

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Tainan Enterprises Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Tainan Enterprises Co., Ltd. (the “Company”) as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is those matter that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. This matter was addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on this matter.

Key audit matter for the Company's 2024 parent company only financial statements is stated as follows:

Cut-off of operating revenue from export sales

Description

Refer to Note 4(27) for the accounting policies on operating revenue and Note 6(20) for details of revenue. Exports sales comprise a significant portion of the Company's revenues, which are recognized based on the terms and conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we considered the cut-off of operating revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details of the export sales for a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

Other matter –Report of other auditors

We did not audit the financial statements of certain investments accounted for under equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to NT\$96,357 thousand and NT\$86,619 thousand, both constituting 2% of the parent company only total assets as of December 31, 2024 and 2023, and the comprehensive income recognized from subsidiaries, associates and joint ventures accounted for under equity method amounted to NT\$16,438 thousand and NT\$19,481 thousand, constituting 3% and 6% of the parent company only total comprehensive income for the years then ended, respectively.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 2025

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

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

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 244,585	4	\$ 171,260	3
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	256	-
1136	Financial assets at amortised cost - current	6(3)	31,296	-	-	-
1170	Accounts receivable, net	6(4) and 7	1,404,257	23	1,153,819	22
1200	Other receivables		1,375	-	1,511	-
1210	Other receivables - related parties	7	427	-	331	-
130X	Inventories	6(5)	758,949	13	701,324	14
1410	Prepayments	7	38,287	1	16,602	-
11XX	Total current assets		2,479,176	41	2,045,103	39
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)	86,825	2	86,825	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	1,239	-	545	-
1535	Financial assets at amortised cost - non-current	6(3)	-	-	30,195	1
1550	Investments accounted for under equity method	6(7) and 7	2,906,727	49	2,472,860	48
1600	Property, plant and equipment	6(8)	371,180	6	380,520	7
1760	Investment property - net	6(10)	137,401	2	136,934	3
1780	Intangible assets	6(11)	5,447	-	10,033	-
1840	Deferred income tax assets	6(27)	7,660	-	20,023	-
1915	Prepayments for equipment	6(8)(10)(11)	390	-	1,741	-
1920	Guarantee deposits paid		615	-	310	-
1975	Net defined benefit assets - non-current	6(15)	12,781	-	3,156	-
1990	Other non-current assets		9,624	-	9,054	-
15XX	Total non-current assets		3,539,889	59	3,152,196	61
1XXX	Total assets		\$ 6,019,065	100	\$ 5,197,299	100

(Continued)

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
Notes			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 470,925	8	\$ 554,000	11
2130	Contract liabilities - current	6(20)	1,751	-	3,816	-
2150	Notes payable		3,661	-	2,572	-
2170	Accounts payable		309,982	5	256,535	5
2180	Accounts payable - related parties	7	333,286	5	216,432	4
2200	Other payables	6(13)	162,325	3	143,051	3
2220	Other payables - related parties	7	462,901	8	273,546	5
2230	Current income tax liabilities	6(27)	42,053	1	8,530	-
2310	Advance receipts		14	-	6	-
21XX	Total current liabilities		1,786,898	30	1,458,488	28
Non-current liabilities						
2540	Long-term borrowings	6(14)	47,500	1	-	-
2570	Deferred income tax liabilities	6(27)	40,590	-	39,742	1
2645	Guarantee deposits received		319	-	200	-
25XX	Total non-current liabilities		88,409	1	39,942	1
2XXX	Total liabilities		1,875,307	31	1,498,430	29
Equity						
Share capital						
3110	Common stock	6(16)	1,461,535	24	1,461,535	28
3200	Capital surplus	6(17)	824,531	14	824,531	16
Retained earnings		6(18)				
3310	Legal reserve		829,088	14	798,013	15
3320	Special reserve		28,741	1	24,941	1
3350	Unappropriated retained earnings		860,447	14	618,590	12
3400	Other equity interest	6(6)(7)(19)	139,416	2	(28,741)	(1)
3XXX	Total equity		4,143,758	69	3,698,869	71
Contingent Liabilities and		9				
Commitments						
3X2X	Total liabilities and equity		\$ 6,019,065	100	\$ 5,197,299	100

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

			Year ended December 31			
Items		Notes	2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 7,262,790	100	\$ 6,285,222	100
5000	Operating costs	6(5)(15)(25)(26) and 7	(6,578,985)	(90)	(5,830,953)	(93)
5900	Net operating margin		683,805	10	454,269	7
	Operating expenses	6(11)(15)(25)(26), 7 and 12				
6100	Selling expenses		(163,028)	(2)	(137,453)	(2)
6200	General and administrative expenses		(269,785)	(4)	(233,795)	(4)
6300	Research and development expenses		(73,732)	(1)	(72,184)	(1)
6450	Expected credit gains (losses)		4,939	-	(2,052)	-
6000	Total operating expenses		(501,606)	(7)	(445,484)	(7)
6900	Operating profit		182,199	3	8,785	-
	Non-operating income and expenses					
7100	Interest income	6(3)(21)	4,771	-	5,970	-
7010	Other income	6(9)(10)(22) and 7	8,157	-	10,326	-
7020	Other gains and losses	6(2)(10)(23)(25)	68,525	1	29,034	-
7050	Finance costs	6(24)	(18,204)	-	(10,543)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	248,516	3	292,029	5
7000	Total non-operating income and expenses		311,765	4	326,816	5
7900	Profit before income tax		493,964	7	335,601	5
7950	Income tax expense	6(27)	(52,642)	(1)	(24,132)	-
8200	Profit for the year		\$ 441,322	6	\$ 311,469	5
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(15)	\$ 9,382	-	(\$ 1,874)	-
8316	Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(19)	694	-	(64)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)	11,634	1	5,985	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(27)	(1,876)	-	375	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)(19)	159,120	2	(8,796)	-
8380	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(19)	(3)	-	(142)	-
8300	Total other comprehensive income (loss) for the year		\$ 178,951	3	(\$ 4,516)	-
8500	Total comprehensive income for the year		\$ 620,273	9	\$ 306,953	5
	Earnings per share (in dollars)	6(28)				
9750	Basic		\$ 3.02		\$ 2.13	
9850	Diluted		\$ 3.02		\$ 2.13	

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest			
							Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
<u>Year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 1,471,535	\$ 830,797	\$ 766,835	\$ 204,724	\$ 311,783	(\$ 26,838)	\$ 1,897	(\$ 22,663)	\$ 3,538,070
Net income for the year ended December 31, 2023		-	-	-	-	311,469	-	-	-	311,469
Other comprehensive (loss) income for the year ended December 31, 2023	6(19)	-	-	-	-	(716)	(8,938)	5,138	-	(4,516)
Total comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	310,753	(8,938)	5,138	-	306,953
Distribution of 2022 net income:										
Legal reserve		-	-	31,178	-	(31,178)	-	-	-	-
Special reserve		-	-	-	(179,783)	179,783	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(146,154)	-	-	-	(146,154)
Retirement of treasury stocks	6(16)	(10,000)	(6,266)	-	-	(6,397)	-	-	22,663	-
Balance at December 31, 2023		\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ -	\$ 3,698,869
<u>Year ended December 31, 2024</u>										
Balance at January 1, 2024		\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ -	\$ 3,698,869
Net income for the year ended December 31, 2024		-	-	-	-	441,322	-	-	-	441,322
Other comprehensive income for the year ended December 31, 2024	6(19)	-	-	-	-	10,794	159,117	9,040	-	178,951
Total comprehensive income for the year ended December 31, 2024		-	-	-	-	452,116	159,117	9,040	-	620,273
Distribution of 2023 net income:										
Legal reserve		-	-	31,075	-	(31,075)	-	-	-	-
Special reserve		-	-	-	3,800	(3,800)	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(175,384)	-	-	-	(175,384)
Balance at December 31, 2024		\$ 1,461,535	\$ 824,531	\$ 829,088	\$ 28,741	\$ 860,447	\$ 123,341	\$ 16,075	\$ -	\$ 4,143,758

