

**Toung Loong Textile MFG. Co.,
Ltd. and its Subsidiaries
Consolidated Financial
Statements and Independent
Auditor's Report
2024 and 2023**

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Toung Loong Textile MFG. Co., Ltd. and its

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.



Subsidiaries

2024 and 2023 Consolidated Financial Statements and Independent Auditors' Report Contents

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Declaration

In 2024 (from January 1, 2024 to December 31, 2024), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 “Consolidated Financial Statements.” In addition, the information which shall be disclosed in the consolidated financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of consolidated financial statements of affiliated companies.

Declared by

Company name: Toung Loong Textile MFG. Co., Ltd.

Representative: Chih-Chen Yu

March 13, 2025

Auditors' Report

(2024) Shi-Shen No. 007

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

Audit opinions

We have reviewed the Consolidated Balance Sheet as of December 31, 2024 and 2023, as well as the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the notes to the Consolidated Financial Report (including the summary of material accounting policies) for the years ended December 31, 2024 and 2023 for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries.

In our opinion, based on our audit result and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these consolidated financial reports are according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretation announcements recognized and promulgated by the Financial Supervisory Commission (FSC). Therefore, they can properly express the consolidated financial status of Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries as of December 31, 2024 and 2023, and the consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023.

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 Consolidated 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. and its subsidiaries 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 consolidated financial report audit of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries for 2024, according to the professional judgment of the CPA. These matters were addressed in the context of our audit of the consolidated 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

For the accounting policy on cash and cash equivalents, please refer to Note 4(6) of the consolidated financial statements; for explanation of the cash and cash equivalents accounting items, please refer to Note 6(1) of the consolidated financial statements.

Explanation of key audit matters:

As of December 31, 2024, Toung Loong Textile MFG. Co., Ltd. and its subsidiaries had a cash and cash equivalents balance of NT\$707,850 thousand, representing 12% of total consolidated assets. Due to the inherent risks associated with cash and cash equivalents, the accountant has identified 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

The financial reports of some subsidiaries included in the consolidated financial report of Toung Loong Textile MFG. Co., Ltd. and its subsidiaries have not been inspected by our CPAs and were audited by other CPAs. Therefore, in the our opinion on the consolidated financial report, the amount listed in the preceding subsidiaries' financial report is based on the audit

report of other CPAs. The total assets as of December 31, 2024 and 2023, were NT\$273,527 thousand and NT\$271,199 thousand, accounting for 4.68% and 4.65% of the total consolidated assets, respectively. The net operating income in 2024 and 2023 were NT\$234,978 thousand and NT\$215,014 thousand, accounting for 5.99% and 7.63% of the consolidated net operating income, respectively. In addition, the “reinvestment-related information” disclosed in Note 13 (2) of the Consolidated Financial Report was compiled based on the subsidiaries’ financial report based on other auditors’ reports.

Toung Loong Textile MFG. Co., Ltd. has prepared the Parent Company Only Financial Statements for 2024 and 2023. We have issued an audit report with unqualified opinions and other sections on record for reference.

Management Level and Governing Units’ Responsibilities for Consolidated Financial Report

Management is responsible for the preparation and fair presentation of the consolidated financial statements according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRS, IAS, IFRIC, and SIC recognized and promulgated by the FSC and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The responsibilities of the management level during the formulation of the Consolidated Financial Report include evaluating Toung Loong Textile MFG. and its subsidiaries’ ability to continue its operations, disclosure of the relevant matters, and adopting the accounting basis for continual operation unless the management level intends to liquidate Toung Loong Textile MFG. and its subsidiaries, stop its operations, or there is no other practical option except settlement or liquidation.

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

CPA’s Consolidated Financial Report Audit Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable certainty means a high degree of certainty. However, audits performed under auditing standards cannot guarantee that a material misrepresentation in the consolidated 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure under the circumstances. The objective is not to express an opinion on the effectiveness of the internal control unit for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries.
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 Toung Loong Textile MFG. Co., Ltd. and its shareholdings to continue. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead Toung Loong Textile MFG. Co., Ltd. and its subsidiaries to become unable to continue to operate.

5. Evaluate the consolidated financial report's overall presentation, structure, and content (including related notes) and assess whether the consolidated financial report can properly represent the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence for Toung Loong Textile MFG. Co., Ltd. and its subsidiaries' individual financial information to express an opinion on its consolidated financial report. 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. and its subsidiaries.

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. and its subsidiaries' 2024 consolidated 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
Chang

CPA names: Wan-Li Hsieh

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. and its Subsidiaries

Consolidated 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)	\$ 707,850	12	\$ 700,623	12
1136	Financial assets at amortized cost - current	4	30,951	1	48,298	1
1150	Net value of notes receivable	6, 6(2)	9,226	-	5,236	-
1170	Net value of accounts receivable	6, 6(2)	352,334	6	265,784	5
1200	Other receivables	4, 6(3)	3,410	-	6,954	-
1220	Current tax assets	4	1,982	-	1,681	-
1310	Net inventory	4, 5(1), 6(4)	1,367,857	24	1,340,527	23
1410	Prepayments		14,059	-	20,999	-
1476	Other financial assets - current	4	45,437	1	89,194	2
	Total current asset		2,533,106	44	2,479,296	43
Non-current assets						
1517	Financial assets at fair value through other comprehensive income- non-current	4	90,603	1	90,603	1
1535	Non-current financial assets at amortized cost	4	84,487	1	79,127	1
1550	Investment accounted for using the equity method	4	1,716	-	4,466	-
1600	Property, Plant and Equipment	4, 5(2), 6(5), 8, 9	2,941,985	50	3,021,886	52
1755	Right-of-use asset	4, 6(6), 8	35,594	1	33,763	1
1760	Net Investment Property	4	35,047	1	33,008	1
1780	Intangible Assets	4	418	-	936	-
1840	Deferred tax assets	4, 5(3), 6(13)	30,083	1	39,867	1
1915	Prepayments for business facilities	1X	40,008	1	8,385	-
1920	Refundable deposits		19,026	-	18,892	-
1975	Net defined benefit asset - current	4, 5(4), 6(8)	10,240	-	-	-
1990	Other noncurrent assets - others		19,262	-	18,100	-
	Total non-current asset		3,308,469	56	3,349,033	57
1XXX	Total assets		\$ 5,841,575	100	\$ 5,828,329	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. and its Subsidiaries

