

Stock Code: 4401

**Toung Loong Textile MFG. Co.,
Ltd.
Parent Company Only Financial
Statements and Independent
Auditors' Report
2024 and 2023**

**Address: 19 F., No. 31, Sec. 2, Sanmin Rd., Banqiao Dist., New
Taipei City**

Tel.: (02) 2961-2112

For the convenience of readers and for information purpose 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.

Toung Loong Textile MFG. Co., Ltd.

2024 and 2023 Parent Company Only Financial Statements and Independent Auditors' Report Contents

Item	Page
One.··· Cover	1
Two.··· Table of Contents	2~3
Three.· Auditors' Report	4~8
Four.·· Parent Company Only Balance Sheet	9~10
Five.··· Parent Company Only Statement of Comprehensive Income	11
Six. Parent Company Only Statement of Changes in Equity	12
Seven.· Parent Company Only Cash Flow Statement	13~14
Eight. · Notes to Parent Company Only Financial Statements	
I. Company History	15
II. Approval Date and Procedure for Financial Reports	15
III. Application of New and Amended Standards and Interpretations	15~18
IV. Summary of Significant Accounting Policies	18~34
V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates, and Assumptions	34~35
VI. Description for Important Accounting Subjects	35~62
VII. Related Party Transactions	62~64
VIII. Pledged Assets	64
IX. Significant Contingent Liabilities And Unrecognized Contract Commitments	64~65
X. Losses due to Major Disasters	65
XI. Significant Events after the Balance Sheet Date	65
XII. Others	65~73
XIII. Additional Disclosures	
(I) Information on Significant Transactions	74
(II) Information about Investees	74
(III) Information on Investments in Mainland China:	74

(IV) Major Shareholder Information	74
XIV. Department Information	74
Nine. ‣ Attachment:	75~78
Ten. ‣ List of Important Account Titles	79~89

Auditors' Report

(2024) Shi-Shen No. 006

To: Toung Loong Textile MFG. Co., Ltd.

Audit opinions

We have audited the Parent Company Only Balance Sheet of Toung Loong Textile MFG. Co., Ltd. as of December 31, 2024 and 2023, as well as the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Shareholders Equity, the Parent Company Only Statement of Cash Flows, and the Notes to Parent Company Only Financial Report (including the summary of significant accounting policies) for the years ended December 31, 2024 and 2023.

In our opinion based on our audit results and the audit report of other independent auditors (please refer to Other Matters), the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Toung Loong Textile MFG. Co., Ltd. as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We were engaged to plan and conduct the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The personnel of this CPA's accounting firm subject to independence has remained detached and independent from Toung Loong Textile MFG. Co., Ltd. according to the Code of Professional Ethics for CPAs to perform other responsibilities provided by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters refer to the most critical matters in the audit of Toung Loong Textile

MFG. Co., Ltd.'s Parent Company Only Financial Report for 2024, according to the professional judgment of the CPA. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This CPA determined that the key audit matters that must be presented in the audit report are as follows:

Evaluation of existence of cash and cash equivalents

Regarding the accounting policy for cash and cash equivalents, please refer to the Notes to Parent Company Only Financial Report four (V); for the accounting item description of cash and cash equivalents, please refer to the Notes to Parent Company Only Financial Report six (I).

Explanation of key audit matters:

As of December 31, 2024, Toung Loong Textile MFG. Co., Ltd.'s cash and cash equivalents balance was NT\$602,209 thousand, accounting for 11% of the individual assets of the parent company. Due to the inherent risks in cash and cash equivalent items, the accountant has listed this as a key audit matter.

Key audit procedures included:

1. Checked bank accounts and special agreements with financial institutions to confirm the existence and rights and obligations of cash and cash equivalents.
2. For year-end bank reconciliation statements, verified the book balances listed therein against the general ledger, bank deposit balances against bank statements, passbooks or bank confirmation replies; tested calculation accuracy and examined unusual reconciliation items.
3. Sampled significant cash receipts and disbursements to verify they were business-related and that there were no material or unusual transactions.

Other matters - Audits conducted by other certified public accountants

For the long-term equity investments evaluated using the equity method listed in Toung Loong Textile MFG. Co., Ltd.'s Parent Company Only Financial Report, the financial reports of some investee companies were inspected by other accountants and not checked by this CPA. Therefore, in the CPA's opinion on the Parent Company Only Financial Report, the assessments in the preceding long-term equity investments are based on the audit report of other CPAs. The preceding long-term equity investments accounted for NT\$186,891 thousand and NT\$188,495

thousand for 2024 and as of December 31, 2023, respectively, and accounted for 3% of the total assets. In 2024 and 2023, the income shares from subsidiaries, associated enterprises, and joint ventures recognized using the equity method were NT\$18,910 thousand and NT\$14,888 thousand and accounted for 12% and (71%) of the net profit before tax, respectively. In addition, the "reinvestment-related information" disclosed in Note 13 (2) of the Parent Company Only Financial Report was compiled based on the investee companies' financial reports inspected by other auditors.

Management Level and Governing Units' Responsibilities for Parent Company Only Financial Statements

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

When preparing the Parent Company Only Financial Report, the responsibility of the management level includes evaluating the ability of Toung Loong Textile MFG. Co., Ltd. to continue operating, the disclosure of related matters, and the adoption of the accounting basis for continuing operations; unless the management level intends to liquidate Toung Loong Textile MFG. Co., Ltd., suspend its businesses, or there is no practical alternative to liquidate or terminate its businesses.

The governance units (including the Audit Committee) of Toung Loong Textile MFG. Co., Ltd. are responsible for supervising the financial reporting process.

CPA's Parent Company Only Financial Statements Audit Responsibilities

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 certainty means a high degree of certainty. However, audits performed under the accepted auditing standards cannot guarantee that a material misrepresentation in the individual financial report can be detected. Misstatements can arise from fraud or error. Misstatements 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 the unconsolidated financial statements.

This CPA has exercised professional judgment and skepticism when conducting audits under the auditing standards. We also:

1. Identify the risks of significant false representations that may lead to fraud or error for the Parent Company Only Financial Statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit 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. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure. The objective is not to express an opinion on the effectiveness of the internal control unit for Toungh Loong Textile MFG. Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Determine the appropriateness of management's ongoing use of its accounting policies and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt or concern on the ability of Toungh Loong Textile MFG. Co., Ltd. to continue. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, 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 auditor's report. However, future events or circumstances may lead Toungh Loong Textile MFG. Co., Ltd. to become unable to continue to operate.
5. Evaluate the overall presentation, structure, and content of the Standalone Financial Report (including related notes) and assess whether the Standalone Financial Report can properly represent the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of

individuals formed within Toung Loong Textile MFG. Co., Ltd. and issue an opinion regarding the Parent Company Only Financial Statements. The CPA is responsible for the guidance, supervision, and execution of the audit case and for forming the audit opinion of Toung Loong Textile MFG. Co., Ltd.

We communicated 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 identified during our audit).

The CPA has also provided the governance unit with a declaration stating that the personnel of the CPA's accounting firm who are subject to independence have complied with the independence requirements of the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and communicated all relationships and other matters (including security related aspects) that may be considered to affect the accountant's independence with the governance unit.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Toung Loong Textile MFG. Co., Ltd.'s 2024 Parent Company Only Financial Report. We describe these matters in our auditor's 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.

TOPPEST CPAS & CO.

Certified Public Accountant: Wei-Cheng CPA names: Wan-Li Hsieh
Chang

Financial Supervisory Commission
Approval
Jin-Guan-Zheng-Shen-Zi No.
1050037432

Financial Supervisory Commission
Approval
Jin-Guan-Zheng-Shen-Zi No.
1050037432

March 13, 2025

Toung Loong Textile MFG. Co., Ltd.

Parent Company Only Balance Sheet (I)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

Assets		Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	4, 6(1)	\$ 602,209	11	\$ 653,465	12
1136	Financial assets at amortized cost - current	4	30,951	1	48,298	1
1150	Net value of notes receivable	6, 6(2)	9,223	-	5,236	
1170	Net value of accounts receivable	6, 6(2)	310,607	5	239,187	4
1180	Net accounts receivable - Related party	4, 7	3,338	-	98	-
1200	Other receivables	4, 6(3)	3,032	-	4,253	-
1220	Current tax assets	4	1,166	-	1,166	-
1310	Net inventory	4, 5(1), 6(4)	1,274,126	22	1,242,630	22
1410	Prepayments		10,705	-	9,138	-
	Total current asset		2,245,357	39	2,203,471	39
Non-current assets						
1517	Financial assets measured at FVTOCI					
	Financial asset	4	89,340	2	89,340	2
1535	Non-current financial assets at amortized cost	4	84,487	2	79,127	1
1550	Investment accounted for using the equity method	4, 6(5)	266,104	5	269,020	5
1600	Property, Plant and Equipment	IV, V (2), VI (6), VIII, IX	2,904,079	51	2,996,579	52
1755	Right-of-use asset	IV, VI (7)	22,989	-	20,832	-
1780	Intangible Assets	4	346	-	838	-
1840	Deferred tax assets	IV, V (3), VI (14)	28,288	-	38,033	1
1915	Prepayments for business facilities	IX	40,008	1	8,385	-
1920	Refundable deposits		19,013	-	18,833	-
1975	Net defined benefit asset - current	IV, V (4), VI (9)	10,240	-	-	-
1990	Other non-current assets		16,411	-	15,805	-
	Total non-current asset		3,481,305	61	3,536,792	61
1XXX Total assets			\$ 5,726,662	100	\$ 5,740,263	100

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen



Toung Loong Textile MFG. Co., Ltd.
Parent Company Only Balance Sheet (II)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Shareholders' Equity		Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	VI (8), VIII	\$ 1,193,685	21	\$ 1,087,027	19
2110	Short-term notes and bills payable	VI (8), VIII	79,821	2	99,968	2
2150	Notes payable		43,526	1	83,793	1
2170	Accounts payable		260,365	5	189,929	3
2200	Other payables		126,369	2	87,406	2
2230	Current income tax liabilities	4, 6(14)	21,426	-	-	-
2280	Lease liabilities - Current	IV, VI (7)	11,899	-	10,852	-
2320	Long-term liabilities due within 1 year	VI (8), VIII	277,295	5	264,722	5
2399	Other current liabilities		4,980	-	2,522	-
	Total current liabilities		2,019,366	36	1,826,219	32
Non-current liabilities						
2540	Long-term borrowings	VI (8), VIII	925,907	16	1,217,850	21
2571	Deferred income tax liabilities - land appreciation tax	4	28,590	-	28,590	-
2572	Deferred income tax liabilities - income tax	4, 6(14)	43,025	1	41,648	1
2580	Lease liabilities - Non-current	IV, VI (7)	11,239	-	10,112	-
2640	Net defined benefit liabilities - noncurrent	IV, V (4), VI (9)	-	-	1,053	-
2645	Deposits received		114	-	193	-
	Total non-current liabilities		1,008,875	17	1,299,446	22
2XXX	Total Liabilities		3,028,241	53	3,125,665	54
Equity		4, 6(10)				
3100	Capital stock		1,226,920	21	1,226,920	21
3200	Additional paid-in capital		167,271	3	167,271	3
Retained earnings						
3310	Statutory reserves		591,824	10	591,824	10
3320	Special reserves		40,183	1	40,183	1
3350	Undistributed earnings		715,285	13	646,348	12
3440	Other equities		(43,062)	(1)	(57,948)	(1)
3XXX	Total shareholders' equity		2,698,421	47	2,614,598	46
1XXX	Total liabilities and shareholders' equity		\$ 5,726,662	100	\$ 5,740,263	100

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen



Toung Loong Textile MFG. Co., Ltd.
unconsolidated Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars
(Earnings Per Share is in NTD)

Code	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	4, 6 (11), 7	\$ 3,690,582	100	\$ 2,602,613	100
5000	Operating costs	6(4)	(3,416,733)	(93)	(2,498,143)	(96)
5900	Gross profit		273,849	7	104,470	4
	Operating expenses	6(12), 7				
6100	Selling expenses		(70,599)	(2)	(54,236)	(2)
6200	Administrative expenses		(85,632)	(2)	(71,522)	(3)
6300	R&D expenses		(15,650)	-	(15,007)	-
6450	Expected loss (profit) on credit impairment	6, 6(2)	286	-	3,631	-
	Subtotal of operating expenses		(171,595)	(4)	(137,134)	(5)
6900	Net operating income (loss)		102,254	3	(32,664)	(1)
	Non-operating income and expense					
7100	Interest revenue	4	16,700	-	15,281	1
7110	Rental income	4, 7	1,939	-	2,494	-
7130	Dividend income	4	76	-	1,884	-
7190	Other income	4, 7	30,998	1	26,162	1
7230	Net gain on foreign exchange	4	33,059	1	1,501	-
7375	Parts of profits from the subsidiaries, associated enterprises, and joint ventures recognized via the equity method	4, 6(5)	16,212	-	6,750	-
7510	Interest expenses		(40,783)	(1)	(42,381)	(2)
7590	Miscellaneous expenses		(17)	-	(19)	-
	Subtotal of non-operating incomes and expenses		58,184	1	11,672	-
7900	Profit (loss) before tax		160,438	4	(20,992)	(1)
7950	Income tax benefit (expense)	4, 6(14)	(30,155)	-	5,084	-
8200	Net income (loss)		130,283	4	(15,908)	(1)
	Other comprehensive income	6(13)				
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(9)	11,805	-	389	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income		-	-	(14,000)	(1)
8349	Income taxes related to the items not reclassified	6(14)	(2,361)	-	(78)	-
	Subtotal of items not subsequently reclassified to income		9,444	-	(13,689)	(1)
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		6,803	-	(5,095)	-
8399	Income tax related to items that may be reclassified	6(14)	(1,361)	-	1,019	-
	Subtotal of Items that may be reclassified subsequently to income		5,442	-	(4,076)	-
	Other comprehensive income in the current period (net amount after tax)		14,886	-	(17,765)	(1)
8500	Total comprehensive income in the current period		\$ 145,169	4	\$ (33,673)	(2)
	Earnings per Share	6(15)				
9750	Basic earnings (losses) per share		\$ 1.06		\$ (0.13)	