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 493,964	\$ 335,601
Adjustments			
Adjustments to reconcile profit (loss)			
Foreign currency exchange loss		2,786	779
Loss (gain) on financial assets and liabilities at fair value through profit or loss	6(23)	256 (	224)
Loss on disposal of investments		-	115
Expected credit (gains) losses	12	(4,939)	2,052
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)		
Depreciation	6(8)(10)(25)	(248,516 ) (	292,029)
Gain on disposal of property, plant and equipment	6(23)	14,090	14,041
Amortisation	6(11)(25)	- (	870)
Prepayment for equipment transferred to expenses		7,203	9,198
Interest income	6(21)	-	17
Interest expense	6(24)	(4,771 ) (	5,970)
Changes in operating assets and liabilities		18,204	10,543
Changes in operating assets			
Notes receivable		-	891
Accounts receivable		(245,499 ) (	475)
Other receivables		166	1,306
Other receivables - related parties		(96)	747
Inventories		(57,625 ) (	85,458)
Prepayments		(22,075)	10,916
Net defined benefit assets - non-current		(243 ) (	1,872)
Changes in operating liabilities			
Contract liabilities - current		(2,065)	1,395
Notes payable		1,089 (	712)
Accounts payable		53,447	113,090
Accounts payable - related parties		116,854	32,612
Other payables		18,638 (	6,650)
Other payables - related parties		189,355	20,198
Advance receipts		8 (	378)
Cash inflow generated from operations		330,231	158,863
Interest received		4,741	5,981
Income tax received		-	205
Interest paid		(17,343 ) (	10,648)
Income tax paid		(7,784 ) (	732)
Net cash flows from operating activities		309,845	153,669

(Continued)

TAINAN ENTERPRISES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost		(\$ 47)	(\$ 44)
Decrease in financial assets at fair value through profit or loss - non-current		-	14
Acquisition of investments accounted for under equity method	6(7)	(14,600)	(59,469)
Cash paid for acquisition of property, plant and equipment	6(29)	(2,014)	(12,958)
Proceeds from disposal of property, plant and equipment		-	952
Cash paid for acquisition of investment property	6(29)	(1,942)	(1,254)
Cash paid for acquisition of intangible assets	6(29)	(1,972)	(5,208)
Increase in prepayments for equipment		(390)	(1,741)
Increase in guarantee deposits paid		(305)	(124)
(Increase) decrease in other non-current assets		(570)	615
Net cash flows used in investing activities		(21,840)	(79,217)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	623,130	554,000
Repayments of short-term borrowings	6(30)	(710,045)	(596,055)
Increase in long-term borrowings	6(30)	57,500	-
Repayments of long-term borrowings	6(30)	(10,000)	-
Increase (decrease) in guarantee deposit received	6(30)	119	(131)
Payment of cash dividends	6(18)	(175,384)	(146,154)
Net cash flows used in financing activities		(214,680)	(188,340)
Net increase (decrease) in cash and cash equivalents		73,325	(113,888)
Cash and cash equivalents at beginning of year	6(1)	171,260	285,148
Cash and cash equivalents at end of year	6(1)	\$ 244,585	\$ 171,260

The accompanying notes are an integral part of these parent company only financial statements.

TAINAN ENTERPRISES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company is primarily engaged in manufacturing, retail and export of various kinds of apparels (including woven and knitted garments).
- (2) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and have been transferred to be listed on the Taiwan Stock Exchange since September 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 7, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

- (2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements':

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared

under the historical cost convention:

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit asset recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within ‘Other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within 12 months from the balance sheet date;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective

interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(8) Accounts receivable

- A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the make the sale. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within credit balance and is recognized as deduction of operating costs.

(10) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company within the subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an subsidiary equals or exceeds its interest in the subsidiaries, the Company continues recognizing further losses proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "Profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including accessory equipment)	3 ~ 55 years
Machinery equipment	5 years
Utilities equipment	10 years
Transportation equipment	5 years
Office equipment	3 ~ 5 years

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 55 years.

(17) Intangible assets

Computer software is stated at its cost and amortized on a straight-line basis over its estimated useful life of 2 ~ 5 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than

what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The Company uses interest rates of government bonds (at the balance sheet date).

- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally

enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

A. Sales of goods

- (a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Company provides processing and business consulting services. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Financial assets - fair value measurement of unlisted stocks without active market

A. The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' financial information, operational planning or prediction of future application. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

B. As of December 31, 2024, the carrying amount of unlisted stocks without active market was \$86,825.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash:		
Cash on hand	\$ 250	\$ 250
Checking accounts and demand deposits	<u>234,335</u>	<u>161,010</u>
	<u>234,585</u>	<u>161,260</u>
Cash equivalents:		
Time deposits	<u>10,000</u>	<u>10,000</u>
	<u>\$ 244,585</u>	<u>\$ 171,260</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2024 and 2023.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives - forward foreign exchange contracts	\$ <u> – </u>	\$ <u> 256 </u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ <u> 86,825 </u>	\$ <u> 86,825 </u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss	(\$ <u> 599 </u>)	\$ <u> 539 </u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
Derivative instruments	Contract amount (notional principal in thousands)	Contract period
Forward foreign exchange selling contracts	USD 1,000	Dec., 2023 ~ Jan., 2024

There was no such situation as of December 31, 2024.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk from operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others as of December 31, 2024 and 2023.

(3) Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current items:		
Bonds	\$ <u> 31,296 </u>	\$ <u> – </u>
Non-current items:		
Bonds	\$ <u> – </u>	\$ <u> 30,195 </u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the years ended December 31,	
	2024	2023
Interest income	\$ 1, 219	\$ 1, 173

B. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were approximately equal to its carrying amounts.

C. The Company has no financial assets at amortized cost pledged to others as of December 31, 2024 and 2023.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'.

(4) Accounts receivable, net

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 1, 407, 922	\$ 1, 162, 423
Less: Allowance for uncollectible accounts	(3, 665)	(8, 604)
	<u>\$ 1, 404, 257</u>	<u>\$ 1, 153, 819</u>

A. The ageing analysis of accounts receivable (including related parties) is as follows:

	December 31, 2024	December 31, 2023
	Accounts receivable	Accounts receivable
Not past due	\$ 1, 405, 236	\$ 1, 154, 930
Up to 30 days	250	-
31 to 90 days	2, 436	7, 493
	<u>\$ 1, 407, 922</u>	<u>\$ 1, 162, 423</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers (including related parties) amounted to \$1,163,035.

C. The Company has no accounts receivable pledged to others as of December 31, 2024 and 2023.

D. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Company were its carrying amounts.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 316,785	\$ –	\$ 316,785
Work in progress	442,107	–	442,107
Finished goods	57	–	57
	<u>\$ 758,949</u>	<u>\$ –</u>	<u>\$ 758,949</u>

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 316,565	\$ –	\$ 316,565
Work in progress	381,611	–	381,611
Merchandise	3,148	–	3,148
	<u>\$ 701,324</u>	<u>\$ –</u>	<u>\$ 701,324</u>

The cost of inventories recognized as expense:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 6,585,474	\$ 5,838,998
Income from sale of scraps	(6,489)	(8,045)
	<u>\$ 6,578,985</u>	<u>\$ 5,830,953</u>

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

Items	December 31, 2024	December 31, 2023
Equity instruments		
Listed stocks	\$ 1,452	\$ 1,452
Valuation adjustment	(213)	(907)
	<u>\$ 1,239</u>	<u>\$ 545</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,239 and \$545 as of December 31, 2024 and 2023, respectively.
- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2024	2023
Fair value change	<u>\$ 694</u>	<u>(\$ 64)</u>

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the book value.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2024 and 2023.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2024	2023
At January 1	\$ 2, 472, 860	\$ 2, 124, 315
Acquisition of investments accounted for under equity method	14, 600	59, 469
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	248, 516	292, 029
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	11, 634	5, 985
Changes in other equity items - exchange differences on translation of foreign financial statements	159, 117	(8, 938)
At December 31	<u>\$ 2, 906, 727</u>	<u>\$ 2, 472, 860</u>

B. Details of investments accounted for under equity method are as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	<u>\$ 2, 906, 727</u>	<u>\$ 2, 472, 860</u>

C. Subsidiaries

For more information regarding the subsidiaries of the Company, refer to Note 4(3) “Basis of consolidation” of 2024 consolidated financial statements.

