

**J.D Development CO., LTD.
and Subsidiaries**

**Consolidated Financial Statements
with Independent Auditors' Report**

For the Years Ended December 31, 2024 and 2023

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Representation Letter

The entities that are required to be included in the combined financial statements of J.D Development CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements. " In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, J.D Development CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

J.D Development CO., LTD.

By

Person in charge: Tang, Cheng

March 6, 2025

Independent Auditors' Review Report

To the Board of Directors
J.D Development CO., LTD.

Opinion

We have reviewed the accompanying consolidated balance sheets of J.D Development CO., LTD. and subsidiaries (hereinafter referred as "the Group") as of December 31, 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have judged the matters described below to be the key and it matters to be communicated in our report.

Fair Value Assessment of Investment Property

For the accounting policy regarding investment property, please refer to Note 4(11), and for details on the recognition basis and fair value assessment of investment property, please refer to Note 6(7) of the consolidated financial statements.

Description of key audit matter:

As of December 31, 2024, the Group held investment properties with \$268,200 thousand, accounting for 43% of total assets. These properties are subsequently measured by using the fair value model. In 2024, the fair value movement recognized resulted in a profit of \$16,875 thousand, representing 275% of the pre-tax net profit. The valuation was primarily conducted by external appraiser, applied with the discounted cash flow based on market rental income and property value to estimate returns. This analysis relies on the appraiser's professional judgment, taking into account the overall utilization of the subject properties, local market conditions, and industry trends. Since the valuation involves assumptions and estimates, including profit margins and discount rates, there is significant uncertainty in the fair value measurement. Therefore, the fair value assessment of investment properties is considered as key audit matter in the auditor's review.

How the matter was addressed in our audit:

The primary audit procedures performed by the auditor include verifying the consistency between the property inventory list and the data provided by management to the external appraiser. Additionally, based on the auditor's understanding, the accuracy of the classification of investment properties is assessed. The auditor also compares the recoverable amount stated in the independent valuation report issued by the external appraiser with the recorded amounts to ensure consistency. Furthermore, the reasonableness of key assumptions, including valuation methods, analysis periods, and discount rates, is reviewed. The auditor evaluates the qualifications and independence of the external appraiser and assesses the adequacy and completeness of the disclosures in the notes to the consolidated financial statements.

Other Matter

The 2023 consolidated financial statements of J.D Development CO., LTD. were audited by other auditors, and issued with an unqualified audit opinion on March 14, 2024. The 2023 consolidated financial statements of J.D Development CO., LTD. were audited by other auditors, and issued with an unqualified audit opinion on March 14, 2024.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Crowe (TW) CPAs

Li, Ching-Lin

Tsai, Shu-Man

March 6, 2025

J.D Development CO., LTD. and Subsidiaries
Consolidated Balance Sheets
For the years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(1))	\$ 263,428	43	\$ 273,059	54
1150	Net Notes Receivable (Note 6(2))	-	-	3,536	1
1170	Net Accounts Receivable (Note 6(3))	3,970	1	1,214	-
1200	Other receivables	5,478	1	152	-
1220	Current tax assets	860	-	1,023	-
130X	Inventory (Note 6(4))	1,366	-	1,517	-
1410	Prepayments	2,393	-	3,632	1
11XX	Total Current Assets	277,495	45	284,133	56
Non-current assets:					
1600	Property, Plant, and Equipment (Note 6(5))	62,761	10	181,671	36
1755	Right-of-Use Assets (Note 6(6))	4,514	1	38,789	7
1760	Investment Property (Note 6(7))	268,200	43	-	-
1780	Intangible assets	139	-	-	-
1840	Deferred Tax Assets (Note 6(18))	26	-	54	-
1920	Deposits for Guarantees	399	-	2,798	1
1930	Long-term notes and accounts receivable (Note 6(6))	6,996	1	-	-
15XX	Total Non-current Assets	343,035	55	223,312	44
1XXX	Total Assets	\$ 620,530	100	\$ 507,445	100
Liabilities and equity					
Current liabilities:					
2130	Current portion of contract liabilities (Note 6(12))	\$ 563	-	\$ 4	-
2150	Accounts payable notes	-	-	542	-
2170	Accounts payable	4,292	-	526	-
2200	Other payables (Note 6(8))	3,349	1	10,241	2
2280	Current lease liabilities (Note 6(6))	252	-	1,188	-
2310	Advance receipts	571	-	-	-
2399	Other current liabilities	-	-	1,009	-
21XX	Total Current Assets	9,027	1	13,510	2
Non-current liabilities:					
2570	Deferred income tax liabilities (Note 6(18))	45	-	-	-
2580	Non-current lease liabilities (Note 6(6))	4,365	1	19,345	2
2645	Guarantee deposit received	1,200	-	-	-
25XX	Total non-current liabilities	5,610	1	19,345	2
2XXX	Total liabilities	14,637	2	32,855	6

	Liabilities and Equity	December 31, 2024		December 31, 2023		
		Amount	%	Amount	%	
Equity						
Equity attributable to owners of the parent						
3100	Equity (Note 6(10))					
3110	Ordinary shares capital	679,918	110	679,918	134	
3300	Retained Earnings (Note 6(10))					
3350	Accumulated deficit	(231,449)	(37)	(225,235)	(44)	
3400	Other equity	157,424	25	19,907	4	
31XX	Total Equity Attributable to Owners of the Parent:	605,893	98	474,590	94	
36xx	Non-controlling interests	-	-	-	-	
3XXX	Total equity	605,893	98	474,590	94	
	Total liabilities and equity	\$ 620,530	100	\$ 507,445	100	

J.D Development CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years Ended December 31, 2024 and 2023

