

Tah Tong Textile Co., Ltd.
Parent Company Only
Financial Statements and
Independent Auditors' Report
For the Years Ended December 31,
2025 and 2024
(CODE :1441)

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For the convenience of readers and for information purposes only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Tah Tong Textile Co., Ltd.
Parent Company Only Financial Statements
and Independent Auditor's Report for the
years ended December 31, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

PWCR25003918

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

Opinion

We have audited the accompanying parent company only balance sheets of TAH TONG TEXTILE CO., LTD. (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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 parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public 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 Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 parent company only financial statements are stated as follows:

Assessment of allowance for inventory valuation losses (including inventories of subsidiaries accounted for under the equity method)

Description

Refer to Notes 4(9) and 4(11) for accounting policy on inventory valuation and investments accounted for under the equity method, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Notes 6(3) and 6(5) for details of inventories. As of December 31, 2025, the textile inventories and allowance for inventory valuation losses amounted to NT\$34,436 thousand and NT\$7,791 thousand, respectively. As of December 31, 2025, the inventories and allowance for inventory valuation losses in the consolidated financial statements amounted to NT\$327,688 thousand and NT\$66,269 thousand, respectively. The Company is engaged in the sales of cotton yarn that was produced by the subsidiary in Vietnam and finished fabrics outsourced, etc. 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 Company's and its subsidiary's inventory are 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. The allowance for inventory valuation losses is presented in "inventories" and "investments accounted for under the equity method" in the parent company only financial statements.

As the Company and its Vietnam subsidiary operate 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 Company's and its Vietnam subsidiary's 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 compare it with the assessment result of the management.

Subsidiaries accounted for under the equity method - impairment assessment of property, plant and equipment

Description

Refer to Note 4(11) in the parent company only financial statements and Note 4(18) in the consolidated financial statements for accounting policies on investments accounted for under the equity method and impairment of non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment valuation, and Note 6(6) in the parent company only financial statements, Notes 6(6) in the consolidated financial statements for details of property, plant and equipment. As of December 31, 2025, the Company's property, plant and equipment in the consolidated financial statements amounted to NT\$422,080 thousand

As the operation of the Vietnam subsidiary was not as expected due to the 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 investments accounted for under the equity method. 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 Company'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 investments 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 associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$201,172 thousand and NT\$211,597 thousand, constituting 19.85% and 14.56% of the parent company only total assets as at December 31, 2025 and 2024, respectively, and the comprehensive gain(loss) recognised from associates and joint ventures accounted for under the equity method amounted to (NT\$36,125) thousand and NT\$311,130 thousand, constituting 41.72% and 242.3% of the parent company only total comprehensive loss for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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
For and on behalf of PricewaterhouseCoopers, Taiwan
March 11 , 2026

Lin, Yung-Chih

The accompanying parent company only 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 parent company only 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.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Parent Company Only Balance Sheet
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Asset	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 50,739	5	\$ 48,091	3
1170	Net value of accounts receivable	6(2)	28,253	3	22,882	2
1180	Accounts receivable - related parties, net	7	55,758	6	319,517	22
1200	Other receivables		3,605	-	1,722	-
1210	Other receivables - related parties	7	68,435	7	72,249	5
130X	Inventories	6(3)	26,645	3	68,186	5
1410	Prepayments		1,957	-	4,365	-
1470	Other current assets	8	25,041	2	28,392	2
11XX	Total current assets		<u>260,433</u>	<u>26</u>	<u>565,404</u>	<u>39</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income- non-current	6(4)	39,797	4	47,975	3
1550	Investment accounted for using the equity method	6(5)、7 and 8	694,882	69	773,349	53
1600	Property, Plant and Equipment	6(6)	3,097	-	2,552	-
1780	Intangible assets		12,559	1	20	-
1840	Deferred tax assets	6(22)	2,610	-	39,114	3
1975	Net defined benefit assets - non-current	6(11)	-	-	14,937	1
1990	Other non-current assets - others		68	-	10,319	1
15XX	Total non-current assets		<u>753,013</u>	<u>74</u>	<u>888,266</u>	<u>61</u>
1XXX	Total assets		<u>\$ 1,013,446</u>	<u>100</u>	<u>\$ 1,453,670</u>	<u>100</u>

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Parent Company Only Balance Sheet
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(7) and 7	\$ 137,559	14	\$ 182,123	13
2150	Notes payable		491	-	4,082	-
2170	Accounts payable	7	69,133	7	133,726	9
2200	Other payables	6(10) and 7	35,795	3	37,163	3
2230	Income tax liability - Current		-	-	15,699	1
2320	Long-term liabilities due within a year or one operating cycle	6(9) and 7	38,296	4	243,261	17
2399	Other current liabilities - other		358	-	1,715	-
21XX	Total current liabilities		<u>281,632</u>	<u>28</u>	<u>617,769</u>	<u>43</u>
Non-current liabilities						
2530	Corporate bonds payable	6(9) and 7	-	-	-	-
2540	Long-term borrowings	6(9) and 7	268,066	26	198,462	13
2570	Deferred tax liabilities	6(22)	69	-	68,807	5
2600	Other non-current liabilities		39	-	39	-
25XX	Total non-current liabilities		<u>268,174</u>	<u>26</u>	<u>267,308</u>	<u>18</u>
2XXX	Total Liabilities		<u>549,806</u>	<u>54</u>	<u>885,077</u>	<u>61</u>
Equity						
Share capital						
3110	Common share capital	6(12)	717,444	71	717,444	49
Capital reserve						
3200	Capital reserve	6(13)	26,394	3	44,752	3
Retained earnings						
3350	Deficit yet to be compensated	6(14)	(214,957)	(21)	(185,472)	(13)
Other equity						
3400	Other equity	6(15)	(65,241)	(7)	(8,131)	-
3XXX	Total equity		<u>463,640</u>	<u>46</u>	<u>568,593</u>	<u>39</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Significant Events						
3X2X	Total liabilities and equities		<u>\$ 1,013,446</u>	<u>100</u>	<u>\$ 1,453,670</u>	<u>100</u>

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Yang, Shao-Dong

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

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

	Item	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(16) and 7	\$ 294,089	100	\$ 443,780	100
5000	Operating costs	6(3)(20) and 7	(207,031)	(70)	(397,757)	(90)
5900	Gross profit		87,058	30	46,023	10
5910	Unrealized gains from sales		(168)	-	(8,793)	(2)
5920	Released gains from sales		8,793	3	9,656	2
5950	Gross operating profit, net		95,683	33	46,886	10
	Operating expenses	6(20) (21) and 7				
6100	Selling expenses		(25,953)	(9)	(21,741)	(5)
6200	Administrative expenses		(53,776)	(18)	(53,142)	(12)
6300	Research and development expenses		(4,307)	(2)	(5,554)	(1)
6450	Expected credit impairment gains(loss)	12(3)	(201)	-	317	-
6000	Total operating expenses		(84,237)	(29)	(80,120)	(18)
6900	Operating loss		11,446	4	(33,234)	(8)
	Non-operating income and expenses					
7100	Interest revenue		3,187	1	4,322	1
7010	Other income	6(17)	7,871	3	1,988	-
7020	Other gains or losses	6(18)	(12,079)	(4)	65,143	15
7050	Financial costs	6(19)	(13,742)	(5)	(19,140)	(4)
7055	Expected credit impairment loss	12(3)	(262)	-	(9,819)	(2)
7070	Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method		(60,419)	(20)	139,546	31
7000	Total non-operating incomes and expenses		(75,444)	(25)	182,040	41
7900	Net loss before tax		(63,998)	(21)	148,806	33
7950	income tax expense	6(23)	32,684	11	(36,387)	(8)
8200	Current net loss		(\$ 31,314)	(10)	\$ 112,419	25
	Other comprehensive profit and loss (net)					
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(11)	\$ 2,250	1	\$ 1,873	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(4)	(8,178)	(3)	2,113	1
8330	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss		(3,813)	(2)	883	-
8349	Income taxes related to the items not reclassified	6(22)	(450)	-	(373)	-
8310	Total items not reclassified subsequently to profit or loss		(10,191)	(4)	4,496	1
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		(45,038)	(15)	11,479	3
8380	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items may be reclassified subsequently to profit or loss		(52)	-	15	-
8360	Total items that may be reclassified subsequently to profit or loss		(45,090)	(15)	11,494	3
8300	Other comprehensive profit and loss (net)		(\$ 55,281)	(19)	\$ 15,990	4
8500	Total comprehensive income for this period		(\$ 86,595)	(29)	\$ 128,409	29
	Loss per share	6(23)				
9750	Basic loss per share		\$ 0.45		\$ 1.63	
9750	Diluted loss per share		\$ 0.45		\$ 1.63	

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Yang, Shao-Dong

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)
 Tah Tong Textile Co., Ltd.
 Unconsolidated Statement of Changes in Equity
 For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Notes	Common share capital	Retained earnings			Other equity			Total equity	
		Capital reserve-Issue Premium	Capital reserve - changes in the net equity in affiliates and the joint ventures recognized with the equity method	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		
2024									
	Opening balance at January 1	\$ 632,952	\$ -	\$ 19,186	(\$ 299,521)	(\$ 42,951)	\$ 20,241	\$ 219	\$ 330,126
	Current net Income	-	-	-	112,419	-	-	-	112,419
6(16)	Other comprehensive income recognized for the period	-	-	-	1,630	11,494	2,866	-	15,990
	Total comprehensive income for this period	-	-	-	114,049	11,494	2,866	-	128,409
	Changes in associated companies and joint ventures recognized using the equity method	-	-	10,058	-	-	-	-	10,058
6(13)	Cash capital increase	84,492	15,508	-	-	-	-	-	100,000
	Ending balance on December 31	\$ 717,444	\$ 15,508	\$ 29,244	(\$ 185,472)	(\$ 31,457)	\$ 23,107	\$ 219	\$ 568,593
2025									
	Opening balance at January 1	\$ 717,444	\$ 15,508	\$ 29,244	(\$ 185,472)	(\$ 31,457)	\$ 23,107	\$ 219	\$ 568,593
	Current net Loss	-	-	-	(31,314)	-	-	-	(31,314)
6(16)	Other comprehensive income recognized for the period	-	-	-	1,829	(45,090)	(12,020)	-	(55,281)
	Total comprehensive income for this period	-	-	-	(29,485)	(45,090)	(12,020)	-	(86,595)
	Changes in associated companies and joint ventures recognized using the equity method	-	-	(18,358)	-	-	-	-	(18,358)
	Ending balance on December 31	\$ 717,444	\$ 15,508	\$ 10,886	(\$ 214,957)	(\$ 76,547)	\$ 11,087	\$ 219	\$ 463,640