Consolidated Balance Sheet (II)

December 31, 2024 and 2023

Unit: Amounts expressed in thousands of New Taiwan Dollars

Shareholders' Equity		Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(7), 8	\$ 1,193,685	21	\$ 1,112,386	19
2110	Short-term notes and bills payable	6(7), 8	79,821	2	99,968	2
2150	Notes payable		43,571	1	83,976	1
2170	Accounts payable		266,290	5	189,321	3
2200	Other payables		134,164	2	94,428	2
2230	Current income tax liabilities	4, 6(13)	23,435	-	1,578	-
2280	Lease liabilities - Current	4, 6(6)	11,899	-	10,852	-
2320	Long-term liabilities due within 1 year	6(7), 8	277,295	5	264,722	5
2399	Other current liabilities - Others		28,153	-	2,741	-
Total current liabilities			2,058,313	36	1,859,972	32
Non-current liabilities						
2540	Long-term borrowings	6(7), 8	925,907	16	1,217,850	21
2571	Deferred income tax liabilities - land appreciation tax	4	28,591	-	28,591	-
2572	Deferred income tax liabilities - income tax	4, 6(13)	43,133	1	41,648	1
2580	Lease liabilities - Non-current	4, 6(6)	11,239	-	10,112	-
2640	Net defined benefit liabilities - noncurrent	4, 5(4), 6(8)	-	-	1,053	-
2645	Deposits received		21,937	-	193	-
Total non-current liabilities			1,030,807	17	1,299,447	22
2XXX	Total Liabilities		3,089,120	53	3,159,419	54
Equity attributable to the parent company		6(9)				
3100	Share capital		1,226,920	21	1,226,920	21
3200	Additional paid-in capital		167,271	3	167,271	3
3300	Retained earnings	4				
3310	Statutory reserves		591,824	10	591,824	10
3320	Special reserves		40,183	1	40,183	1
3350	Undistributed earnings		715,285	12	646,348	11
3400	Other equities	4	(43,062)	(1)	(57,948)	(1)
Total equity of the parent company			2,698,421	46	2,614,598	45
36XX	Non-controlling interest	6(9)	54,034	1	54,312	1
3XXX	Total equity		2,752,455	47	2,668,910	46
1XXX	Total liabilities and equities		\$ 5,841,575	100	\$ 5,828,329	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. and its Subsidiaries

Consolidated 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 (10), 7	\$ 3,921,876	100	\$ 2,818,246	100
5000	Operating costs	6(4)	(3,582,310)	(92)	(2,646,635)	(94)
5900	Gross profit		339,566	8	171,611	6
	Operating expenses	6(11), 7				
6100	Selling expenses		(90,247)	(2)	(78,431)	(2)
6200	Administrative expenses		(105,476)	(3)	(91,112)	(3)
6300	R&D expenses		(15,650)	-	(15,007)	(1)
6450	Expected loss (profit) on credit impairment	6, 6(2)	286	-	3,631	-
	Subtotal of operating expenses		(211,087)	(5)	(180,919)	(6)
6900	Net operating income (loss)		128,479	3	(9,308)	-
	Non-operating income and expense					
7100	Interest revenue	4	20,537	-	20,230	1
7110	Rental income	4, 7	2,080	-	3,613	-
7130	Dividend income	4	705	-	2,580	-
7190	Other income	4	28,462	1	21,505	1
7210	Gains on disposals of property, plant and equipment	4	-	-	28	-
7230	Net gain on foreign exchange	4	34,741	1	1,394	-
7510	Interest expenses		(41,707)	(1)	(43,000)	(2)
7590	Miscellaneous expenses		(1,493)	-	(496)	-
7770	Shares of losses of associates and joint ventures accounted for using the equity method	4	(3,001)	-	(9,140)	-
	Subtotal of non-operating incomes and expenses		40,324	1	(3,286)	-
7900	Profit (loss) before tax		168,803	4	(12,594)	-
7950	Income tax benefit (expense)	4, 6(13)	(35,794)	(1)	442	-
8200	Net income (loss)		133,009	3	(12,152)	-
	Other comprehensive income	6(12)				
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(8)	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 re-classified	6(13)	(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	4	7,877	-	(6,440)	-
8399	Income tax related to items that may be reclassified	6(13)	(1,361)	-	1,019	-
	Subtotal of Items that may be reclassified subsequently to income		6,516	-	(5,421)	-
	Other comprehensive income in the current period (net amount after tax)		15,960	-	(19,110)	(1)
8500	Total comprehensive income in the current period		\$ 148,969	3	\$ (31,262)	(1)
	Net income attributable to:					
8610	Owners of the parent company		\$ 130,283	3	\$ (15,908)	-
8620	Non-controlling interest		2,726	-	3,756	-
	Total		\$ 133,009	3	\$ (12,152)	-
	Total comprehensive income attributable to:					
8710	Owners of the parent company		\$ 145,169	3	\$ (33,673)	(1)
8720	Non-controlling interest		3,800	-	2,411	-
	Total		\$ 148,969	3	\$ (31,262)	(1)
	Earnings per Share	6(14)				
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. and its Subsidiaries

Consolidated 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	Non-controlling interest	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	\$ 57,037	\$ 2,791,192
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)	-	(85,884)
Net (loss) for 2023	-	-	-	-	(15,908)	-	-	-	(15,908)	3,756	(12,152)
Other comprehensive income for 2023	-	-	-	-	-	(4,076)	(14,000)	311	(17,765)	(1,345)	(19,110)
Subsidiary's cash dividends paid	-	-	-	-	-	-	-	-	-	(5,136)	(5,136)
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	54,312	2,668,910
2023 surplus distribution:											
Distribution of cash dividends	-	-	-	-	(61,346)	-	-	-	(61,346)	-	(61,346)
Net profit for 2024	-	-	-	-	130,283	-	-	-	130,283	2,726	133,009
Other comprehensive income for 2024	-	-	-	-	-	5,442	-	9,444	14,886	1,074	15,960
Subsidiary's cash dividends paid	-	-	-	-	-	-	-	-	-	(4,078)	(4,078)
Balance as of December 31, 2024	<u>\$ 1,226,920</u>	<u>\$ 167,271</u>	<u>\$ 591,824</u>	<u>\$ 40,183</u>	<u>\$ 715,285</u>	<u>\$ (5,868)</u>	<u>\$ (6,745)</u>	<u>\$ (30,449)</u>	<u>\$ 2,698,421</u>	<u>\$ 54,034</u>	<u>\$ 2,752,455</u>