Items	2024		2023	
	Amount	%	Amount	%
4000 Operating revenues (Note 6(12))	\$ 18,414	100	\$ 76,959	100
5000 Operating costs (Note 6(4))	(15,745)	(86)	(78,743)	(102)
5900 Gross profit from operations	2,669	14	(1,784)	(2)
Operating expenses				
6100 Selling expenses	(1,075)	(6)	(3,968)	(5)
6200 General and administrative expenses	(25,094)	(135)	(34,810)	(45)
6000 Total operating expenses	(26,169)	(141)	(38,778)	(50)
6900 Net operating income	(23,500)	(127)	(40,562)	(52)
Non-operating income and expenses				
7100 Interest income (Note 6(14))	1,603	9	6,694	9
7010 Other income (Note 6(15))	4,321	23	6,651	9
7020 Other gains and losses (Note 6(16))	11,670	63	12,889	16
7050 Finance costs (Note 6(17))	(235)	(1)	(4,165)	(4)
7000 Total non-operating income and expenses	17,359	94	22,069	28
7900 Profit before income tax	(6,141)	(33)	(18,493)	(24)
7950 Income tax expense (Note 6(18))	(73)	-	(1,400)	(1)
8200 Net Profit	(6,214)	(33)	(19,893)	(25)
Other Comprehensive Income (Note 6(19))				
8310 Items that will not be reclassified to profit or loss				
8312 Property Revaluation Surplus	137,517	747	-	-
8300 Other comprehensive income	137,517	747	-	-
8500 Comprehensive income	\$ 131,303	714	\$ (19,893)	(25)
8600 Net Profit (Loss) Attributable to:				
8610 Parent Company Owners	\$ (6,214)	(33)	\$ (19,893)	(25)
8620 Non-controlling Interests	-	-	-	-
8600 Net Profit (Loss) Attributable to:	\$ (6,214)	(33)	\$ (19,893)	(25)
8700 Total Comprehensive Income (Loss) Attributable to:				
8710 Parent Company Owners	\$ 131,303	714	\$ (19,893)	(25)
8720 Non-controlling Interests	-	-	-	-
8700 Total Comprehensive Income (Loss) Attributable to:	\$ 131,303	714	\$ (19,893)	(25)
Earnings Per Share (EPS)				
9750 Basic EPS (Note 6(20))	\$ (0.09)		\$ (0.43)	
9850 Diluted EPS (Note 6(20))	\$ (0.09)		\$ (0.43)	

J.D Development CO., LTD. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the years Ended December 31, 2024 and 2023

	Equity attributable to owners of the parent company					
	Ordinary share	Capital surplus	undistributed earnings	retained earnings	Other equity interest	
Balance at January 1, 2023	\$ 459,918	\$ 23,191	\$ (228,533)	\$ 19,907		
Capital Surplus Used to Offset Losses	-	(23,191)	23,191			
Net Profit (Loss)	-	-	(19,893)			
Total Comprehensive Income	-	-	(19,893)			
Cash Capital Increase	220,000	-	-			
Balance at January 1, 2024	679,918	-	(225,235)			
Net loss	-	-	(6,214)			
Other Comprehensive Income	-	-	-			
Total comprehensive income	-	-	(6,214)			
Balance at December 31, 2024	\$ 679,918	\$ -	\$ (231,449)	\$ 157,424		

J.D Development CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
For the years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities Cash Flow:		
Profit (Loss) before Tax for the Period	\$ (6,141)	\$ (18,493)
Adjustments		
Income and Expense Items		
Depreciation Expense	9,269	11,724
Amortization Expense	99	-
Interest Expense	235	4,165
Interest Income	(1,603)	(6,694)
Loss (Gain) on Disposal and Write-off of Property, Plant, and Equipment	727	(1,341)
Loss (Gain) on Disposal of Other Assets	4,520	-
Loss (Gain) on Disposal of Non-Current Assets Held for Sale	-	(298)
Loss (Gain) on Fair Value Adjustment of Investment Property	(16,875)	-
Gain on Lease Modification	(145)	(341)
Total Revenue, Expenses, and Loss Items	<u>(3,773)</u>	<u>7,215</u>
Changes in Assets and Liabilities Related to Operating Activities		
Net Changes in Assets Related to Operating Activities		
(Increase) Decrease in Notes Receivable	3,536	11,424
(Increase) Decrease in Accounts Receivable	(2,756)	17,004
(Increase) Decrease in Other Receivables	(648)	26
(Increase) Decrease in Inventory	151	28,661
(Increase) Decrease in Prepayments	1,239	1,576
Total Net Changes in Assets Related to Operating Activities	<u>1,522</u>	<u>58,691</u>
Net Changes in Liabilities Related to Operating Activities		
Increase (Decrease) in Contract Liabilities	559	(4,063)
Increase (Decrease) in Notes Payable	(542)	(1,935)
Increase (Decrease) in Accounts Payable	3,766	(1,729)
Increase (Decrease) in Other Payables	(6,714)	1,219
Increase (Decrease) in Advance Receipts	571	-
Increase (Decrease) in Other Current Liabilities	(1,009)	-
Total Net Changes in Liabilities Related to Operating Activities	<u>(3,369)</u>	<u>(6,508)</u>
Total Net Changes in Assets and Liabilities Related to Operating Activities	<u>(1,847)</u>	<u>52,183</u>
Total Adjustments	<u>(5,620)</u>	<u>59,398</u>
Net Cash Inflows (Outflows) from Operating Activities	<u>(11,761)</u>	<u>40,905</u>
Interest Received	1,589	7,066
Interest Paid	(235)	(4,343)
Income Tax Refund (Payment)	163	(709)
Net Cash Inflows (Outflows) from Operating	<u>(10,244)</u>	<u>42,919</u>

	2024	2023
Activities		
Cash Flows from Investing Activities		
Acquisition of Financial Assets at Fair Value	-	(4,306)
Through Other Comprehensive Income		
Disposal of Financial Assets at Fair Value	\$ -	\$ 227,874
Through Other Comprehensive Income		
Disposal of Non-Current Assets Held for Sale	-	298
Acquisition of Property, Plant, and Equipment	(3,598)	(10,815)
Disposal of Property, Plant, and Equipment	305	3,281
Decrease in Guarantee Deposits Paid	2,399	-
Acquisition of Intangible Assets	(238)	-
Acquisition of Investment Property	(325)	-
Income Tax Refund (Payment)	-	(687)
Proceeds from Sale of Right-of-Use Assets	1,673	-
Net Cash Inflows (Outflows) from Investing Activities	216	215,645
Cash Flows from Financing Activities		
Decrease in Short-Term Borrowings	-	(207,371)
Proceeds from Long-Term Borrowing	-	12,000
Repayment of Long-Term Borrowings	-	(23,988)
Increase in Guarantee Deposits Received	1,200	-
Repayment of Lease Liabilities	(803)	(6,445)
Cash Capital Increase	-	220,000
Net Cash Inflows (Outflows) from Financing Activities	397	(5,804)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period	(9,631)	252,760
Cash and Cash Equivalents at the Beginning of the Period	273,059	20,299
Cash and Cash Equivalents at the End of the Period	\$ 263,428	\$ 273,059

J.D Development CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years Ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

1. Company history

J.D Development CO., LTD. ("the Company") established on April, 1970; the Company's original name was "FU-TA Cotton Co., Ltd.", was renamed to "FU-TA Material Technology Co, Ltd" on June, 2012, and renamed to current name on June, 2024. Its main business activities are cotton woven fabric manufacturing, silk weaving, linen weaving, cotton weaving, woolen fabric wholesale and renewable energy power generation. The Company's stocks have been traded have been traded on the Taiwan Stock Exchange (TWSE) since July 23, 1997. Please refer to Note 4 (3) 2. for the main operating activities of the Company and its subsidiaries (hereinafter referred to as the Group). In addition, the Company does not have an ultimate parent company. This consolidated financial report is expressed in New Taiwan Dollars, the functional currency of the Company.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2025.