D. As of December 31, 2024 and 2023, the Company has no investment accounted for under equity method pledged to others as collateral.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Total
<u>January 1, 2024</u>						
Cost	\$ 258,971	\$ 233,604	\$ 8,875	\$ 138	\$ 40,206	\$ 541,794
Accumulated depreciation	<u>–</u>	<u>(131,569)</u>	<u>(6,058)</u>	<u>(16)</u>	<u>(23,631)</u>	<u>(161,274)</u>
	<u>\$ 258,971</u>	<u>\$ 102,035</u>	<u>\$ 2,817</u>	<u>\$ 122</u>	<u>\$ 16,575</u>	<u>\$ 380,520</u>
<u>For the year ended December 31, 2024</u>						
At January 1	\$ 258,971	\$ 102,035	\$ 2,817	\$ 122	\$ 16,575	\$ 380,520
Additions	–	–	209	–	2,246	2,455
Depreciation	<u>–</u>	<u>(5,100)</u>	<u>(1,114)</u>	<u>(14)</u>	<u>(5,567)</u>	<u>(11,795)</u>
At December 31	<u>\$ 258,971</u>	<u>\$ 96,935</u>	<u>\$ 1,912</u>	<u>\$ 108</u>	<u>\$ 13,254</u>	<u>\$ 371,180</u>
<u>December 31, 2024</u>						
Cost	\$ 258,971	\$ 233,604	\$ 9,084	\$ 138	\$ 42,452	\$ 544,249
Accumulated depreciation	<u>–</u>	<u>(136,669)</u>	<u>(7,172)</u>	<u>(30)</u>	<u>(29,198)</u>	<u>(173,069)</u>
	<u>\$ 258,971</u>	<u>\$ 96,935</u>	<u>\$ 1,912</u>	<u>\$ 108</u>	<u>\$ 13,254</u>	<u>\$ 371,180</u>

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation and office equipment	Total
<u>January 1, 2023</u>						
Cost	\$ 258,971	\$ 232,861	\$ 10,334	\$ 382	\$ 32,028	\$ 534,576
Accumulated depreciation	<u>–</u>	<u>(126,371)</u>	<u>(6,628)</u>	<u>(227)</u>	<u>(24,140)</u>	<u>(157,366)</u>
	<u>\$ 258,971</u>	<u>\$ 106,490</u>	<u>\$ 3,706</u>	<u>\$ 155</u>	<u>\$ 7,888</u>	<u>\$ 377,210</u>
<u>For the year ended December 31, 2023</u>						
At January 1	\$ 258,971	\$ 106,490	\$ 3,706	\$ 155	\$ 7,888	\$ 377,210
Additions	–	743	999	–	10,546	12,288
Transferred from prepayment for equipment	–	–	–	–	2,970	2,970
Depreciation	–	(5,198)	(1,873)	(33)	(4,762)	(11,866)
Disposals - cost	–	–	(2,458)	(244)	(5,338)	(8,040)
- accumulated depreciation	<u>–</u>	<u>–</u>	<u>2,443</u>	<u>244</u>	<u>5,271</u>	<u>7,958</u>
At December 31	<u>\$ 258,971</u>	<u>\$ 102,035</u>	<u>\$ 2,817</u>	<u>\$ 122</u>	<u>\$ 16,575</u>	<u>\$ 380,520</u>
<u>December 31, 2023</u>						
Cost	\$ 258,971	\$ 233,604	\$ 8,875	\$ 138	\$ 40,206	\$ 541,794
Accumulated depreciation	<u>–</u>	<u>(131,569)</u>	<u>(6,058)</u>	<u>(16)</u>	<u>(23,631)</u>	<u>(161,274)</u>
	<u>\$ 258,971</u>	<u>\$ 102,035</u>	<u>\$ 2,817</u>	<u>\$ 122</u>	<u>\$ 16,575</u>	<u>\$ 380,520</u>

- A. The Company's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2024 and 2023.
- B. The Company has not capitalized any interest for the years ended December 31, 2024 and 2023.
- C. The Company has no property, plant and equipment pledged to others as of December 31, 2024 and 2023.

(9) Leasing arrangements – lessor

- A. The Company leases various assets including investment property. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the years ended December 31, 2024 and 2023, the Company recognized rent income in the amounts of \$2,702 and \$2,583, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within 1 year	\$ 2,617	\$ 1,555
1 ~ 5 years	4,325	5,765
Over 5 years	120	241
	<u>\$ 7,062</u>	<u>\$ 7,561</u>

(10) Investment property - net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2024</u>			
Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	–	(32,390)	(32,390)
	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>
<u>For the year ended December 31, 2024</u>			
At January 1	\$ 95,130	\$ 41,804	\$ 136,934
Additions	–	1,276	1,276
Transferred from prepayments for equipment	–	1,486	1,486
Depreciation	–	(2,295)	(2,295)
At December 31	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>
<u>December 31, 2024</u>			
Cost	\$ 95,130	\$ 76,956	\$ 172,086
Accumulated depreciation	–	(34,685)	(34,685)
	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>

	Land	Buildings	Total
<u>January 1, 2023</u>			
Cost	\$ 95,130	\$ 72,528	\$ 167,658
Accumulated depreciation	—	(30,215)	(30,215)
	<u>\$ 95,130</u>	<u>\$ 42,313</u>	<u>\$ 137,443</u>
<u>For the year ended December 31, 2023</u>			
At January 1	\$ 95,130	\$ 42,313	\$ 137,443
Additions	—	1,666	1,666
Depreciation	—	(2,175)	(2,175)
At December 31	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>
<u>December 31, 2023</u>			
Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	—	(32,390)	(32,390)
	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2024	2023
Rental income from investment property (listed as “Other income”)	<u>\$ 2,513</u>	<u>\$ 2,487</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 2,295</u>	<u>\$ 2,175</u>

- B. The fair value of the investment property held by the Company as of December 31, 2024 and 2023 were \$502,583 and \$472,473, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which is categorized within Level 2 in the fair value hierarchy.
- C. The Company has not capitalized any borrowing costs for the years ended December 31, 2024 and 2023.
- D. The Company has no investment property pledged to others as of December 31, 2024 and 2023.

(11) Intangible assets

	Computer software	
	For the years ended December 31,	
	2024	2023
<u>January 1</u>		
Cost	\$ 31, 274	\$ 32, 026
Accumulated amortization	(21, 241)	(19, 009)
	<u>\$ 10, 033</u>	<u>\$ 13, 017</u>
At January 1	\$ 10, 033	\$ 13, 017
Additions — acquired separately	1, 972	4, 575
Transferred from prepayments for equipment	645	1, 639
Amortization	(7, 203)	(9, 198)
Disposals - cost	(21, 777)	(6, 966)
- accumulated amortization	21, 777	6, 966
At December 31	<u>\$ 5, 447</u>	<u>\$ 10, 033</u>
<u>December 31</u>		
Cost	\$ 12, 114	\$ 31, 274
Accumulated amortization	(6, 667)	(21, 241)
	<u>\$ 5, 447</u>	<u>\$ 10, 033</u>

A. The Company has not capitalized any borrowing costs for the years ended December 31, 2024 and 2023.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2024	2023
Operating expenses	<u>\$ 7, 203</u>	<u>\$ 9, 198</u>

C. The Company has no intangible assets pledged to others as collateral as of December 31, 2024 and 2023.

(12) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	<u>\$ 470, 925</u>	1. 72%~5. 25%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured bank borrowings	<u>\$ 554, 000</u>	1. 56%~1. 7%	None

Refer to Note 6(24), “Finance costs” for more information about interest expense recognized by the Company for the years ended December 31, 2024 and 2023.

(13) Other payables

	December 31, 2024	December 31, 2023
Accrued salaries and bonuses	\$ 109,953	\$ 100,391
Employees' compensation and directors' remuneration payable	12,600	10,600
Accrued freight	9,663	8,351
Accrued labor insurance and health insurance fee	5,669	5,590
Accrued pension expense	8,172	2,500
Import/export (customs) expense payable	2,984	1,987
Accrued processing fee	1,197	1,433
Others	12,087	12,199
	<u>\$ 162,325</u>	<u>\$ 143,051</u>

(14) Long-term borrowings

Type of borrowings	December 31, 2024	Borrowing period	Interest rate range	Collateral
Unsecured bank borrowings	<u>\$ 47,500</u>	12. 2. 2024~ 10. 17. 2029	1. 60%	None

There was no such situation as of December 31, 2023.

Refer to Note 6(24), "Finance costs" for more information about interest expenses recognized by the Company for the year ended December 31, 2024.