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. and its Subsidiaries

Consolidated Cash Flow Statement

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	\$ 168,803	\$ (12,594)
Adjustment items:		
Revenue expense items that do not affect cash flow		
Depreciation expense	323,817	350,762
Amortization cost	5,195	4,824
Anticipated credit impairment loss (profit) amount	(286)	(3,631)
Interest expenses	41,707	43,000
Interest revenue	(20,537)	(20,230)
Dividend income	(705)	(2,580)
Shares of losses (gains) of associates accounted for using the equity method	3,001	9,140
Losses (profits) from disposal and scrapping of property, plant, and equipment	-	(28)
Assets related to business activities / changes in liabilities		
Decrease (Increase) of notes receivable	(3,990)	(2,567)
Accounts receivable (increase) decrease	(86,264)	3,973
Decrease (Increase) of other receivables	3,465	(779)
Inventory (increase) decrease	(27,329)	213,809
Prepayments (increase) decrease	6,940	(9,055)
Increase (decrease) of net defined benefit assets	512	-
Increase (decrease) of notes receivables	(40,405)	36,062
Increase (decrease) of accounts receivables	76,969	19,023
Increase (decrease) of other receivables	38,510	(62,899)
Increase (decrease) of other current liabilities	25,412	(1,648)
Increase (decrease) of net defined benefit liabilities	-	565
Cash in(out)-flows generated by business operation	514,815	565,147
Interest received	20,616	20,095
Dividends received	705	2,580
Interest paid	(41,333)	(42,544)
Income tax paid	(6,691)	(48,962)
Net cash inflow (outflow) from operating activities	488,112	496,316

(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. and its Subsidiaries

Consolidated Cash Flow Statement

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)
	(Increase) decrease in other financial assets	43,757	(51,851)
	Acquisition of property, plant and equipment	(228,797)	(356,007)
	Disposal of property, plant and equipment	-	28
	(Increase) decrease of prepayments for equipment	(31,623)	95,038
	(Increase) decrease in refundable deposits	(134)	505
	Acquisition of Intangible Assets	(196)	(185)
	(Increase) decrease in the other noncurrent assets	(5,602)	(6,772)
	Net cash inflow (outflow) from investing activities	(210,608)	(336,450)
	Cash flows from financing activities		
	(Increase) decrease in short-term borrowings	81,299	(266,798)
	(Increase) decrease in short-term notes payable	(20,147)	20,159
	Borrowing (repaying) long-term loans	(279,370)	258,524
	(Increase) decrease in refundable deposits	21,744	-
	Cash dividends paid	(61,346)	(85,884)
	Change in non-controlling interests	(4,078)	(5,136)
	Repaid principal of lease	(13,011)	(10,690)
	Net cash inflow (outflow) from financing activities	(274,909)	(89,825)
	Effect of exchange rate changes on cash and cash equivalents	4,632	(5,543)
	Net increase (decrease) in cash and equivalent cash for the current period	7,227	64,498
	Cash and cash equivalents at the beginning of the year	700,623	636,125
	Cash and cash equivalents at the end of the year	\$ 707,850	\$ 700,623

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. and its Subsidiaries

Notes to Consolidated 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 “Toung Loong”) was established on August 14, 1961, according to the Company Act of the Republic of China. Its business operations include:

- (I) Manufacturing, sale, and wholesale of man-made fiber sewing thread and weaving yarn
- (II) Manufacturing and distribution of hybrid thread consisting of different types of cotton, wool, hemp thread, and artificial silk
- (III) Manufacturing and distribution of thread textiles
- (IV) Weaving, manufacturing, and processing of various fiber threads and fiber textiles
- (V) Import and export trading of timber (logs)
- (VI) Import and export affairs related to the aforementioned business.

Toung Loong’s shares were listed on Taipei Exchange for trading on May 9, 1996.

The composition of this Consolidated Financial Report includes this Company and its subsidiaries (hereafter “Consolidated Company”).

This Consolidated Financial Report is expressed in NTD, Toung Loong's functional currency.

II. Financial report approval date and procedure.

The Consolidated Financial Report was approved at the board meeting 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 Consolidated Financial Report, the Consolidated Company has assessed that the amendments to the preceding standards and interpretations did not significantly impact the consolidated financial status and performance of the Consolidated 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 Consolidated 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 Consolidated 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.

Except for the impacts above, as of the release date of this Consolidated Financial Report, the Consolidated Company has continued to assess the impact of the preceding standards and interpretations on the Consolidated Company's consolidated financial conditions and performance, and the relevant impact shall be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

A summary of the major accounting policies adopted for this Consolidated Financial Report is as follows:

(I) Statement of Compliance

This Consolidated Financial Report has been prepared according to the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the IFRS approved and issued by the FSC.

(II) Basis of Preparation

This Consolidated 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.

(III) Basis of consolidation

This Consolidated Financial Report contains the financial statements of Toung Loong and its controlling entities (or subsidiaries). Control refers to Toung Loong's power to direct the entities' financial and operating policies to obtain benefits from their activities.

The financial statements of subsidiaries have been adjusted appropriately to bring their accounting policies into conformance with those used by consolidated companies. The major transactions, balances, and gains or losses between the consolidated entities of the Consolidated Company have been fully eliminated at the time of consolidation.