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen



Toung Loong Textile MFG. Co., Ltd.
Unconsolidated Statement of Changes in Equity

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

Change Items	Common share capital	Additional paid-in capital	Retained earnings			Other items of equity			Total equity
			Statutory reserves	Special reserves	Undistributed earnings	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	Remeasurement of defined benefit programs	
Balance as of January 1, 2023	\$ 1,226,920	\$ 167,271	\$ 575,067	\$ 70,101	\$ 734,979	\$ (7,234)	\$ 7,255	\$ (40,204)	\$ 2,734,155
2022 surplus distribution:									
Appropriated statutory surplus reserve	-	-	16,757	-	(16,757)	-	-	-	-
Reversal of special reserve	-	-		(29,918)	29,918	-	-	-	-
Distribution of cash dividends	-	-	-	-	(85,884)	-	-	-	(85,884)
Net (loss) for 2023	-	-	-	-	(15,908)	-	-	-	(15,908)
Other comprehensive income for 2023	-	-	-	-	-	(4,076)	(14,000)	311	(17,765)
Balance as of December 31, 2023	1,226,920	167,271	591,824	40,183	646,348	(11,310)	(6,745)	(39,893)	2,614,598
2023 surplus distribution:									
Distribution of cash dividends	-	-	-	-	(61,346)	-	-	-	(61,346)
Net profit for 2024	-	-	-	-	130,283	-	-	-	130,283
Other comprehensive income for 2024	-	-	-	-	-	5,442	-	9,444	14,886
Balance as of December 31, 2024	\$ 1,226,920	\$ 167,271	\$ 591,824	\$ 40,183	\$ 715,285	\$ (5,868)	\$ (6,745)	\$ (30,449)	\$ 2,698,421

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen



Toung Loong Textile MFG. Co., Ltd.
Parent Company Only Statement of Cash Flows

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

Item	2024	2023
Cash flows from operating activities:		
Profit (loss) before tax for the period	\$ 160,438	\$ (20,992)
Adjustment items:		
Revenue expense items that do not affect cash flow		
Depreciation expense	315,779	341,738
Amortization cost	4,060	4,133
Anticipated credit impairment loss (profit) amount	(286)	(3,631)
Interest expenses	40,783	42,381
Interest revenue	(16,700)	(15,281)
Dividend income	(76)	(1,884)
Shares of losses (profits) from subsidiaries, associated enterprises, and joint ventures accounted for under the equity method	(16,212)	(6,750)
Assets related to business activities / changes in liabilities		
Decrease (Increase) of notes receivable	(3,987)	(2,603)
Accounts receivable (increase) decrease	(71,134)	(5,012)
(Increase) decrease in accounts receivable - associates	(3,240)	3,583
Decrease (Increase) of other receivables	1,167	1,445
Inventory (increase) decrease	(31,496)	198,244
Prepayments (increase) decrease	(1,567)	(888)
Increase (decrease) of net defined benefit assets	512	-
Increase (decrease) of notes receivables	(40,267)	36,145
Increase (decrease) of accounts receivables	70,436	24,496
Increase (decrease) of other receivables	37,737	(60,969)
Increase (decrease) of other current liabilities	2,458	(1,593)
Increase (decrease) of net defined benefit liabilities	-	565
Cash in(out)-flows generated by business operation	448,405	533,127
Interest received	16,754	15,150
Dividends received	26,007	18,164
Interest paid	(40,409)	(41,925)
Income tax paid	(1,329)	(42,998)
Net cash inflow (outflow) from operating activities	449,428	481,518

(Continued next page)

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen

Toung Loong Textile MFG. Co., Ltd.
Parent Company Only Statement of Cash Flows

For the Years Ended December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

(Previous Page)

Item	2024	2023
Cash flows from investing activities:		
(Increase) decrease in financial assets measured at amortized cost	11,987	(17,206)
Acquisition of property, plant and equipment	(209,399)	(352,110)
(Increase) decrease in refundable deposits	(180)	502
Acquisition of Intangible Assets	(196)	(186)
(Increase) decrease in the other noncurrent assets	(3,978)	(5,333)
(Increase) decrease of prepayments for equipment	(31,623)	95,038
Net cash inflow (outflow) from investing activities	(233,389)	(279,295)
Cash flows from financing activities		
(Increase) decrease in short-term borrowings	106,658	(288,601)
(Increase) decrease in short-term notes payable	(20,147)	20,160
Borrowing (repaying) long-term loans	(279,370)	258,524
Increase (decrease) in refundable deposits	(79)	-
Cash dividends paid	(61,346)	(85,884)
Repaid principal of lease	(13,011)	(10,690)
Net cash inflow (outflow) from financing activities	(267,295)	(106,491)
Net increase (decrease) in cash and equivalent cash for the current period	(51,256)	95,732
Cash and cash equivalents at the beginning of the year	653,465	557,733
Cash and cash equivalents at the end of the year	\$ 602,209	\$ 653,465

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2025)

Chairman: Chih-Chen Yu

Manager: Rong-Lih Yu

Accounting Officer: Tai-Chen Chen



Toung Loong Textile MFG. Co., Ltd.
Notes to Unconsolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(Amounts are in NTD thousand unless otherwise specified)

I. Company History

Toung Loong Textile MFG. Co., Ltd. (Hereafter "the Company") was established on August 14, 1961, according to the Company Act of the Republic of China. Its business operations include:

- (1) Textile industry.
- (2) Woven fabric industry.
- (3) Non-woven fabric industry.
- (4) Printing and dyeing industry.
- (5) Garment industry.
- (6) Clothing and accessories manufacturing industry.
- (7) Other textile and product manufacturing industries.
- (8) Man-made fiber manufacturing industry.
- (9) Textiles, clothing, shoes, hats, umbrellas, and clothing accessories wholesale industry.
- (10) Textiles, clothing, shoes, hats, umbrellas, and clothing accessories retail industry.
- (11) International trade industry.

The Company's shares were listed on Taipei Exchange for trading on May 9, 1996.

This Parent Company Only Financial Report is presented in the Company's functional currency of "New Taiwan Dollar" (NTD or NT\$) as the expression currency.

II. Financial report approval date and procedure.

The Board of Directors passed the Parent Company Only Financial Report on March 13, 2025.

III. Application of New and Amended Standards and Interpretations

- (I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC), and the statements of interpretation (SIC) (hereafter collectively referred to as "IFRSs") approved and released by the Financial Supervisory Commission (FSC) is applied for the first time.



Applying the IFRS recognized and issued by the FSC will not cause major changes in the Company's accounting policies.

(II) Applicable IFRS recognized by the FSC in 2025

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

As of the release date of this parent company only financial report, the Company has assessed that the amendments to the preceding standards and interpretations did not significantly impact the financial status and performance of the parent company.

(III) The IFRS issued by the IASB but not yet approved by the FSC.

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB
Annual improvements to IFRS	Volume 11	January 1, 2026
Amendments to IFRS No 9 and IFRS No. 7	Amendments to classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS No 9 and IFRS No. 7	Contracts involving naturally sourced electricity	January 1, 2026
Amendments to IFRS No 10 and IAS No. 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates	To be determined by IASB
IFRS No. 17	Insurance Contracts	January 1, 2023
Amendments to IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendments to IFRS 18	Presentation and disclosure of the financial statements.	January 1, 2027
Amendments to IFRS 19	Non-accountable subsidiaries: disclosure	January 1, 2027

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes include:

- 1. The income statement should classify income and expense items into categories of operating, investing, financing, income tax, and discontinued operations.**
- 2. The income statement should present operating profit or loss, profit or loss before financing and income tax, and subtotals and totals of profit or loss.**
- 3. Guidance is provided to strengthen the requirements for operating totals and disaggregation:**

The Company shall identify assets, liabilities, equity, income, expenses and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The Consolidated Company shall label such items as "other" only when it is unable to find a more informative name.

- 4. Enhanced disclosure of management-defined performance measures:**

When the Company makes public communications outside the financial statements and communicates with financial statement users about management's view of a particular aspect of the Consolidated Company's overall financial performance, it shall disclose information related to management-defined performance measures in a single note to the financial statements. The note should include a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of the reconciling items.

As of the release date of this parent company only financial report, the Company has assessed that the amendments to the preceding standards and interpretations did not significantly impact the financial status and performance of the parent company.

IV. Summary of Significant Accounting Policies

A summary of the important accounting policies adopted in this individual financial report is as follows:

(I) Statement of Compliance

This Parent Company Only Financial Report has been¹⁵ prepared according to the "Rules Governing the Preparation of Financial Statements by Securities Issuers."

(II) Basis of Preparation

This Parent Company Only Financial Report has been prepared on a historical cost basis except for the financial instruments measured at fair value. The net defined benefit liabilities recognized at the present value of defined benefit obligations are less the fair value of planned assets. Historical cost is usually determined based on the fair value of the consideration paid to acquire the asset.

The Company has adopted the equity method for investment subsidiaries, affiliated enterprises, or joint control systems when it prepares individual financial reports. The current income, other comprehensive income, and equity in this Parent Company Only Financial Report are the same as the current income, other comprehensive income, and equity attributable to the owner of the Company in the Company's Consolidated Financial Report. There is no difference in accounting treatment between the parent company only basis and the consolidated basis.

(III) Foreign Currency

For transactions in currencies other than the functional currency (foreign currency) when preparing the Parent Company Only Financial Report, the original recognition is recorded in the functional currency based on the exchange rate on the transaction date.

At the end of each reporting period, foreign currency monetary items are retranslated at the closing exchange rate on that day. The resulting exchange difference is listed as current income.

Foreign currency non-monetary items measured by fair value are reconverted at the exchange rate when the fair value is determined. The resulting exchange difference is listed as current income. If the change in fair value is listed as other comprehensive income, the resulting exchange difference is listed as other comprehensive income.

Non-monetary items carried at historical cost is reported using the

exchange rate at the date of the transaction and will not be calculated again.

(IV) Criteria for Distinguishing Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents (except that there are restrictions on exchanging the assets or using them to settle liabilities within 12 months after the reporting period); assets held mainly for trading purposes; and assets expected to be realized within 12 months of the reporting period or assets expected to be realized, sold, or consumed during the normal business cycle. Assets that are not current assets are non-current.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled within 12 months after the reporting period or expected to be settled during the normal operating cycle, and liabilities for which there is no substantive right to defer settlement for at least 12 months after the reporting period end date. Liabilities that do not qualify as current liabilities are classified as non-current liabilities.

(V) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank demand deposits, and short-term as well as highly liquid investment items that can be converted into fixed cash at any time with little risk of value change.

(VI) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Measurement Types

When purchasing or selling financial assets according to customary transactions, the accounting treatment for derivative products shall be conducted on the delivery date, and the accounting treatment for other

financial assets shall be conducted on the transaction date.

The Company's holding of financial assets is measured at FVTPL, financial assets are measured at amortized cost, and equity investments are measured at FVTOCI.

(1) Financial assets measured at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated to be measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by the Company as measured at FVTOCI and investments in debt instruments not classified as measured at amortized cost or FVTOCI.

Financial assets at FVTPL are measured at fair value, with gains or losses arising from remeasurement (including any dividends or interest earned on the financial assets) shall be recognized as income. Please refer to Note 12 (1) of the Parent Company Only Financial Report for details on the fair value determination method.

(2) Financial Assets Measured at Amortized Cost

When the financial assets invested by the Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

- A The financial assets are held within a business model whose objective is to collect the contractual cash flows; and
- B The contractual terms of equity instruments give rise on specified dates to cash flows that are solely principal payments and interest on the principal amount outstanding.

After initial recognition, such financial assets are measured at an amortized cost equal to the net gross carrying amount determined using the effective interest method, less impairment loss. Any foreign exchange gains or losses arising therefrom are recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated at the value of the effective interest rate times the gross

carrying amount of financial assets:

- A For purchased or originated credit-impaired financial assets, interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- B For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest revenue is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

(3) Investments in equity instruments measured at FVTOCI.

Upon initial recognition, the Company may irrevocably designate investments in equity instruments not held for trading and not recognized as the contingent consideration of business combination as measured at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Company's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

2. Financial Asset Impairment

The Company has assessed impairment losses on financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

A loss allowance for accounts and lease receivables is provided based on their full lifetime expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased

since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

All impairment losses on financial assets is decreased its carrying amount through contra accounts.

3. Derecognition of Financial Assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

- (1) Contractual rights from the cash flow of financial assets have lapsed.
- (2) A financial asset is transferred, and ownership's risks and rewards are substantially transferred to another person.
- (3) Substantially, all the risks and rewards of asset ownership are neither transferred nor retained, but the control of the asset is transferred.

When a financial asset is fully derecognized, the difference between its book value and the sum of the consideration receivable or received plus any accumulated income recognized in other comprehensive profit or loss shall be recognized as income.