3. New standards, amendments and interpretations adopted

1. The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The following table summarizes the newly issued, amended and revised standards and interpretations of IFRS approved by the FSC for 2024:

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 16 "Sale and leaseback transaction"	January 1, 2024 (note)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024 (note)
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024 (note)
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (note)

note: This amendment will apply to annual reporting periods beginning after January 1, 2024.

(1) Amendments to IFRS 16 "Sale and leaseback transaction"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The

difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date. The aforementioned settlement means transferring cash, other economic resources or the entity's equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation”, then the classification of the liability will not be affected.

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Group's assessment, the application of the New IFRSs above will not have any significant impact on the Group's financial position and financial performance.

2. The impact of IFRS endorsed by FSC but not adopted yet:

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

Based on the Group's assessment, the application of the New IFRSs above will not have any significant impact on the Group's financial position and financial performance.

3. Newly released or amended standards and interpretations not yet endorsed by the FSC:

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (note 1)
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 – “Renewable Energy Contracts”	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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)	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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial condition and financial performance:

- (1) Amendments to IFRS 9 and IFRS 7 - “Amendments to the Classification and Measurement of Financial Instruments”:
 - A. Clarification on the recognition and derecognition dates of certain financial assets and liabilities, introduces that allowing companies to consider a financial liability (or a part of it) as derecognized before the settlement date when using an electronic payment system to settle the liability, but only when the following conditions are met:
 - a. That the company does not have the ability to revoke, stop, or cancel the payment instruction;
 - b. That the company no longer has practical access to the cash that will be used for the settlement due to the payment instruction;
 - c. The settlement risk associated with the electronic payment system is not significant.
 - B. Clarification and additional guidance on assessing whether a financial asset meets the Solely Payments of Principal and Interest (SPPI) criterion. This includes contractual terms that may change cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with non-recourse features, and contractually linked instruments.

- C. Introduction of new disclosure requirements for instruments with contractual terms that may alter cash flows (e.g., instruments with features linked to the achievement of ESG targets). Companies must provide a qualitative description of the contingent nature of these contractual terms, quantitative information on the potential range of changes in contractual cash flows resulting from these terms, and the total carrying amount of financial assets and the amortized cost of financial liabilities under these contractual terms.
- D. Updating the irrevocable option to designate equity instruments as measured at fair value through other comprehensive income (FVOCI), the fair value for each category should be disclosed, but no need to disclose fair value information for each specific investment. Additionally, the fair value gains or losses recognized in other comprehensive income during the reporting period should be disclosed, distinguishing between the fair value gains or losses related to investments derecognized during the reporting period and those related to investments still held at the end of the reporting period. It is also necessary to disclose the cumulative gains or losses transferred to equity due to investments derecognized during the reporting period.

(2) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

This amendment addresses the inconsistency between the current IFRS 10 and IAS 28. When an investor sells (contributes) assets in a transaction with its associate or joint venture, the recognition of the full or partial gain or loss depends on the nature of the transaction. If the asset in the transaction qualifies as a "business," the full gain or loss is recognized; if the asset does not qualify as a "business," only the portion of the gain or loss attributable to the equity interest of non-related investors in the associate or joint venture is recognized.

(3) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 and will update the structure of the statement of comprehensive income, adding disclosure requirements for management performance measures and enhancing the principles for aggregation and disaggregation applied to the primary financial statements and notes.

(4) IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

This standard allows qualifying subsidiaries to apply reduced disclosure requirements under IFRS accounting standards.

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in Note 4 of consolidated financial statements for the year ended December 31, 2024. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed by FSC. The accompanying consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

- (1) Except for the following significant items, the accompanying consolidated financial statements have been prepared on the historical cost basis:
 - A. Financial assets and liabilities at fair value through profit or loss (including derivative financial instruments).
 - B. Investment property measured at fair value
- (2) The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

(1) Basis for preparation of consolidated financial statements:

- A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. 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 Group loses control of a subsidiary, the Group 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 or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group 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.

(2) Subsidiaries included in the consolidated financial statements are as follows:

Name of subsidiaries	Main business activities	Percentage of Ownership	
		December 31, 2024	December 31, 2023
FU TAI TEXTILE CO., LTD.	Production and sales of various types of cotton yarn and blended yarn	100%	100%

- A. The subsidiaries included in the consolidated financial statements for the years 2024 and 2023 have all been audited.
- B. Changes in consolidated subsidiaries: None.
- C. Subsidiaries Not Included in the Consolidated Financial Statements: None.
- D. Adjustments and Treatment for Subsidiaries with Different Accounting Periods: None.
- E. Significant Restrictions: None.
- F. Details of Subsidiaries Holding Securities Issued by the Parent Company: None.
- G. Subsidiaries' holdings of parent company-issued securities: None.
- H. Information on Subsidiaries with Significant Non-Controlling Interests: None.

(4) Foreign currencies

(1) The financial statement items of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., its functional currency). The consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollar (NTD).

(2) Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(5) Classification of current and non-current assets and liabilities

(1) An asset is classified as current under one of the following criteria, and all other assets are classified as non current

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within 12 months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

(2) A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within 12 months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, and short-term, highly liquid investments that are readily convertible to fixed amounts of cash and subject to insignificant risk of value changes (including time deposits with original maturities of 3 months or less).