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

The detailed information on Toung Loong's subsidiaries is as follows:

Investor	Company Name	Main operations	Establishment and operating location	Interest held % December 31, 2024 and December 31, 2023
Toung Loong Textile MFG.	Sarah Global Co., Ltd. (Hereafter “Sarah Global”)	Wholesale and retail of cloths, textiles, and threads	Taiwan	100.00%
Toung Loong Textile MFG.	Sarah International Co., Ltd (Sarah International Co., Ltd.) (Hereafter “Bình Chuẩn Company”)	Manufacturing of weaving yarn	Vietnam	100.00%
Toung Loong Textile MFG.	Sun Beam Global Enterprise CO., Ltd (Hereafter “Sun Beam Global”)	General commerce	The British Virgin Islands	100.00%
Toung Loong Textile MFG.	Toung Loong Textile MFG. (Vietnam) (Hereafter “Viet Huong Company”)	Manufacturing of weaving yarn	Vietnam	66.67%
Toung Loong Textile MFG.	Lung Hsiang Hsing INT'L Co. (Hereafter “Lung Hsiang Hsing”)	International Trade	Taiwan	66.67%

The financial reports of some of the subsidiaries listed above in the Consolidated Financial Report, Bình Chuẩn Company and Viet Huong Company, were checked by other accountants. The total assets of these subsidiaries as of December 31, 2024 and 2023, were NT\$273,537 thousand and NT\$271,199 thousand, which accounted for 4.68% and 4.65% of the total consolidated assets, respectively. The net operating incomes in 2024 and 2023 were NT\$234,978 thousand and NT\$215,014 thousand, which accounted for 5.99% and 7.63% of the consolidated net operating income, respectively.

(IV) Foreign currency

The individual financial reports of each consolidated entity were prepared and expressed in the entity's functional currency. When preparing the Consolidated Financial Report, each consolidated entity's operating results and

financial status were converted into NTD.

For transactions in currencies other than the functional currency (foreign currency), when preparing the individual financial reports of each consolidated entity, 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 calculated again.

When preparing this Consolidated Financial Report, the assets and liabilities of Toung Loong's foreign operating institutions are converted into NTD at the closing exchange rate on the end date of each reporting period. Income and expense items are converted at the current average exchange rate. The resulting exchange differences are recognized as other comprehensive income and accumulated in the exchange differences in equity during currency conversions for foreign operating institutions' financial reports (and appropriately allocated to non-controlling interests).

(V) 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 that are expected to be due and settled within 12 months after the reporting period, liabilities that are expected to be settled in its normal business cycle, and liabilities for which settlement cannot be unconditionally deferred for at least 12 months after the reporting period. Liabilities that are not current liabilities are non-current.

(VI) 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.

(VII) Financial instrument

Financial assets and liabilities are recognized when the Consolidated Companies become 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 Consolidated 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 Consolidated 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 Consolidated Financial Report for details on the fair value determination method.

(2) Financial Assets Measured at Amortized Cost

When the financial assets invested by the Group 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.

On initial recognition, the Group may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as 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 Group'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 Consolidated Companies have 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 Consolidated 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.

Suppose the transferred asset is part of a larger financial asset, and the transferred part qualifies as fully derecognized. In that case, the Consolidated 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 Consolidated 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 Consolidated 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.

(VIII) 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.

(IX) Investments Accounted for Using the Equity Method

Investments accounted for using the equity method include investments in associated enterprises and joint ventures. Associated enterprises are those over which the Consolidated Companies have significant influence but are not subsidiaries or joint venture interests.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Group'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 and if the Consolidated 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 Consolidated 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 Consolidated Company and affiliated enterprises shall be recognized in the Consolidated Financial Report only to the extent that interests in the affiliated enterprises are unrelated to the Consolidated Company.

(X) 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 Consolidated 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.

(XI) Lease

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

1. The Group 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.

The sublease of right-of-use assets of the Group is classified by reference to right-of-use assets, instead of underlying assets. However, if the main lease is short-term lease applicable to recognition exemption of the Group, such sublease is classified as operating leases.

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

2. The Consolidated Companies 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 Group 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.

(XII) Investment Property

Investment property is held to earn rentals, capital appreciation, or both.

Investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less the accumulated depreciation. The Consolidated Company charges depreciation on a straight-line basis.

When an investment property is derecognized, the difference between the net disposal price and the asset's book value is recognized as income.

(XIII) Intangible Assets

Intangible assets acquired individually 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.

Intangible assets acquired individually with indefinite useful lives are listed at cost less the accumulated impairment losses.

The initial recognition of other intangible assets jointly acquired is measured at the fair value (considered as cost) on the date of acquisition. The subsequent measurement is based on the same basis as the intangible assets acquired

individually.

(XIV) Impairment of Tangible and Intangible Assets

The Consolidated 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.

(XV) Liability Reserve

When the Consolidated 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.

(XVI) 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.

The pension cost shall be recognized according to the actuarial results for a retirement plan with defined benefits. 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.

(XVII) 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 consolidated 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-consolidated enterprise 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.

(XVIII) Income Recognition

Revenue is measured by the consideration to which goods are transferred and to which they are expected to be entitled. The Consolidated Company shall recognize revenue when the control of goods is transferred to clients to satisfy performance obligations.

1. Merchandise Sales

The Consolidated Company recognizes revenue when product control 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 when the customer accepts the product according to the transaction conditions, the risk of obsolescence and loss has been transferred to the customer, and the Consolidated Company has objective evidence that all acceptance conditions have been met.

The Consolidated Company recognizes accounts receivable when the goods are delivered because the consolidated companies have an unconditional right to consideration.

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

(XIX) 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.

(XX) Operating Department Report

An operating department is a constituent unit of the Consolidated 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 Consolidated 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 Consolidated Company's Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Company's defined benefit obligations.

VI. Description for Important Accounting Subjects

(I) Cash and Cash Equivalents

<u>Item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash	\$ 1,977	\$ 1,683
Cash in banks	574,733	545,415
Time deposit	131,140	153,525
Total	\$ 707,850	\$ 700,623

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, 2024</u>	<u>December 31, 2023</u>
receivable	\$ 9,226	\$ 5,236
Less: Allowance for loss	-	-
Total	\$ 9,226	\$ 5,236
receivable	\$ 353,469	\$ 267,205
Less: Allowance for loss	(1,135)	(1,421)
Total	\$ 352,334	\$ 265,784

1. Notes receivable

The age analysis of notes receivable is as follows:

Item	December 31	December 31
Not Overdue	\$ 9,226	\$ 5,236

2. Accounts Receivable

The consolidated 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:

To measure expected credit losses over time, the Consolidated Company adopts a simplified approach to estimate expected credit losses for all accounts receivable. For this purpose, the expected credit loss rate is determined based on the number of days overdue of accounts receivable, which has been included in the prospective information. The expected credit loss analysis of the consolidated company's accounts receivable is as follows:

December 31, 2024

Item	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	\$ 321,514	0.14%	\$ 453
Overdue			
Less than 30 days	31,019	1.75%	543
31 ~ 60 days	936	14.85%	139
61 ~ 90 days	-	-	-
Over 91 days	-	-	-
Total	\$ 353,469		\$ 1,135

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

December 31, 2023

Item	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	\$ 251,473	0.31%	\$ 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	<u>\$ 267,205</u>		<u>\$ 1,421</u>

(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)	<u>(286)</u>	<u>(3,631)</u>
Balance on December 31	<u>\$ 1,135</u>	<u>\$ 1,421</u>

(III) Other Receivables

Item	December 31, 2024	December 31, 2023
Other receivables	\$ 53,582	\$ 57,126
Less: Allowance for loss	<u>(50,172)</u>	<u>(50,172)</u>
Net amount	<u>\$ 3,410</u>	<u>\$ 6,954</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.