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Yang, Shao-Dong

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Parent-Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

	Notes	January 1, 2025 to December 31, 2025	January 1, 2024 to December 31, 2024
<u>Cash flows from operating activities</u>			
Net gain(loss) before income tax		(\$ 63,998)	\$ 148,806
Adjustments			
Income/expenses items			
Depreciation expense	6(21)	147	966
Amortization cost	6(21)	1,264	40
Expected credit impairment reversed gains	12(3)	(463)	9,502
Interest revenue		(3,187)	(4,322)
Dividend income	6(18)	(5,133)	(1,027)
Interest expenses	6(20)	13,742	19,140
Disposal of real estate, plant and equipment losses	6(19)	120	1,448
Loss Recovering Benefit	6(6)(19)	-	(26,245)
Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method		60,419	(139,546)
Gains on disposal of property, plant and equipment		(1,291)	-
Reversal of gains from non-financial asset impairment		(10,490)	-
Released gains from sales			(863)
Unrealized exchange (profit) losses			(14,612)
Gain from disposing non-current assets held for sale		5,582	-
Loss from lease modification		250,788	-
Changes in assets/debts having to do with business activities		(818)	
Net changes in the assets related to the operating activities		41,541	
Accounts receivable		5,759	3,297
Accounts receivables - related parties (long-term included)		25,188	302,501
Other receivables (long-term receivables included)			1,041
Inventories		(3,591)	(24,092)
Other current assets		(64,417)	(16,513)
Other non-current assets		(3,794)	(1,855)
Net changes in the liabilities related to the operating activities		(1,357)	
Notes payable		-	(5,421)
Accounts payable		246,011	19,946
Other payables		4,039	5,340
Other current liabilities		5,133	810
Other non-current liabilities		(11,318)	(85)
Cash inflows (outflows) generated from operations		(146)	278,256
Interest received		243,719	4,138
Dividends received		(\$ 63,998)	1,027
Interest paid			(16,125)
Income paid			(2,183)
Net cash inflow (outflow) from operating activities		147	265,113

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Parent-Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

	<u>Notes</u>	<u>January 1, 2025 to December 31, 2025</u>	<u>January 1, 2024 to December 31, 2024</u>
<u>Cash flows from investing activities</u>			
Decrease (increase) in capital loaned to related parties		(\$ 817)	\$ 14,069
Liquidation of investment using the equity method to return the stock proceeds	6(5)	-	76,232
Purchase of property, plant and equipment	6(6)	(812)	-
Disposal of real estate, factory buildings and equipment		-	60,867
Purchase of intangible assets	6(5)	(13,803)	-
Receiving dividends from equity-based companies	6(5)	8,872	258,969
Acquiring equity-based investments	6(5)	(56,794)	(512,980)
Net cash inflow (outflow) from investing activities		(63,354)	(102,843)
<u>Cash flows from financing activities</u>			
Borrow short-term borrowings		273,947	1,112,141
Repay short-term borrowings		(318,511)	(1,044,842)
Repayments of long-term borrowings		(184,261)	(29,805)
Repay from related parties borrowings		(112,000)	(681,784)
Borrow from related parties borrowings		160,900	425,830
Redeem company debt	6(9)	-	(100,000)
Cash capital increase	6(13)	-	100,000
Net cash inflow from financing activities		(179,925)	(218,460)
Effect on foreign currency exchange differences		2,208	1,019
Increase of cash and cash equivalents of the current term		2,648	(55,171)
Cash and cash equivalents at the beginning of the year		48,091	103,262
Cash and cash equivalents at the end of the year		\$ 50,739	\$ 48,091

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Yang, Shao-Dong

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Tah Tong Textile Co., Ltd.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2025 and 2024

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 (hereinafter “the Company”) 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 parent company only financial statements were approved and released by the Board of Directors on March 11, 2026.

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 2025:

New issued/amended/revised standards and interpretations	Effective date of publication by IASB
Amendments to International Accounting Standard No. 21 “Lack of Convertibility”	January 1, 2025

After assessing the aforesaid IFRSs and interpretations, the Company believes no material impact is generated on the Company’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 2025:

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”	January 1, 2026
Amendments to International Financial Reporting Standard No. 9 and International Financial Reporting Standard No. 7 “Contracts involving natural power”	January 1, 2026

New issued/amended/revised standards and interpretations	Effective date of publication by IASB
IFRS 17 : Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Contracts of Insurance	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Annual Improvement of Accounting Standards in International Financial Reporting Standards - Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’

The IASB issued amendments to update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period.

(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 IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

These parent company only financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of preparation

1. Except for the following key items, the parent company only 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the FSC (hereinafter "IFRSs"), some key accounting estimates are required to be used. During the process of applying the Company's accounting policies, the management is required to use their judgment. For the items involving high judgment or complexity, or involving the material assumptions and estimates of the parent company only financial reports, see Note 5 for details.

(III) Foreign currency translation

The parent company only 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) Exchange gains and losses are reported in the “Other gains and losses” section of the income statement.

2. Conversion for foreign operating institutions

- (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 the foreign operation disposed or sold partially is a subsidiary, accumulated exchange differences recognized in other comprehensive income 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) 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.

(IV) 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 twelve 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 twelve months after the balance sheet date.

The Company classifies all other assets than above as non-current except for Note 4(10).

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 twelve months from the balance sheet date; or
- (4) does not have the right to defer payment of debts for at least twelve months after the reporting period.

The Company classifies all the liabilities not meeting the conditions above as non-current.

(V) Financial assets at FVTPL

1. Financial assets are measured at FVTPL, unless measured at amortized cost or at FVOCI.
2. The Company recognizes customary financial assets at FVTPL at the date of the transaction.
3. On initial recognition, the Company measures such financial assets at fair value and recognizes transaction costs in profit or loss; the Company 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 Company recognizes dividend income under the profit or loss.

(VI) 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 Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income that are in accordance with customary transactions.
3. At initial recognition, the Company measures such financial assets at fair value plus transaction cost, 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 Company recognizes dividend income under the profit or loss.

(VII) 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 Company measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(VIII) Financial asset impairment

At each balance sheet date, the Company, 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.

(IX) 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.

(X) Property to be sold

1. The Company 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 financial statements, the Company 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.

(XI) Investment accounted for using the equity method/subsidiaries and affiliates

1. A subsidiary is an entity controlled by the Company (including the structured entities). When the Company 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 Company controls the entity.
2. The unrealized income generated between the Company and the subsidiaries are written off. The accounting policies of the subsidiaries are adjusted where necessary to be aligned with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss of an acquired subsidiary in current profit or loss; the share of the other comprehensive income of such subsidiary is recognized in other comprehensive income. When the Company's share of loss in any subsidiary equals to, or exceeds the equity in the same, the Company continues to recognize the loss proportionally to the shareholding.

4. Any change in the shareholding of the subsidiary that does not result in the loss of control (transactions with non-controlling interests) is accounted for as an equity transaction and deemed as a transaction between 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. An associate is an entity over which the Company has significant influence (other than control) or, more generally, of which the Company, directly or indirectly, 20% or more of the voting rights. The Company adopts the equity method to treat the investments in affiliates, and recognizes them at the costs at the time of acquisition.
6. The Company 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 Company's share of loss in any affiliate equals to, or exceeds the equity in the same affiliate (including any other unsecured receivables), the Company does not recognize further loss, unless the Company has any legal obligation or constructive obligation incurred in that affiliate, or made any payment on behalf of the affiliate.
7. When an associate has any changes in equity arising from non-recurring gains and losses and other comprehensive income do not affect the Company's shareholding in the associate, the Company recognizes all such changes in equity in "Capital reserve" proportionally to the shareholding.
8. Unrealized gains or losses arising from a transaction between the Company and an associate have been written off proportionally to the equity interests held by the Company 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 the affiliates are adjusted where necessary to be aligned with the policies adopted by the Company.
9. When an associate issues additional new shares, if the Company 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.

10. When the Company 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.
11. When the Company disposes of an associate, if its significant influence over that associate is lost, all amounts related to the associate in question and recognized under other comprehensive income will be accounted for the same as if the Company directly disposes of relevant assets or liabilities. If any profit or loss previously recognized in comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of, such profit or loss will be reclassified from equity to profit or loss when the significant influence over that associate is lost. 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.
12. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.
13. 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.

(XII) 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 Company 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 life 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 Company 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

(XIII) Non-financial asset impairment

For the assets showing the impairment signals at the balance sheet date, the Company estimates the recoverable amount; if the recoverable amount, it is recognized as the impairment loss. The recoverable amount is the higher between the 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.

(XIV) 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 Company. 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 Company; 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 adjustments 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.

(XV) Intangible assets

The computer software is recognized at the acquisition costs, and amortized with the straight-line method based on the useful life of 2-5 years.

(XVI) Borrowings

1. Long- and short- term funds borrowed from banks. At the initial recognition, the Company measures such at 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.

(XVII) 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 Company measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(XVIII) Ordinary corporate bonds payable

The ordinary corporate bonds payable issued by the Company are measured at the balance of the fair value deducting the transaction costs when being initially recognized; the difference between the consideration deduction 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.”

(XIX) 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

A. 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 adopts the market yield of the government bonds with the same currency and duration as the defined benefit plan (at the balance sheet date).

B. 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 and supervisors

The employees' remuneration and remuneration of directors and supervisor 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 that occurs between the actual distribution amount resolved and the estimated amount later, it is treated as a change in the accounting estimates. Where employees' remuneration is distributed in shares, the dividends is calculated based on the closing price of the previous day of the day when the Board makes the resolution.