(15) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The information on the Company's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	(\$ 68,112)	(\$ 74,323)
Fair value of plan assets	80,893	77,479
Net defined benefit assets	<u>\$ 12,781</u>	<u>\$ 3,156</u>

(b) Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1, 2024	(\$ 74,323)	\$ 77,479	\$ 3,156
Current service cost	(185)	–	(185)
Interest (expense) income	(892)	930	38
	(75,400)	78,409	3,009
Remeasurements:			
Return on plan assets	–	6,839	6,839
Change in financial assumptions	1,634	–	1,634
Experience adjustments	909	–	909
	2,543	6,839	9,382
Pension fund contribution	–	390	390
Paid pension	4,745	(4,745)	–
At December 31, 2024	<u>(\$ 68,112)</u>	<u>\$ 80,893</u>	<u>\$ 12,781</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1, 2023	(\$ 72,260)	\$ 75,418	\$ 3,158
Current service cost	(168)	–	(168)
Interest (expense) income	(940)	980	40
	(73,368)	76,398	3,030
Remeasurements:			
Return on plan assets	–	328	328
Change in financial assumptions	(475)	–	(475)
Experience adjustments	(1,727)	–	(1,727)
	(2,202)	328	(1,874)
Pension fund contribution	–	2,000	2,000
Paid pension	1,247	(1,247)	–
At December 31, 2023	<u>(\$ 74,323)</u>	<u>\$ 77,479</u>	<u>\$ 3,156</u>

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2024	2023
Discount rate	1.60%	1.20%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 986)	\$ 1,013	\$ 852	(\$ 835)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 1,177)	\$ 1,211	\$ 1,027	(\$ 1,005)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension asset in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for 2025 amount to \$120.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 6 years.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$16,844 and \$13,395, respectively.

(16) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows:

(Units: in thousand shares)

	For the years ended December 31,	
	2024	2023
Beginning and ending balance	<u>146,154</u>	<u>146,154</u>

B. As of December 31, 2024, the Company’s authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and paid-in capital was \$1,461,535, consisting of 146,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows: (Units: in thousand shares)

Reason for reacquisition	For the year ended December 31, 2023			
	Beginning Balance	Additions	Decrease	Ending Balance
To be reissued to employees	<u>1,000</u>	<u>–</u>	<u>(1,000)</u>	<u>–</u>

There was no such situation as of December 31, 2024.

(b) On November 8, 2022, the Board of Directors of the Company resolved to retire treasury shares in the amount of 1,000 thousand shares, and the effective date for the capital reduction was set on May 22, 2023. The registration for the change was completed on June 5, 2023, and the retired treasury shares amounted to \$22,663. When the Company retired treasury shares, the Company debited common stock and capital surplus based on shareholding ratio amounting to \$10,000 and \$6,266, respectively, and the insufficient balance of \$6,397 was written off against retained earnings.

(17) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Movements of the Company's capital surplus for the years ended December 31, 2024 and 2023 are as follows:

For the year ended December 31, 2024	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of subsidiaries, associates and joint ventures accounted for under equity method	Others	Total
Beginning and ending balance	<u>\$ 736,435</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,814</u>	<u>\$ 9,074</u>	<u>\$ 824,531</u>

For the year ended December 31, 2023	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of subsidiaries, associates and joint ventures accounted for under equity method	Expired employee stock option	Others	Total
At January 1	\$ 741,449	\$ 20,166	\$ 46,042	\$ 12,814	\$ 1,252	\$ 9,074	\$ 830,797
Retirement of treasury shares	(5,014)	-	-	-	(1,252)	-	(6,266)
At December 31	<u>\$ 736,435</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,814</u>	<u>\$ -</u>	<u>\$ 9,074</u>	<u>\$ 824,531</u>

- C. Information on the capital surplus written-off due to the retirement of treasury stocks is in Note 6(16), 'Share capital'.

(18) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. For the years ended December 31, 2024 and 2023, the Company distributed cash dividends to owners in the amount of \$175,384 (\$1.2 (in dollars) per share) and \$146,154 (\$1 (in dollars) per share), respectively. On March 7, 2025, the Board of Directors proposed for the distribution of cash dividends from 2024 earnings in the amount of \$292,307 (\$2 (in dollars) per share).
- E. Information on the retained earnings written-off due to the retirement of treasury stocks is in Note 6(16), 'Share capital'.

(19) Other equity items

For the year ended December 31, 2024	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 35,776)	\$ 7,035	(\$ 28,741)
Currency translation differences			
–The Company	159,120	–	159,120
–Subsidiaries	(3)	–	(3)
Unrealized valuation gains and losses of financial assets at fair value through other comprehensive income			
–The Company	–	694	694
–Subsidiaries	–	8,346	8,346
At December 31	<u>\$ 123,341</u>	<u>\$ 16,075</u>	<u>\$ 139,416</u>

For the year ended December 31, 2023	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 26,838)	\$ 1,897	(\$ 24,941)
Currency translation differences			
–The Company	(8,796)	–	(8,796)
–Subsidiaries	(142)	–	(142)
Unrealized valuation gains and losses of financial assets at fair value through other comprehensive income			
–The Company	–	(64)	(64)
–Subsidiaries	–	5,202	5,202
At December 31	<u>(\$ 35,776)</u>	<u>\$ 7,035</u>	<u>(\$ 28,741)</u>

(20) Operating revenue

- A. The Company derives revenue from the transfer of goods and services over time and at a point in time. Revenue is mainly from various garment products and consultation services.

	For the years ended December 31,	
	2024	2023
Timing of revenue recognition		
At a point in time		
Sales revenue	\$ 6, 975, 188	\$ 6, 032, 850
Over time		
Services revenue	287, 602	252, 372
	<u>\$ 7, 262, 790</u>	<u>\$ 6, 285, 222</u>

B. The Company has recognized the following revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities - current	<u>\$ 1, 751</u>	<u>\$ 3, 816</u>	<u>\$ 2, 421</u>
	For the years ended December 31,		
	2024	2023	
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance	<u>\$ 3, 816</u>	<u>\$ 2, 421</u>	

(21) Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 3, 552	\$ 4, 797
Interest income from financial assets measured at amortised cost	1, 219	1, 173
	<u>\$ 4, 771</u>	<u>\$ 5, 970</u>

(22) Other income

	For the years ended December 31,	
	2024	2023
Rental income	\$ 2, 702	\$ 2, 583
Government grants income	796	1, 539
Others	4, 659	6, 204
	<u>\$ 8, 157</u>	<u>\$ 10, 326</u>

(23) Other gains and losses

	For the years ended December 31,	
	2024	2023
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(\$ 256)	\$ 224
Net currency exchange gain	71,419	29,800
(Loss) gain on disposal of investments	(343)	315
Net gain on disposal of property, plant and equipment	–	870
Other losses	(2,295)	(2,175)
	<u>\$ 68,525</u>	<u>\$ 29,034</u>

(24) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	<u>\$ 18,204</u>	<u>\$ 10,543</u>

(25) Expenses by nature

	For the year ended December 31, 2024		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 39,070	\$ 327,967	\$ 367,037
Depreciation charges on property, plant and equipment	1,200	10,595	11,795
Depreciation charges on investment property (note)	–	2,295	2,295
Amortization charges on intangible assets	–	7,203	7,203
	<u>\$ 40,270</u>	<u>\$ 348,060</u>	<u>\$ 388,330</u>

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 39,794	\$ 293,733	\$ 333,527
Depreciation charges on property, plant and equipment	1,200	10,666	11,866
Depreciation charges on investment property (note)	–	2,175	2,175
Amortization charges on intangible assets	–	9,198	9,198
	<u>\$ 40,994</u>	<u>\$ 315,772</u>	<u>\$ 356,766</u>

(Note) Listed as ‘Other gains and losses’

(26) Employee benefit expense

For the year ended December 31, 2024			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 32,362	\$ 278,282	\$ 310,644
Labor and health insurance expenses	3,615	22,150	25,765
Pension costs	1,178	15,813	16,991
Directors' remuneration	–	6,600	6,600
Other personnel expenses	1,915	5,122	7,037
	<u>\$ 39,070</u>	<u>\$ 327,967</u>	<u>\$ 367,037</u>

For the year ended December 31, 2023			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 33,025	\$ 248,397	\$ 281,422
Labor and health insurance expenses	3,622	22,339	25,961
Pension costs	1,195	12,328	13,523
Directors' remuneration	–	6,600	6,600
Other personnel expenses	1,952	4,069	6,021
	<u>\$ 39,794</u>	<u>\$ 293,733</u>	<u>\$ 333,527</u>

- A. For the years ended December 31, 2024 and 2023, the average number of employees of the Company were 360 and 376 employees, respectively, including 9 non-employee directors for both years.
- B. The average employee benefit expenses per employee were \$1,027 and \$891, while average wages and salaries per employee were \$885 and \$767 for the years ended December 31, 2024 and 2023, respectively. The average wages and salaries for the year ended December 31, 2024 increased approximately by 15.38% compared to the year ended December 31, 2023.
- C. Since the Company has set up an audit committee, there was no supervisors' remuneration for the years ended December 31, 2024 and 2023.
- D. In accordance with the Articles of Incorporation of the Company and relevant internal management regulations, for remuneration of directors and managerial officers, the remuneration committee of the Company shall evaluate performance assessments and compensation levels of directors and managerial officers by taking into account the general pay levels in the industry and the reasonableness of the correlation between the individual's performance, the Company's operational performance and future risk exposure; compensation of employees was set according to personal ability, participation and value of contribution in the Company's operations and has positive correlations to operation performance.