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

(IV) Net Inventory

Item	December 31	December 31
Raw materials	\$ 172,481	\$ 124,668
Materials	48,147	50,372
Work in progress	192,368	361,358
Finished good	996,637	846,711
Commodities	-	1,810
Inventory in transit	4,107	-
Total	1,413,740	1,384,919
Less: Allowance for depreciation losses	(45,883)	(44,392)
Net amount	\$ 1,367,857	\$ 1,340,527

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

Item	2024	2023
Cost of inventory sold	\$ 3,580,819	\$ 2,645,911
Inventory valuation decline (gain)	1,491	724
Total	\$ 3,582,310	\$ 2,646,635

(V) Property, Plant, and Equipment

The details of the changes in the cost, depreciation, and impairment loss of the property, plant and equipment of the consolidated 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	\$ 1,549,662	\$ 4,089,890	\$ 797,116	\$ 244,762	\$ 7,484,309
Additions	-	13,597	52,711	42,758	120,865	229,931
Disposal	-	(6,868)	(57,971)	(13,154)	-	(77,993)
Effects of changes in foreign exchange rates	-	1,205	2,366	484	-	4,055
Reclassification	-	3,226	125	-	(3,351)	-
Balance as of December 31, 2024	\$ 802,879	\$ 1,560,822	\$ 4,087,121	\$ 827,204	\$ 362,276	\$ 7,640,302
Balance as of January 1, 2023	\$ 802,879	\$ 1,550,724	\$ 3,948,627	\$ 762,605	\$ 88,484	\$ 7,153,319

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

Item	Land	Buildings	Machinery and equipment	Office and other equipment	Incomplete construction and equipment to be accepted	Total
Additions	-	-	160,022	32,710	162,713	355,445
Disposal	-	-	(15,492)	(3,341)	-	(18,833)
Effects of changes in foreign exchange rates	-	(1,682)	(3,267)	(673)	-	(5,622)
Reclassification	-	620	-	5,815	(6,435)	-
Balance as of December 31, 2023	<u>\$ 802,879</u>	<u>\$ 1,549,662</u>	<u>\$ 4,089,890</u>	<u>\$ 797,116</u>	<u>\$ 244,762</u>	<u>\$ 7,484,309</u>
Depreciation and impairment loss:						
Balance as of January 1, 2024	\$ -	\$ 675,167	\$ 3,225,371	\$ 561,885	\$ -	\$ 4,462,423
Depreciation expense	-	44,426	219,377	46,494	-	310,297
Disposal	-	(6,868)	(57,971)	(13,154)	-	(77,993)
Effects of changes in foreign exchange rates	-	1,019	2,138	433	-	3,590
Reclassification	-	-	-	-	-	-
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 713,744</u>	<u>\$ 3,388,915</u>	<u>\$ 595,658</u>	<u>\$ -</u>	<u>\$ 4,698,317</u>
Balance as of January 1, 2023	\$ -	\$ 630,057	\$ 3,003,997	\$ 512,921	\$ -	\$ 4,146,975
Depreciation expense	-	46,518	239,897	52,902	-	339,317
Disposal	-	-	(15,492)	(3,341)	-	(18,833)
Effects of changes in foreign exchange rates	-	(1,408)	(3,031)	(597)	-	(5,036)
Reclassification	-	-	-	-	-	-
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 675,167</u>	<u>\$ 3,225,371</u>	<u>\$ 561,885</u>	<u>\$ -</u>	<u>\$ 4,462,423</u>
Book value:						
Balance as of December 31, 2024	<u>\$ 802,879</u>	<u>\$ 847,078</u>	<u>\$ 698,206</u>	<u>\$ 231,546</u>	<u>\$ 362,276</u>	<u>\$ 2,941,985</u>
Balance as of December 31, 2023	<u>\$ 802,879</u>	<u>\$ 874,495</u>	<u>\$ 864,519</u>	<u>\$ 235,231</u>	<u>\$ 244,762</u>	<u>\$ 3,021,886</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 Consolidated Financial Report.
- The following are the capitalization details of the consolidated 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. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

(VI) Lease Agreements

1. Right-of-use Assets

Item	December 31, 2024	December 31, 2023
Carrying amount of right-of-use assets		
Land	\$ 25,701	\$ 23,979
Transportation Equipment	9,892	9,784
Total	\$ 35,593	\$ 33,763
	2024	2023
Addition to right-of-use assets	\$ 14,903	\$ 18,919
Depreciation expense of right-of-use assets		
Land	\$ 5,523	\$ 3,766
Transportation Equipment	7,805	7,305
Total	\$ 13,328	\$ 11,071
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	\$ 4,294	\$ 6,703
Expenses attributable to low-	\$ 275	\$ 143

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

Item	2024	2023
value assets		
Total cash outflow for leases	\$ 18,794	\$ 18,455

(VII) Loans

1. Short-term bank loans

Item	December 31	December 31
Procurement loan	\$ 43,685	\$ 7,027
Mortgage loan	450,000	605,359
Credit loans	700,000	500,000
Total	\$ 1,193,685	\$ 1,112,386

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

<u>December 31, 2024</u>						
Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
Mega Bank (Banqiao Branch) Taiwan Cooperative Bank (Puqian Branch)	Mortgage loan	\$ 30,000	2017.06.22 ~2027.06.22	Floating rate	Land and plant	Installment repayments
	“	287,484	2020.03.23 ~2038.03.23		“	“
“	“	96,000	2020.12.31 ~2026.12.15		Machinery and equipment	“
“(Note)	“	99,900	2023.04.14		Land and plant	Repayment due