(XX) 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 Company calculates the income tax for the current period using the tax rates that have been enacted or substantially enacted in the country where the Company 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 using the balance sheet method based on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the individual balance sheet. Deferred income tax liabilities arising from goodwill initially recognized are not recognized. If deferred income tax arises from the initial recognition of assets or liabilities in a transaction (excluding business combinations) and does not affect accounting profit or taxable income (tax loss) and does not generate an equivalent taxable and deductible temporary difference at the time of the transaction, it is not recognized. If the Company can control the timing of the reversal of temporary differences arising from investments in subsidiaries and associated companies, and if it is probable that the temporary differences will not reverse in the foreseeable future, they will not be recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted on the balance sheet date and is expected to be applicable when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
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.

(XXI) 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.

(XXII) Revenue recognition

Product sales:

1. The Company manufactures and sells cotton, cotton yarn, T/C blended yarn, chemical fiber yarn, and gray cloth, finished fabrics and knitted fabrics, among the 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

Company 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 Company has unconditional rights to the contract price if only the passage of time is required before payment.

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

When preparing the parent company only 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 the 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

(1) Key judgements adopted for the accounting policies

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

(2) Key accounting estimates and assumptions

1. Assessment of property, plant, and equipment impairment

During the evaluation process of the asset impairment, the Company must depend on the subjective judgment and based on the use pattern of an asset and the feature of the industry, to decide the independent cash flow for a certain asset group, the useful lives of assets, and the incomes and expenses may be generated in the future. Any change in the economic conditions or any change in estimate led by the Group's strategies may cause a material impairment in the future. Please refer to Note 6(6) for the explanation of details regarding the book value of real estate, factory buildings and equipment as of December 31, 2025.

2. Valuation of inventories

Since the inventories is valued at the lower between the costs and the net realizable values, the Company 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, and some products have the features of customization, the Company 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 of book value of inventory as of December 31, 2025 .

VI. Summary of Significant Accounting Items

(I) Cash

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
cash	\$5	\$15
bank savings	50,734	48,076
	<u>\$50,739</u>	<u>\$48,091</u>

1. Financial institutions that deal with the Company have good credit and the Company 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 Company'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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Account Receivable	\$29,330	\$23,758
Less : Allowance for losses	(1,077)	(876)
	<u>\$28,253</u>	<u>\$22,882</u>

1. As of December 31, 2025 and 2024, 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, 2024 was \$26,132
2. For relevant information on credit risk, see Note 12(3).

(III) Inventories

1. Textile inventories

	<u>December 31, 2025</u>		
	<u>COST</u>	<u>Allowance</u>	<u>Book Value</u>
Materials	\$19,854	(\$4,759)	\$15,095
WIP	7,449	(689)	6,760
Finish Goods	7,133	(2,343)	4,790
Total	<u>\$34,436</u>	<u>(\$7,791)</u>	<u>\$26,645</u>
	<u>December 31, 2024</u>		
	<u>COST</u>	<u>Allowance</u>	<u>Book Value</u>
Materials	\$54,980	(\$2,076)	\$52,904
WIP	13,212	(1,447)	11,765
Finish Goods	7,103	(3,586)	3,517
Total	<u>\$75,295</u>	<u>(\$7,109)</u>	<u>\$68,186</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Cost of Good Sold	\$206,349	\$407,564
Allowance	682	(9,807)
	<u>\$207,031</u>	<u>\$397,757</u>

(1) For the year ended 2024, as the net realizable value of inventories rose due to effective destocking of inventories, the Group recognized it as decrease in the cost of sales.

(2) For the years ended 2025 and 2024, the Company did not pledge any inventories as collateral.

2. Net amount of property held for sale:

ITEM	December 31, 2025	December 31, 2024
Parking Area	\$2,403	\$2,403
Less : allowance	(2,403)	(2,403)
Net Amount	<u>\$-</u>	<u>\$-</u>

For the years ended 2025 and 2024, the Company 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

	December 31, 2025	December 31, 2024
Non-Open Market Stock	\$26,266	\$26,266
Allowance	13,531	21,709
	<u>\$39,797</u>	<u>\$47,975</u>

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

	2025	2024
Accumulated fair value gains recognized in other comprehensive income due to delisting are transferred to retained earnings	(\$8,178)	\$2,113
Dividend income included in profit or loss	<u>\$-</u>	<u>\$-</u>
Holding at the end of the period	<u>\$5,133</u>	<u>\$1,027</u>

2. For the years ended 2025 and 2024, the Company did not pledge any financial assets at FVOCI as collateral.

(V) Investment accounted for using the equity method

	December 31, 2025	December 31, 2024
Subsidiary		
GLOUSTER CO., LTD	\$493,710	\$561,752
Related Party		
GREAT BELL PRINTING & DYEING CO., LTD.	189,842	195,733
InnoPeak Co.Ltd.	11,330	15,864
	<u>\$694,882</u>	<u>\$773,349</u>

1. Subsidiaries

- (1) For the information on the Company's subsidiaries, please refer to Note 4(3) of the 2025 consolidated financial statements.
- (2) On May 8, 2024, the board of directors of GLOUCESTER CO., LTD. (hereinafter referred to as GLOUCESTER) approved a resolution to increase the capital of its subsidiary TAH TONG TEXTILE (VIETNAM) CO., LTD. (hereinafter referred to as TAH TONG (VN)) by US\$10 (in dollars) per share in cash through its investment company ROSEGATE HOLDING CORP. (hereinafter referred to as ROSEGATE), totaling 16,000 shares, with a total capital increase of US\$512,980. The base date for capital increase is November 29, 2024.

2. Affiliates

- (1) The basic information on the Company's major affiliates is presented below:

Company	Location	December 31, 2025	December 31, 2024	Characteristic	Measurement method
Great Bell	TW	17.74%	19.18%	supplier	equity

On October 30, 2024, Great Bell Printing & Dyeing CO., LTD. (hereinafter referred to as " Great Bell ") passed a resolution at the board of directors to issue 30,000,000 ordinary shares in cash, with a par value of \$10 per share. The base date for the capital increase was February 5, 2025. On January 16, 2025, the Group passed a resolution at the board of directors to issue 5,179 thousand shares in cash to Great Bell. As the Group did not subscribe in accordance with its shareholding ratio, its shareholding ratio decreased from 19.18% to 17.74%, and the amount of capital reserve reduced was \$12,975.

- (2) The summarized financial information on the Company's major affiliates is presented as follows:

Balance sheet

	Great Bell	
	December 31, 2025	December 31, 2024
Current assets	\$371,316	\$315,551
Non-current assets	1,257,159	1,351,397
Current liabilities	(513,558)	(607,606)
Non-current liabilities	(44,783)	(38,992)
Total net assets	\$1,070,134	\$1,020,350
Share of net assets of affiliates	\$189,842	\$195,733
Related party book value	\$189,842	\$195,733

Statement of comprehensive income

	Great Bell	
	2025	2024
Income	\$442,953	\$489,322
Net amount of continuing business units in the current period	(\$113,989)	\$1,839,752
Other comprehensive income	(20,539)	(129,381)
Total comprehensive profit and loss for the period	(\$134,528)	\$1,710,371
Dividends received from affiliates	\$8,872	\$258,969

- (3) The book amounts and operating results of individual insignificant affiliated enterprises of the Company are summarized as follows ; As of December 31, 2025 and 2024, the total book amounts of the company's individual insignificant related companies were \$11,330 and \$15,864 respectively.

	2025	2024
Net amount of continuing business units in the current period	(\$44,095)	(\$40,242)

- (4) The Company holds 33.73% 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 16, 2025, the board of directors of InnoPeak Co.Ltd. approved a cash capital increase to issue 2,399 thousand new common shares with a par value of \$10 (in dollars) per share. The record date for the capital increase was December 19, 2025. The Company did not subscribe in proportion to its existing shareholding; therefore, its ownership interest decreased from 36.09% to 33.73%, resulting in an increase in capital reserve of \$6,269.
- (6) On December 9, 2024, the board of directors of InnoPeak Co.Ltd. approved a cash capital increase to issue 1,625 thousand new common shares with a par value of \$10 (in dollars) per share. The base date for capital increase is December 26, 2024. The Company did not subscribe in accordance with its shareholding ratio and its shareholding ratio was reduced from 40% to 36.09%, increasing the capital reserve amount by \$10,058.
- (7) The Company provided shares of Great bell printing & dyeing Co., Ltd. as collateral for the loan. Please refer to Note 7 and Note 8 for details.

(VI) Property, Plant and Equipment

	Land	Housing and construction	Machine	Hydropower	Other	Total
January 1, 2025						
COST	\$591	\$2,712	\$-	\$-	\$17,495	\$20,798
Accumulated Depreciation	-	(2,584)	-	-	(15,662)	(18,246)
	<u>\$591</u>	<u>\$128</u>	<u>\$-</u>	<u>\$</u>	<u>\$1,833</u>	<u>\$2,552</u>
<u>2025</u>						
January 1	\$591	\$128	\$-	\$-	\$1,833	\$2,552
Purchase	-	657	-	-	155	812
Disposal	-	(120)	-	-	-	(120)
Depreciation	-	(8)	-	-	(139)	(147)
December 31	<u>\$591</u>	<u>\$657</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,506</u>	<u>\$3,097</u>
December 31, 2025						
COST	\$591	\$2,100	\$-	\$-	\$8,808	\$11,499
Accumulated Depreciation	-	(2,100)	-	-	(6,302)	(8,402)
	<u>\$591</u>	<u>\$-</u>	<u>\$-</u>	<u>\$</u>	<u>\$2,506</u>	<u>\$3,097</u>
	Land	housing and construction	machine	Hydropower	Other	Total
January 1, 2024						
COST	\$41,128	\$50,888	\$2,640	\$99	\$17,495	\$112,250
Accumulated Depreciation	(17,877)	(37,922)	(1,276)	(84)	(15,503)	(72,662)
	<u>\$23,251</u>	<u>\$12,966</u>	<u>\$1,364</u>	<u>\$15</u>	<u>\$1,992</u>	<u>\$39,588</u>
2024						
January 1	\$23,251	\$12,966	\$1,364	\$15	\$1,992	\$39,588
Disposal	(40,538)	(20,446)	(1,319)	(12)	-	(62,315)
Depreciation	-	(759)	(45)	(3)	(159)	(966)
Loss reversal	17,878	8,367	-	-	-	26,245
December 31	<u>\$591</u>	<u>\$128</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,833</u>	<u>\$2,552</u>
December 31, 2024						
COST	\$591	\$2,712	\$-	\$-	\$17,495	\$20,798
Accumulated Depreciation	-	(2,584)	-	-	(15,662)	(18,246)
	<u>\$591</u>	<u>\$128</u>	<u>\$-</u>	<u>\$</u>	<u>\$1,833</u>	<u>\$2,552</u>

The Company estimates the recoverable amount of assets based on fair value less costs of disposal, which is determined with reference to valuation results provided by independent appraisers. Depending on the nature of the underlying assets, the valuation was performed using the market approach and the cost approach. The Company recognized no impairment losses or reversal of impairment losses on property, plant and equipment for the year ended December 31, 2025. For the year ended December 31, 2024, the Company reversed previously recognized impairment losses due to the disposal of land, buildings and structures.