- E. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- F. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$6,000 and \$4,000, respectively; while directors' remuneration was both accrued at \$6,600. The aforementioned amounts were recognized in salary expenses. The expenses recognized for the year were accrued based on the earnings of current year distributable and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 7, 2025 were \$6,000 and \$8,200 for the year ended December 31, 2024, respectively, and the employees' compensation will be distributed in the form of cash. The difference in recognition of employee' compensation and directors' compensation in the 2024 financial statements is \$1,600, mainly caused by estimation differences, and will be adjusted in the profit or loss for 2025. According to the resolution of the Board of Directors on March 7, 2024, the resolution was in agreement with those amounts recognized in the 2023 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board Directors will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2024	2023
Current income tax:		
Income tax incurred in current year	\$ 36,474	\$ 112
Tax on undistributed earnings	5,025	9,150
Prior year income tax (over) underestimation	(192)	2
	<u>41,307</u>	<u>9,264</u>
Deferred income tax:		
Origination and reversal of temporary differences	11,335	14,868
Income tax expense	<u>\$ 52,642</u>	<u>\$ 24,132</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2024	2023
Remeasurement on defined benefit obligations	<u>\$ 1,876</u>	<u>(\$ 375)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 98,793	\$ 67,120
Effect from items disallowed by tax regulation	(51,140)	(52,656)
Expenses disallowed by tax regulation	156	516
Tax on undistributed earnings	5,025	9,150
Prior year income tax (over) underestimation	(192)	2
Income tax expense	<u>\$ 52,642</u>	<u>\$ 24,132</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized loss on currency exchange	\$ 6,297	(\$ 5,967)	\$ -	\$ 330
Unused compensated absences	1,901	232	-	2,133
Pensions	1,077	(49)	(1,028)	-
Unrealized loss on investment	4,780	-	-	4,780
Allowance for doubtful accounts	417	-	-	417
Tax losses	<u>5,551</u>	<u>(5,551)</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,023</u>	<u>(\$ 11,335)</u>	<u>(\$ 1,028)</u>	<u>\$ 7,660</u>
Deferred tax liabilities				
Temporary differences:				
Pensions	\$ -	\$ -	(\$ 848)	(\$ 848)
Incremental tax on land revaluation	(33,178)	-	-	(33,178)
Unrealized gain on investment	(6,564)	-	-	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ -</u>	<u>(\$ 848)</u>	<u>(\$ 40,590)</u>
	<u>(\$ 19,719)</u>	<u>(\$ 11,335)</u>	<u>(\$ 1,876)</u>	<u>(\$ 32,930)</u>

For the year ended December 31, 2023				
			Recognized in other comprehensive income	
	January 1	Recognized in profit or loss		December 31
Deferred tax assets:				
Temporary differences:				
Unrealized loss on currency exchange	\$ 21,333	(\$ 15,036)	\$ –	\$ 6,297
Unused compensated absences	1,903	(2)	–	1,901
Pensions	1,076	(374)	375	1,077
Unrealized loss on investment	4,780	–	–	4,780
Allowance for doubtful accounts	–	417	–	417
Tax losses	5,424	127	–	5,551
	<u>\$ 34,516</u>	<u>(\$ 14,868)</u>	<u>\$ 375</u>	<u>\$ 20,023</u>
Deferred tax liabilities:				
Temporary differences:				
Incremental tax on land revaluation	(\$ 33,178)	\$ –	\$ –	(\$ 33,178)
Unrealized gain on investment	(6,564)	–	–	(6,564)
	<u>(\$ 39,742)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>(\$ 39,742)</u>
	<u>(\$ 5,226)</u>	<u>(\$ 14,868)</u>	<u>\$ 375</u>	<u>(\$ 19,719)</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2020	\$ 94,679	\$ 14,959	\$ –	2030
2021	10,117	10,117	–	2031
2023	2,680	2,680	–	2033

There was no such situation as of December 31, 2024.

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary differences		
Unrealized loss on investment	\$ 392, 292	\$ 640, 808
Allowance for doubtful accounts that exceeded the allowable tax limit	<u>2, 842</u>	<u>10, 281</u>
	<u>\$ 395, 134</u>	<u>\$ 651, 089</u>

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 7, 2025.

(28) Earnings per share

	<u>For the year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 441, 322</u>	<u>146, 154</u>	<u>\$ 3. 02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 441, 322	146, 154	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>—</u>	<u>201</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 441, 322</u>	<u>146, 355</u>	<u>\$ 3. 02</u>

For the year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 311,469	146,154	\$ 2.13
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 311,469	146,154	
Assumed conversion of all dilative potential ordinary shares			
Employees' compensation	—	178	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 311,469	146,332	\$ 2.13

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

For the years ended December 31,		
	2024	2023
(a) Acquisition of property, plant and equipment	\$ 2,455	\$ 12,288
Add: Beginning balance of payables for equipment (listed as "Other payables")	—	670
Less: Ending balance of payables for equipment (listed as "Other payables")	(441)	—
Cash paid for acquisition of property, plant and equipment	\$ 2,014	\$ 12,958
For the years ended December 31,		
	2024	2023
(b) Acquisition of investment property	\$ 1,276	\$ 1,666
Add: Beginning balance of payables for equipment (listed as "Other payables")	666	254
Less: Ending balance of payables for equipment (listed as "Other payables")	—	(666)
Cash paid for acquisition of investment property	\$ 1,942	\$ 1,254

	For the years ended December 31,	
	2024	2023
(c) Acquisition of intangible assets	\$ 1, 972	\$ 4, 575
Add: Beginning balances of payable for equipment (listed as “Other payables”)	–	633
Cash paid for acquisition of intangible assets	<u>\$ 1, 972</u>	<u>\$ 5, 208</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
(a) Write-off of allowance for doubtful accounts	<u>\$ –</u>	<u>\$ 196</u>
(b) Prepayments for equipment transferred to property, plant and equipment	<u>\$ –</u>	<u>\$ 2, 970</u>
(c) Prepayments transferred to prepayments for equipment	<u>\$ 390</u>	<u>\$ –</u>
(d) Prepayments for equipment transferred to investment property	<u>\$ 1, 486</u>	<u>\$ –</u>
(e) Prepayments for equipment transferred to intangible assets	<u>\$ 645</u>	<u>\$ 1, 639</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2024	\$ 554, 000	\$ –	\$ 200	\$ 554, 200
Changes in cash flow from financing activities	(86, 915)	47, 500	119	(39, 296)
Changes in other non-cash items	<u>3, 840</u>	<u>–</u>	<u>–</u>	<u>3, 840</u>
At December 31, 2024	<u>\$ 470, 925</u>	<u>\$ 47, 500</u>	<u>\$ 319</u>	<u>\$ 518, 744</u>