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

“(Note)	“	278,028	~2025.08.31 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	“	“
“	“	9,333	~2026.09.15 2020.09.15 ~2026.09.15	“	“
Mega Bank (Banqiao Branch)	“	27,027	2021.02.08	“	“
“	“	64,846	~2027.01.15 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		\$ 925,907			

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

Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
Mega Bank (Banqiao Branch)	Mortgage loan	\$ 13,125	2019.07.04	Floating rate	Land and plant	Installment repayments
“	“	42,000	~2024.07.04 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
“	“	150,000	2023.01.18 ~2028.01.18		“	“

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

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		<u>1,482,572</u>			
Less: Current portion of long-term borrowings		<u>(264,722)</u>			
Long-term loans due after 1 year		<u>\$ 1,217,850</u>			

(VIII) Post-employment Benefit Plan

1. Defined contribution plans

A defined contribution plan is an employee retirement plan established according to the “Labor Pension Act” by the consolidated company Toung Loong Textile MFG. and its subsidiaries in the Republic of China. According to the provisions of this Measure, the Company's monthly pension allocation rate shall not be lower than 6% of the employee's monthly salary.

Bình Chuẩn Company and Viet Huong Company have set aside a certain percentage of total wages for the social security fund and remitted it to the relevant competent authority every month according to the regulations of the Vietnamese local government.

The consolidated company's 2024 and 2023 annual expenses recognized in the Consolidated Statement of Comprehensive Income under this plan were NT\$11,359 thousand and NT\$11,552 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\$903 thousand, respectively. These amounts were paid after the end of the reporting period.

(2) Defined Benefit Plans

The consolidated company Toung Loong Textile MFG. has established the employee pension plan 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. Toung Loong Textile MFG. 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, because this retirement reserve is completely independent of Toung Loong Textile MFG., it is not included in the Consolidated Financial Report.

On December 31, 2024, the most recent actuarial evaluation was completed for the current value of plan assets and defined benefit obligations.

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

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 is included in the Consolidated Balance Sheet of Toung Loong Textile MFG.'s obligations arising from the defined benefit plan:

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. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated 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) Toung Loong Textile MFG. 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 Consolidated 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 Toung Loong Textile MFG. 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%
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(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) Toung Loong Textile MFG. expects to allocate NT\$0 thousand to the defined benefit plan in 2025. The weighted average duration of benefit obligations is 8.5 years.

(IX) Interests

1. Capital Shares

Item	December 31, 2024	December 31, 2023
Authorized capital	\$ 1,720,000	\$ 1,720,000
Paid-in capital	\$ 1,226,920	\$ 1,226,920

As of December 31, 2024 and 2023, Toung Loong Textile MFG. 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

Item	December 31	December 31
Additional paid-in capital	\$ 167,271	\$ 167,271

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 Toung Loong Textile MFG.'s Articles of Incorporation, the profit distribution and dividend policy are as follows:

Suppose there is a surplus in the annual final accounts of Toung Loong Textile MFG., taxes shall be paid first to make up for the 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. Toung Loong Textile MFG.'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, directors, please refer to Note 6(11) of the Consolidated 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
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
Other comprehensive income recognized for the 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	9,445	311
Balance on December 31	<u>\$ (30,448)</u>	<u>\$ (39,893)</u>

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

5. Non-controlling Interests

Item	2024	2023
Beginning retained earnings	\$ 54,312	\$ 57,037
Comprehensive income for the period	3,800	2,411
Subsidiary's cash dividends paid	(4,078)	(5,136)
Balance on December 31	<u>\$ 54,034</u>	<u>\$ 54,312</u>

(X) Income

Item	2024	2023
Operating revenue		
Sales revenue	<u>\$ 3,921,876</u>	<u>\$ 2,818,246</u>

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

(XI) Employee Benefit, Depreciation, and Amortization Expenses

Nature \ Function	2024			2023		
	Attributed to operating costs	Attributed to operating expense	Total	Attributed to operating costs	Attributed to operating expense	Total
Employee benefits						
Salary expense	\$ 273,354	\$ 84,320	\$ 357,674	\$ 238,685	\$ 74,541	\$ 313,226
Labor and health insurance expense	26,764	4,836	31,600	25,694	5,050	30,744
Pension expense	9,746	2,125	11,871	9,919	2,198	12,117
Other employee benefit expense	42,342	3,333	45,675	22,415	3,594	26,009
Subtotal	<u>\$ 352,206</u>	<u>\$ 94,614</u>	<u>\$ 446,820</u>	<u>\$ 296,713</u>	<u>\$ 85,383</u>	<u>\$ 382,096</u>
Depreciation expense	<u>\$ 313,407</u>	<u>\$ 10,410</u>	<u>\$ 323,817</u>	<u>\$ 339,807</u>	<u>\$ 10,955</u>	<u>\$ 350,762</u>
Amortization cost	<u>\$ 4,719</u>	<u>\$ 476</u>	<u>\$ 5,195</u>	<u>\$ 4,178</u>	<u>\$ 646</u>	<u>\$ 4,824</u>

1. According to the Toung Loong Textile MFG.'s Articles of Incorporation, the ratios of employee, and director remunerations are as follows:

Toung Loong Textile MFG. shall distribute over 1% of the current year's profit status as employee remuneration and less than 5% remuneration for directors. 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.

2. Toung Loong Textile MFG. 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, and director 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.
3. Toung Loong Textile MFG.'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 Toung Loong Textile MFG.'s employee and director remunerations can be accessed on MOPS.