If the transferred asset is part of a larger financial asset, and the transferred part qualifies as fully derecognized, the Company shall apportion the original book value of the financial asset and the accumulated gains or losses recognized in other comprehensive income to each of these parts based on the relative fair value of the continuously

recognized part and the derecognized part on the date of transfer. The difference between the carrying amount allocated to the derecognized component and the sum of the consideration received for the component plus any cumulative gain or loss allocated to the derecognized component recognized in other consolidated income is recognized as income.

4. Financial Liabilities

(1) Classification and Subsequent Evaluation

The Company classifies its issuance of liabilities and financial instruments as financial liabilities or equities according to the definition of financial liabilities and equity instruments, as well as the contractual substance.

Financial liabilities measured at amortized cost, including payables and loans, are subsequently measured using the effective interest rate method after original recognition. When a financial liability is derecognized and amortized through the effective interest rate method, its related income and amortization amount is recognized in income.

The calculation of amortized cost shall consider the discount or premium at the time of acquisition and transaction costs.

(2) Derecognition of Financial Liabilities

When the obligations of financial liabilities are discharged, canceled, or expire, the financial liabilities are derecognized.

When the Company and the creditor exchange debt instruments with materially different terms or make major changes to all or part of the terms of existing financial liabilities (whether due to financial difficulties or not), it shall be handled by derecognizing the original liabilities and recognizing the new liabilities. When derecognizing a financial liability, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or assumed liabilities) shall be recognized in income.

(VII) Inventories

Inventories include raw materials, supplies, finished goods, and work in progress. Inventories are recorded based on acquisition costs, and the cost carry-forwards are calculated using the monthly weighted average method.

Inventories are evaluated at a lower cost and net realizable value. The cost and net realizable value comparison are based on individual items except for inventories of the same category. Net realizable value refers to the estimated selling price under normal circumstances after deducting the estimated costs to be invested in completion and sales expenses.

(VIII) Investments Accounted for Using Equity Method

The Company uses the equity method to handle investments in subsidiaries and related companies.

1. Investment in Subsidiaries

Subsidiaries are entities which the Company holds the control of.

Investment in subsidiaries is initially recognized at a cost under the equity method. The book value after the acquisition shall increase or decrease with the Company's share of the subsidiary's income and other comprehensive income and distribution. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the parent company only financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent that interests in the subsidiary are not related to the Company.

2. Investments in Associate Enterprises

Associated enterprises are those over which the Company has significant influence but are not subsidiaries or joint venture interests.

The Company's investments in the associates are accounted for using the equity method. Under the equity method, an investment is initially

recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associates as well as the distribution received. The Company also recognizes its share in the changes in equities of associates.

When associated enterprises issue new shares if the Company does not subscribe in proportion to its shareholding, resulting in a change in the shareholding ratio and thus an increase or decrease in the net equity value of the investment, the increase or decrease shall adjust the capital reserve and investments using the equity method. If the shareholding ratio is not subscribed or acquired, resulting in a decrease in the ownership interest in the associated enterprises, the amount related to the associated enterprises recognized in other comprehensive profit or loss is reclassified according to the decrease ratio. The basis of its accounting treatment is the same as that which must be followed if the associated enterprises directly dispose of the relevant assets or liabilities. Suppose the adjustment in the preceding paragraph must be debited to the capital reserve, and the balance of the capital reserve generated by the investment using the equity method is insufficient. In that case, the difference shall be debited to the retained surplus.

When assessing impairment, the Company regards the overall carrying amount of the investment (including goodwill) as a single asset comparable to the recoverable amount with the carrying amount to perform impairment testing. The recognized impairment loss is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. Income generated from upstream, downstream, and sidestream transactions between the Company and affiliated enterprises shall be recognized in the Company's Parent Company Only Financial Report only to the extent that interests in the

affiliated enterprises are unrelated to the Company.

(IX) Property, Plant, and Equipment

Property, plant, and equipment are measured at cost less than accumulated depreciation and impairment losses. Cost refers to the fair value of the cash, cash equivalent, or other consideration paid for the acquisition or construction of the asset as well as the estimated cost of dismantling and removal. When the useful lives of significant property, plant, and equipment components are different, they are treated as separate items of property, plant, and equipment.

Depreciation is calculated from the asset's cost (or other amount substituted for cost) less its salvage value using the straight-line method over the estimated useful lives of the individual parts of an item of property, plant, and equipment. Assets held under finance leases are depreciated on the same basis as self-owned assets, and are depreciated over their expected useful lives. If the relevant lease period is shorter, depreciation is provided during the lease period.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	3 - 55 years
Machinery and equipment	2 - 15 years
Office and other equipment	3 - 50 years

The estimated useful life, salvage value, and depreciation method are reviewed at the end of the reporting period; any estimated change's impact is treated as an accounting estimate revision.

Costs incurred in replacing a part of an item of property, plant, and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits of that part will flow to the individual company. The book value of the reset part is then derecognized. Routine maintenance costs of property, plant, and equipment are recognized in income as incurred.

The profit or loss arising from the disposal or scrapping of property, plant, and equipment is determined by the difference between the disposal price and the book value. The net amount shall be recognized as non-operating income and expenses under income.

(X) Lease

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

1. The Company as the Lessor

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

When the Company subleases the right-of-use asset, it shall judge the sublease classification based on the right-of-use asset (not the underlying asset). However, if the main lease is a short-term lease for which the Company applies the recognition exemption, the sublease is classified as an operating lease.

During lease operations, lease payments are recognized as income on a straight-line basis over the relevant lease term.

2. The Company as the Lessee

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

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease payments less the lease incentives received before the commencement date of the lease, original direct costs, and the estimated cost of restoring the underlying asset). It is subsequently measured at the cost less accumulated depreciation and accumulated impairment losses, and the remeasurement amount of the lease liability shall be adjusted. Right-of-use assets are

presented separately in the balance sheet.

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

The lease liability is originally measured at the present value of the lease payments. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented separately on the Asset Balance Sheet.

Variations in lease agreements that do not depend on an index or rate are recognized as an expense in the period incurred.

(XI) Intangible Assets

Acquired intangible assets with a finite useful life are measured at a cost less than accumulated amortization and impairment losses. The amortization amount is accrued using the straight-line method based on the useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, and the impact of any estimated change is treated as an accounting estimate revision.

Acquired intangible assets with indefinite useful lives are listed at cost less the accumulated impairment losses.

(XII) Impairment of Tangible and Intangible Assets

The Company checks the book value of tangible and intangible assets with a limited useful life at the end of each reporting period to determine whether there is any sign of impairment. If there is any impairment, an impairment test

shall be executed to estimate the asset's recoverable amount and determine whether the impairment should be denied. Impairment tests are conducted regularly and annually for intangible assets with no definite lifespan. If it is impossible to estimate the recoverable amount of individual assets, then estimate the recoverable amount of the cash-generating unit to which the asset belongs. If shared assets can be allocated reasonably and consistently, they shall be allocated to individual cash-generating units. Otherwise, they shall be allocated to the smallest group of cash-generating units reasonably and consistently.

The recoverable amount is the higher fair value, less the disposal cost and value in use. When determining value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risks that have not been used to adjust future cash flow estimates.

Suppose the recoverable amount of an asset or cash-generating unit is expected to be lower than the carrying amount. In that case, the carrying amount shall be reduced to its recoverable amount, and the impairment loss shall be recognized immediately in the current loss. If the recoverable amount increases due to changes in the estimate of the recoverable amount in the subsequent period, the book value of the asset or cash-generating unit shall be adjusted to the revised estimated recoverable amount. However, the increased carrying amount must not exceed the amount that would have been recognized had the asset or cash-generating unit not recognized an impairment loss in previous years. The reversed impairment loss must be recognized as the current profit.

(XIII) Liability Reserve

When the Company has a present obligation (statutory or constructive) due to past events, the obligation must probably be settled. The liability provision is recognized when the obligation amount can be estimated reliably.

The amount recognized as a liability reserve is the best estimate of what will be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties of the obligation. If the liability

reserve is measured as the estimated cash flows to settle the present obligation, its book value is the present value of those cash flows.

(XIV) Termination Benefits

For a defined appropriation plan, the pension amount that must be appropriated during the employee's service period is recognized as current expenses.

For a retirement plan with defined benefits, the cost of defined benefits shall be recognized according to the actuarial results. The cost of providing benefits is determined using the projected unit benefit method and is actuarially valued at the end of the reporting period. Actuarial income is fully recognized immediately during the period of occurrence and included in other comprehensive income in the consolidated income table.

(XV) Income Tax

Income tax expense includes current and deferred income tax. Items directly recognized in equity or other comprehensive income, current income tax, and deferred income tax shall be recognized in income except for those related to individual enterprises.

1. Income tax of the current period

Current income tax shall include the estimated income tax payable or tax rebate receivable calculated at the statutory tax rate or substantive legislative tax rate on the reporting date for the current year's taxable income (loss) and any adjustments to the income tax payable in the previous years.

Income tax on the undistributed earnings calculated according to the Income Tax Act provisions shall be listed as the current income tax in the shareholders meeting resolution year.

2. Deferred income tax

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities on the reporting date and their tax bases. Deferred income tax assets shall be recognized when there is likely to be taxable income available to deduct the temporary differences. Deduction of losses or

income tax deductions from purchasing machinery and equipment, R&D, and personnel training are recognized when utilized. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

- (1) Non-enterprise entity assets or liabilities originally recognized in transactions that do not affect the accounting profit and taxable income (loss) at the time of the transaction.
- (2) Those arising from investment in subsidiaries and affiliated enterprises, which are likely unreversible in the foreseeable future.
- (3) Original recognition of goodwill.

Deferred income tax is measured at the tax rate expected to be realized when the asset is realized, or the liability is settled. It shall be based on the statutory or substantive legislative tax rates at the reporting date. The deferred income tax liability and asset measurement reflect the tax effect produced by how the enterprise expects to recover or pay off the book value of its assets and liabilities on the reporting date.

For unused tax losses and unused income tax credits carried forward later and temporary deductible differences, they are recognized as a deferred income tax asset to the extent that the taxable income is likely to be available for use. It shall be reassessed on each reporting date and adjusted to the extent that the relevant income tax benefits are unlikely to be realized.

Income tax expenses directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the temporary difference between the carrying amount of the relevant assets and liabilities on the reporting date and their tax base is expected to be realized or liquidated.

(XVI) Income Recognition

Revenue is measured by the consideration to which goods are transferred and to which they are expected to be entitled. The Company shall recognize

revenue when the control of goods is transferred to clients to satisfy performance obligations.

1. Merchandise Sales

The Company recognizes revenue when control of the product is transferred to the customer. The transfer of control for the product means that the product has been delivered to the customer, and no outstanding obligations would affect the customer's acceptance of the product. Delivery is the point at which the customer has accepted the product according to the transaction conditions, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when the goods are delivered because the Company has an unconditional right to consideration at that point.

2. Labor Income

When the transaction result of the labor services provision can be reasonably estimated, the labor service income is recognized using the percentage-of-completion method. When the transaction result of the labor services provision cannot be reasonably estimated, the revenue is only recognized within the recoverable range of the incurred costs.

3. Financial Components

The Company expects that the time interval between the transfer of goods or services to the customer and the time between the customer's payment for the goods or services shall not exceed one year. Therefore, the Company does not adjust the time value of money in the transaction price.

(XVII) Government Grants

The Company can only recognize government grants when it reasonably believes that the conditions attached to the government grants will be followed and the grants will be received according to IAS No. 20 "Accounting for Government Grants and Disclosure of Government Assistance."

Government grants related to assets are recognized as deferred income and current income on a straight-line basis within the expected useful life of the relevant assets. For government grants related to expenses, government grants are recognized as current income systematically when the relevant expenses are incurred. If the government grant is used to compensate the expenses or losses incurred or provide financial support without future related costs, it is recognized in income during the period in which it can be received.

(XVIII) Operating Department Report

An operating department is a constituent unit of an individual company. It engages in business activities that may generate incomes or incur expenses (including incomes or expenses arising from transactions with other constituent units in the enterprise). The operating results of the operating departments are regularly reported to individual company operating decision makers for review, to make resource allocation decisions, and evaluate departmental performance.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates, and Assumptions

The Company's Parent Company Only Financial Report and financial results are affected by accounting policies, assumptions, and estimates. Accounting assumptions and estimates are based on experience and other relevant factors, and the management makes appropriate professional judgments.

The following is information about future assumptions and other major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

(I) Depreciation of Inventories

The net realizable value of inventories is the estimated selling price in the normal course of business minus the estimated cost to complete the project and the estimated cost required to complete the sale. These estimates are evaluated based on current market conditions and historical sales experience of similar products, and changes in market conditions may significantly affect the results

of these estimates.

(II) Asset Impairment Assessment

During the asset impairment assessment process, the Company must estimate the expected future cash flow generated by a specific asset (asset group) based on the subjective judgment of the asset utilization mode and industry characteristics and determine the appropriate discount rate to calculate the asset's value in use. Any changes in estimates due to changes in economic conditions or corporate strategy could result in significant asset impairment in the future.

(III) Realization of Deferred Income Tax Assets

Deferred income tax assets are recognized only when it is likely that future taxable income will be sufficient to offset deductible timing differences. Assessment of the realizability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax-exempt duration, available tax credits, tax planning, etc. Any changes in the global economy, industry, laws, and regulations might cause material adjustments to deferred income tax assets.