	Short-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2023	\$ 595, 842	\$ 331	\$ 596, 173
Changes in cash flow from financing activities	(42, 055)	(131)	(42, 186)
Changes in other non-cash items	<u>213</u>	<u>–</u>	<u>213</u>
At December 31, 2023	<u>\$ 554, 000</u>	<u>\$ 200</u>	<u>\$ 554, 200</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Tainan Enterprise (BVI) Co., Limited	Subsidiary
P.T.Tainan Enterprises Indonesia	Subsidiary
Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary
PT. Andalan Mandiri Busana	Subsidiary
Tainan Enterprises (Cambodia) Co., Ltd.	Subsidiary
Beyoung Fashion Co., Ltd.	Subsidiary
Yixing Gaoqing Garments Co., Ltd.	Subsidiary
Gin-Sovann Fashion (Cambodia) Limited	Subsidiary
PT CAHAYA INDAH GLOBAL	Subsidiary
Tainan Enterprise (Cayman) Co., Ltd.	Associate
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
P.T.Tainan Enterprises Indonesia (note)	\$ 3, 228	\$ 4, 091
Subsidiaries	284	–
Other related partiy	13, 377	17, 211
	<u>16, 889</u>	<u>21, 302</u>
Sales of services:		
Tainan Enterprises (Cambodia) Co., Ltd.	74, 728	64, 068
P.T.Tainan Enterprises Indonesia	75, 764	65, 747
PT. Andalan Mandiri Busana	64, 230	52, 523
Yixing Gaoqing Garments Co., Ltd.	15, 487	27, 308
Tainan Enterprises (Vietnam) Co., Ltd.	31, 812	28, 453
Gin-Sovann Fahion (Cambodia) Limited	25, 300	14, 237
	<u>287, 321</u>	<u>252, 336</u>
	<u>\$ 304, 210</u>	<u>\$ 273, 638</u>

The collection period for related parties was 60~90 days after the end of each month, and for the third parties was 30~90 days after the end of each month. Except for the collection periods mentioned above, other terms of sales were the same for related and third parties.

Note: Sales of goods refer to export of materials purchased domestically to overseas plants. The Company does not recognize the amount as sales revenue. Related costs and expenses are also not recorded as profit or loss of the Company.

B. Purchases

	For the years ended December 31,	
	2024	2023
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	\$ 1, 684, 211	\$ 1, 466, 092
Associates	345	223
	<u>\$ 1, 684, 556</u>	<u>\$ 1, 466, 315</u>

The terms of purchases and payments (due within 3 months) to related parties were the same as the third party suppliers.

C. Equity transactions

The company participated in the cash capital increase of the subsidiary PT CAHAYA INDAH GLOBAL for the years ended December 31, 2024 and 2023, the investment amounts were \$14,600 and \$59,469, respectively.

D. Processing cost of outsourcing

	For the years ended December 31,	
	2024	2023
Tainan Enterprises (Cambodia) Co., Ltd.	\$ 875, 214	\$ 802, 279
PT. Andalan Mandiri Busana	623, 123	503, 226
Yixing Gaoqing Garments Co., Ltd.	241, 717	380, 653
Tainan Enterprises (Vietnam) Co., Ltd.	320, 793	311, 128
Gin-Sovann Fashion (Cambodia) Limited	278, 378	184, 147
	<u>\$ 2, 339, 225</u>	<u>\$ 2, 181, 433</u>

E. Operating expenses

	For the years ended December 31,	
	2024	2023
Professional service fees:		
Subsidiaries	<u>\$ 2, 551</u>	<u>\$ –</u>

F. Other income

	For the years ended December 31,	
	2024	2023
Associates	\$ 622	\$ 456
Subsidiaries	114	24
	<u>\$ 736</u>	<u>\$ 480</u>

G. Ending balance of sales of goods and services

	December 31, 2024	December 31, 2023
Accounts receivable:		
Subsidiaries	<u>\$ 5, 115</u>	<u>\$ 4, 898</u>

The receivables from related parties arise mainly from sale transactions and management service income. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

H. Ending balance of advance payments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable to related parties:		
P.T.Tainan Enterprises Indonesia	\$ 273	\$ –
Subsidiaries	154	331
	<u>\$ 427</u>	<u>\$ 331</u>
Accounts payable to related parties:		
Subsidiaries	<u>\$ 30</u>	<u>\$ –</u>

I. Prepayments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments services to related parties:		
Tainan Enterprises (Vietnam) Co., Ltd.	<u>\$ 20,853</u>	<u>\$ –</u>

J. Ending balance of purchases of goods and services

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable to related parties:		
Purchases of goods:		
P.T.Tainan Enterprises Indonesia	\$ 332,995	\$ 216,432
Associate	291	–
	<u>\$ 333,286</u>	<u>\$ 216,432</u>
Purchases of services:		
Tainan Enterprises (Cambodia) Co., Ltd.	\$ 182,015	\$ 18,699
Yixing Gaoqing Garments Co., Ltd.	104,114	109,805
Gin-Sovann Fashion (Cambodia) Limited	96,768	26,996
PT. Andalan Mandiri Busana	78,871	91,615
Tainan Enterprises (Vietnam) Co., Ltd.	–	26,431
Subsidiaries	1,103	–
	<u>\$ 462,871</u>	<u>\$ 273,546</u>

The payables to related parties arise mainly from purchase transactions and processing cost of outsourcing. The payables bear no interest.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 35,099	\$ 25,490
Post-employment benefits	6,372	2,591
	<u>\$ 41,471</u>	<u>\$ 28,081</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2024 and 2023, the remaining balance due for construction in progress was \$2,829 and \$1,585, respectively.

(2) As of December 31, 2024 and 2023, the unused letters of credit amounted to \$166,838 and \$147,948, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,825	\$ 86,825
Financial asset held for trading	–	256
	<u>\$ 86,825</u>	<u>\$ 87,081</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	<u>\$ 1,239</u>	<u>\$ 545</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 244,585	\$ 171,260
Financial assets at amortised cost	31,296	30,195
Accounts receivable	1,404,257	1,153,819
Other receivables	1,802	1,842
Guarantee deposits paid	<u>615</u>	<u>310</u>
	<u>\$ 1,682,555</u>	<u>\$ 1,357,426</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 470,925	\$ 554,000
Notes payable	3,661	2,572
Accounts payable (including related parties)	643,268	472,967
Other payables (including related parties)	625,226	416,597
Long-term borrowings	47,500	–
Guarantee deposits received	<u>319</u>	<u>200</u>
	<u>\$ 1,790,899</u>	<u>\$ 1,446,336</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board

provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), “Financial assets at fair value through profit or loss”.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets at fair value through profit or loss are provided in Note 6(2), “Financial assets and liabilities at fair value through profit or loss”.
- iv. The Company’s risk management policy is to hedge the expected future cash flows risk of major currencies (mainly purchase of inventories denominated in USD), so as to reduce the risk exposure of major currencies.
- v. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company’s foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- vi. The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,434	32.79	\$ 1,588,145
RMB:NTD	9,504	4.478	42,558
<u>Investment accounted for under equity method</u>			
USD:NTD	87,511	32.79	2,869,498
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	37,789	32.79	1,239,092
RMB:NTD	23,252	4.478	104,122
December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,250	30.71	\$ 1,266,798
RMB:NTD	7,862	4.327	34,018
<u>Investment accounted for under equity method</u>			
USD:NTD	79,561	30.71	2,443,362
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	20,359	30.71	625,229
RMB:NTD	25,381	4.327	109,823

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$2,875 and \$5,658 for the years ended December 31, 2024 and 2023, respectively.

- vii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company, amounted to \$71,419 and \$29,800 for the years ended December 31, 2024 and 2023, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had decreased/increased by 1% with all other variables held constant, post-tax profit would both have decreased/increased by \$868 for the years ended December 31, 2024 and 2023, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$12 and \$5, respectively, as a result of other comprehensive income on equity investment classified as at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from bank borrowings with variable rates, which expose the Company to cash flow interest rate risk, partial interest risk is offset by cash and cash equivalents held at variable rates. The Company's borrowings issued at floating rates were mainly denominated in New Taiwan dollars and US Dollars in 2024 and 2023.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$146 and \$84, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Company manages its credit risk taking into consideration the entire entity's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control

assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

- iii. The Company adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument.
- iv. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Company applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2024</u>			
Group A	0.09%	\$ 1,405,236	\$ 1,229
Individual A	53.58%	539	289
Individual B	100.00%	2,147	2,147
Total		<u>\$ 1,407,922</u>	<u>\$ 3,665</u>

<u>At December 31, 2023</u>			
Group A	0.09%	\$ 1,155,049	\$ 1,230
Individual A	100%	7,374	7,374
Total		<u>\$ 1,162,423</u>	<u>\$ 8,604</u>

- vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
At January 1	\$ 8,604	\$ 6,748
Expected credit (gains) losses	(4,939)	2,052
Write-offs	—	(196)
At December 31	<u>\$ 3,665</u>	<u>\$ 8,604</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in operating entities of the Company and aggregated by the Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the Company treasury over and above the balance required for working capital management are transferred to the Company's Finance Department. Company's Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 3,628,112	\$ 3,093,672

- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$474,393	\$ –	\$ –	\$ –
Notes payable	3,661	–	–	–
Accounts payable	309,982	–	–	–
Accounts payable - related parties	333,286	–	–	–
Other payables	162,325	–	–	–
Other payables - related parties	462,901	–	–	–
Long-term borrowings	757	19,020	30,315	–
Guarantee deposit received	–	319	–	–

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$555, 624	\$ –	\$ –	\$ –
Notes payable	2, 572	–	–	–
Accounts payable	256, 535	–	–	–
Accounts payable - related parties	216, 432	–	–	–
Other payables	143, 051	–	–	–
Other payables - related parties	273, 546	–	–	–
Guarantee deposit received	–	200	–	–

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in forward exchange is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10) "Investment property - net".