(VII) Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank guaranteed borrowing	\$-	\$114,774
Bank unsecured borrowing	137,559	67,349
Other short-term borrowings	-	-
	<u>\$137,559</u>	<u>\$182,123</u>
Loan amount	<u>\$464,328</u>	<u>\$305,865</u>
Interest rate	<u>2.4%~2.945%</u>	<u>2.44%~3.43%</u>

1. For the said secured borrowings pledged as collateral, please refer to Note 8 for details.
2. Some guarantee borrowings are secured with land provided by the Company's affiliates as collateral; some other credit facilities are jointly guaranteed by the Chairman and the President. Please refer to Note 7.

(VIII) Corporate bonds payable

1. In November 2021, the Company 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 Company's corporate bonds held by related parties, please refer to Note 7(2)6.
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. As of December 31, 2025, there were no such transactions outstanding.

(IX) Long-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loan type		
TCB	\$ -	\$ 5,351
Other long-term borrowings	306,362	436,372
Less : due within one year	(38,296)	(243,261)
	<u>\$268,066</u>	<u>\$198,462</u>
Loan amount	<u>\$-</u>	<u>\$5,351</u>
Interest rate	<u>-</u>	<u>1.88%~2.72%</u>
Contracting period	<u>-</u>	<u>2020/12/18~2029/12/25</u>

1. On November 11, 2020, the Company entered into a medium- to long-term loan agreement with Taiwan Cooperative Bank ("TCB"). Pursuant to the agreement, the principal and interest were repayable in 48 equal monthly installments commencing twelve months after the first drawdown date. The Company fully drew down the loan on December 18, 2020 and fully repaid the outstanding balance on December 17, 2025.

2. For the said loans pledged as collateral, please refer to Note 8 for details.
3. For the Company's liquidity risk, please refer to Note 12 for details.
4. Regarding the credit line for long-term loans, some loans are jointly guaranteed by the Chairman and the President. Please refer to Note 7 for details.
5. Other long-term loans are loans from related parties. Please refer to Note 7 for details.

(X) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary payable	\$24,142	\$23,067
Payable service fee	4,509	3,164
Interest payable	2,481	4,407
other	4,663	6,525
	<u>\$35,795</u>	<u>\$37,163</u>

(XI) 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Defined Benefit Obligation		
Current Employment	\$-	\$6,493
Fair value of project assets	-	(21,430)
Net defined benefit assets	<u>\$-</u>	<u>(\$14,937)</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
<u>2025</u>			
January 1	\$6,493	\$21,430	(\$14,937)
Settlement gain or loss	374		374
Interest	78	257	(179)
	<u>6,945</u>	<u>21,687</u>	<u>(14,742)</u>
Re-measure			
Remuneration (Note)	-	1,531	(1,531)
Experience adjustment	(719)	-	(719)
	<u>(719)</u>	<u>1,531</u>	<u>(2,250)</u>
Appropriate pension	-	366	(366)
Paid pension	(6,226)	(23,584)	17,358
December 31	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

	Defined Benefit Obligation Current Employment	Fair value of project assets	Net defined benefit assets
<u>2024</u>			
January 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 (Note)	-	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)
December 31	<u>\$6,493</u>	<u>\$21,430</u>	<u>(\$14,937)</u>

Note 1: Excluding amounts attributable to interest income or expense.

Note 2: The Company had fully settled the pension account under the defined benefit plan prior to December 31, 2025.

(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, 2025 and 2024, please refer to the Labor Pension Fund Utilization report for each year published by the government.

- (5) The actuarial assumptions related to pensions are summarized as follows:

	<u>2024</u>
Discount Rate	<u>1.6%</u>
Salary increase rate	<u>1.75%</u>

The assumption of the future mortality rate is estimated based on the “6th Experience Life Table of the 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:

	<u>Discount Rate</u>		<u>Salary increase rate</u>	
	<u>+1%</u>	<u>-1%</u>	<u>+1%</u>	<u>-1%</u>
Effect in 2024	<u>(\$375)</u>	<u>\$383</u>	<u>\$317</u>	<u>(\$312)</u>

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.

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 years ended 2025 and 2024, the Company recognized the pension costs at \$2,019 and \$1,992 respectively based on the said plans.

(XII) Share capital

1. As of December 31, 2025, the Company's authorized capital was \$1,625,006 divided into 162,500 thousand shares; the paid-in capital was \$717,444 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been received.

The Company's outstanding ordinary shares at the beginning and end of the period were adjusted as follows: (Expressed in thousands of shares)

	<u>2025</u>	<u>2024</u>
Balance at January 1	71,744	63,295
Cash capital increase - private placement	-	8,449
Balance at December 31	<u>71,744</u>	<u>71,744</u>

2. The shareholders' meeting of this company on May 22, 2023 passed a resolution to increase capital in cash 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 was 6,087,000, with a subscription price of \$11.5(in dollars) per share, raising a total of \$70,000, and the change registration was completed on April 17, 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 as stipulated in the Securities and Exchange Act and the listing can only be applied for after three years from the delivery date and the public issuance.

3. The shareholders' meeting of this company on May 27, 2024 passed a resolution to increase capital in cash 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 was 2,362,000, with a subscription price of \$12.7(in dollars) per share, raising a total of \$30,000, and the change registration was completed on 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 as stipulated in the Securities and Exchange Act and the listing of shares can only be applied after three years from the delivery date and the public issuance.

(XIII) 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.

(XIV) Retained earnings (losses 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 Company first adopts IFRSs, the special surplus reserve set aside in the Financial Supervisory Commission Letter No. 1090150022 dated March 31, 2021 will be reversed in proportion to the original special surplus reserve set aside when the Company subsequently uses, disposes of, or reclassifies the related assets.

On January 1, 2013, the special earning reserves provided by the Company due to the said letter order had been fully used to offset loss, and a supplementary provision must be made after making a profit. The composition of the part of the said provided special earning reserves that has not been disposed for realization is as below:

Adding value for revaluation	\$58,831
Cumulative Conversion Adjustments	474
	\$59,305

5. On May 27, 2024, the company's shareholders meeting resolved to make up for the losses.
6. On May 28, 2025, the company's shareholders meeting resolved to make up for the losses.
7. On March 11, 2026, the board of directors of our company decided to make up for the losses.

(XV) Other items of equity

	Investments through other comprehensive income	Foreign currency conversion	Other interests	Total
January 1, 2025	\$23,107	(\$31,457)	\$219	(\$8,131)
Equity instrument evaluation adjustment				
- Company	(8,178)	-	-	(8,178)
- Subsidiary	(3,842)	-	-	(3,842)
Foreign currency translation differences				
- Company	-	(45,038)	-	(45,038)
- Subsidiary	-	(52)	-	(52)
December 31, 2025	<u>\$11,087</u>	<u>(\$76,547)</u>	<u>\$219</u>	<u>(\$65,241)</u>
	Investments through other comprehensive income	Foreign currency conversion	Other interests	Total
January 1, 2024	\$20,241	(\$42,951)	\$219	(\$22,491)
Equity Instrument Evaluation Adjustment				
-Company	2,113	-	-	2,113
-Subsidiary	753	-	-	753
Foreign currency translation differences				
-Company	-	11,479	-	11,479
-Subsidiary	-	15	-	15
December 31, 2024	<u>\$23,107</u>	<u>(\$31,457)</u>	<u>\$219</u>	<u>(\$8,131)</u>

(XVI) Operating revenue

	2025	2024
Revenue	<u>\$294,089</u>	<u>\$443,780</u>

The Group's revenue is derived from products transferred at a point in time. Please refer to Statement 8 for the breakdown of revenue.

(XVII) Other income

	<u>2025</u>	<u>2024</u>
Dividend	\$5,133	\$1,027
Rental income	114	-
Other	2,624	961
	<u>\$7,871</u>	<u>\$1,988</u>

(XVIII) Other gains or losses

	<u>2025</u>	<u>2024</u>
Exchange (Loss) Gain	(\$11,032)	\$42,883
Loss Recovering Benefit	-	26,245
Disposal of real estate, plant and equipment losses	(120)	(1,448)
Other Loss	(927)	(2,537)
	<u>\$12,079</u>	<u>\$65,143</u>

(XIX) Financial costs

	<u>2025</u>	<u>2024</u>
Interest expense	\$13,628	\$18,755
Other Financial Exp.	114	385
	<u>\$13,742</u>	<u>\$19,140</u>

(XX) Additional information of the expense nature.

	<u>2025</u>	<u>2024</u>
Employee Benefits	\$46,363	\$45,215
depreciation	147	966
amortization	1,264	40
	<u>\$47,774</u>	<u>\$46,221</u>

(XXI) Employee benefit expense

	<u>2025</u>	<u>2024</u>
Salary	\$38,637	\$37,781
Social insurance	3,667	3,507
Pension	1,840	1,846
Other	2,219	2,081
	<u>\$46,363</u>	<u>\$45,215</u>

1. 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. Of the aforementioned compensation to employees, no less than 30% shall be allocated to grassroots employees.