(7) Financial instruments

Financial assets and financial liabilities should be recognized when the Group became a party to the terms of the financial instruments contract. When financial assets and financial liabilities were initially recognized, they were measured at the fair value. At the time of initial recognition, the transaction costs acquired or issued directly attributable to financial assets and financial liabilities (unless classified as financial assets and financial liabilities at fair value through profit or loss), shall be added or subtracted from the fair value of the financial assets or financial liabilities. The transaction costs directly attributable to financial assets and financial liabilities at fair value through profit or loss should be recognized immediately as profit or loss.

1. Financial assets

(1) Measurement Categories

The Group recognizes and derecognizes financial assets using the trade date accounting method.

The financial assets held by the Group are classified into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL).

A. Financial Assets Measured at Amortized Cost

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

After initial recognition, financial assets measured at amortized cost are subsequently carried at amortized cost using the effective interest method, less any impairment losses. Any foreign exchange gains or losses are recognized in profit or loss.

Except in the following cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated using the credit-adjusted effective interest rate applied to the amortized cost of the financial asset.
- b. For financial assets that were not originally credit-impaired but have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

B. Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)

Financial assets measured at FVTPL include mandatory FVTPL financial assets and designated FVTPL financial assets. Mandatory FVTPL financial assets include equity investments not designated as fair value through other comprehensive income (FVOCI), as well as debt instruments that do not qualify for measurement at amortized cost or FVOCI.

These financial assets are measured at fair value, with any gains or losses (excluding dividends or interest income) recognized in profit or loss. The determination of fair value is described in Note 12(3).

(2) Impairment of Financial Assets

- A. At each balance sheet date, the Group assesses expected credit losses (ECLs) for financial assets measured at amortized cost (including accounts receivable), debt instruments measured at fair value through other comprehensive income (FVOCI), lease receivables, and contract assets.
- B. For accounts receivable, contract assets, and lease receivables, the Group recognizes an allowance for impairment based on the lifetime expected credit loss model. For other financial assets, the Group first assesses whether the credit risk has significantly increased since initial recognition. If the credit risk has not significantly increased, an allowance is recognized based on 12-month expected credit losses. If the credit risk has significantly increased, an allowance is recognized based on lifetime expected credit losses.
- C. Expected credit losses are calculated as the probability-weighted average of credit losses, considering the risk of default. 12-month expected credit losses represent credit losses expected from possible defaults within the next 12 months, while lifetime expected credit losses represent credit losses expected from all possible defaults over the expected life of the financial instrument.
- D. All impairment losses on financial assets are recognized through an allowance account, which reduces the carrying amount of the respective financial asset. However, for debt instruments measured at FVOCI, the impairment loss is recognized in other comprehensive income (OCI) and does not reduce the carrying amount of the financial asset.

(3) Derecognition of Financial Assets

The Group derecognizes a financial asset when any of the following conditions are met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset are transferred, and substantially all risks and rewards of ownership of the financial asset have also been transferred.
- C. The financial asset has been transferred, but neither substantially all risks and rewards of ownership have been transferred nor retained, and the Group no longer retains control over the asset.

When a financial asset measured at amortized cost is fully derecognized, the difference between its carrying amount and the consideration received is recognized in profit or loss. When a debt instrument measured at FVOCI is fully derecognized, the difference between its carrying amount and the sum of the consideration received and any cumulative gains or losses previously recognized in OCI is recognized in profit or loss. When an equity instrument measured at FVOCI is fully derecognized, any cumulative gains or losses previously recognized in OCI are directly transferred to retained earnings and are not reclassified to profit or loss.

2. Equity Instruments

The Group classifies issued debt and equity instruments as financial liabilities or equity instruments based on the substance of the contractual agreement and the definitions of financial liabilities and equity.

An equity instrument is any contract that represents a residual interest in the assets of an entity after deducting all its liabilities. The Group recognizes equity instruments at the consideration received, net of any directly attributable issuance costs.

3. Financial Liabilities

(1) Subsequent Measurement

Except in the following cases, all financial liabilities are measured at amortized cost using the effective interest method:

A. Financial Liabilities Measured at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities measured at FVTPL include held-for-trading financial liabilities and financial liabilities designated as FVTPL at initial recognition. Held-for-trading financial liabilities are those acquired with the intention of repurchasing in the short term. This classification also includes derivative instruments, except for financial guarantee contracts or designated and effective hedging instruments.

The Group may designate financial liabilities as FVTPL at initial recognition if they meet any of the following conditions:

- (a) It is part of a hybrid (combined) contract; or
- (b) Designation as FVTPL eliminates or significantly reduces measurement or recognition inconsistencies; or
- (c) It is a financial instrument managed and evaluated on a fair value basis in accordance with a documented risk management policy.

B. Financial Liabilities Measured at Fair Value Through Profit or Loss (FVTPL)

At initial recognition, financial liabilities measured at FVTPL are recorded at fair value, with any related transaction costs recognized immediately in profit or loss. Subsequently, these liabilities continue to be measured at fair value, and changes in their fair value are recognized in profit or loss.

C. Designated Financial Liabilities Measured at Fair Value Through Profit or Loss

For financial liabilities designated as FVTPL, changes in fair value due to credit risk fluctuations are recognized in other comprehensive income (OCI) and are not reclassified to profit or loss in subsequent periods. The remaining fair value changes of the liability are recognized in profit or loss. However, if this accounting treatment creates or exacerbates an accounting mismatch, then all gains or losses on the financial liability are recognized in profit or loss.

(2) Derecognition of Financial Liabilities

The Group derecognizes a financial liability only when the obligation is discharged, canceled, or expired. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified without resulting in derecognition of the instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability. This is done by discounting the modified contractual cash flows using the original effective interest rate (EIR). The modification gain or loss is recognized in profit or loss. Any associated costs or fees incurred are adjusted against the carrying amount of the modified financial instrument and amortized over the remaining period. If the renegotiation or modification leads to derecognition, it is accounted for according to the derecognition rules.

When interest rate benchmark reforms lead to a change in the basis for determining the contractual cash flows of a financial instrument, the Group applies a practical expedient if the changes are a direct consequence of the interest rate benchmark reform and if the new basis is economically equivalent to the previous basis. In such cases, the Group treats the change as an adjustment to the effective interest rate (EIR) rather than as a modification. However, if additional changes are made to the financial instrument beyond those required by the interest rate benchmark reform, the Group first applies the practical expedient to the modifications related to the benchmark reform. Any other modifications that do not qualify for the practical expedient are accounted for under the standard modification rules for financial instruments.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value (NRV) and accounted for using the perpetual inventory system. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing overheads (allocated based on normal production capacity), but excludes borrowing costs. When comparing cost and net realizable value, the Group applies an item-by-item basis. Net realizable value (NRV) is determined as the estimated selling price in the ordinary course of business, less the estimated costs required to complete the production and the estimated costs necessary to make the sale.