C. The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities are as follows:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,239</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
	<u>\$ 1,239</u>	<u>\$ -</u>	<u>\$ 86,825</u>	<u>\$ 88,064</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Forward foreign exchange contracts	-	256	-	256
Financial assets at fair value through other comprehensive income				
Equity securities	<u>545</u>	<u>-</u>	<u>-</u>	<u>545</u>
	<u>\$ 545</u>	<u>\$ 256</u>	<u>\$ 86,825</u>	<u>\$ 87,626</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices (closing price of listed shares) as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

- iv. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Company to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.
- (c) For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2, and there was also no transfer into or out from Level 3.
- (d) The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	Equity securities (Note)	
	For the years ended December 31,	
	2024	2023
At January 1	\$ 86, 825	\$ 86, 954
Completion of the liquidation	–	(129)
At December 31	<u>\$ 86, 825</u>	<u>\$ 86, 825</u>

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2024 and 2023 because the fair value change was insignificant.

- (e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 96, 549	The market approach (Price-to- Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 95,167	The market approach (Price-to-Book Ratio) / Asset approach (net book value adjustment)	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value and the higher the discount for lack of control, the lower the fair value.

- (f) The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2024				
		Recognized in profit or loss		Recognized in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	<u>\$13,793</u>	<u>(\$ 13,793)</u>	<u>\$ -</u>	<u>\$ -</u>

		December 31, 2023				
		Recognized in profit or loss		Recognized in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
	Input	Change				
Financial assets						
Equity instruments	Discount for lack of marketability and discount for lack of control	±10%	<u>\$13,595</u>	<u>(\$ 13,595)</u>	<u>\$ -</u>	<u>\$ -</u>

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2024.

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: All transactions had been settled.
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China) : Refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

(4) Major shareholders information

Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

Tainan Enterprises Co., Ltd.

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts		Assets pledged		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote
														Item	Value			
1	Tainan Enterprise (BVI) Co., Limited	PT. Andalan Mandiri Busana	Other receivables	Y	98,370	65,580	47,546	—	(Note 1)	\$ -	Financing use	\$ -	—	\$ -	-	\$ 1,356,460	\$ 1,356,460	—
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	262,320	163,950	108,207	—	(Note 1)	-	Financing use	-	—	-	-	1,356,460	1,356,460	—
		Yong Jeng International Co., Ltd.	Other receivables	N	65,580	49,185	41,692	4%	(Note 1)	-	Financing use	-	—	-	-	508,673	508,673	—

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.

2. Limit for a single company

(1) Trading partner: each company does not exceed the amount of business transactions.

(2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.

(3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.

(4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79).

Tainan Enterprises Co., Ltd.

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2024

Table 2

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance					Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value		
Tainan Enterprises Co., Ltd.	Bonds:								
	DEUTSCHE BANK AG 3.6615% DUE 10 APR 2025	—	1	-	\$ 31,296	-	\$ 31,296	—	
	Stocks:								
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	5,565	60,939	13.58%	69,620	—	
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,350	25,886	10.73%	26,929	—	
Tainan Enterprise (BVI) Co., Limited	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	1,239	0.11%	1,239	—	
	Bonds:								
	BANCO DO BRASIL SA 4.625% DUE 15 JAN 2025, etc.	—	1	-	125,262	-	125,262	—	
	BARCLAYS PLC 5.2% DUE 12 MAY 2026, etc.	—	2	-	653,229	-	653,229	—	
	Stocks:								
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—	

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,684,211	40%	(Note 1)	\$ -	—	(\$ 332,995)	(51%)	—
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	(1,684,211)	(99%)	(Note 1)	-	—	332,995	99%	—

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 3 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79).

Tainan Enterprises Co., Ltd.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2024

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivable from related party		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	\$ 332,995	6.13	\$ -	—	\$ 332,995	\$ -
Yixing Gaoqing Garments Co., Ltd.	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	104,114	2.27	-	—	38,277	-
Tainan Enterprises (Cambodia) Co.,	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	182,015	8.73	-	—	175,099	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	108,207	—	-	—	-	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	\$ 1,684,211	Closes its accounts 3 months after the end of each transaction	23%
			1	Accounts payable	322,995	—	5%
			1	Services revenue	75,764	—	1%
		PT. Andalan Mandiri Busana	1	External processing cost	623,123	—	8%
			1	Services revenue	64,230	—	1%
			1	Other payables	78,871	—	1%
		Tainan Enterprises (Cambodia) Co., Ltd.	1	External processing cost	875,214	—	12%
			1	Services revenue	74,728	—	1%
			1	Other payables	182,015	—	3%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	320,793	—	4%
			1	Services revenue	31,812	—	—
			1	Prepayments	20,853	—	—
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	241,717	—	3%
			1	Services revenue	15,487	—	—
			1	Other payables	104,114	—	2%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	278,378	—	4%
			1	Services revenue	25,300	—	—
			1	Other payables	96,768	—	2%
1	Tainan Enterprise (BVI) Co., Limited	PT. Andalan Mandiri Busana	3	Other receivables	47,546	—	1%
		Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	108,207	—	2%
2	Tainan Enterprises (Cambodia) Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	86,948	—	1%
			3	Other payables	12,679	—	—
3	Beyoung Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	147,285	—	2%
			3	Other payables	61,227	—	1%
4	PT. Andalan Mandiri Busana	P.T.Tainan Enterprises Indonesia	3	External processing cost	13,534	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) The company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) The company to subsidiary.
(2) Subsidiary to the company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.
Names, locations and other information of investee companies (excluding investees in Mainland China)
For the year ended December 31, 2024

Table 6Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2024			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	170,000	100.00	\$ 1,696,437	\$ 113,734	\$ 113,531	Subsidiary
	P.T.Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	451,612	21,056	20,732	Subsidiary
	PT. Andalan Mandiri Busana	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	220,084	41,119	41,119	Subsidiary
	PT CAHAYA IDNDAH GLOBAL	Indonesia	Garment processing, production and selling	74,069	59,469	2,350,000	100.00	76,986 (	237) (	237)	Subsidiary
	Tainan Enterprises (Cambodia) Co., Ltd.	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	247,100	78,284	78,249	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	177,279 (	12,609) (	12,609)	Subsidiary
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	37,229	7,731	7,731	Subsidiary
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Seychelles	Professional investments	128,530	128,530	3,300,000	100.00	237,479	99,069	-	Subsidiary (Note 1)
T&G Fashion Co., Ltd.	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	230,553	230,553	4,689,940	13.39	96,357	58,689	-	(Note 1)
	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	32,790	32,790	-	100.00	197,421	97,477	-	Subsidiary (Note 1)
	Camitex II (Cambodia) MFG Co., Ltd.	Cambodia	Garment processing, production and selling	20,104	20,104	100	100.00	85	-	-	Subsidiary (Note 1) (Note 2)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	393	-	-	Subsidiary (Note 1) (Note 2)

Note 1: According to regulations, the amount of investment (loss) recognized in the current period may be exempted from disclosure.
Note 2: The subsidiary has ceased business and was pending for liquidation process.
Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.