2. As of December 31, 2025 and 2024, 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.

(XXII) Income tax

1. Income tax (benefit) expense

(1) Components of income tax (benefit) expenses:

	2025	2024
Current income tax		
Underestimation of income tax in previous years	\$-	\$15,805
Land value-added tax	-	2,076
Total income tax for the current period	-	17,881
Previous year overvalued	-	-
Temporary difference reversal	(32,684)	18,506
Income tax	<u>(\$32,682)</u>	<u>\$36,387</u>

(2) Amount of income tax (benefits) loss related to other comprehensive income:

	2025	2024
Determine the measure of welfare obligations	<u>\$450</u>	<u>\$373</u>

2. Income tax (benefits) expense and accounting profit adjustment items

	2025	2024
Tax calculated based on profit before tax and statutory tax rate	(\$12,800)	\$29,762
Expenses that should be excluded accordance with tax regulations	(1,027)	(205)
Land value-added tax	-	2,076
Previous year overvalued	-	15,805
Temporary difference not recognized as deferred income tax assets	12,085	(26,313)
Tax losses not recognized as deferred income tax assets	(30,942)	15,262
Income tax (benefits) expenses	<u>(\$32,684)</u>	<u>\$36,387</u>

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

	2025			
	Jan.1	Recognized income	Recognition of other comprehensive income	Dec.31
Deferred tax assets				
Losses from falling prices of bottomed inventories	\$-	\$-	\$-	\$-
Asset impairment loss	-	-	-	-
Unrealized exchange loss	39,114	(36,504)	-	2,610
	<u>\$39,114</u>	<u>(\$36,504)</u>	<u>\$-</u>	<u>\$2,610</u>

2025				
	Jan.1	Recognized income	Recognition of other comprehensive income	Dec.31
Deferred tax liabilities				
Prepaid pension	(\$26,097)	\$26,547	(\$450)	\$-
Unrealized exchange gain	(42,380)	42,311	-	(69)
Unrealized exchange loss	(330)	330	-	-
	<u>(\$68,807)</u>	<u>\$69,188</u>	<u>(\$450)</u>	<u>(\$69)</u>

2024				
	Jan.1	Recognized income	Recognition of other comprehensive income	Dec.31
Deferred tax assets				
Losses from falling prices of bottomed inventories	\$4,957	(\$4,957)	\$-	\$-
Asset impairment loss	10,998	(10,998)	-	-
Unrealized exchange loss	533	38,581	-	39,114
	<u>\$16,488</u>	<u>\$22,626</u>	<u>\$-</u>	<u>\$39,114</u>

Deferred tax liabilities				
Prepaid pension	(\$25,548)	(\$176)	(\$373)	(\$26,097)
Unrealized exchange gain	(1,424)	(40,956)	-	(42,380)
Other	(330)	-	-	(330)
	<u>(\$27,302)</u>	<u>(\$41,132)</u>	<u>(\$373)</u>	<u>(\$68,807)</u>

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

December 31, 2025				
Year	Declared number/approved number	Not yet deducted	Deferred income tax assets have not been deducted	Last available year
2015	\$67,053	-	-	2025
2016	162,129	74,473	74,473	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	42,303	42,303	42,303	2033
2024	26,102	26,102	26,102	2034
	<u>\$651,965</u>	<u>\$497,256</u>	<u>\$497,256</u>	

December 31, 2024				
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>	

5. The amount of deductible temporary differences not recognized as deferred income tax assets:

	December 31, 2025	December 31, 2024
Temporary differences can be deducted	<u>\$418,944</u>	<u>\$444,921</u>

6. The tax authorities have approved the Company's business income tax returns through 2023.

(XXIII) Earnings (loss) per share

	Year ended December 31, 2025		
	Net Income	AVG outstanding Shares (in thousands)	EPS (in dollars)
<u>Basic earnings per share</u>			
Net loss attributable to parent company	<u>(\$31,314)</u>	69,112	<u>(\$0.45)</u>
<u>Diluted earnings per share</u>			
Net loss attributable to parent company	(\$31,314)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Net loss attributable to parent company plus assumed conversion of all dilutive potential ordinary shares	<u>(\$31,314)</u>	69,112	<u>(\$0.45)</u>

	Year ended December 31, 2024		
	Net Income	AVG outstanding Shares (in thousands)	EPS (in dollars)
<u>Basic earnings per share</u>			
Net income attributable to parent company	\$112,419	69,112	\$1.63
<u>Diluted earnings per share</u>			
Net income attributable to parent company	\$112,419		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Net income attributable to parent company plus assumed conversion of all dilutive potential ordinary shares	\$112,419	69,112	\$1.63

(XXIV) Changes in liabilities from financing activities

	Year ended December 31, 2025		
	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
Balance at January 1	\$182,123	\$441,723	\$623,846
Changes in cash flow from financing activities	(44,564)	(135,361)	(179,925)
Balance at December 31	\$137,559	\$306,362	\$443,921

	Year ended December 31, 2024		
	Short-term borrowings	Long-term borrowings	Liabilities from financing activities- gross
Balance at January 1	\$715,489	\$126,556	\$842,045
Changes in cash flow from financing activities	(533,366)	315,167	(218,199)
Balance at December 31	\$182,123	\$441,723	\$623,846

VII. Related party transaction

(I) Name and relationships of related parties

Company	Relation
GLOUSTER CO., LTD (“GLOUSTER”)	Subsidiary
TAH TONG TEXTILE(VIETNAM) CO., LTD	Subsidiary
eNOVA Limited (“TAH TONG(VN)”)	Subsidiary
KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY(KTD)	Subsidiary
Innopeak Co. Ltd. (“Innopeak”)	Related Party
Great Bell Printing & Dyeing CO., LTD.(“Great Bell”)	Related Party

<u>Company</u>	<u>Relation</u>
KINGTEX CORPORATION	Other Related
Yung Huang Investment Co., Ltd. (“Yung Huang”)	Other Related
HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD.	Other Related
Yan Lirong	Other Related
Chen Xiuzhong	Chairman
Chen Jianzhou	GM

(II) Material transactional matters with related parties

1. Sales

	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Sale:		
-Tah Tong(VN)	\$27,633	\$196,197
- Great Bell	71	-
	<u>\$27,704</u>	<u>196,197</u>

The transaction prices of the transactions and the credit facilities between the Company and the related parties are negotiated by the both parties.

2. Purchase

	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Purchase :		
-Tah Tong(VN)	\$20,740	\$16,275
Labor FEE :		
- Great Bell	\$2,990	\$1,981

(1) The Company purchases products from its related parties on the basis of normal commercial terms and conditions. The payment term is O/A 120 days.

(2) The company's transaction price for printing and dyeing processing services provided by related parties is not significantly different from that of ordinary customers, and its payment terms are monthly settlements of 60 days.

3. Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Account Receivable		
-Tah Tong(VN)	\$55,758	\$319,517

Receivables from related parties are mainly from sales. The proceeds from the original sale were due 18 months after the sale date. On November 15, 2021, The Company's board of directors resolved to adjust the loan period to 9 months and reclassify overdue payments as capital loans. The receivables are not pledged and interest-bearing, and no allowance is made for losses.

4. Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivable-Fund loan (include other receivable-interest)		
-Tah Tong(VN)	\$62,836	\$66,703
-InnoPeak	15,680	15,365
Less: allowance for losses	<u>(10,081)</u>	<u>(9,819)</u>
	<u>\$68,435</u>	<u>\$72,249</u>

(1) The said other receivables arising from capital loans are subject to full repayment within one year after the loan is granted. The interest income for the years ended 2025 and 2024 was \$2,393 and \$3,671 respectively, calculated at an annual rate of 3.1%~3.5%.and3.2%~3.6%.

(2) The Company has estimated the recoverable amount based on the operating performance of Dintronics and recognized an impairment loss of \$262 and \$9,819 respectively for the years ended 2025 and 2024.

5. Accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2024</u>
Account payable		
-Subsidiary	\$419	\$690
-Related Party	1,908	886
	<u>\$2,327</u>	<u>\$1,576</u>

Payables to related parties are mainly from lease transactions with a payment term of 30 to 120 days OA.

6. Corporate bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Yee Chain International Co., Ltd.	\$-	\$-
Chen Jianzhou	-	-
HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD.	-	-
Chen Xiuzhong	-	-
	<u>\$-</u>	<u>\$-</u>

For more details of the said corporate bonds, please refer to Note 6(8).

7. Lease transactions - lessee

Rental costs

	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
-Other related party	<u>\$1,586</u>	<u>\$2,718</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other current liabilities		
-Yung Huang	\$-	\$149,000
-Yan Lirong	-	37,344
-Chen Xiuzhong	-	26,561
-Great bell	38,296	25,004
	<u>\$237,909</u>	<u>\$237,909</u>
Other non-current liabilities:		
-Great bell	\$93,166	\$131,426
-Chen Xiuzhong	79,900	60,000
-Yung Huang	95,000	7,000
	<u>\$268,066</u>	<u>\$198,462</u>

The above-mentioned related party loans are the financing needs of the company. Chen Xiuzhong, Yung Huang Investment Co., Ltd., and Great bell printing & dyeing Co.,Ltd. agreed on interest rates of 2.53%, 3% to 3.29% and 2.50% respectively. As of December 31, 2025 and 2024, the interest payable to related parties was \$2343 and \$4,407 respectively.

9. Endorsements/guarantees provided by related parties to the Company

(1) Land pledged by affiliates as collateral for loans

In November 2023, Great bell printing & dyeing Co.,Ltd. a land disposal transaction contract with an external party. According to the contract, the loan from the financial institution obtained by the company with the land as collateral will be repaid by the land disposal price of Great bell printing & dyeing Co.,Ltd. The company will also use the distribution of Great bell printing & dyeing Co.,Ltd. surplus to repay the aforementioned part that Great bell printing & dyeing Co.,Ltd. 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 Co.,Ltd. in 48 equal installments. The land transfer procedure and the repayment of the loan from the financial institution were completed in June 2014. 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 Co.,Ltd. held by the Company to Hanbo livestock & farming products Co., Ltd. (hereinafter referred to as " Hanbo livestock & farming "), the third party designated by Great bell printing & dyeing Co.,Ltd., and agreed that the amount distributed from the pledged shares will be deemed to have completed the repayment to Great bell printing & dyeing Co.,Ltd. when received by the pledgee. As of December 31, 2025, the balance of the bank loans repaid above was \$131,462.