(IV) Calculation of Accrued Pension Liabilities

The Company must use judgments and estimates to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and the expected return rate on project assets, when calculating the present value of a defined benefit obligation. Any change in actuarial assumptions may significantly impact the Company's defined benefit obligations.

VI. Description for Important Accounting Subjects

(I) Cash and Cash Equivalents

Item	December 31	December 31
Cash	\$ 1,305	\$ 1,250
Cash in banks	469,764	507,902

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Time deposit	<u>131,140</u>	<u>144,313</u>
Total	<u><u>\$ 602,209</u></u>	<u><u>\$ 653,465</u></u>

The time deposit's original maturity date is within 3 months and is intended for short-term cash commitment rather than investment or other purposes. It is listed in cash and equivalent cash because it can be converted into fixed cash at any time, and the risk of value change is very low.

(II) Notes Receivable and Net Accounts Receivable

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Total of notes receivable	\$ 9,223	\$ 5,236
Less: Allowance for loss	<u>-</u>	<u>-</u>
Total	<u><u>\$ 9,223</u></u>	<u><u>\$ 5,236</u></u>
 Total of accounts receivable	 \$ 311,742	 \$ 240,608
Less: Allowance for loss	<u>(1,135)</u>	<u>(1,421)</u>
Total	<u><u>\$ 310,607</u></u>	<u><u>\$ 239,187</u></u>

1. Notes receivable

The age analysis of notes receivable is as follows:

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Not Overdue	<u><u>\$ 9,223</u></u>	<u><u>\$ 5,236</u></u>

2. Accounts Receivable

The Company has no collateral or other credit enhancements and lacks a statutory right of set-off to offset accounts receivable and accounts payable to the same counterparty.

(1) The expected credit loss analysis of accounts receivable is as follows:

The Company adopts the simplified approach for estimating

expected credit losses for all accounts receivable, which means measuring lifetime expected credit losses. For this measurement purpose, the Company calculates expected credit loss rates using a provision matrix based on the accounts receivable aging schedule according to the roll rate method with forward-looking adjustments. The expected credit loss analysis of the Company's accounts receivable is as follows:

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

December 31, 2024

Items	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	\$ 279,786	0.16%	\$ 453
Overdue			
Less than 30 days	31,020	1.75%	543
31 ~ 60 days	936	14.85%	139
61 ~ 90 days	-	-	-
Over 91 days	-	-	-
Total	\$ 311,742		\$ 1,135

December 31, 2023

Items	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	\$ 224,876	0.35%	\$ 792
Overdue			
Less than 30 days	14,920	2.84%	424
31 ~ 60 days	744	20.97%	156
61 ~ 90 days	68	72.06%	49
Over 91 days	-	-	-
Total	\$ 240,608		\$ 1,421

(2) Changes in allowance for losses of accounts receivable

Item	2024	2023
Beginning retained earnings	\$ 1,421	\$ 5,052
Recognition of impairment loss (rebound profit)	(286)	(3,631)
Balance on December 31	\$ 1,135	\$ 1,421

(III) Other Receivables

Item	December 31, 2024	December 31, 2023
Other receivables	\$ 53,204	\$ 54,425
Less: Allowance for loss	(50,172)	(50,172)
Net amount	<u>\$ 3,032</u>	<u>\$ 4,253</u>

As of both December 31, 2024 and 2023, the advance payment to Nylstar S.L. under other receivables amounted to NT\$50,172 thousand. Due to the company's failure to deliver on time and its subsequent application for bankruptcy to the Spanish government in 2023, the uncertainty of recovery is extremely high. Therefore, 100% expected credit losses were recognized.

(IV) Net Inventory

Item	December 31	December 31
Raw materials	\$ 129,933	\$ 80,045
Materials	32,268	32,932
Work in progress	187,219	357,037
Finished good	966,467	816,993
Inventory in transit	4,107	-
Total	1,319,994	1,287,007
Less: Allowance for depreciation losses	(45,868)	(44,377)
Net amount	<u>\$ 1,274,126</u>	<u>\$ 1,242,630</u>

The relevant details of the Company's recognized inventory costs are as follows:

Item	2024	2023
Cost of inventory sold	\$ 3,415,242	\$ 2,497,419
Inventory valuation decline (gain)	1,491	724
Total	<u>\$ 3,416,733</u>	<u>\$ 2,498,143</u>

(V) Investments Accounted for Using Equity Method

The details of the Company's investment using the equity method are as

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

follows:

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Investment in subsidiaries	\$ 266,104	\$ 269,020

Investment in subsidiaries

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Private entity		
Lung Hsiang Hsing Int'l Co., Ltd.	\$ 9,220	\$ 9,484
Sarah Global Co., Ltd.	28,419	29,226
Vietnam SARAH Company	88,026	89,339
Toung Loong Textile MFG. Vietnam	98,865	99,156
SUN BEAM GLOBAL ENTERPRISE CO., Ltd	41,574	41,815
Total	\$ 266,104	\$ 269,020

The Company's ownership interest and voting rights percentages in subsidiaries at the balance sheet date are as follows:

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Private entity		
Lung Hsiang Hsing Int'l Co., Ltd.	66.67%	66.67%
Sarah Global Co., Ltd.	100.00%	100.00%
Vietnam SARAH Company	100.00%	100.00%
Toung Loong Textile MFG. Vietnam	66.67%	66.67%
SUN BEAM GLOBAL ENTERPRISE CO., Ltd	100.00%	100.00%

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Details on share of profits or losses and other comprehensive income of subsidiaries accounted for using equity method for 2024 and 2023 are as follows:

Item	2024	2023
Lung Hsiang Hsing Int'l Co., Ltd.	\$ (264)	\$ (1,337)
Sarah Global Co., Ltd.	589	1,551
Vietnam SARAH Company	13,191	6,037
Toung Loong Textile MFG. Vietnam	5,719	8,851
SUN BEAM GLOBAL ENTERPRISE CO., Ltd	(3,023)	(8,352)
Total	\$ 16,212	\$ 6,750

Among the preceding share of subsidiaries' income using the equity method, Vietnam SARAH Company and Toung Loong Textile MFG. (Vietnam) were evaluated based on financial reports audited by other accountants during the same period.

(VI) Property, plant, and equipment

The details of the changes in the cost, depreciation, and impairment loss of the property, plant, and equipment of the Company in 2024 and 2023 are as follows:

Item	Land	Buildings	Machinery and equipment	Office and other equipment	Incomplete construction and equipment to be accepted	Total
Cost or recognized cost:						
Balance as of January 1, 2024	\$ 802,879	\$ 1,489,503	\$ 3,979,572	\$ 772,972	\$ 244,762	\$ 7,289,688
Additions	-	429	50,116	39,969	120,019	210,533
Disposal	-	(6,868)	(57,922)	(13,154)	-	(77,944)
Reclassification	-	3,226	125	-	(3,351)	-
Balance as of December 31, 2024	<u>\$ 802,879</u>	<u>\$ 1,486,290</u>	<u>\$ 3,971,891</u>	<u>\$ 799,787</u>	<u>\$ 361,430</u>	<u>\$ 7,422,277</u>
Balance as of January 1, 2023	\$ 802,879	\$ 1,488,883	\$ 3,836,330	\$ 737,866	\$ 88,484	\$ 6,954,442
Additions	-	620	156,203	32,632	162,093	351,548
Disposal	-	-	(12,961)	(3,341)	-	(16,302)
Reclassification	-	-	-	5,815	(5,815)	-
Balance as of December 31, 2023	<u>\$ 802,879</u>	<u>\$ 1,489,503</u>	<u>\$ 3,979,572</u>	<u>\$ 772,972</u>	<u>\$ 244,762</u>	<u>\$ 7,289,688</u>

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	Land	Buildings	Machinery and equipment	Office and other equipment	Incomplete construction and equipment to be accepted	Total
Depreciation and impairment loss:						
Balance as of January 1, 2024	\$ -	\$ 624,948	\$ 3,127,579	\$ 540,582	\$ -	\$ 4,293,109
Depreciation expense	-	42,247	215,271	45,515	-	303,033
Disposal	-	(6,868)	(57,922)	(13,154)	-	(77,944)
Reclassification	-	-	-	-	-	-
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 660,327</u>	<u>\$ 3,284,928</u>	<u>\$ 572,943</u>	<u>\$ -</u>	<u>\$ 4,518,198</u>
Item	Land	Buildings	Machinery and equipment	Office and other equipment	Incomplete construction and equipment to be accepted	Total
Depreciation and impairment loss:						
Balance as of January 1, 2023	\$ -	\$ 580,702	\$ 2,905,586	\$ 491,881	\$ -	\$ 3,978,169
Depreciation expense	-	44,246	234,954	52,042	-	331,242
Disposal	-	-	(12,961)	(3,341)	-	(16,302)
Reclassification	-	-	-	-	-	-
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 624,948</u>	<u>\$ 3,127,579</u>	<u>\$ 540,582</u>	<u>\$ -</u>	<u>\$ 4,293,109</u>
Book value:						
Balance as of December 31, 2024	<u>\$ 802,879</u>	<u>\$ 825,963</u>	<u>\$ 686,963</u>	<u>\$ 226,844</u>	<u>\$ 361,430</u>	<u>\$ 2,904,079</u>
Balance as of December 31, 2023	<u>\$ 802,879</u>	<u>\$ 864,555</u>	<u>\$ 851,993</u>	<u>\$ 232,390</u>	<u>\$ 244,762</u>	<u>\$ 2,996,579</u>

- As of December 31, 2024 and 2023, some property, plant, and equipment have been provided to financial institutions as collateral for loans. Please refer to the description for pledged assets in Note 8 of the Parent Company Only Financial Report.
- The following are the capitalization details of the Company's interests transferred to property, plant, equipment, and prepaid equipment:

Item	2024	2023
Interest capitalized amount	<u>\$ 5,895</u>	<u>\$ 3,071</u>

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

(VII) Lease Agreements

1. Right-of-use Assets

Item	December 31, 2024	December 31, 2023
Carrying value of the right-of-use asset		
Land	\$ 13,097	\$ 11,048
Transportation Equipment	9,892	9,784
Total	\$ 22,989	\$ 20,832

Item	2024	2023
Addition to right-of-use assets	\$ 14,903	\$ 18,919
Depreciation expense of right-of-use assets		
Land	\$ 4,941	\$ 3,191
Transportation Equipment	7,805	7,305
Total	\$ 12,746	\$ 10,496
Sublease income of right-of-use assets	\$ -	\$ -

2. Lease Liabilities

Item	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	\$ 11,899	\$ 10,852
Non-current	\$ 11,239	\$ 10,112

3. Other Lease Information

Item	2024	2023
Interest expenses on lease liabilities	\$ 282	\$ 272
Expenses attributable to short-term lease	\$ 3,833	\$ 6,207
Expenses attributable to	\$ 252	\$ 120

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	2024	2023
low-value assets		
Total cash outflow for leases	\$ 4,816	\$ 7,246

(VIII) Borrowings

1. Short-term bank loans

Item	December 31	December 31
Procurement loan	\$ 43,685	\$ 7,027
Mortgage loan	450,000	580,000
Credit loans	700,000	500,000
Total	\$ 1,193,685	\$ 1,087,027

The bank loan interest rate is the generally prevailing interest rate of the bank.

2. Short-term notes and bills payable

Item	December 31	December 31
Banker's acceptance bill	\$ 80,000	\$ 100,000
Less: Discount on bank acceptance bills payable	(179)	(32)
Total	\$ 79,821	\$ 99,968

3. Long-term bank loans and long-term liabilities due within 1 year

December 31, 2024

Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
Mega Bank (Banqiao Branch)	Mortgage loan	\$ 30,000	2017.06.22 ~2027.06.22		Land and plant	Installment repayments
Taiwan Cooperative Bank (Pugian Branch)	"	287,484	2020.03.23 ~2038.03.23	Floating rate	"	"
"	"	96,000	2020.12.31 ~2026.12.15		Machinery and equipment	"
"(Note)	"	99,900	2023.04.14 ~2025.08.31		Land and plant	Repayment due

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

<u>Creditor</u>	<u>Nature of borrowings</u>	<u>Borrowings amount</u>	<u>Term of contract</u>	<u>Interest rate range</u>	<u>Guarantee or pledge</u>	<u>Repayment method</u>
“(Note)”	“	278,028	2023.10.11 ~2025.08.31		“	“
The Export-Import Bank of R.O.C.	Credit loans	66,667	2020.08.17 ~2026.08.15		None	Installment repayments
“	“	131,250	2023.01.18 ~2028.01.18		“	“
Hua Nan Bank (Puqian Branch)	“	26,445	2020.05.15 ~2026.05.15		“	“
Bank of Taiwan (Huajiang Branch)	“	30,222	2020.05.15 ~2026.05.15		“	“
Chang Hwa Bank (Wanhua Branch)	“	56,000	2020.09.15 ~2026.09.15		“	“
“	“	9,333	2020.09.15 ~2026.09.15		“	“
Mega Bank (Banqiao Branch)	“	27,027	2021.02.08 ~2027.01.15		“	“
“	“	64,846	2021.04.20 ~2027.04.15		“	“
Total		1,203,202				
Less: Current portion of long-term borrowings		(277,295)				
Long-term loans due after 1 year		<u>\$ 925,907</u>				

Note: This loan is for plant construction financing. Upon completion of the plant construction and proper registration, it will be converted to an 18-year long-term mortgage loan.

