrying amount of investment at the end of the year	Investment income repatriated for the year	Remarks
					Outward remittance	Repatriation							
eNova Textiles Ltd.	Wholesale of Fabrics, Wholesale of Clothing, Wholesale of Other Chemical Products, and Commodity Brokerage	\$ 98,175	Note 1	\$ 42,543	\$ -	\$ -	\$ 42,543	(\$ 2,664)	100.00	(\$ 2,664)	(\$ 70,485)	\$ -	Note 4

  

Name of the Company	Accumulated investment amount remitted from Taiwan to mainland China at the end of the year	Investment amount approved by the Investment Commission, MOEA (Note 4)	Limits on investments in mainland China approved by the Investment Commission, MOEA (Note 3)
Tah Tong Textile Co., Ltd.	\$ 42,543	\$ 98,175	\$ 344,857

Note 1: It is the form of investing in a company in a third region and then reinvesting in a mainland company.

Note 2: The share of the profit or loss of the investee recognized for the year is based on the valuation of the financial statements audited by CPAs of the parent company in Taiwan.

Note 3: It is calculated based on 60% of the Company's net value in the consolidated financial statements.

Note 4: As approved by the Investment Commission, MOEA with its Letter Jing-Shen-2nd Letter No. 10200071150 dated March 6, 2013 and Jing-Shen-2nd Letter No. 09600385770 dated October 18, 2007, US\$1,700,000 was remitted by the Company's subsidiary Gloucester Co., Ltd., and US\$1,300,000 was remitted by the Company from Taiwan.

Tah Tong Textile Co., Ltd. and subsidiaries  
Information on Major Shareholders  
December 31, 2024

Appendix 9

Names of major shareholders	Shares	
	Shareholding increase	Shareholding percentage
Yung Huang Investment Co., Ltd.	17,388,482	24.24%

Notes:

- (1) The information about major shareholders in this table is the information on shareholders holding a total of 5% or more of the Company's ordinary shares and special shares delivered with dematerialized securities (including treasury shares) on the last business day at the end of each quarter, as calculated by TDCC.  
There may be a discrepancy in the number of shares recorded on the financial statements of the Company and the actual number of shares delivered with dematerialized securities arising from the difference in basis of preparation.
- (2) The above information will be disclosed based on the trust accounts opened by the trustees if the shareholders put their shares into a trust. As for shareholders' insider declaration of ownership with more than 10% ownership in accordance with the Securities and Exchange Act, including the shares held in person plus the shares placed in trust and with the decision power over the utilization of the trust assets, see the insider declaration information in the Public Market Observation Post System.