In response to the aforementioned compensation by Great bell, in addition to providing the Great bell stocks held by the Company as collateral to Hanbo livestock & farming, the Company also negotiated with Chen Xiuzhong and Yan Lirong to assist in providing a total of 2,150 thousand shares Great bell stocks held by a certain individual as collateral to Hanbo livestock & farming, the third party designated by Great bell, and agreed that the amount distributed from the pledged stocks would be received by the pledgee as repayment to Great bell. The repayment amount shall be deemed as a loan from the Company to the above-mentioned related party

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

	December 31, 2025		December 31, 2024	
	Loan Guarantee Amount	Loan used	Loan Guarantee Amount	Loan used
Yan Lirong	\$100,000	\$-	\$100,000	\$42,287

As of December 31, 2025 and 2024, the joint guarantors Chen Xiuzhong and Yan Lirong used their stocks and Yan Lirong provided additional land as collateral for the company's short-term loans, and promised to continue to provide the company with the guarantees required for short-term financing.

- (3) As of December 31, 2025, Chen Xiuzhong and Yan Lirong provided joint guarantees for long-term and short-term loans.
- (4) As of December 31, 2024, Chen Xiuzhong, Chen Jianzhou and Yan Lirong provided joint guarantees for long-term and short-term loans.

10. Endorsements/guarantees provided by the Company

	December 31, 2025		December 31, 2024	
	Endorsement Guarantee Amount	Actual use	Endorsement Guarantee Amount	Actual use
Tah Tong(VN)	\$291,788	\$198,186	\$304,343	\$258,947
GLOUCESTER	-	-	39,270	-
	\$291,788	\$198,186	\$343,613	\$258,947

(III) Information of remuneration of key management personnel

	2025	2024
Salary	\$9,006	\$8,525
Pension	216	216
	\$9,222	\$8,741

VIII. Pledged Assets

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

Assets Item	Guarantee purpose	Book Value	
		December 31, 2025	December 31, 2024
Bank savings (Recognized under other current assets)	Bank Loan	\$18,988	\$13,000
Investments using the equity method- Great Bell	Non-financial institution	135,347	149,750
		<u>\$154,335</u>	<u>\$162,750</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingent matters

None.

(II) Commitment matter

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

	December 31, 2025	December 31, 2024
Unused LC	<u>\$8,195</u>	<u>\$8,853</u>

X. Losses Due to Major Disasters

None.

XI. Significant Events After The Balance Sheet Date

1. On March 11, 2026, the Company's Board of Directors resolved to implement a capital reduction to offset accumulated deficits. The proposed capital reduction amounted to \$100,000, representing a reduction ratio of 13.94%. As of March 11, 2026, the record date for the capital reduction had not been determined.
2. On March 11, 2026, the Board of Directors also resolved to propose a private placement of common shares with a par value of \$10 (in dollars) per share, with the total number of shares to be issued not exceeding 10,000 thousand shares. Subject to approval by the shareholders' meeting, the Company may, depending on market conditions and funding needs, conduct a cash capital increase through private placement at an appropriate time.

XII. Others

(I) As of December 31, 2025, the Group's current ratio was 92.47%. Although it has improved significantly compared to prior years, the Group continues to take actions to further enhance its financial position. The related measures are as follows:

1. Business:

In terms of business operations, the Company 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 support the Group's ability to continue as a going concern, the shareholders' meeting on May 28, 2025 approved a cash capital increase through private placement of common shares, with a par value of \$10 (in dollars) per share and a maximum issuance of 10,000 thousand shares.
- (2) 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.
- (3) 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.
- (4) 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 Company is to ensure the Company'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 Company 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

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Fair value through other comprehensive income	\$39,797	\$47,975
Measured at amortized cost	206,858	464,529
	<u>\$246,655</u>	<u>\$512,504</u>
<u>Financial liabilities</u>		
Measured at amortized cost	<u>\$549,379</u>	<u>\$798,856</u>

Note: Financial assets measured at amortized cost also include cash, net accounts receivable (including related parties), other receivables and deposits; financial liabilities measured at amortized cost include short-term loans, bills and accounts payable, other payables, long-term loans (including those due within one year), corporate bonds payable and deposits.

2. Risk management policy

- (1) The daily operation of the Company is under influence of various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable matters in financial markets and seeks to mitigate the potential adverse effects on the Company's financial position and financial performance.
- (2) The risk management is implemented by the Finance Department of the Company pursuant to the policies approved by the Board. The Company'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 Company 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, which are mainly denominated in USD. The related exchange risks come from the commercial transactions in the future and the recognized assets and liabilities.
- B. The Company's business involves several non-functional currencies (the functional currency of the Company is NTD), which is subject to exchange rate fluctuations. Foreign currency assets and liabilities subjected to material exchange rate fluctuations are summarized as follows:

	<u>December 31, 2025</u>		
	<u>Foreign Currency(in thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NT)</u>
Foreign Currency: Functional Currency			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$3,278	31.38	\$102,847
Subsidiary			
USD : NTD	186	31.38	5,836
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	16,686	31.38	523,523

	December 31, 2024		
	Foreign Currency(in thousands)	Exchange Rate	Book Value (NT)
Foreign Currency: Functional Currency			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$12,949	32.73	\$423,821
Subsidiary			
USD : NTD	17,389	32.73	569,142
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	915	32.73	29,948

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 1% against other currencies, the Company's net loss after tax for the years ended December 31, 2025 and 2024 would be increased or decreased by \$776 and \$3,151 respectively.

- C. Due to the significant impact of exchange rate fluctuations, total (realized and unrealized) exchange gains (losses) on the Group's monetary items for the years ended December 31, 2025 and 2024 amounted to \$11,032 and \$42,883 respectively.

Price risk

- A. The Company'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 Company diversifies the portfolio, based on the limits set by the Company.
- B. The Company 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 Company's net profit after tax for the years ended December 31, 2025 and 2024 due to gains or losses on equity instruments measured at fair value.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises from bank loans. The borrowings issued at the floating interest rates cause the Company to sustain the interest rate risk for the cash flow; partial risk is offset by the held cash and cash equivalents at the floating rate. the years ended December 31, 2025 and 2024 the Company's borrowings at floating rates were denominated in NTD and USD.

- B. The Company 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 interest rate will increase the net profit after tax for the year ended December 31, 2025 and 2024 by \$550 and \$750, respectively.

(2) Credit risk

- A. The Company's credit risk is the risk of financial losses incurred to the Company 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 Company 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. The credit policy is specified internally.
- 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 180 days past due according to the agreed payment terms, it is deemed that a default has occurred.

The aging analysis of the notes and accounts receivable is as below:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not overdue	\$28,152	\$20,941
Witnin 90 days	503	2,249
91 ~ 180 days	53	-
Over 181 days	<u>622</u>	<u>568</u>
	<u>\$29,330</u>	<u>\$23,758</u>

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

- D. The Company's accounts receivable - related parties are mainly the sales to the subsidiaries. The Company and the aforesaid subsidiaries are the entities for preparing the consolidated financial reports, and thus there is no concern of material failure of contract performance or repayment. Therefore, the allowance of loss is measured at the 12-month ECL, and as of December 31, 2025 and 2024, there was no allowance of loss provided for the accounts receivable - related parties.

- E. The indicators used by the Company 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.
- F. After the Company has completed the recovery process, it has written off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to conduct legal recovery procedures to preserve the rights of the creditor. The company's written-off but still active claims amounted to \$15,087 as of December 31, 2025 and 2024..
- G. The Company 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 accounts receivable. The provision matrix using rolling rates as of December 31, 2025 and 2024 is presented as follows:

	Not overdue	Witnin 90 days	91 ~ 180 days	Over 181 days	Total
<u>December 31, 2025</u>					
Rate	1.28%	10.94%	77.70%	100.00%	
Account					
Receivable	<u>\$28,152</u>	<u>\$503</u>	<u>\$53</u>	<u>\$622</u>	<u>\$29,330</u>
Allowance	<u>\$359</u>	<u>\$55</u>	<u>\$41</u>	<u>\$622</u>	<u>\$1,077</u>
<u>December 31, 2024</u>					
Rate	0.96%	4.80%	-	100.00%	
Account					
Receivable	<u>\$20,941</u>	<u>\$2,249</u>	<u>\$-</u>	<u>\$568</u>	<u>\$23,758</u>
Allowance	<u>\$200</u>	<u>\$108</u>	<u>\$-</u>	<u>\$568</u>	<u>\$876</u>

- H. The Company's simplified statement of changes in the loss allowance on accounts receivable is presented as follows:

	Account Receivable		Other receivables	
	2025	2024	2025	2024
January 1	\$876	\$1,245	\$9,819	\$-
(Reverse)Turn around	201	(317)	262	9,819
Delist	-	(52)	-	-
December 31	<u>\$1,077</u>	<u>\$876</u>	<u>\$10,081</u>	<u>\$9,819</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 Company's non-derivative financial liabilities, and derivative financial liabilities delivered on a net or gross amount basis, are grouped according to their relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the agreed maturity date.

As of December 31, 2025 and 2024, the Company'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
December 31, 2025 Long term loan	<u>\$39,161</u>	<u>\$81,318</u>	<u>\$188,852</u>	<u>\$309,331</u>
December 31, 2024 Long term loan	<u>\$250,491</u>	<u>\$39,161</u>	<u>\$164,018</u>	<u>\$453,670</u>

D. The Company 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.

(4) Information on fair value

1. For the fair value of the Company's financial assets and financial liabilities not measured at fair value, please refer to 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 Company'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. The fair values of the Company's investments in derivatives belong to this level.

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

3. The Company 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, 2025 and 2024, the Company's financial assets measured at fair value and classified as Level 3 financial instruments amounted to \$39,797 and \$47,975, respectively.

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

- (1) These to which the Company adopts the market quotation as the fair value inputs (i.e. Level 1), based on the characteristics of the instruments, are described below.