December 31, 2023

<u>Creditor</u>	<u>Nature of borrowings</u>	<u>Borrowings amount</u>	<u>Term of contract</u>	<u>Interest rate range</u>	<u>Guarantee or pledge</u>	<u>Repayment method</u>
Mega Bank (Banqiao Branch)	Mortgage loan	\$ 13,125	2019.07.04 ~2024.07.04	Floating rate	Land and plant	Installment repayments
“	“	42,000	2017.06.22 ~2027.06.22		“	“
Taiwan Cooperative Bank (Puqian Branch)	“	309,180	2020.03.23 ~2038.03.23		“	“
“	“	144,000	2020.12.31 ~2026.12.15		Machinery and equipment	“
“	“	99,900	2023.04.14 ~2024.12.31		Land and plant	Repayment due
“	“	92,676	2023.10.11 ~2024.12.31		“	“
The Export-Import Bank of R.O.C.	Credit loans	106,667	2020.08.17 ~2026.08.15		None	Installment repayments

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
"	"	150,000	2023.01.18 ~2028.01.18		"	"
Hua Nan Bank (Puqian Branch)	"	45,111	2020.05.15 ~2026.05.15		"	"
Bank of Taiwan (Huajiang Branch)	"	51,556	2020.05.15 ~2026.05.15		"	"
Chang Hwa Bank (Wanhua Branch)	"	14,667	2020.09.15 ~2026.09.15		"	"
"	"	88,000	2020.09.15 ~2026.09.15		"	"
Mega Bank (Banqiao Branch)	"	40,000	2021.02.08 ~2027.01.15		"	"
"	"	85,690	2021.04.20 ~2027.04.15		"	"
Taipei Fubon Bank (Zhubei Branch) (Note)	"	200,000	2023.09.05 ~2025.05.24		"	Repayment due
Total		1,482,572				
Less: Current portion of long-term borrowings		(264,722)				
Long-term loans due after 1 year		<u>\$ 1,217,850</u>				

(IX) Post-employment Benefit Plan

1. Defined contribution plans

The Company has established an Employee Pension Measure according to the "Labor Pension Act," a defined allocation plan. For employees applicable to the Regulations, the Company's monthly pension allocation rate shall not be lower than 6% of the employee's monthly salary.

The Company's 2024 and 2023 annual expenses recognized in the parent company only comprehensive income statement under this plan were NT\$11,253 thousand and NT\$11,420 thousand, respectively. As of December 31, 2024 and 2023, the due allocation amounts that have not yet been paid to the plan were NT\$2,016 thousand and NT\$894 thousand, respectively. These amounts were paid after the end of the reporting period.

2. Defined Benefit Plans

The employee pension plan established by the Company according to the "Labor Standards Act" is a defined benefit plan. According to the plan's provisions, employee pensions are calculated based on years of service and the average salary for the 6 months before retirement. The Company allocates 10% of the total employee salary each month (the allocation has been suspended since 2019), and the employee pension fund is deposited in the Retirement Reserve Fund Supervision Committee's special account at the Bank of Taiwan under the committee's name. As a result, this retirement reserve is completely independent of the Company and is not included in the Parent Company Only Financial Report.

On December 31, 2024, the most recent actuarial evaluation was completed for the current value of plan assets and defined benefit obligations. The estimated unit cost method is used to calculate the present value of defined benefit obligations as well as the relevant current and previous service costs.

- (1) The following amount of the Company's obligations arising from the defined benefit plan is included in the Parent Company Only Balance Sheet:

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 69,855	\$ 74,516
Fair value of plan assets	(80,095)	(73,463)
Net defined benefit (asset) liabilities	\$ (10,240)	\$ 1,053

(2) The following is the year's changes in net confirmed liabilities (assets):

2024

Item	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning retained earnings	\$ 74,516	\$ (73,463)	\$ 1,053
Current service cost	499	-	499
Interest expense (income)	850	(837)	13
Defined benefit costs recognized as income	1,349	(837)	512
Remeasurement amount			
Actuarial income - experience adjustments	(5,416)	-	(5,416)
Actuarial income - changes in demographic assumptions	-	-	-
Actuarial income - changes in financial assumptions	230	-	230
Return on plan assets	-	(6,619)	(6,619)
Defined benefit costs recognized in other comprehensive income	(5,186)	(6,619)	(11,805)
Benefits paid	(824)	824	-
Balance on December 31	\$ 69,855	\$ (80,095)	\$ (10,240)

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

2023

Item	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning retained earnings	\$ 72,948	\$ (72,071)	\$ 877
Current service cost	555	-	555
Interest expense (income)	875	(865)	10
Defined benefit costs recognized as income	1,430	(865)	565
Remeasurement amount			
Actuarial income - experience adjustments	114	-	114
Actuarial income - changes in demographic assumptions	-	-	-
Actuarial income - changes in financial assumptions	165	-	165
Return on plan assets	-	(668)	(668)
Defined benefit costs recognized in other comprehensive income	279	(668)	(389)
Benefits paid	(141)	141	-
Balance on December 31	\$ 74,516	\$ (73,463)	\$ 1,053

(3) At the ending date of the report, the percentages of the main categories of project assets are listed as follows:

Item	Fair value of plan assets(%)	
	December 31, 2024	December 31, 2023
Cash	15	16
Equity instrument	58	57
Bond instrument	22	23
Others	5	4
Total	100	100

The expected return rate of the overall asset is based on the historical return trend and the actuary's forecast of the asset's market

during the duration of the relevant obligation regarding the use of labor pension funds by the Labor Utilization Bureau of the Ministry of Labor. Estimates of the impact on the interest rate on a 2-year time deposit at a local bank are used to determine the minimum return. The actual returns on plan assets in 2024 and 2023 were NT\$7,457 thousand and NT\$1,533 thousand, respectively.

(4) The Company is exposed to the following risks due to the pension system of the "Labor Standards Act":

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-operated and entrusted operation methods. However, the amount attributable to the planned asset of the Company shall not fall below the interest rate offered by the banks in the regions of investment for 2-year time deposit as return.

B Interest rate risk: A decrease in the interest rate of government bonds will increase the presently defined benefit obligation value and the return on the plan asset debt investment. They will partially offset the effect on the net defined liability.

C. Salary risk: Calculations to determine the present benefit obligation values are made based on the future salaries of plan members. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

- (5) The main actuarial assumptions of the Company on the measurement date are listed as follows:

Item	Measurement date	
	December 31, 2024	December 31, 2023
Discount rate	1.60%	1.17%
Expected salary increase rate	2.50%	2.00%

- (6) The sensitivity analysis for determining the present value of welfare obligations is as follows:

Item	December 31, 2024	December 31, 2023
Discount rate		
Increase by 0.25%	\$ (1,537)	\$ (1,341)
Decrease by 0.25%	\$ 1,607	\$ 1,416
Expected salary increase rate		
Increase by 0.5%	\$ 3,074	\$ 2,683
Decrease by 0.5%	\$ (2,794)	\$ (2,459)

The preceding sensitivity analysis for the determined benefit obligation's present value mentioned above is based on a single actuarial assumption change, while all other actuarial assumptions remain unchanged. Since some actuarial assumptions are related, having only one actuarial assumption is unlikely. Due to changes in actuarial assumptions, sensitivity analyses on defined benefit obligations may not be representative.

- (7) The Company expects to allocate NT\$0 thousand to the defined benefit plan in 2025. The weighted average duration of the defined welfare obligations is 8.5 years.

(X) Equity

1. Capital Shares

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Authorized capital	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>
Paid-in capital	<u>\$ 1,226,920</u>	<u>\$ 1,226,920</u>

As of December 31, 2024 and 2023, the Company has 172,000 thousand ordinary shares with a par value of NT\$10 per share. Each share has one vote and the right to dividends. The issued and fully paid shares were both 122,692 thousand shares.

2. Capital Reserve

<u>Item</u>	<u>December 31</u>	<u>December 31</u>
Additional paid-in capital	<u>\$ 167,271</u>	<u>\$ 167,271</u>

According to relevant laws and regulations, the excess from the issuance of shares exceeding the par value (the issuance of ordinary shares at a price greater than the par value, the share capital premium of shares issued as a result of mergers, the conversion premium of corporate bonds, treasury stock transactions, the actual acquisition or disposal of subsidiary company equity prices, book value difference, etc.) and the capital reserve generated from receiving gifts can be used to make up for losses. It can also be used to distribute cash dividends or appropriate share capital when the Company has no losses, provided that the total amount of capital appropriation is limited to no more than 10% of the paid-in capital each year. In addition, changes in ownership interests in subsidiaries shall be recognized to offset losses.

3. Retained Earnings and Dividends

(1) Statutory surplus reserve

According to the Company Act, the Company shall allocate 10% of the after-tax net profit as the statutory surplus reserve until it has

reached the total capital amount. When the Company has no losses, it may issue new shares or cash from the statutory reserve upon the shareholders meeting resolution, provided that the reserve is limited to 25% of the paid-in capital.

(2) Special Surplus Reserve

Provisions for withdrawing and reversing the special surplus reserve were established according to FSC's letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, and the "Applicable Questions and Answers for the Provision of Special Surplus Reserve after Adopting the IFRS." If there is a subsequent balance reversal of other deducted equity items, the surplus may be distributed for the reversed portion.

(3) Surplus Distribution and Dividend Policy

A According to the Company's Articles of Incorporation, the profit distribution and dividend policy are as follows:

If there is a surplus in the final annual accounts of the Company, taxes shall be paid first to compensate for accumulated losses over the years. In that case, 10% shall be raised for the second time as the Legal reserve, and the special reserve shall be allocated or reversed according to the laws or regulations of the competent authority. If there is still a surplus, the balance plus accumulated unappropriated retained earnings of previous years shall be distributed by the board of directors after a distribution proposal is made and submitted to the shareholders meeting for resolution.

The board of directors determines Toung Loong Textile MFG.'s dividend policy based on factors such as the Company's earnings over the years, current and future investment environment, capital needs, domestic and foreign competition

conditions, and capital budgets. It must also consider the shareholders' interests, balanced dividends, and the Company's long-term financial planning. It shall be drafted by the board of directors according to the law and submitted to the shareholders meeting for resolution. Toung Loong Textile MFG. distributes shareholder dividends based on the principle of no less than 50% of the after-tax profit of the current year after deducting losses. The surplus distribution can be done in the form of cash dividends or stock dividends, and the amount of cash dividends shall not be less than 30% of the total dividends paid in the current year.

- B** The Company's 2023 and 2022 profit distribution proposals were resolved by the shareholders meetings on June 13, 2024, and June 2, 2023. There is no difference between the actual distribution amount and the proposed distribution approved by the original board of directors. The details are as follows:

Item	Amount of surplus distribution		Distribution of dividends (NT\$/share)	
	2023	2022	2023	2022
Statutory reserves	\$ -	\$ 16,757		
Cash dividends	61,346	85,884	\$ 0.50	\$ 0.70
Total	<u>\$ 61,346</u>	<u>\$ 102,641</u>		

For information about the basis and recognized remuneration amounts for employees, and directors, please refer to Note 6 (12) of the Parent Company Only Financial Report for details on employee benefits, depreciation, and amortization expenses.

4. Other Items of Equity

(1) Financial statements translation differences of foreign operations

Item	2024	2023
------	------	------

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	2024	2023
Beginning retained earnings	\$ (11,310)	\$ (7,234)
Changes in this period	5,442	(4,076)
Balance on December 31	<u>\$ (5,868)</u>	<u>\$ (11,310)</u>

(2) Unrealized income of financial assets measured at FVTOCI

Item	2024	2023
Beginning retained earnings	\$ (6,745)	\$ 7,255
Changes in this period	-	(14,000)
Balance on December 31	<u>\$ (6,745)</u>	<u>\$ (6,745)</u>

(3) Remeasured value of defined benefit plan

Item	2024	2023
Beginning retained earnings	\$ (39,893)	\$ (40,204)
Changes in this period	9,444	311
Balance on December 31	<u>\$ (30,449)</u>	<u>\$ (39,893)</u>

(XI) Income

Item	2024	2023
Operating revenue		
Sales revenue	<u>\$ 3,690,582</u>	<u>\$ 2,602,613</u>

The Company's commodity sales revenue is derived from transferring commodities to customers at a specific time.