(9) Property, plant and equipment

1. Property, plant, and equipment (PPE) are recognized at acquisition cost, which includes capitalized interest costs incurred during the construction period. For PPE under construction, any samples produced during testing before the asset reaches its intended use are measured at the lower of cost and net realizable value (NRV), and any sales revenue and related costs are recognized in profit or loss.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.
3. Land is not depreciated. Other property, plant, and equipment (PPE) are measured using the cost model and depreciated on a straight-line basis over their estimated useful lives. At the end of each financial year, the Group reviews the residual value, useful life, and depreciation method of each asset. If the expected values differ from previous estimates or if there is a significant change in the expected pattern of consumption of future economic benefits, adjustments are accounted for as changes in accounting estimates in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates, and Errors", effective from the date the change occurs.

The useful lives of PPE are as follows:

- Main factory buildings: 25 years
- Factory ancillary buildings: 3 to 10 years
- Machinery and equipment: 8 years
- Transportation equipment: 5 to 8 years
- Other equipment: 5 to 15 years

4. Property, plant, and equipment (PPE) are derecognized when they are disposed of or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition of PPE is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss for the period in which the derecognition occurs.

(10) Leases

The Group assesses whether a contract contains a lease at the inception of the contract. For contracts that include both a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on its relative standalone price, and to non-lease components based on their aggregated standalone prices.

1. As a lessee

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

Right-of-use assets:

Right-of-use assets are initially measured at cost. (Includes: The initial measurement of lease liabilities, any lease payments made before the lease commencement date, less any lease incentives received, initial direct costs, and estimated costs to restore the leased asset to its original condition) Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and are adjusted for remeasurements of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. However, if the lease transfers ownership of the underlying asset to the Group at the end of the lease term, or if the right-of-use asset cost reflects the exercise of a purchase option, depreciation is recognized from the lease commencement date to the end of the useful life of the underlying asset.

Lease liabilities:

Lease liabilities are initially measured at the present value of lease payments, which include fixed payments, in-substance fixed payments, and payments that vary based on an index or rate. If the implicit interest rate of the lease can be readily determined, the lease payments are discounted using this rate. If the implicit interest rate cannot be readily determined, the lessee's incremental borrowing rate is used for discounting.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If changes occur in the lease term, purchase option assessment, expected payments under residual value guarantees, or index- or rate-based lease payments, the Group remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented as a separate line item in the consolidated statement of financial position.

Lease payments that do not depend on an index or rate are recognized as an expense in the period in which they are incurred.

2. As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, it is classified as an operating lease.

Under a finance lease, lease payments include fixed payments, in-substance fixed payments, and payments that vary based on an index or rate. The net investment in the lease is measured at the present value of lease receivables and any unguaranteed residual value, and is presented as finance lease receivables. The Group systematically and rationally allocates finance income over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

Under an operating lease, lease payments (net of any lease incentives) are recognized as lease income on a straight-line basis over the lease term. Any initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as lease income recognition.

(11) Investment Property

Investment property refers to property held to earn rental income, for capital appreciation, or both, including property under construction for such purposes. It also includes land held for an undetermined future use.

Investment property is initially measured at cost, including transaction costs. Except in rare cases where the fair value cannot be reliably determined due to the lack of parameters under the income approach or land development method, investment property is subsequently measured using the fair value model. Changes in fair value are recognized in profit or loss in the period in which they arise. When investment property is transferred to owner-occupied property, it is reclassified to property, plant, and equipment (PPE) at its fair value on the date of the transfer.

When owner-occupied property is transferred to investment property, the difference between its carrying amount and fair value is recognized in other comprehensive income (OCI) and accumulated under revaluation surplus within equity. Upon derecognition, the revaluation surplus is directly transferred to retained earnings.

Gains or losses on the disposal of investment property are recognized in profit or loss and are calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

(12) Intangible Assets

Individually acquired finite useful life intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over one year. The estimated useful life and amortization method are reviewed at the end of each reporting period, and any changes in estimates are applied prospectively.

Intangible assets are derecognized when they are disposed of or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in profit or loss for the period.

(13) Impairment of non financial assets

At each balance sheet date, the Group assesses whether there are any indications of impairment for its assets and estimates their recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal, or its value in use. If the circumstances that led to a previously recognized impairment loss no longer exist, the impairment loss is reversed to the extent of the previously recognized impairment amount.

(14) Employee benefits

1. Short-term employee benefits

A short-term employee benefit is based on undiscounted part and will be recognized as expenses as the related service is provided.

2. Pension

Defined Contribution Plan

For defined contribution plans, pension costs are recognized as an expense on an accrual basis in the period in which contributions are due. Prepaid contributions are recognized as an asset to the extent that they are refundable in cash or can be used to reduce future payments.

3. Employee and Director Compensation

Employee and director compensation is recognized as an expense and liability when the Group has a legal or constructive obligation and the amount can be reasonably estimated. If the actual distributed amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate.

4. Termination Benefits

Termination benefits are provided when the Group terminates employment before the normal retirement date or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(15) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options are deducted from equity, net of any related tax effects.

(16) Income taxes

1. Income tax expense includes both current and deferred income tax. Except for income tax related to items recognized in other comprehensive income (OCI) or directly in equity, which is recognized in OCI or equity, all income tax is recognized in profit or loss.
2. Current income tax is calculated based on the tax rates enacted or substantively enacted as of the balance sheet date in the respective countries where the Group operates and generates taxable income. Management periodically reviews the Group's income tax filing positions and recognizes income tax liabilities based on the expected tax payments to the tax authorities. In accordance with Taiwan's Income Tax Act, the additional income tax on undistributed earnings is recognized in the year following the earnings' generation, after the shareholders' meeting approves the earnings distribution plan.
3. Deferred income tax is recognized using the balance sheet approach, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities related to goodwill from initial recognition are not recognized. Deferred tax is also not recognized if it arises from a transaction (other than a business combination) that affects neither accounting profit nor taxable income at the time of the transaction, and does not result in equal taxable and deductible temporary differences. The tax rates used to measure deferred tax assets and liabilities are those enacted or substantively enacted as of the reporting period end and expected to be applied when the deferred tax assets are realized or deferred tax liabilities are settled.
4. Deferred tax assets are recognized to the extent that future taxable income is probable to be available for utilizing temporary differences, unused tax losses, and unused tax credits. The Group reassesses both recognized and unrecognized deferred tax assets at each balance sheet date.
5. Offsetting of income tax assets and liabilities is permitted when there is a legal right to offset recognized current tax assets and liabilities, and there is an intention to settle on a net basis or simultaneously realize the asset and settle the liability. Deferred tax assets and liabilities are offset if they relate to the same taxable entity and tax authority, or if they arise from different taxable entities that intend to settle on a net basis or simultaneously realize assets and settle liabilities.
6. Tax credits related to investments in equipment, technology acquisition, research and development expenses, employee training expenses, and equity investments are accounted for using the tax credit accounting method.