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

- (2) Other than the financial instruments with active markets mentioned above, the fair values of other financial instruments are obtained with the valuation techniques or by referring the quotations of the counterparties of transactions. 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) The output of the valuation model is a forecasted estimate value, and the valuation technique may not reflect all the factors related to the financial and non-financial instruments held by the Company. 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 Company'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.
 - (4) The Company takes the credit risk valuation adjustment into account for the calculation of financial and non-financial instruments' fair values, to reflect the credit risk of the transaction counterparties, and the credit quality of the Company, respectively.
5. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.
 6. Changes in Level 3 for the years ended December 31, 2025 and 2024 are presented below:

	Equity Securities	
	2025	2024
January 1	\$47,975	\$45,862
Recognized in other comprehensive income	(8,178)	2,113
December 31	<u>\$39,797</u>	<u>\$47,975</u>

7. For the years ended December 31, 2025 and 2024, there was no transfer in and out of Level 3.
8. For Level 3 fair value measurement, the Company 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:

	December 31, 2025 Fair Value	Model	Significant unobserva ble input	Weighted average	Input quality and fair value relationship
Non- derivative equity instruments					
Non-Open market company	39,797	Analogy	Price-to- book ratio	1.35	The higher the share price to fair value ratio, the higher the fair value
			Market capitalizati on base debt ratio	0.0029	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
	December 31, 2024 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%	The higher the liquidity discount, the lower the fair value

10. The Company 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:

Financial Assets	Input	Change	December 31, 2025	
			Recognized in other comprehensive income Favorable	Unfavorable
Equity instruments	Price-to-book ratio	+/- 1%	\$267	(\$267)
	Market capitalization base debt ratio	+/- 1%	1	(1)
	liquidity discount	+/- 1%	59	(59)

Financial Assets	Input	Change	December 31, 2024	
			Recognized in other comprehensive income	
			Favorable	Unfavorable
Equity instruments	Price-to-book ratio	+/- 1%	\$536	(\$536)
	Market capitalization base debt ratio	+/- 1%	110	(110)
	Liquidity discount	+/- 1%	71	(71)

XIII. Other Disclosures

(I) Information on Significant Transactions

1. Loans to others: Please refer to Appendix 1.
2. Endorsements/guarantees provided: Please refer to Appendix 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): Please refer to Appendix 3.
4. Purchases or sales of goods from and to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Appendix 4.
6. Business relations between the parent company and its subsidiaries, and the status and amount of important transactions: Please refer to Appendix 5.

(II) Information on Investees

The name and location of the investees and other relevant information (excluding investees located in mainland China): Please refer to Appendix 6.

(III) Information on Investment in Mainland China

1. Basic information: Please refer to Appendix 7.
2. Significant transactions with investees in Mainland China, either directly or indirectly through a third area: none.

XIV. Information of the operation department

Disclosure is exempted.

Tah Tong Textile Co., Ltd.
Financing provided to others
Year ended December 31, 2025

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 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
						(Amount)							Name	Value			
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Other receivables	Y	\$ 98,460	\$ 62,750	\$ 62,750	3.200%	Short-term Financing	\$ -	Used for the subsidiary's operation and purchase of materials.	\$ -	-	-	\$ 185,456	\$ 185,456	Note 3、5
0	Tah Tong Textile Co., Ltd.	InnoPeak Advanced Materials Co., Ltd.	Other receivables	Y	29,400	14,700	14,700	3.077%	Short-term Financing	-	Used for the subsidiary's operation and purchase of materials.	-	mechanical equipment	22,183	185,456	185,456	Note 3、5
1	GLOUCESTER CO.,LTD.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Other receivables	Y	32,820	-	-	-	Short-term Financing	-	Used for the subsidiary's operation and purchase of materials.	-	-	-	499,751	499,751	Note 4
1	GLOUCESTER CO.,LTD.	Tah Tong Textile Co., Ltd.	Other receivables	Y	50,839	-	-	-	Short-term Financing	-	Used for the company's operation and purchase of materials.	-	-	-	499,751	499,751	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.
Endorsements/guarantees provided
Year ended December 31, 2025

Appendix 2

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

No. (Note 1)	Guarantor	Principal			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	Amount actually drawn	Amount of the endorsement/guarantee secured by property	Accumulated endorsement/guarantee amount as a percentage of net worth in the latest financial statements (%)	Maximum limits on the endorsement/ guarantee (Note 3)	Endorsement/ guarantee provided by the parent company to a subsidiary	Endorsement/ guarantee provided by a subsidiary to the parent company	Endorsement/ guarantee provided to a subsidiary in Mainland China	Remarks
		Name of the Company	Relationship (Note 2)												
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	2	\$ 927,280	\$ 307,830	\$ 291,788	\$ 198,186	\$ -	62.93%	927,280	Y	N	N		
0	Tah Tong Textile Co., Ltd.	GLOUCESTER CO., LTD.	2	927,280	39,384	-	-	-	0.00%	927,280	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.

Marketable securities held as of the end of the year (excluding investments in subsidiaries, associates and jointly controlled entities)

December 31, 2025

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	39,371	13.58	39,371	
Tah Tong Textile Co., Ltd.	Ordinary shares	Ubn Corporation	None	1	58,979	426	8.58	426	

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

Tah Tong Textile Co., Ltd.

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital.

December 31, 2025

Appendix 4

		Unit: NT\$ thousand (except for specified otherwise)						
Payee	Counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amount subsequently recovered	Provision for bad debts
					Amount	Solution		
Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	Subsidiary	\$ 118,594	0.11	\$ 47,111	Active collection	\$ 11,171	\$ -

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

Tah Tong Textile Co., Ltd.
 Significant transactions between the Company and its subsidiaries
 January 1, 2025 to December 31, 2025

Appendix 5

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

No. (Note 1)	Trader	Counterparty	Relationship with the Trader (Note 2)	Trading details (Note 3)			As a percentage of consolidated total revenue or total assets
				Item	Amount	Trading terms	
0	Tah Tong Textile Co., Ltd.	TAH TONG TEXTILE (VIETNAM) CO., LTD.	1	Receivables from related parties (Note 5)	\$ 118,594	(Note 6)	8%

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.

Tah Tong Textile Co., Ltd.
Names and locations of investees (investees in Mainland China excluded)
Year ended December 31, 2025

Appendix 6

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	\$ 133,280	\$ 81,486	10,646,509	17.74	\$ 189,842	(\$ 134,528)	(\$ 20,323)	Affiliate (Note 1)
Tah Tong Textile Co., Ltd.	InnoPeak Advanced Materials Co., Ltd.	Taiwan	General investment Production, sales, and trading of plastic of compound materials, woven fabrics, and woven panels	95,000	90,000	6,416,667	33.73	11,330	(44,095)	(15,802)	Affiliate (Note 2)
Tah Tong Textile Co., Ltd.	GLOUCESTER CO., LTD.	Samoan Islands	General investment	2,091,174	2,091,174	67,455,000	100.00	493,710	(24,924)	(24,924)	Subsidiary
GLOUCESTER CO., LTD.	DAYSTAR LIMITED	Mauritius	General investment	166,190	90,405	5,300,000	100.00	2,308	(869)	(869)	Subsidiary
GLOUCESTER CO., LTD.	ROSEGATE HOLDING CORP.	British Virgin Islands	General investment	1,844,004	1,844,004	59,000,000	100.00	491,379	(88,751)	(88,751)	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	1,844,004	59,000,000	100.00	491,862	(88,751)	(88,751)	Subsidiary

Note 1: On October 30, 2024, the Board of Directors of Great bell printing & dyeing co., ltd. resolved to conduct a cash capital increase by issuing 30,000 thousand common shares, with a par value of \$10 (in dollars) per share. The record date for the capital increase is February 5, 2025.

As the Group did not subscribe to the new shares in proportion to its original shareholding, its ownership interest decreased from 19.18% to 17.74%.

Note 2: On December 16, 2025, the Board of InnoPeak Co.Ltd. resolved to conduct a cash capital increase by issuing 1,625 thousand common shares, with a par value of \$10 (in dollars) per share. The record date for the capital increase is December 19, 2025.

As the Group did not subscribe to the new shares in proportion to its original shareholding, its ownership interest decreased from 40% to 36.09%.

Tah Tong Textile Co., Ltd. and subsidiaries
Information on Investments in Mainland China – Basic Information
Year ended December 31, 2025

Appendix 7

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	\$ 166,288	Note 1	\$ 40,788	\$ -	\$ -	\$ 40,788	(\$ 1,058)	100.00	(\$ 1,058)	\$ 2,308	\$ -	Note 4 & 5
		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)									
Name of the Company													
Tah Tong Textile Co., Ltd.		\$ 40,788	\$ 94,125	\$ 278,184									

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.

Note 5: The registration for the capital change to USD 5.3 million has been completed. The capital has been injected from Gloucester directly.

Tah Tong Textile Co., Ltd.
Cash and Cash Equivalents
December 31, 2025

Statement 1			Unit: NT\$ thousand
ITEM	Description		Amount
		\$	5
Cash and cash equivalents			
Banking			
	Savings accounts		31,842
	Checking accounts		814
	Foreign currency deposits		
	USD 576 thousand @ 31.375		18,074
	EUR 1 thousand @ 36.940		4
		\$	<u>50,739</u>

Tah Tong Textile Co., Ltd.
Accounts receivable (Including related party)
December 31, 2025

Statement 2

Unit: NT\$ thousand

ITEM	Description	Amount	Note
<u>Account receivables</u>			
<u>Non-Related</u>			
Company A		\$ 17,227	
Company B		1,778	
Other		10,325	The balance of each customer has not over 5% of account receivable
		<hr/>	
		29,330	
Less : Allowance for bad debts		(1,077)	
		<hr/>	
		28,253	
<u>Related</u>			
TAH TONG TEXTILE (VIETNAM) CO., LTD.		55,758	
		<hr/>	
		\$ 84,011	
		<hr/> <hr/>	

Tah Tong Textile Co., Ltd.
Other receivable (Including related party)

December 31, 2025

Statement 3 ITEM	Description	Amount	Unit: NT\$ thousand Note
<u>Non-Related</u>			
Company A		\$ 1,462	
Other		2,143	The balance of each customer has not over 5% of other receivable
		3,605	
<u>Related</u>			
	TAH TONG TEXTILE (VIETNAM) CO., LTD.	62,836	
	Innopeak co.ltd.	15,680	
		(10,081)	
		\$ 72,040	

Tah Tong Textile Co., Ltd.