(XII) Employee Benefit, Depreciation, and Amortization Expenses

Nature \ Function	2024			2023		
	Attributed to operating	Attributed to operating	Total	Attributed to operating	Attributed to operating	Total
	Costs	Expenses		Costs	Expenses	
Employee benefit expense						
Salary expense	\$ 245,758	\$ 64,319	\$ 310,077	\$ 212,115	\$ 54,640	\$ 266,755
Labor and health insurance expense	26,764	4,594	31,358	25,694	4,786	30,480
Pension expense	9,745	2,020	11,765	9,919	2,066	11,985
Remuneration to directors	-	14,632	14,632	-	7,937	7,937
Other employee benefit expense	42,056	2,376	44,432	22,142	1,986	24,128

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Subtotal	<u>\$ 324,323</u>	<u>\$ 87,941</u>	<u>\$ 412,264</u>	<u>\$ 269,870</u>	<u>\$ 71,415</u>	<u>\$ 341,285</u>
Depreciation expense	<u>\$ 306,428</u>	<u>\$ 9,351</u>	<u>\$ 315,779</u>	<u>\$ 332,021</u>	<u>\$ 9,717</u>	<u>\$ 341,738</u>
Amortization cost	<u>\$ 3,772</u>	<u>\$ 288</u>	<u>\$ 4,060</u>	<u>\$ 3,616</u>	<u>\$ 517</u>	<u>\$ 4,133</u>

- 1. The additional information on the number of employees and employee benefits expenses for the Company's 2024 and 2023 are as follows:**

<u>Item</u>	<u>2024</u>	<u>2023</u>
Average number of employees	<u>\$ 458</u>	<u>\$ 475</u>
Number of directors who do not serve concurrently as employees	<u>\$ 8</u>	<u>\$ 8</u>
Average employee benefit expense	<u>\$ 884</u>	<u>\$ 714</u>
Average employee salary expense	<u>\$ 689</u>	<u>\$ 571</u>
The average employee salary adjustment change	<u>\$ 20.67%</u>	<u>\$ (16.40%)</u>

- 2. The Company's remuneration policy information (including directors, managers, and employees) is as follows:**

- (1) The company adopts a quota system for director remuneration. Regardless of the company's operating profit or loss, the company shall pay monthly, and the remuneration committee may consider future company operating conditions and other factors to make suggestions for adjustments. The remuneration of directors and profit distribution shall conform to the provisions of the Company's Articles of Incorporation. The Remuneration Committee shall consider the overall performance of the Board of Directors and the Company's operating performance, future operations, and risk appetite to prepare a distribution proposal.**

- (2) The remuneration of the Company's employees (including managers) includes monthly salaries, business sales bonuses, production performance bonuses, year-end and annual festival bonuses in cash issued according to the annual business performance, and the employee remuneration issued according to the Company's annual profit status.**

Sales bonuses, year-end bonuses, annual festival bonuses, and annual employee remuneration are rewards to colleagues for their contributions. The goal is to inspire colleagues to continue to work hard while connecting the interests of employees and shareholders to create a win-win for the company, shareholders, and employees.

The Company shall determine the total amount of employee cash bonuses and remuneration based on its operating results and according to the distribution level of the domestic industry. The Remuneration Committee recommends the amount and method of distribution to the Board of Directors, and employee remuneration shall be paid after approval by the Board of Directors. The amount allocated to each employee depends on their duties, contributions, and performance.

- 3. According to the Company's Articles of Incorporation, the ratios of employee, director remunerations are as follows:**

The Company shall distribute over 1% of the current year's profit status as employee remuneration and less than 5% remuneration for directors and supervisors. However, the Company shall make up for any accumulated losses if there are any.

The preceding "profitability of the year" refers to the remaining profit from pre-tax profit less employee, and director remunerations.

Employee, and director remuneration shall be resolved in a board of directors meeting attended by at least two-thirds of all board members and by a majority vote of the attending directors. The resolution shall be reported to the shareholders meeting.

Employee remuneration can be made in stock or cash, and the recipients may include employees of subordinate companies who meet

certain conditions.

4. The Company shall conform to the preceding employee, and director remuneration ratio stipulated in its Articles of Incorporation and reference the actual amount paid in the previous year. The total amount for employee, director, and supervisor remuneration estimated for 2024 and 2023 were NT\$10,333 thousand and NT\$0 thousand, respectively. They were recognized as operating costs or operating expenses according to their nature. However, if there is a discrepancy between the actual disbursed amount and the estimated amount, the disbursed amount shall be listed as annual income.
5. The company's 2024 and 2023 remunerations for its employees, supervisors, and directors were resolved by its board of directors on March 13, 2025 and 2024. They were distributed in cash as follows:

Item	2024		2023	
	Employee Remuneration	Remuneration of Directors	Remuneration of Employees	Remuneration of Directors
Allotment amount resolved by the Board of Directors	5,200	5,133	\$ -	\$ -
Amounts recognized in financial statements	5,200	5,133	-	-
Amount difference	\$ -	\$ -	\$ -	\$ -

The preceding information on the Company's employee and director remunerations can be accessed on MOPS.

(XIII) Other Comprehensive Incomes

2024

Other Comprehensive Income Items	Amount Before Tax	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss			
Remeasurement of defined benefit programs	\$ 11,805	\$ (2,361)	\$ 9,444
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign operations	6,803	(1,361)	5,442
Total	\$ 18,608	\$ (3,722)	\$ 14,886

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

2023

Other Comprehensive Income Items	Amount Before Tax	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss			
Remeasurement of defined benefit programs	\$ 389	\$ (78)	\$ 311
Equity instruments measured at FVTOCI			
Unrealized evaluation of gain or loss	(14,000)	-	(14,000)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign operations	(5,095)	1,019	(4,076)
Total	\$ (18,706)	\$ 941	\$ (17,765)

(XIV) Income Tax

1. Income tax recognized in income:

Item	2024	2023
Current income tax benefit (expense)		
Current tax payable	\$ (22,755)	\$ -
The current income tax expense of the previous year adjusted in the current period	-	(102)
Investment tax credits	(2,072)	2,072
Others	-	(1)
Deferred income tax benefit (expense)		
Deferred income tax benefit (expense) related to the occurrence and reversal of timing differences	(5,328)	3,115
Income tax benefit (expense)	\$ (30,155)	\$ 5,084

2. Income tax related to other comprehensive income tax:

Item	2024	2023
Remeasurement of defined benefit programs	\$ (2,361)	\$ (78)
Exchange differences on translation of the financial statements of foreign operations	(1,361)	1,019
Income tax benefit (expense)	\$ (3,722)	\$ 941

3. Reconciliation instructions for accounting income and income tax expenses:

Item	2024	2023
Profit (loss) before tax	\$ 160,438	\$ (20,992)
Income tax benefit (expense) calculated at the statutory tax rate on net profit (loss) before tax	\$ (32,087)	\$ 4,198
Income tax impact of reconciled items		
Domestic investment income is recognized using the equity method	65	43
Impact level of tax on items that should be increased (decreased) when determining taxable income	(451)	(1,127)
Income tax impact of investment tax credits	2,318	2,072
The current income tax expense of the previous year adjusted in the current period	-	(102)

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	2024	2023
Income tax benefit (expense)	\$ (30,155)	\$ 5,084

4. Deferred income tax assets and liabilities

The movements in deferred tax assets and liabilities are as follows:

2024

Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred tax assets				
Unrealized currency exchange gains or losses	\$ 2,520	\$(2,520)	\$ -	\$ -
Expected credit impairment losses	10,034	-	-	10,034
Inventory valuation losses	8,876	298	-	9,174
Loss carryforwards	1,731	(1,731)	-	-
Investment tax credits	2,072	(2,072)	-	-
Determined welfare plan actuarial loss	9,973	-	(2,361)	7,612
Differences on translation of the financial statements of foreign operations	2,827	-	(1,361)	1,466
Others	-	2	-	2
Total	<u>\$38,033</u>	<u>\$(6,023)</u>	<u>\$(3,722)</u>	<u>\$28,288</u>
Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred tax liabilities				
Unrealized currency exchange gains or losses	\$ -	\$ (2,994)	\$ -	\$ (2,994)
Income shares of subsidiaries, affiliated enterprises, and joint ventures recognized under the equity method	(26,750)	1,729	-	(25,021)
Expected credit impairment losses	(208)	(214)	-	(422)
Prepaid pension	(14,690)	102	-	(14,588)
Total	<u>\$(41,648)</u>	<u>\$(1,377)</u>	<u>\$-</u>	<u>\$(43,025)</u>

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

2023

Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred tax assets				
Unrealized currency exchange gains or losses	\$ 1,407	\$ 1,113	\$ -	\$ 2,520
Expected credit impairment losses	10,561	(527)	-	10,034
Inventory valuation losses	8,731	145	-	8,876
Loss carryforwards	-	1,731	-	1,731
Investment tax credits	-	2,072	-	2,072
Determined welfare plan actuarial loss	10,051	-	(78)	9,973
Differences on translation of the financial statements of foreign operations	1,808	-	1,019	2,827
Total	<u>\$ 32,558</u>	<u>\$ 4,534</u>	<u>\$ 941</u>	<u>\$ 38,033</u>

Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred tax liabilities				
Income shares of subsidiaries, affiliated enterprises, and joint ventures recognized under the equity method	\$(27,498)	\$ 748	\$ -	\$ (26,750)
Expected credit impairment losses	-	(208)	-	(208)
Prepaid pension	(14,803)	113	-	(14,690)
Total	<u>\$(42,301)</u>	<u>\$653</u>	<u>\$-</u>	<u>\$(41,648)</u>

5. The tax authority has assessed and approved the Company's income tax returns up to 2022.

(XV) Earnings Per Share

Basic earnings (losses) per share

The earnings and weighted average number of ordinary shares used to calculate the basic earnings per share are as follows:

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	2024	2023
Net profit (loss) attributable to parent company owners	\$ 130,283	\$ (15,908)
Basic earnings per share for the weighted average number of ordinary shares (thousand shares)	122,692	122,692
Basic earnings (losses) per share (NT\$)	\$ 1.06	\$ (0.13)

VII. Related Party Transactions

(I) Names of the associates and the relationship with the Company

Related Party Name	Relationship with the Company
Lung Hsiang Hsing INT'L Co. Toung Loong Textile MFG. (Vietnam)	The Company's subsidiary " "
Sarah International Co., Ltd.	
Sarah Global Co., Ltd.	"
Siang Hao Investment Co.,LTD.	Corporate Director of the Company

(II) Parent company and ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(III) Important Transactions with Related Parties

1. Operating revenue

Related Party Name	2024	2023
Vietnam SARAH Company	\$ 5,044	\$ 3,368
Sarah Global Co., Ltd.	10,531	27,579
Total	\$ 15,575	\$ 30,947

The transaction conditions and payment period (2 to 3 months) are not significantly different from ordinary customers.

2. Rent income

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

<u>Related Party Name</u>	<u>Subject matter</u>	<u>2024</u>	<u>2023</u>
Lung Hsiang Hsing Int'l Co., Ltd.	Office at Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City	\$ 57	\$ 57
Siang hao Investment Co., Ltd.	"	23	23
Total		\$ 80	\$ 80

The preceding rent is paid every 3 months, and the rental income is listed in the Company's Parent Company Only Financial Report.

3. General income (sales materials, OEM, and consulting income)

<u>Related Party Name</u>	<u>2024</u>	<u>2023</u>
Vietnam SARAH Company	\$ 1,773	\$ 1,649
Toung Loong Textile MFG (Vietnam) Co. Ltd.,	3,155	3,052
Total	\$ 4,928	\$ 4,701

The transaction conditions and payment period (approximately 2 to 3 months) are not significantly different from ordinary customers.

4. Accounts Receivable

<u>Related Party Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Sarah Global Co., Ltd.	\$ 3,132	\$ 98
Vietnam SARAH Company	206	-
Total	\$ 3,338	\$ 98

5. For the endorsement and guarantee of the associate Toung Loong Textile MFG. (Vietnam), please refer to the detailed "Endorsement and Guarantee for Others" list in Attachment 1 of the Parent Company Only Financial Report.

6. Relevant information on the total remuneration of key management

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

Item	2024	2023
Short-term employee benefits	\$ 29,583	\$ 20,815
Post-employment benefits	106	106
Total	<u>\$ 29,689</u>	<u>\$ 20,921</u>

VIII. Pledged Assets

Assets	Subject matter of pledge guarantee	Carrying amount	
		December 31, 2024	December 31, 2023
Land	Bank loans	\$ 752,496	\$ 752,496
Buildings	Bank loans	683,630	711,279
Machinery and equipment	Bank loans	106,223	145,889
Total		<u>\$ 1,542,349</u>	<u>\$ 1,609,664</u>

IX. Significant Contingent Liabilities And Unrecognized Contract Commitments

- (I) From to December 31, 2023, the details of the unused letters of credit issued by the Company for the purchase of raw materials and machinery and equipment are as follows:

Item	Amount
The number of unused letters of credit issued	
NTD (in thousands)	\$ 46,091
USD (in thousands)	121
JPY (thousand)	337,500

- (II) As of December 31, 2024, the details of guaranteed notes issued by the Company are as follows:

Item	Amount
Loan amount	\$ 450,000
Return material yarn tube safekeeping	2,400

- (III) The total price of the project and sales contract signed by the Company for

factory building expansion and additional equipment purchase is about NT\$449,046 thousand. As of December 31, 2024, the remaining amount to be paid is about NT\$92,523 thousand.

X. Major disaster losses: None.

XI. Major subsequent events: None.

XII. Others

(I) Financial instruments

1. Categories of financial instruments

(1) Financial Assets

Item	December 31, 2024	December 31, 2023
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 602,209	\$ 653,465
Notes and accounts receivables	323,168	244,521
Other receivables	3,032	4,253
Refundable deposits	19,013	18,833
Financial assets measured at amortized cost	115,438	127,425
Financial assets at fair value through other comprehensive income	89,340	89,340
Total	<u>\$ 1,152,200</u>	<u>\$ 1,137,837</u>

(2) Financial liabilities

Item	December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 1,193,685	\$ 1,087,027
Short-term notes and bills payable	79,821	99,968
Notes payable and accounts payable	303,891	273,722
Other payables	126,369	87,406
Long-term borrowings (including the portion with maturity in one year)	1,203,202	1,482,572
Lease liabilities	23,138	20,964
Deposits received	114	193
Total	<u>\$ 2,930,220</u>	<u>\$ 3,051,852</u>

2. The Purpose of Financial Risk Management

The financial risk management objective of the Company is to manage financial risks related to operating activities. Such risks include market risk (including foreign currency exchange rate and interest rate risk), credit risk, and liquidity risk. The Company is devoted to identifying, assessing, and avoiding market uncertainties to eliminate the potential adverse effects of market changes on financial performance. The Company's board of directors supervises the management level and monitors the compliance of the Company's financial risk management policies and procedures. It reviews the suitability of the Company's financial risk management framework for the risks they face. Internal auditors assist the Company's Board of Directors in its oversight role. These individuals conduct routine and exceptional reviews of financial risk management controls and procedures, and report the findings to the board of directors.