(XII) 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			

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

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		<u>7,877</u>		<u>(1,361)</u>		<u>6,516</u>
Total	\$	<u>19,682</u>	\$	<u>(3,722)</u>	\$	<u>15,960</u>

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
Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	(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	<u>(6,440)</u>	<u>1,019</u>	<u>(5,421)</u>
Total	\$ <u>(20,051)</u>	\$ <u>941</u>	\$ <u>(19,110)</u>

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

(XIII) Income Tax

1. Income tax recognized in income:

Item	2024	2023
Current income tax benefit (expense)		
Current tax payable	\$ (28,247)	\$ (4,731)
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	(5,475)	3,204
Income tax benefit (expense)	<u>\$ (35,794)</u>	<u>\$ 442</u>

2. Income tax recognized in other comprehensive income:

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)	<u>\$ (3,722)</u>	<u>\$ 941</u>

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

Item	2024	2023
Profit (loss) before tax	<u>\$ 168,804</u>	<u>\$ (12,594)</u>
Income tax benefit (expense) calculated at the statutory tax rate on net profit before tax	\$ (33,761)	\$ 2,519
Income tax impact of reconciled items		
Impact level of tax on items that should be increased (decreased) when determining taxable income	73	(1,161)
Impact level of deferred tax assets	(3,232)	(1,640)
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)
Impact level of different tax rates applicable to parent and subsidiary companies	(644)	(1,246)
Others	(548)	-
Income tax benefit (expense)	<u>\$ (35,794)</u>	<u>\$ 442</u>

4. Deferred Income Tax Balance

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	\$ 2,735	\$ (2,735)	\$ -	\$ -
Expected credit impairment losses	10,034	-	-	10,034
Inventory valuation losses	8,876	298	-	9,174
Loss carryforwards	3,350	(1,555)	-	1,795
Investment tax credits	2,072	(2,072)	-	-
Remeasured value of defined benefit plan	9,973	-	(2,361)	7,612
Financial statements from foreign operating institutions				
Conversion difference	2,827	-	(1,361)	1,466
Others	-	2	-	2
Total	\$ 39,867	\$ (6,062)	\$ (3,722)	\$ 30,083
Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred income tax (liabilities)				
Unrealized currency exchange gains or losses	\$ -	\$ (3,102)	\$ -	(3,102)
Shares of associated companies and joint venture income 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	\$ (41,648)	\$ (1,485)	\$ -	\$ (43,133)

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

2023

Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensi ve income	Balance on December 31
Deferred tax assets				
Unrealized currency exchange gains or losses	\$ 1,532	\$ 1,203	\$ -	\$ 2,735
Expected credit impairment losses	10,561	(527)	-	10,034
Inventory valuation losses	8,731	145	-	8,876
Loss carryforwards	1,619	1,731	-	3,350
Investment tax credits		2,072	-	2,072
Remeasured value of defined benefit plan	10,051	-	(78)	9,973
Financial statements from foreign operating institutions				
Conversion difference	1,808	-	1,019	2,827
Total	\$ 34,302	\$ 4,624	\$ 941	\$ 39,867
Item	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensi ve income	Balance on December 31
Deferred income tax (liabilities)				
Shares of associated companies and joint venture income recognized under the equity method	\$ (27,497)	\$ 747	\$ -	\$ (26,750)
Expected credit impairment losses	-	(208)	-	(208)
Prepaid pension	(14,803)	113	-	(14,690)
Total	\$ (42,300)	\$ 652	\$ -	\$ (41,648)

5. The income tax settlement declaration cases for the profit-seeking enterprises of consolidated companies have been approved by the tax collection authority as follows:

Company Name	Year of Approval
Toung Loong Textile MFG.	2022
Sarah Global Co., Ltd.	2022
Lung Hsiang Hsing Int'l Co., Ltd.	2022

(XIV) 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:

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) Parent company and ultimate controller

Toung Loong Textile MFG. has ultimate control over the consolidated company. The transaction amount and balance between Toung Loong Textile MFG. and its subsidiaries have been eliminated when preparing the Consolidated Financial Report and are not disclosed in the notes to this Consolidated Financial Report.

(II) Related Party's Name and Relationship

Related Party Name	Relationship with the consolidated company
DONG LONG ENTERPRISE CO., LTD	Investments accounted for using equity method
Siang Hao Investment Co., LTD.	Other related party
Sara Rose International Inc.	Other related party

(III) Important Transactions with Related Parties

1. Operating revenue

Related Party Name	2024	2023
DONG LONG ENTERPRISE CO., LTD	\$ -	\$ 1,829

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

2. Rent expenses

Related Party Name	Subject matter	2024	2023
Sara Rose International Inc.	Office at Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City	\$ 23	\$ 23

Sara Rose International Inc. prepaid the annual rent on January 1, 2024 and 2023, respectively, and did not pay the rental deposit.

3. Rent income

Related Party Name	Subject matter	2024	2023
DONG LONG ENTERPRISE CO., LTD	Land and buildings in An Sinuo County, Kandal Province, Cambodia	\$ 198	\$ 1,177
Siang Hao Investment Co., LTD.	Office at Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City	\$ 23	\$ 23

Toung Loong Textile MFG. collects rental income every 3 months and does not charge a rental deposit.

4. Relevant information on the total remuneration of key management

Item	2024	2023
Short-term employee benefits	\$ 32,127	\$ 23,248
Post-employment benefits	106	106
Total	\$ 32,233	\$ 23,354

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	683,940	711,774
Machinery and equipment	Bank loans	106,223	145,889
Right-of-use asset	Bank loans	3,653	3,756
Total		\$ 1,546,312	\$ 1,613,915

IX. Significant Contingent Liabilities And Unrecognized Contract Commitments

(I) As of to December 31, 2024, the details of the unused letters of credit issued by the consolidated 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

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

Item	Amount
Loan amount	\$ 450,000
Return material yarn tube guarantee	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

Item	December 31, 2024	December 31, 2023
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 707,850	\$ 700,623
Notes and accounts receivables	361,560	271,020
Other receivables	3,410	6,954
Refundable deposits	19,026	18,892
Other financial assets	45,437	89,194
Financial assets measured at amortized cost	115,438	127,425
Financial assets at fair value through other comprehensive income	90,603	90,603
Total	\$ 1,343,324	\$ 1,304,711
Item	December 31, 2024	December 31, 2023
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 1,193,685	\$ 1,112,386
Short-term notes and bills payable	79,821	99,968
Notes payable and accounts payable	309,861	273,297
Other payables	134,164	94,428
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	21,937	193
Total	\$ 2,965,808	\$ 3,083,808

2. The Purpose of Financial Risk Management

The financial risk management objective of the consolidated 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 consolidated company is devoted to identifying, assessing, and avoiding market uncertainties to eliminate the potential adverse effects of market changes on financial performance. The consolidated company's board of directors supervises the management level and monitors

the compliance of the consolidated company's financial risk management policies and procedures. It reviews the suitability of the consolidated company's financial risk management framework for the risks they face. Internal auditors assist merger company boards in their 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 consolidated 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 consolidated 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 consolidated 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 consolidated company's foreign currency assets and liabilities that have a significant impact on the financial report:



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December 31, 2024

Item	Foreign	Exchange	Carrying
Financial asset			
<u>Monetary items</u>			
USD	\$ 14,388	32.79	\$ 471,724
Euro	20	34.14	686
VND	58,113,057	0.0012	74,601
JPY	37,619	0.21	7,896
<u>Non-monetary</u>			
USD	52	32.79	1,716
Financial liability			
<u>Monetary items</u>			
USD	534	32.79	17,498
Euro	1,060	34.14	36,188
VND	7,097,892	0.0012	9,112

December 31, 2023

Item	Foreign	Exchange	Carrying
Financial asset			
<u>Monetary items</u>			
USD	\$ 18,273	30.71	\$ 561,087
Euro	20	33.98	682
VND	65,100,711	0.0012	81,930
JPY	144	0.22	31
<u>Non-monetary</u>			
USD	110	30.71	4,466
Financial liability			
<u>Monetary items</u>			
USD	147	30.71	4,499
VND	25,079,313	0.0012	31,562

The exchange rate risk sensitivity analysis is as follows:

	<u>2024</u>			
NTD				
1% relative				
<u>appreciation</u>	<u>USD</u>	<u>VND</u>	<u>Euro</u>	<u>JPY</u>
Profits (losses)	\$4,542	\$ 655	\$ (355)	\$ 79
Increase (decrease)				
in equity	17	-	-	-

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Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

	2023			
NTD 1% relative appreciation	USD	VND	Euro	JPY
Profits (losses)	\$5,566	\$ 504	\$ 7	\$ -
Increase (decrease) in equity	66	-	-	-

(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 consolidated 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 consolidated 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 consolidated 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 consolidated company's net profit in 2024 and 2023 will fall or rise by NT\$5,992 thousand and NT\$6,487 thousand, respectively, according to changes in the consolidated company's borrowing rate.

4. Credit Risk Management

The risk of financial loss to the consolidated company due to the failure of the transaction counterparty or other parties to perform the contract is referred to as credit risk. The evaluation subject is the contract with a positive fair value on the balance sheet date. As of December 31, 2024 and 2023, the largest credit risk exposure of the consolidated 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 consolidated company's operational and financial credit risks are managed separately.

(1) Operational-related credit risk

The consolidated 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 consolidated company, credit rating agency ratings, current economic conditions, and other factors that may affect the customer's ability to pay. The consolidated 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 66% and 73% of the consolidated company's accounts receivable balance, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

(2) Financial credit risk

The credit risk of the consolidated company engaged in financial asset investment is measured and monitored by the Financial Department of the

consolidated company. Since the transaction partners are all financial institutions and corporate organizations with good credit, no significant credit risk is expected. The consolidated 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 consolidated 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 that the merged company has sufficient financial flexibility and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the bank financing lines and ensures compliance with the loan contract terms. As of December 31, 2024 and 2023, the consolidated company's unused short-term bank financing lines were NT\$1,478,486 thousand and NT\$2,319,786 thousand, respectively.

The consolidated 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 consolidated company may be required to repay:

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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
Commercial papers payable	79,821	-	-	-	79,821	79,821
Notes payable and accounts payable	288,525	21,224	112	-	309,861	309,861
Other payables	114,203	19,961	-	-	134,164	134,164
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	-	21,823	114	-	21,937	21,937
Total	\$ 1,302,226	\$ 728,531	\$ 395,417	\$ 671,566	\$ 3,097,740	\$ 2,965,808

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	\$ 951,788	\$ 160,598	\$ -	\$ -	\$ 1,112,386	\$ 1,112,386
Commercial papers payable	99,968	-	-	-	99,968	99,968
Notes payable and accounts payable	256,487	16,462	348	-	273,297	273,297
Other payables	91,396	3,032	-	-	94,428	94,428
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	\$ 1,460,259	\$ 397,840	\$ 1,054,813	\$ 305,442	\$ 3,218,354	\$ 3,083,808

6. Fair Value of Financial Instruments

(1) Fair value of financial instruments at amortized cost

In the consolidated financial statements, 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 consolidated 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 method. 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 consolidated asset 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-listed domestic and foreign company stocks	\$ -	\$ -	\$ 90,603	\$ 90,603

December 31, 2023

Item	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Non-listed domestic and foreign company stocks	\$ -	\$ -	\$ 90,603	\$ 90,603

(II) Capital management

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

Item	December 31	December 31
Total liabilities	\$ 3,089,120	\$ 3,159,419
Total Assets	\$ 5,841,575	\$ 5,828,329
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.

Business relations and important transactions between parent and subsidiary companies: None.

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

(III) Mainland China investment information: The consolidated company has not

invested in mainland China.

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

XIV. Department Information

The consolidated company's resource allocation and performance measurement are based on the operating results regularly reviewed by the chief operating officer, and the consolidated 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 preceding Consolidated Financial Report.

(一) Product Type Information

The revenue analysis of the main products for the continuing operations unit of the consolidated company is as follows:

Region	2024	2023
Cloth yarn	\$ 3,557,732	\$ 2,503,605
Others	364,144	314,641
Total	<u>\$ 3,921,876</u>	<u>\$ 2,818,246</u>

(II) Geographical information

The geographical information of the consolidated companies is shown below. The revenue is classified based on the clients' geographical location, while non-current assets are classified according to the assets' geographical location.

Region	2024	2023
External Revenue		
Taiwan	\$ 3,118,514	\$ 2,214,666
Vietnam	361,046	263,251
Mainland China	237,563	122,946
Others	204,753	217,383
Total	<u>\$ 3,921,876</u>	<u>\$ 2,818,246</u>
Item	December 31, 2024	December 31, 2023
non-current assets		
Taiwan	\$ 2,983,833	\$ 3,042,439
Vietnam	53,434	40,631
Cambodia	<u>35,047</u>	<u>33,008</u>

Toung Loong Textile MFG. Co., Ltd. and its Subsidiaries
Notes to the 2024 and 2023 Consolidated Financial Reports (Continued)

Total	\$	3,072,314	\$	3,116,078
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Non-current assets do not include financial instruments and deferred income tax assets.

(III) Main Customer Information

The information on a single customer that accounted for more than 10% of the Consolidated Company's net revenues for 2024 and 2023 is as follows:

Customer Type	2024	2023
Customer A	\$ 1,355,884	\$ 984,030

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\$490 thousand	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.