(17) **Recognition of revenue**

The Group recognizes revenue from customer contracts by following these steps:

- (1) Identify the contract with the customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract; and
- (5) Recognize revenue when the performance obligations are satisfied.

For contracts where the time gap between transferring goods or services and receiving consideration is within one year, the significant financing component is not adjusted in the transaction price.

1. Sales of Goods

Revenue from the sale of goods includes the sales of textile yarns, fabrics, and protective equipment. Revenue is recognized at the point when control of the products is transferred to the customer. Since the customer has the right to set prices and use the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence, the Group recognizes revenue and accounts receivable at that point. Revenue is presented net of sales returns, volume discounts, and allowances.

For processing services involving provided materials, since the control of the processed products is not transferred, revenue is not recognized at the time of material provision.

2. Electricity Sales Revenue

Electricity sales revenue is generated from solar power generation. Revenue is recognized when electricity is transmitted to Taiwan Power Company (Taipower) substations or when electricity is supplied to renewable energy retailers via the Taipower power grid under a wheeling agreement.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

When preparing the consolidated financial statements, the Group applies key judgments, significant accounting estimates, and assumptions as follows:

(1) Key Judgments in Accounting Policies

1. Revenue Recognition

In accordance with IFRS 15, the Group determines whether it has obtained control over specific goods or services before transferring them to the customer in order to assess whether it acts as a principal or an agent in the transaction. If the Group is deemed to be an agent, revenue is recognized at the net amount of the transaction.

The Group is considered a principal in the transaction if any of the following conditions are met:

- A. The Group obtains control of the goods or assets before transferring them to the customer; or
- B. The Group has the right to control the provision of services by another party and has the ability to direct that party to provide services on its behalf; or
- C. The Group obtains control of goods or services from another party and combines them with other goods or services to provide a specific good or service to the customer.

Indicators that assist in determining whether the Group has control over the goods or services before transferring them to the customer include (but are not limited to):

- A. The Group bears primary responsibility for fulfilling the commitment to provide the specific goods or services.
- B. The Group bears inventory risk either before the goods or services are transferred to the customer or after control has been transferred (e.g., when customers have the right to return goods).
- C. The Group has discretionary pricing power over the transaction.

2. Lease term

When determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive to exercise (or not exercise) an option, including all expected changes in facts and circumstances from the commencement date to the option exercise date. The factors considered include the contractual terms and conditions of the period covered by the option, significant leasehold improvements made (or expected to be made) during the lease term, and the importance of the underlying asset to the Group's operations. The lease term is reassessed when a significant event occurs or there is a material change in circumstances that is within the Group's control.

(2) Significant Accounting Estimates and Assumptions

1. Revenue Recognition

Sales revenue is recognized when control of the goods or services is transferred to the customer and the performance obligation is satisfied, and is presented net of estimated sales returns, discounts, and other similar allowances. These sales returns and allowances are estimated based on historical experience and other known factors, and the Group regularly reviews the reasonableness of these estimates.

2. Impairment Assessment for Tangible and Intangible Assets

In the process of assessing asset impairment, the Group must rely on subjective judgment and, based on the pattern of asset use and industry characteristics, determine the independent cash flows, useful lives, and future potential revenues and expenses for specific groups of assets. Any changes in these estimates due to shifts in economic conditions or changes in the Group's strategy may result in significant impairment in the future.

3. Realizability of Deferred Tax Assets

Deferred tax assets are recognized only to the extent that it is highly probable that sufficient taxable income will be available in the future to utilize the temporary differences. Evaluating the realizability of deferred tax assets involves significant management judgment and estimates, including assumptions regarding expected future sales growth and profit margins, tax holiday periods, available tax credits, and tax planning. Any changes in the global economic environment, industry conditions, or legislative changes may result in significant adjustments to deferred tax assets.

4. Inventory Valuation

Since inventory is measured at the lower of cost and net realizable value, the Group must use judgment and estimates to determine the net realizable value of inventory as of the balance sheet date. The Group assesses the amount by which inventory on the balance sheet is expected to be reduced due to normal wastage, obsolescence, or lack of marketability, and writes down the cost of inventory to its net realizable value.

5. Estimated Impairment of Financial Assets

The estimated impairment for accounts receivable is based on the Group's assumptions regarding default rates and expected loss rates. The Group considers historical experience, current market conditions, and forward-looking information to develop assumptions and select the input values for impairment assessments. If the actual future cash flows are lower than expected, significant impairment losses may occur.

6. Explanation of significant accounting items

Except for the following, please refer to Note 6 of the consolidated financial statements for the year 2023.

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash	\$ 110	\$ 44
Checking Deposits	20	480
Demand Deposits	203,298	272,535
Cash Equivalents		
Time Deposits with Original Maturities of Three Months or Less	60,000	-
Cash	<u>\$ 263,428</u>	<u>\$ 273,059</u>

1. The financial institutions that the Group deals with maintain good credit quality, and the Group has dealings with a number of financial institutions to diversify credit risks, so the possibility of default is expected to be low.
2. The cash and cash equivalents of the Group are not pledged to others.

(2) Notes receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Measured at amortized cost		
Total carrying amount	\$ -	\$ 3,536
Less: Loss allowance	-	-
Notes receivable, net	<u>\$ -</u>	<u>\$ 3,536</u>

1. The notes receivable of the Group are not pledged to others.
2. Please refer to Note 6(3) for information on loss allowance for notes receivable

(3) Accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Measured at amortized cost		
Total carrying amount	\$ 3,970	\$ 1,214
Less: Allowance for impairment	-	-
Accounts receivable, net	<u>\$ 3,970</u>	<u>\$ 1,214</u>

1. The accounts receivable was following the Group's credit policy determined by reference to the industrial characteristics, operating scale and profitability of the counterparties. The average credit term is due on monthly aggregate sales plus 30 to 95 days.