3. Market risks

Market risk refers to the risk that changes in market prices will affect the income of the Company or the value of financial instruments held, such as changes in exchange rates and interest rates. Market risk management aims to control the degree of exposure to market risks within a tolerable range and optimize investment returns. The Company is mainly exposed to market risks, such as changes in foreign currency exchange and interest rates, and uses certain derivative financial instruments to manage related risks. In 2024 and 2023, there was no risk exposure change in the financial instrument market, the management, and the measurement of such exposure.

(1) Foreign currency exchange rate risks

Some of the Company's operating activities and net investments in foreign operating institutions are mainly conducted in foreign

currencies so currency exchange rate risks may occur. The exchange rate risk management strategy regularly reviews the net positions of assets and liabilities in various currencies and carries out risk management on the net positions. It is based on the cost of hedging and the period of hedging to avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows caused by exchange rate changes and to avoid the selection of exchange rate risk tools. The following are the details of the Company's foreign currency assets and liabilities that have a significant impact on the financial report:

December 31, 2024

<u>Item</u>	<u>Foreign</u>	<u>Exchange</u>	<u>Carrying</u>
Financial asset			
<u>Monetary items</u>			
USD	\$ 13,484	30.79	442,069
Euro	20	34.14	685
JPY	37,619	0.21	7,896
<u>Non-monetary</u>			
USD	7,669	30.71	251,415
Financial liability			
<u>Monetary items</u>			
USD	409	30.79	13,418
Euro	1,060	34.14	36,188

December 31, 2023

<u>Item</u>	<u>Foreign</u>	<u>Exchange</u>	<u>Carrying</u>
Financial asset			
<u>Monetary items</u>			
USD	\$ 16,756	30.71	514,495
Euro	20	33.98	682
JPY	144	0.22	31
<u>Non-monetary</u>			
USD	7,499	30.71	230,310
Financial liability			
<u>Monetary items</u>			
USD	133	30.71	4,093

The exchange rate risk sensitivity analysis is as follows:

NT\$ 1% relative appreciation	2024			2023		
	USD	Euro	JPY	USD	Euro	JPY
Profits (losses)	\$ 4,287	\$ (355)	\$ 79	\$ 5,104	\$ 7	\$ -
Increase (decrease) in equity	2,514	-	-	2,303	-	-

(2) Interest rate risk

Interest rate risk is the risk of changes in the fair value of financial instruments due to market interest rate fluctuation. The Company's long-term and short-term bank loans were borrowed at floating interest rates. So any changes in market interest rates will generate fair value change risks and cash flow risks. The Company's policy is to hedge against the risks of changes in loan interest rates. It assesses the international economic situation and market interest rate trends before deciding whether to use floating or fixed interest rates to avoid the risks of interest rate changes.

The interest rate risk sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the end of the reporting period was outstanding for the entire year. The rate of change used by the Company when reporting interest rates internally to the key management level is a 0.25% increase or decrease in interest rates, which represents the management's assessment of the reasonably possible interest rate fluctuation range. Suppose the interest rate rises or falls by 0.25% while all other variables remain constant. In that case, the Company's net profit in 2024 and 2023 will fall or rise by NT\$5,992 thousand and NT\$6,424 thousand, respectively, according to changes in the Company's borrowing rate.

4. Credit Risk Management

Credit risk is the risk of financial loss to the Company due to the

failure of the transaction counterparty or other parties to perform the contract. The evaluation subject is the contract with a positive fair value on the balance sheet date. As of 2024 and as of December 31, 2023, the largest credit risk exposure of the Company that may cause financial losses due to the counterparty's failure to perform the contract mainly comes from the receivables generated from operating activities. The Company's operational and financial credit risks are managed separately.

(1) Operational-related credit risk

The Company has established procedures for credit risk management related to operations to maintain the quality of accounts receivable. An individual customer's credit risk assessment is primarily based on the customer's financial status, historical transaction records, the internal credit rating of the Company, credit rating agency ratings, current economic conditions, and other factors that may affect the customer's ability to pay. The Company also timely uses certain credit enhancement tools, such as advance payment and credit insurance, to reduce the credit risk of specific customers.

As of December 31, 2024 and 2023, the accounts receivable balance of the top 10 customers accounted for 74% and 81% of the Company's accounts receivable balance, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

(2) Financial credit risk

The Company's credit risk engaged in financial asset investment is measured and monitored by the Financial Department of the Company. Since the transaction partners are all financial institutions and corporate organizations with good credit, no significant credit

risk is expected. The Company does not hold any collateral or other credit enhancement instruments to hedge the financial asset credit risks.

5. Liquidity risk management

The liquidity risk management objective of the Company is to maintain the cash and equivalent cash required for operations, highly liquid securities and sufficient bank financing, etc. The goal is to ensure the Company has sufficient financial flexibility and mitigate the impact of cash flow fluctuations. The management of the Company supervises the bank financing lines and ensures compliance with the loan contract terms. As of December 31, 2024 and 2023, the Company's unused short-term bank financing lines were NT\$1,306,315 thousand and NT\$2,172,973 thousand, respectively.

The Company's investment in domestic and foreign unlisted company stocks is expected to have a relatively significant liquidity risk because there is no active market.

The table below analyzes the remaining contractual maturity of financial liabilities during the agreed repayment period. It is prepared based on the undiscounted cash flow of financial liabilities, which includes cash for interest and principal flow. It is based on the earliest date on which the Company may be required to repay:

Toung Loong Textile MFG. Co., Ltd.
Notes to the 2024 and 2023 Parent Company Only Financial Reports (Continued)

December 31, 2024

Item	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities						
Short-term borrowings	\$ 737,497	\$ 456,188	\$ -	\$ -	\$ 1,193,685	\$ 1,193,685
Short-term notes and bills payable	79,821	-	-	-	79,821	79,821
Notes payable and accounts payable	282,554	21,224	113	-	303,891	303,891
Other payables	109,058	17,311	-	-	126,369	126,369
Long-term borrowings	78,851	200,578	384,139	671,566	1,335,134	1,203,202
Lease liabilities	3,329	8,757	11,052	-	23,138	23,138
Deposits received	-	-	114	-	114	114
Total	\$ 1,291,110	\$ 704,058	\$ 395,418	\$ 671,566	\$ 3,062,152	\$ 2,930,220

December 31, 2023

Item	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities						
Short-term borrowings	\$ 937,027	\$ 150,000	\$ -	\$ -	\$ 1,087,027	\$ 1,087,027
Short-term notes and bills payable	99,968	-	-	-	99,968	99,968
Notes payable and accounts payable	256,911	16,462	349	-	273,722	273,722
Other payables	84,946	2,460	-	-	87,406	87,406
Long-term borrowings	57,486	209,232	1,044,958	305,442	1,617,118	1,482,572
Lease liabilities	3,134	8,516	9,314	-	20,964	20,964
Deposits received	-	-	193	-	193	193
Total	\$ 1,439,472	\$ 386,670	\$ 1,054,814	\$ 305,442	\$ 3,186,398	\$ 3,051,852

6. Fair Value of Financial Instruments

(1) Fair value of financial instruments at amortized cost

In the Parent Company Only Financial Report, the Company believes the carrying amounts of financial assets and liabilities measured at amortized cost approximate their fair values.

(2) Appraisal techniques and assumptions used to measure fair value

Fair value refers to the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions

used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of fair value, primarily because of the short maturity periods for such instruments.
 - B The fair value of financial assets and liabilities traded in an active market with standard terms and conditions is determined regarding market quotations (such as listed stocks and bonds).
 - C The fair value of equity instruments without active market transactions (for example, private placement stocks listed on the counter, publicly issued company stocks without active markets, and privately issued company stocks) is estimated using the market or asset-based approach. The fair value is calculated based on the prices generated by the market transactions of the same or comparable corporate equity instruments and other relevant information (lack of liquidity discount factors, similar company equity ratio, similar company stock price-to-book ratio, etc.).
 - D The increased financial assets at amortized cost and the fair value of long-term payables are determined based on the discounted cash flow analysis. Since there is little difference between the discounted and book values, they are presented at the book value.
- (3) Fair value measurement recognized in the Parent Company Only Balance Sheet

After the initial recognition, the analysis of financial instruments is based on the fair value measurement method, which is divided into three levels based on the degree of observability of the fair value:

- A Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B Level 2 fair value measurement refers to the derivation of fair

value from observable inputs of assets or liabilities, either directly (i.e., prices) or indirectly (i.e., derived from prices), but not included in the first level quotations.

C Level 3 fair value measurement is the evaluation technique that uses unobservable input values (input values of assets or liabilities not based on observable market data) to derive fair value.

(4) Fair value – financial instruments measured at fair value regularly
December 31, 2024

Item	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Non-TWSE/TPEX listed domestic company stocks	\$ -	\$ -	\$ 89,340	\$ 89,340

December 31, 2023

Item	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Non-TWSE/TPEX listed domestic company stocks	\$ -	\$ -	\$ 89,340	\$ 89,340

(II) Capital management

The Company's capital management goal is to ensure the ability to continue operations; meet the needs of working capital, capital expenditures, R&D expenses, debt repayments, and dividend payments for the next 12 months; and maintain an optimal capital structure to reduce capital costs. The Company may adjust the dividends paid to shareholders, issue new shares, or sell assets to liquidate liabilities to maintain or adjust the capital structure.

The Company monitors capital by regularly reviewing the debt ratio. The debt ratio of the Company is as follows:

Item	December 31, 2024	December 31, 2023
Total liabilities	\$ 3,028,241	\$ 3,125,665
Total Assets	\$ 5,726,662	\$ 5,740,263
Liability proportion	53%	54%

XIII. Additional Disclosures

(I) Information on Significant Transactions

- 1. Loans to others: None.**
- 2. Provision of endorsements and guarantees to others: Please refer to Attachment 1.**
- 3. Securities held at the end of the period: see Attachment 2 for details.**
- 4. Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of the Company's paid-in capital: None.**
- 5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.**
- 6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.**
- 7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in Capital or more: None.**
- 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.**
- 9. Engage in derivative commodity trading: None.**

(II) Information about reinvestment matters: See Attachment 3 for details.

(III) Mainland China investment information: The Company has not invested in mainland China.

(IV) Information on major shareholders: See Attachment 4 for details.

XIV. Department Information

The Company's resource allocation and performance measurement are based on the operating results regularly reviewed by the chief operating officer, and the Company is a single operating department. The basis of measurement for the operating department's income, assets, and liabilities is the same as that of the financial report. Please refer to the 2023 Consolidated Financial Report.

Attachment 1

**Endorsements/guarantees provided
For the year ended December 31, 2024**

Unit: USD thousand, NTD thousand

Serial No. (Note 1)	Endorsement/ guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to a single entity (Note 3)	The maximum endorsement guarantee balance in the current period	Balance of endorsement guarantee at the end of the period	Actual drawn-down amount (Note 4)	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Endorsement/guarantee limit (Note 3)	guarantee from the parent company to the subsidiary (Note 5)	Endorsement/guarantee from subsidiary to parent company (Note 5)	Guarantee provided to subsidiaries in Mainland China (Note 5)
		Company Name	Relationship (Note 2)										
0	Toung Loong Textile MFG. Co., Ltd.	Toung Loong Textile MFG. (Vietnam)	2	\$ 1,079,368 (2,698,421×40%)	(US\$2,500) NT\$82,088	(US\$2,500) NT\$81,963	US\$0 NT\$0	\$ -	3.04%	\$ 1,322,226 (2,698,421×49%)	Y	N	N

Note 1: 0 represents Toung Loong Textile MFG. Co., Ltd.

Note 2: 2 represents a subsidiary whereby a parent company directly owns over 50% of its ordinary shares.

Note 3: Maximum limit calculation method: According to the Company's endorsement guarantee method, the Company's latest financial statement audited and certified by a CPA is limited to 49% of the net value of the Company's latest financial statements. The endorsement guarantee for a single enterprise shall not exceed 40% of the latest net value of the Company's financial statements audited and certified by a CPA.

Note 4: The amount of the Company's disbursement within the range of using the balance of the endorsements/guarantees shall be disclosed.

Note 5: Y is required only for an endorsement/guarantee of a listed parent company to a subsidiary, an endorsement/guarantee of a subsidiary to a listed parent company, and an endorsement/guarantee to entities in Mainland China.

Attachment 2

Marketable securities held at the end of the period

December 31 ,2024

Unit: NT\$ thousand / thousand shares

Holding company name	Type and name of securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial statement account	End of Period				Remarks (Note 4)
				Number of Shares	Book value (Note 3)	Percentage of Ownership	Fair value	
Toung Loong Textile MFG. Co., Ltd.	<u>Bonds</u>							
	Bond repos	None	Current financial assets at amortized cost	-	\$ 30,951	-	\$ 30,951	
	Bond repos	"	Non-current financial assets at amortized cost	-	84,487	-	84,487	
	Subtotal				115,438			
	<u>Stocks</u>							
	Chain Yarn Co., Ltd.	"	Non-current financial assets at fair value through other comprehensive income	6,165	62,000	2.90%	62,000	
	Tair Yung Fa Co., Ltd.	"	"	1	18,000	18.00%	18,000	
	Pao Shiang Construction & Industrial Co., Ltd.	"	"	55	4	0.01%	4	
	EZ-Photo Co., Ltd.	"	"	90	696	18.00%	696	
	Safe Save Medical Cell Sciences & Technology Co., Ltd.	"	"	221	4,630	0.55%	4,630	
	Ta Shee Resort Co., Ltd.	"	"	-	4,010	-	4,010	
Sarah International Co., Ltd	Subtotal				89,340			
	<u>Stocks</u>							
	ACE CROWN VIETNAM CO.,LTD	"	"	-	1,263	13.00%	1,263	

Note 1: Marketable securities were shares, bonds, beneficiary certificates, and others within the scope of IFRS 9 "Financial Instruments."