Inventory

December 31, 2025

Statement 4

Unit: NT\$ thousand

ITEM	Description	AMOUNT		NOTE
		COST	Net realizable value,	
Raw material				The replacement cost of raw materials is the net realizable value, and the work-in-progress and finished products are evaluated at the net realizable value.
raw material		\$ 19,444	\$ 19,444	
Others (not over 5% of amount)		410	410	
Less: Allowance for appraisal losses		(4,759)	-	
Sub-total		<u>15,095</u>	<u>19,854</u>	
Work-in-progress				
Purchase WIP		7,449	7,558	
Less: Allowance for appraisal losses		(689)	-	
Sub-total		<u>6,760</u>	<u>7,558</u>	
Finished Goods				
Product goods		7,133	7,133	
Less: Allowance for appraisal losses		(2,343)	-	
Sub-total		<u>4,790</u>	<u>7,133</u>	
Net inventory		<u>\$ 26,645</u>	<u>\$ 34,545</u>	

Tah Tong Textile Co., Ltd.
Statement of changes in investments accounted for using the equity method
January 1, 2025 to December 31, 2025

Statement 5

Unit: NT\$ thousand

ITEM	Beginning Balance		Increase		Decrease		Ending Balance		Fair Value or net worth		Guarantee or Pledge Situation	
	Share	AMOUNT	Share	AMOUNT(Note2)	Share	AMOUNT(Note1)	Share	Shareholding ratio (%)	AMOUNT	Price		Total Amount
Great Bell	1,918,291	\$ 195,733	8,728,218-	\$ 51,794	-	(\$ 57,685)	10,646,509	17.74	\$ 189,842	-	\$ 189,842	None
GLOUCESTER CO., LTD	67,455,000	561,752	-	-	-	(68,042)	67,455,000	100.00	493,710	-	493,710	None
InnoPeak	6,000,000	15,864	416,667	5,000	-	(9,534)	6,416,667	33.73	11,330	-	11,330	None
		<u>\$ 773,349</u>		<u>\$ 582,134</u>		<u>(\$ 135,261)</u>			<u>\$ 694,882</u>		<u>\$ 694,882</u>	

Note 1: The decrease in the current period includes the loss of subsidiaries recognized using the equity method, other comprehensive income of subsidiaries recognized using the equity method, cash dividends received and share refunds due to capital reduction.

Note 2: The current period's increase includes the interest of subsidiaries recognized using the equity method or cash capital increase.

Tah Tong Textile Co., Ltd.
Accounts Payable
December 31, 2025

Statement 6

Unit: NT\$ thousand

ITEM	Description	Amount	Note
<u>Non-Related</u>			
Company A		\$ 9,718	
Company B		5,782	
Company C		5,773	
Company D		5,196	
Company E		5,107	
Company F		4,777	
Company G		4,413	
Other		26,040	The balance of each vender has not over 5% of account payable
Sub-total		<u>66,806</u>	
<u>Related</u>			
TAH TONG TEXTILE (VIETNAM) CO., LTD.		419	
Greate Bell		1,908	
Sub-total		<u>2,327</u>	
Total		<u>\$ 69,133</u>	

Tah Tong Textile Co., Ltd.

Short-term borrowings

December 31, 2025

Statement 7

Unit: NT\$ thousand

Creditor	Type of loan	Ending balance	Contract period	Interest rate range	Financing amount	Mortgage or Guarantee	Note
Taiwan Cooperative Bank, Dadaocheng Branch	Unsecured loan	\$ 40,000	2025/12/23~2026/6/23	2.93%	\$40,000	NA	
Sinopac Bank, Hsinchuang Branch	Unsecured loan	19,800	2025/10/20~2026/6/18	2.95%	19,800	NA	
Chang Hwa Commercial Bank, Jen-Ho Branch	Unsecured loan	30,000	2025/12/26~2026/6/26	2.44%	30,000	NA	
Takwa Shin Kong Commercial Bank, Nan Dong Branch	Unsecured loan	20,000	2025/12/12~2026/6/10	2.74%	20,000	NA	
First Commercial Bank, Changchun Branch	Unsecured loan	7,679	2025/12/31~2026/3/31	2.40%	7,679	NA	
Taishin International Bank, Jianpei Branch	Unsecured loan	<u>20,000</u>	2025/12/30~2026/2/27	2.91%	20,000	NA	
Total		<u>\$ 182,123</u>					

Tah Tong Textile Co., Ltd.

Long-term borrowings (including due within a year or one operating cycle)

December 31, 2025

Statement 8

Unit: NT\$ thousand

creditor	Type of loan	Ending balance	contract period	Interest rate range	Current portion	Non-current portion	Mortgage or Guarantee	Note
Grear Bell Printing & Dyeing CO., LTD.	Secured loan	\$ 131,462	2024/6/27~2029/4/15	2.50%	\$ 38,296	\$ 93,166	STOCK	
Yung Huang Investment Co., Ltd.	Unsecured loan	95,000	2024/12/25~2029/12/25	3.25%~3.29%	-	95,000	NA	
Chen Xiuzhong	Unsecured loan	79,900	2022/12/25~2028/12/08	2.53%		79,900	NA	
Total		<u>\$ 306,362</u>			<u>\$ 38,296</u>	<u>\$ 268,066</u>		

Tah Tong Textile Co., Ltd.
Operating revenue
January 1, 2025 to December 31, 2025

Statement 9

Unit: NT\$ thousand

ITEM	Q'ty	Amount
Yarn	512PCS	\$ 3,880
Fabric	1,948,508 Yard	259,347
Other		12,070
Sub Total		275,297
Other operating income		20,042
Total operating income		295,339
Less: Returned sales		-
Sales allowance		(1,250)
Operating income		\$ 294,089

Tah Tong Textile Co., Ltd.
Operating costs
January 1, 2025 to December 31, 2025

Statement 10

Unit: NT\$ thousand

Item	Amount
Raw material	
Beginning inventory	\$ 54,079
Add: Feed in this period	90,906
Less: End-of-period inventory	(19,854)
Sell raw materials	(50,981)
Test development fee	(1,270)
Raw materials consumed in this period	72,880
Materials	
Beginning inventory	901
Add: Feed in this period	3,149
Less: End-of-period inventory	-
Raw materials consumed in this period	4,050
Manufacturing costs	509
Consignment workers pay	53,141
Manufacturing cost	130,580
WIP at the beginning of the period	13,212
Less: Work in progress at the end of the period	(7,449)
Finished product cost	136,343
Beginning finished goods	7,103
Add: Outsourced manufactured goods in this period	20,805
Less: Finished goods at the end of the period	(7,133)
Transition test development fee	(1,750)
Manufacturing cost of sales	155,368
Add: Sell raw materials	50,981
Less: End-of-period inventory	-
Cost of goods sold	206,349
Stock valuation rebounds	682
Operating cost	\$ 207,031

Tah Tong Textile Co., Ltd.
Operating expenses
January 1, 2025 to December 31, 2025

Statement 11

Unit: NT\$ thousand

<u>ITEM</u>	<u>Sale Expense</u>	<u>Administration and general expenses</u>	<u>RD Expense</u>	<u>Total</u>	<u>Note</u>
Salary allowance	\$ 6,607	\$ 30,013	\$ 2,018	\$ 38,638	
Test development fee	6,901	-	122	7,023	
Insurance fee	789	3,270	243	4,302	
Rent	792	2,202	1,053	4,047	
Import and export expense	3,903	3	-	3,906	
Service fee	-	3,768	-	3,768	
Repairs and maintenance expenses	-	3,071	-	3,071	
Other fee	<u>6,961</u>	<u>11,449</u>	<u>871</u>	<u>19,281</u>	No individual item exceeded 5% of the balance of this account.
	<u>\$ 25,953</u>	<u>\$ 53,776</u>	<u>\$ 4,307</u>	<u>84,036</u>	

Tah Tong Textile Co., Ltd.

The aggregation table of employee benefits, depreciation, depletion, and amortization expense by function

January 1, 2025 to December 31, 2025

Statement 12

Unit: NT\$ thousand

	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses						
Salary costs	\$ -	\$ 38,637	\$ 38,637	\$ -	\$ 37,781	\$ 37,781
Labor and health insurance expenses	-	3,667	3,667	-	3,507	3,507
pension expenses	-	1,840	1,840	-	1,846	1,846
Other employee welfare expenses	-	2,219	2,219	-	2,081	2,081
	<u>\$ -</u>	<u>\$ 46,363</u>	<u>\$ 46,363</u>	<u>\$ -</u>	<u>\$ 45,215</u>	<u>\$ 45,215</u>
Depreciation expense	\$ -	\$ 147	\$ 147	\$ 47	\$ 919	\$ 966
Amortization fee	\$ -	\$ 1,264	\$ 1,264	\$ -	\$ 40	\$ 40

1. The average number of employees in the company in 2025 and 2024 was 39 and 36 respectively, and the number of directors who were not concurrently employees was 4.

(1) The average employee welfare expense for this year was 1,325 thousand dollars; the average employee welfare expense for the previous year was 1,370 thousand dollars.

(2) The average employee salary cost of this year is 1,104 thousand dollars; the average employee salary cost of the previous year is 1,145 thousand dollars.

(3) The average employee salary adjustment changes by decrease 3.59% .

(4) The company has an audit committee, so there is no supervisor's remuneration.

(5) Remuneration Policy

The verification, adjustment, and payment of the salaries of the company's employees (including managers) are handled in accordance with the "Dadong Textile Co., Ltd. Employee Salary Payment Regulations." Approval shall be based on individual circumstances such as the complexity of the job, the severity of the duties, and the required professional skills. The salary adjustment is handled in July, and is adjusted according to the annual performance appraisal, the company's operating conditions, and the market salary level. At the end of each year, bonuses are issued according to the job category, job performance, and the company's operating performance.

The remuneration of the directors and supervisors of the company is based on the resolutions of the shareholders' meeting and the board of directors, regardless of profit or loss.

The remuneration committee regularly reviews the relationship between directors, supervisors, and managers' performance evaluation and salary remuneration and the salary structure.

When the remuneration committee performs the functions and powers of the preceding paragraph, it shall follow the following principles:

1. The performance evaluation and remuneration of directors, supervisors and managers shall refer to the normal level of payment in the industry, and consider the rationality of the relationship with individual performance, company operating performance and future risks.

2. Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of salary.

3. The proportion of dividends for short-term performance of directors and senior managers and the timing of payment of partial variable remuneration should be determined by considering the characteristics of the industry and the nature of the company's business.