2. The Group recognizes allowance losses on accounts receivable based on duration expected credit losses. The expected credit losses during the duration are calculated with the provision matrix, which considers the customer's past default record, current financial status, industrial economic situation, historical experience and current market conditions. Because of the Group's historical experience with credit losses shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups, only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

3. The Group measures provision losses on notes receivable and accounts receivable based on a provision matrix as follows:

December 31, 2024	Expected Credit Loss Rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due	0%	\$ 16,440	\$ -	\$ 16,4400

December 31, 2023	Expected Credit Loss Rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due	0%	\$ 4,750	\$ -	\$ 4,750

4. The Group has not held any collateral or other credit enhancement for accounts receivable.

5. Please refer to Note 12 (2) for information on the Group's management and measurement policies of credit risk.

6. Accounts receivable of the Group are not pledged to others.

(4) Inventories

	December 31, 2024	December 31, 2023
Finished goods	\$ -	\$ 957
Merchandise	1,366	560
Total	\$ 1,366	\$ 1,517

1. The cost of inventories recognized as expenses for the period:

	2024	2023
Cost of inventory sold	\$ 8,569	\$ 81,132
Loss on decline in market value of inventories	32	(10,271)
Cost of selling electricity	7,144	7,882
Total operating costs	\$ 15,745	\$ 78,743

2. The Group wrote down the inventory to the net realizable value for the years ended December 31, 2024 and 2023, or the net realizable value of the inventory increased due to the increase in the prices of some products and the digestion of part of the inventory. Therefore, the recognized inventory depreciation losses (recovery gains) were \$32 thousand and \$(10,271) thousand, respectively.

3. The inventories are not pledged by the Group.

(5) Property, plant and equipment

	December 31, 2024	December 31, 2023
Land	\$ 1,408	\$ 74,935
Houses and Construction	-	57,708
Transportation equipment	290	1,298
Other equipment	84,905	88,610
Equipment to be inspected and unfinished projects	-	371
Total cost	\$ 86,603	\$ 222,922
Less: Accumulated depreciation	(22,614)	(40,023)
Cumulative impairment	(1,228)	(1,228)
Total	\$ 62,761	\$ 181,671

Cost	Land	Building and construction	Machinery and equipment	Transportation Equipment	Other Equipment	Unfinished project	Total
Balance at January 1, 2024	\$ 74,935	\$ 57,708	\$ -	\$ 1,298	\$ 88,610	\$ 371	\$ 222,922
Additions	-	420	-	-	-	3,000	3,420
Disposals	-	(162)	-	(1,008)	(3,705)	-	(4,875)
Revaluation Surplus	130,619	6,898	-	-	-	-	137,517
Reclassification to Investment Property	(204,146)	(68,235)	-	-	-	-	(272,381)
Reclassification	-	3,371	-	-	-	(3,371)	-
December 31, 2024	\$ 1,408	\$ -	\$ -	\$ 290	\$ 84,905	\$ -	\$ 86,603
Accumulated depreciation and Impairment:	\$ -	\$ 19,538	\$ -	\$ 701	\$ 21,012	\$ -	\$ 41,251
Balance at January 1, 2024	\$ -	\$ 1,880	\$ -	\$ 84	\$ 5,851	\$ -	\$ 7,815
Depreciation	-	(37)	-	(549)	(3,257)	-	(3,843)
Disposals	-	(21,381)	-	-	-	-	(21,381)
December 31, 2024	\$ -	\$ -	\$ -	\$ 236	\$ 23,606	\$ -	\$ 23,842

Cost	Land	Building and construction	Machinery and equipment	Transportation Equipment	Other Equipment	Unfinished project	Total
Balance at January 1, 2023	\$ 76,475	\$ 48,246	\$ 7,492	\$ 1,298	\$ 87,492	\$ -	\$221,003
Additions	-	9,462	-	-	524	1,408	11,394
Disposals	(1,540)	-	(7,492)	-	(443)	-	(9,475)
Reclassification	-	-	-	-	1,037	(1,037)	-
December 31, 2023	\$ 74,935	\$ 57,708	\$ -	\$ 1,298	\$ 88,610	\$ 371	\$222,922
Accumulated depreciation and Impairment:							
Balance at January 1, 2023	\$ -	\$ 17,399	\$ 6,958	\$ 507	\$ 15,301	\$ -	\$ 40,165
Depreciation	-	2,139	230	194	6,058	-	8,621
Disposals	-	-	(7,188)	-	(347)	-	(7,535)
December 31, 2023	\$ -	\$ 19,538	\$ -	\$ 701	\$ 21,012	\$ -	\$ 41,251

1. Capitalized amount and interest rate range of borrowing costs for real estate, plant and equipment: None.
2. The amount of impairment of real estate, plant and equipment: None.
3. Information on guarantees provided by real estate, plant and equipment: please refer to the explanation in Note 8.
4. The adjustment for the increase in the current period and the acquisition of real estate, plant and equipment in the cash flow statement is as follows:

Items	2024	2023
Increase in property, plant and equipment	\$ 3,420	\$ 11,394
Increase or decrease in equipment payments payable	178	(579)
Amount of cash paid to purchase property, plant and equipment	\$ 3,598	\$ 10,815

5. The Changbin plant's land and buildings of the Group were previously leased to a subsidiary and were classified as investment property measured at fair value in the parent company only financial statements. However, in the consolidated financial statements, they were presented under property, plant, and equipment (PPE). As the Group leased the assets to a non-subsidiary in July 2024, the assets were reclassified as investment property and measured at fair value, resulting in a revaluation surplus of \$137,517 thousand. The fair value revaluation was conducted by certified real estate appraisers, Hsieh Tien-Ching and Chiu Hsiang-Ling, from CHINA PROPERTY APPRAISING CENTER, a qualified real estate appraisal firm in Taiwan.