Note 2: Omit this field if the securities issuer is not a related party.

Note 3: For those measured by fair value, the book amount column B is the book balance after adjusting the fair value evaluation and deducting accumulated losses. For those not measured by fair value, the booking amount in Column B is the book balance of the original acquisition cost or amortized cost less accumulated impairment.

Note 4: Due to the provision of guarantees, pledged loans, or other agreements, the number of shares provided as guarantee or pledge, the amount of guarantee or pledge, and the circumstances of restricted use must be indicated.

Note 5: For information about investing in subsidiaries and affiliated companies, please refer to Attachment 3 for investment-related information.

Attachment 3

Reinvestment related information
For the year ended December 31, 2024

Unit: NT\$ thousand / thousand shares

Investor	Name of investee	Location	Main business	Initial investment amount		Holding at the end of the period			Current income of investee	Investment income recognized in the current period	Remarks
				By the end of the current period	End of last year	Shares	Percentage	Carrying amount			
Toung Loong Textile MFG. Co., Ltd.	Lung Hsiang Hsing INT'L Co.	R.O.C.	International Trade	\$ 15,970	\$ 15,970	1,600	66.67%	\$ 9,220	\$ (397)	\$ (264)	
	Sarah Global Co., Ltd.	"	Cloths, textiles, threads Wholesale and retail	20,000	20,000	2,000	100.00%	28,419	589	589	
	Sarah International Co., Ltd	Vietnam	Manufacturing of weaving yarn	63,371 (US\$1,855 thousand)	63,371 (US\$1,855 thousand)	-	100.00%	88,026	13,191	13,191	
	Toung Loong Textile MFG. (Vietnam)	"	"	92,724 (US\$2,843 thousand)	92,724 (US\$2,843 thousand)	-	66.67%	98,865	8,578	5,719	
	SUN BEAM GLOBAL ENTERPRISE CO., LTD	The British Virgin Islands	General commerce	16,319 (US\$500 thousand)	16,319 (US\$500 thousand)	5	100.00%	41,574	(3,023)	(3,023)	
			Total	\$ 208,384	\$ 208,384			\$ 266,104		\$ 16,212	
SUN BEAM GLOBAL ENTERPRISE CO., LTD	DONG LONG ENTERPRISE CO., LTD	Cambodia	Manufacturing of weaving yarn	US\$490thousand	US\$490thousand	-	49.00%	\$ 1,716	(6,124)		

Attachment 4

Information on Major Shareholders

December 31, 2024

Name of major shareholder	Shares held	Shareholding percentage
Jung-Chieh Yu	6,405,719	5.22%
Rong-Lih Yu	6,368,094	5.19%

1. The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). There may be a discrepancy in the number of shares recorded on the financial statements of a company and its dematerialized securities arising from the difference in basis of preparation.
2. As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than ten percent of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website.

Toung Loong Textile MFG. Co., Ltd.

List of Important Account Titles

(Amounts are in NTD thousand unless otherwise specified)

2024

Table 1

Toung Loong Textile MFG. Co., Ltd.**Statement of cash and cash equivalents****December 31, 2024**

Item	Summary		Amount	Remarks
Cash	Cash and working capital		\$ 1,305	
Cash in banks				
Checking				
accounts			225,516	
Demand deposits			81,970	
Time deposit			131,140	
Foreign				
currency deposits	US\$	4,707	154,312	
	EUR\$	2	76	
	JPY\$	37,590	7,890	
Subtotal			600,904	
Total cash and cash equivalents			\$ 602,209	

Table 2

Toung Loong Textile MFG. Co., Ltd.

Net Accounts Receivable Table

December 31, 2024

Customer name	Summary	Amount	Remarks
<u>Related parties</u>			
Sarah Global Co., Ltd.	Payment for goods	\$ 3,132	
Vietnam SARAH Company	"	206	
Related party sub-total		3,338	
<u>Non-related party</u>			
Company A	"	66,883	
Company B	"	51,892	
Company C	"	25,009	
Company D	"	24,574	
Other (under 5% total)	"	143,384	
Non-related party sub-total		311,742	
Less: Allowance for bad debts		(1,135)	
Net amounts of non-related parties		310,607	
Total		\$ 313,945	

Table 3

Toung Loong Textile MFG. Co., Ltd.**Net Inventory Table****December 31, 2024**

Item	Summary	Amount		Remarks
		Cost	Market price (Note)	
Raw materials	Inventories	\$ 129,933	\$ 128,966	
Materials	"	32,268	32,221	
Work in progress	"	187,219	183,644	
Finished good	"	966,467	925,188	
Materials in transit	"	4,107	4,107	
Total		1,319,994	\$ 1,274,126	
Less: Allowance for depreciation losses		(45,868)		
Net amount		\$ 1,274,126		

Note: The raw material replacement cost is the market price, and the net realizable value of work in progress and finished goods is the market price.

Table 4

Toung Loong Textile MFG. Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2024

Name	Beginning retained earnings		Current Period Increase		Current Period Decrease		Balance on December 31			Market value or equity net value		Guarantee or pledge status	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding percentage	Amount	Unit Price	Total price		
Investment in subsidiaries													
Lung Hsiang Hsing Int'l Co., Ltd.	1,600	\$ 9,484	-	\$ -	-	\$ 264	1,600	66.67	\$ 9,220	7.05	\$ 9,220	None	
Sarah Global Co., Ltd.	2,000	29,226	-	589	-	1,396	2,000	100.00	28,419	13.23	28,419	"	
Sarah International Co., Ltd	-	89,339	-	15,065	-	16,378	-	100.00	88,026	-	88,026	"	
Toung Loong Textile MFG. (Vietnam)	-	99,156	-	7,866	-	8,157	-	66.67	98,865	-	98,865	"	
SUN BEAM GLOBAL ENTERPRISE CO., LTD	5	41,815	-	2,782	-	3,023	5	100.00	41,574	10,531.03	41,574	"	
Total		\$ 269,020		\$ 26,302		\$ 29,218			\$ 266,104				

Explanation:

1. Lung Hsiang Hsing Int'l Co., Ltd.'s decrease in this period is the investment loss of NT\$264 thousand recognized using the equity method.
2. Sarah Global Co., Ltd.'s increase in this period is the investment income recognized using the equity method of NT\$589 thousand; the decrease in the current period is due to cash dividends distributed in the amount of NT\$1,396 thousand.
3. Sarah International Co., Ltd.'s increase in the current period is NT\$13,191 of investment income recognized under the equity method and NT\$1,874 thousand the conversion difference of foreign financial statements assessed according to the IAS No. 21 bulletin. The decrease in the current period is due to the distribution of NT\$16,378 in cash dividends.
4. Toung Loong Textile MFG. (Vietnam)'s increase in the current period is NT\$5,719 thousand of investment income recognized under the equity method and NT\$2,147 thousand, the conversion difference of foreign financial statements assessed according to the IAS No. 21 bulletin. The decrease in the current period is due to the distribution of NT\$8,157 thousand in cash dividends.
5. SUN BEAM GLOBAL ENTERPRISE CO., LTD.'s increase in the current period is exchange differences on translation of the financial statements of foreign operations assessed according to IAS 21, amounting to NT\$2,782 thousand; the decrease in the current period is the investment loss of NT\$3,023 thousand recognized using the equity method.

Table 5

Toung Loong Textile MFG. Co., Ltd.

Property, Plant, and Equipment Change Table

For the year ended December 31, 2024

Please refer to Note 6 (6) of the Parent Company Only Financial Report for relevant information.

Table 6

Toung Loong Textile MFG. Co., Ltd.

Accumulated Depreciation and Impairment Change Table

For the year ended December 31, 2024

Please refer to Note 6 (6) of the Parent Company Only Financial Report for relevant information.

Table 7

Toung Loong Textile MFG. Co., Ltd.**Short-term Loans Table****December 31, 2024**

Creditor	Loan type	Balance on December 31	Term of contract	Interest rate range	Credit limit	Guarantee or pledge	Remarks
E.SUN Commercial Bank (Xinzhuang Branch)	Procurem ent loan	\$ 36,188	1 year	According to the bank's general prevailing interest rate	\$ 200,000	Please refer to Note 8 of the financial report	
Hua Nan Bank (Puqian Branch)	Procurem ent loan	7,497			450,000		
Mega Bank (Banqiao Branch)	Mortgage loan	70,000			150,000		
Bank of Taiwan (Huajiang Branch)	"	80,000			80,000		
Chang Hwa Bank (Wanhua Branch)	"	100,000			410,000		
Hua Nan Bank (Puqian Branch)	"	200,000			450,000		
The Export-Import Bank of R.O.C.	Credit loans	150,000			150,000		
Yunta Bank (Banqiao Branch)	"	50,000			80,000		
Cathay United Bank (Puqian Branch)	"	100,000			100,000		
Bank Sinopac (Zhongxiao Branch)	"	150,000			150,000		
First Commercial Bank (Renhe Branch)	"	50,000			100,000		
Fubon Bank (Xianzheng Branch)	"	200,000			200,000		
Total		\$ 1,193,685					

Table 8

Toung Loong Textile MFG. Co., Ltd.

Schedule of short-term bills payable

December 31, 2024

Items	Guarantee or acceptance institution	Term of contract	Interest rate range	Amount			Remarks
				Amount issued	Unamortized discount on short-term bills payable	Carrying amount	
Commercial papers payable	Grand Bills Finance Corp.	2024.11.29 ~ 2025.01.08	1.75%	\$ 20,000	\$ (9)	\$ 19,991	
Commercial papers payable	Taiwan Finance Corporation	2024.11.29 ~ 2025.02.19	1.65%	60,000	(170)	59,830	
				<u>\$ 80,000</u>	<u>\$ (179)</u>	<u>\$ 79,821</u>	

Table 9

Toung Loong Textile MFG. Co., Ltd.**Statement of accounts payable****December 31, 2024**

Vendor name	Summary	Amount
Non-related party		
Company AA	Payment for goods	\$ 90,031
Company BB	"	67,496
Other (under 5% total)	"	102,838
Total		\$ 260,365

Table 10

Toung Loong Textile MFG. Co., Ltd.**Statement of long-term borrowings****December 31, 2024**

Please refer to Note 6 (8) of the Parent Company Only Financial Report for relevant information.

Table 11

Toung Loong Textile MFG. Co., Ltd.**Statement of operating revenue****For the year ended December 31, 2024**

Item	Weight		Amount	Remarks
Cloth yarn	12,385,181	KGS	\$ 3,556,371	
Others	607,727	KGS	134,211	
Total			\$ 3,690,582	

Table 12

Toung Loong Textile MFG. Co., Ltd.

Statement of operating costs

For the year ended December 31, 2024

Item		Amount
Raw materials		
Initial stock		\$ 80,045
Plus:	Current period incoming materials	2,085,994
	Raw material inventory surplus	791
Less:	End-of-period stock	(129,933)
	Raw material sales	(70,466)
	Other subtraction items	(116)
Current period consumption		1,966,316
Materials		
Initial stock		32,932
Plus:	Current period incoming materials	291,079
Less:	End-of-period stock	(32,268)
	Material sales	(1,605)
	Other subtraction items	(79,676)
Current period consumption		210,462
Direct labor		192,927
Production overheads		958,263
Production cost		3,327,968
Plus:	Initial period work-in-progress	357,037
Less:	End period work in progress	(187,219)
	Other subtraction items	(366)
Cost of finished goods inventory		3,497,420
Plus:	Initial period finished products	816,993
Outsourced finished product	Outsourced finished product	1,835
Less:	End period finished products	(966,467)
	Finished product inventory loss	(945)
	Other subtraction items	(4,593)
Cost of sales		3,344,243
Plus:	Costs of raw material sales	70,466
	Other additional items	379
	Inventory valuation losses	1,491
	Inventory loss	154
Operating costs		\$ 3,416,733

Table 13

Toung Loong Textile MFG. Co., Ltd.**Statement of Manufacturing Expenses****For the year ended December 31, 2024**

Item	Amount
Indirect labor	\$ 71,538
Repair and maintenance expense	68,687
Utility expense	302,234
Depreciation	306,428
Other expenses (Note)	209,376
Total	\$ 958,263

Note: Aggregation accounting for less than 5% of the total amount

Table 14

Toung Loong Textile MFG. Co., Ltd.**Statement of operating expenses****For the year ended December 31, 2024**

Item	Selling expenses	Administrative expenses	R&D expenses
Salary	\$ 13,072	\$ 52,498	\$ 8,248
Freight expense	17,790	10	41
Insurance expense	1,423	2,766	1,094
Depreciation	1,792	6,418	1,142
Sample expense	3,965	-	-
Royalty	21,721	-	-
Other expenses (Note)	10,836	23,940	5,125
Total	\$ 70,599	\$ 85,632	\$ 15,650

Note: Aggregation accounting for less than 5% of the total amount