Information on investments in Mainland China—Basic information

For the year ended December 31, 2024

Expressed in thousands of NTD

Table 7

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024		Note
					Remitted to Mainland China	Remitted back to Taiwan								
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 147,555	(Note 1)	\$ 98,370	\$ -	\$ -	\$ 98,370	(\$ 37,381)	100%	(\$ 37,381)	\$ 131,964	\$ -		(Note 3)
Zhoukou Tainan Garment Co., Ltd.	Garment processing, production and selling	-	(Note 1)	-	-	-	-	-	-	-	-	-		(Note 4)
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
Tainan Enterprises Co., Ltd.	\$ 316,459	\$ 1,275,487	(Note 5)											

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Investment gains or losses were recognized based on audited financial statements.

Note 3: Among them, \$49,185 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: The subsidiary had been liquidated in the second quarter of 2024.

Note 5: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2024

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Provision of														
	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing						
	Amount	%	Amount	%	Balance at December 31, 2024	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024	Others (Note)		
Yixing Gaoqing Garments Co., Ltd.	\$	-	-	\$	-	-	\$	-	-	\$	-	-	\$	-	External process cost \$ 241,717 Services revenue \$ 15,487 Other payables \$ 104,114

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.79; CNY:USD 1:0.1369).

Tainan Enterprises Co., Ltd.

Major shareholders information

December 31, 2024

Table 9

Expressed in shares

Name of the key shareholder	Number of shares		Ownership (%)	Note
	Common stock	Preferred stock		
CMC Magnetics Co., Ltd.	12,536,000	—	8.57%	—
CHC International Investment Corporation	9,522,000	—	6.51%	—
Nelson Sport Co., Ltd.	7,645,000	—	5.23%	—

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the difference in the calculation basis.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 250
Checking accounts – NTD		24, 691
Demand deposits – NTD		15, 535
	– Foreign currency USD 5,574 thousand @ 32.79	182, 782
	CNY 2,329 thousand @ 4.478	10, 427
	Other foreign currencies	900
Time deposits – NTD	Due on January 17, 2025, interest rate at 0.78%	10, 000
		<u>\$ 244, 585</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
MGF SOURCING FAR EAST, Limited	Accounts receivable	\$ 279, 066	—
MACY MERCHANDISING GROUP INC.	"	221, 915	—
ANN TAYLOR, INC.	"	218, 465	—
J.CREW OPERATING CORP.	"	185, 992	—
ERALDA INDUSTRIES LTD. (Brand: J JILL)	"	79, 698	—
REITMANS (Canada) Limited	"	72, 422	—
Others (individually less than 5%)	"	<u>350, 364</u>	—
		1, 407, 922	
Less: Allowance for uncollectible accounts		(<u>3, 665</u>)	
		<u>\$ 1, 404, 257</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials	—	\$ 316, 785	\$ 316, 785	(Note)
Work in progress	—	442, 107	443, 599	"
Finished goods	—	<u>57</u>	<u>57</u>	"
		<u>\$ 758, 949</u>	<u>\$ 760, 441</u>	

Note: Refer to Note 4 (9) "Inventories" for determining net realisable value.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of Financial Instrument	Beginning Balance		Increase		Ending Balance		Accumulated impairment	Collateral	Note
	Shares (in thousands)	Carrying amount	Shares (in thousands)	Amount	Shares (in thousands)	Carrying amount			
Stock:									
Koche Development Co., Ltd.	4,969	\$ 60,939	596	\$ -	5,565	\$ 60,939	\$ -	None	—
Koche Global Co., Ltd.	4,350	25,886	-	-	4,350	25,886	-	"	—
		<u>\$ 86,825</u>		<u>\$ -</u>		<u>\$ 86,825</u>	<u>\$ -</u>		

Note: There is no adjustment because the fair value change was insignificant.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Tainan Enterprise (BVI) Co., Limited	170	\$1,483,135	-	\$213,302	-	\$-	170	100.00%	\$1,696,437	\$ 9,974	\$ 1,695,575	None	—
P.T.Tainan Enterprises Indonesia	2,400	400,364	-	51,248	-	-	2,400	100.00%	451,612	188	451,936	"	—
Tainan Enterprises (Vietnam) Co., Ltd.	-	178,092	-	11,796	-	(12,609)	-	100.00%	177,279	-	177,279	"	—
PT. Andalan Mandiri Busana	6	166,671	-	53,413	-	-	6	100.00%	220,084	36,681	220,084	"	—
Tainan Enterprises (Cambodia) Co., Ltd.	1	156,590	-	90,510	-	-	1	100.00%	247,100	247,100	247,100	"	—
Beyoung Fashion Co., Ltd.	5,050	43,396	-	7,731	-	-	5,050	100.00%	51,127	7	37,229	"	—
PT. CAHAYA INDAH GLOBAL	1,900	58,510	450	18,713	-	(237)	2,350	100.00%	76,986	33	76,986	"	—
		2,486,758							2,920,625		\$ 2,906,189		
Less: Accumulated impairment		(13,898)							(13,898)				
		<u>\$2,472,860</u>							<u>\$2,906,727</u>				

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to property, plant and equipment and Note 4(15) for the methods to determine depreciation and useful lives for property, plant and equipment.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) for the information related to investment property, net.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENT PROPERTY - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) for the information related to investment property, net, and Note 4(16) for the methods to determine depreciation and useful lives for investment property.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Type of loan</u>	<u>Descriptions</u>	<u>Ending Balance</u>	<u>Period of Contract</u>	<u>Range of Interest Rate</u>	<u>Credit Facility</u>	<u>Collateral</u>	<u>Note</u>
Unsecured borrowings	Cathay United Bank	\$ 147, 555	2024.11～2025.02	5.25%	\$ 200, 000	None	—
	First Commercial Bank	125, 000	2024.12～2025.02	1.72%	300, 000	"	—
	HSBC Bank (Taiwan)	100, 000	2024.10～2025.01	1.77%	USD 15, 000	"	—
	CTBC Bank Co., Ltd.	98, 370	2024.12～2025.05	5.20%	360, 000	"	—
		<u>\$ 470, 925</u>					

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
SHENZHEN FU YUAN TEXTILE LIMITED	Accounts payable	\$ 59,714	—
I TOCHU CORPORATION RETAIL CLOTHING	"	22,217	—
Others (individually less than 5%)	"	228,051	—
		<u>\$ 309,982</u>	

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 7 for the information related to related party transactions.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(13) for the information related to other payables.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OTHER PAYABLES – RELATED PARTIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 7 for the information related to related party transactions.

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount	
		Subtotal	Total
Sales revenue:			
Garments	18,779 pcs (in thousands)	\$ 6,959,641	
Others		<u>17,627</u>	\$ 6,977,268
Less: Sales discounts and allowances			(<u>2,080</u>)
			6,975,188
Service revenue			<u>287,602</u>
Operating revenue, net			<u>\$ 7,262,790</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Merchandise at January 1, 2024	\$ 3, 148
Add: Merchandise purchased	1, 724, 023
Merchandise at December 31, 2024	<u>—</u>
Merchandise sold during the year	<u>1, 727, 171</u>
Raw materials at January 1, 2024	316, 565
Add: Raw materials purchased	2, 522, 403
Less: Transferred to expenses	(7, 927)
Raw materials at December 31, 2024	(<u>316, 785</u>)
Raw materials used during the year	2, 514, 256
Direct labor	15, 668
Manufacturing overhead	<u>2, 388, 932</u>
Manufacturing cost	4, 918, 856
Work in progress at January 1, 2024	381, 611
Work in progress at December 31, 2024	(<u>442, 107</u>)
Cost of finished goods	4, 858, 360
Finished goods at December 31, 2024	(<u>57</u>)
Cost of production and marketing	<u>4, 858, 303</u>
Cost of inventory sold	6, 585, 474
Income from sale of scraps	(<u>6, 489</u>)
Operating costs	<u><u>\$ 6, 578, 985</u></u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Processing fee	\$ 2,351,423
Other expenses (individually less than 2%)	<u>37,509</u>
	<u>\$ 2,388,932</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 72,255
Commission expenses	26,420
Freight	22,993
Export expenses	22,116
Others (individually less than 5%)	<u>19,244</u>
	<u>\$ 163,028</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 176,450
Others (individually less than 5%)	<u>93,335</u>
	<u>\$ 269,785</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	\$ 51,990
Insurance expenses	6,092
Others (individually less than 5%)	<u>15,650</u>
	<u>\$ 73,732</u>

TAINAN ENTERPRISES CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND
AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(25) for the details of expenses by nature, and Note 6(26) for the details of employee benefit expense.