(6) Lease tenancy agreement
 1. Right-of-use assets

Items	December 31, 2024	December 31, 2023
Land	\$ -	\$ 40,430
Buildings	5,471	9,383
Total Cost	\$ 5,471	\$ 49,813
Less: Accumulated Depreciation	(957)	(11,024)
Net Amount	\$ 4,514	\$ 38,789

Cost	Land	Buildings	Total
Balance at January 1, 2024	\$ 40,430	\$ 9,383	\$ 49,813
Additions During the Period	885	-	885
Reductions During the Period	(41,315)	-	(41,315)
Write-offs on Maturity	-	(3,912)	(3,912)
Balance at December 31, 2024	\$ -	\$ 5,471	\$ 5,471

Accumulated Depreciation
Balance at January 1, 2024
\$ 6,557
\$ 4,467
\$ 11,024
Depreciation Expense
1,052
402
1,454
Reductions During the Period
(7,609)
-
(7,609)
Write-offs on Maturity
-
(3,912)
(3,912)
Balance at December 31, 2024
\$ -
\$ 957
\$ 957

Cost	Land	Buildings	Total
Balance at January 1, 2023	\$ 36,748	\$ 9,383	\$ 46,131
Additions During the Period	3,682	-	3,682
Balance at December 31, 2023	\$ 40,430	\$ 9,383	\$ 49,813

Accumulated Depreciation
Balance at January 1, 2023
\$ 4,510
\$ 3,411
\$ 7,921
Depreciation
2,047
1,056
3,103
Balance at December 31, 2023
\$ 6,557
\$ 4,467
\$ 11,024

2. Lease liability

Items	December 31, 2024	December 31, 2023
Carrying amount		
Current	\$ 252	\$ 1,188
Non current	\$ 4,365	\$ 19,345

The discount rate range for lease liabilities is as follows:

	September 30, 2024	December 31, 2023
	1.34%-2.00%	1.34%-2.00%

For details on the maturity analysis of lease liabilities, please refer to Note 12(2).

3. Important leasing activities and terms

The Group leases buildings for offices and rooftops of certain buildings for solar power generation equipment, with lease terms ranging from 5 to 20 years. When the lease period expires, there is no preferential right to purchase the leased building, and it is agreed that all or part of the lease subject matter may not be sublet or transferred without the consent of the lessor. As of December 31, 2024, there were no indications of impairment for the right-of-use assets; therefore, no impairment assessment was conducted.

4. Sublease: None

5. Other lease information

	2024	2023
Fees of short-term rental	\$ 547	\$ 309
Low value asset leasing expenses	\$ 29	\$ 22
Variable lease payments not included in the measurement of lease liabilities	\$ 325	\$ 326
Total cash outflow from leases (note)	\$ 1,704	\$ 7,102

note: Includes the principal payment amount of lease liabilities for the current period.

As of December 31, 2024 and 2023, the Group chose to apply the recognition exemption to equipment leases that qualify as short-term leases and low-value asset leases, and not recognize related right-of-use assets and lease liabilities for these leases.

6. The Group signed a contract with CHUANHUNG Engineering Management Consulting Co., Ltd. in June 2024 to sell 7 state-owned land lease rights, including Qingshui Dist., Taichung City, etc., with the approval of the National Property Administration, MOF, the lease rights were transferred and sold on July 1, 2024. The total price was \$13,333 thousand (before tax). As of December 31, 2024, other receivables of \$4,664 thousand and long-term receivables of \$6,996 thousand were separately accounted for. The decrease in current period is adjusted with the cash flow statement to dispose of the right-of-use asset price as follows :

Items	2024	2023
Proceeds from the Sale of Right-of-Use Assets	\$ 13,333	\$ -
Less: Increase/Decrease in Receivables from Sale Proceeds	(11,660)	-
Cash Received from the Sale of Right-of-Use Assets	\$ 1,673	\$ -

(7) Investment Property

Items	December 31, 2024
Measured at Fair Value – External Appraisal	\$ 268,200

1. Investment Property Measured at Fair Value

Items	2024
Beginning Balance	\$ -
Transfers from Property, Plant, and Equipment	251,000
Additions	325
Fair Value Changes	16,875
Ending Balance	<u>\$ 268,200</u>

- (1) The fair value evaluation of investment property was conducted by certified real estate appraisers, Hsieh Tien-Ching and Chiu Hsiang-Ling, from CHINA PROPERTY APPRAISING CENTER, a qualified real estate appraisal firm in Taiwan.
- (2) The fair value of the Group's investment property is assessed using the income approach. When the estimated future net cash inflows increase or the discount rate decreases, the fair value will increase. The key assumptions are as follows:

Items			December 31, 2024
Estimated Inflows	Future	Cash	\$ 402,657
Estimated Outflows	Future	Cash	31,130
Estimated Future Net Cash Inflows			<hr/> \$ 371,527
Discount Rate			<hr/> 3.47%

- A. As of December 31, 2024, the market monthly rental rate for investment properties in the respective area was approximately \$304 per ping, while comparable rental rates for similar properties ranged from \$290 to \$320 per ping.
- B. The expected future cash inflows from investment properties include rental income, deposit interest income, and ending disposal value. Rental income is estimated based on the Group's current lease agreements and market rental rates, while also considering the expected annual rental growth rate. The income analysis period is projected for 10 years. Deposit interest income is estimated using the one-year fixed deposit interest rate. The ending disposal value is estimated using the direct capitalization method under the income approach. The expected future cash outflows from investment properties include land tax, property tax, insurance expenses, and maintenance costs. These expenses are estimated based on current expenditure levels, taking into account future adjustments to announced land values and tax rates stipulated under the house tax Act.
- C. The discount rate is determined based on the Chunghwa Post Co., Ltd. announced 2-year postal fixed-term deposit rate plus 3 basis points, with an additional 4 basis points added to derive the estimated discount rate.

2. The lease term for the investment property is 2 years, with no option to extend the lease. At the end of the lease term, the lessee has a right of first refusal to purchase the asset.

3. Rental Income and Direct Operating Expenses of Investment Property:

Item	2024
Rental Income from Investment Property	\$ 3,131
Direct Operating Expenses Incurred for Investment Property that Generated Rental Income during the Period	\$ 239
Direct Operating Expenses Incurred for Investment Property that Did Not Generate Rental Income during the Period	\$ -

4. Total Future Lease Payments to be Received from Investment Properties Leased under Operating Leases as of December 31, 2024, are as follows:

	December 31, 2024
Year 1	\$ 6,857
Years 2–5	3,429
Beyond 5 Years	-
Total	<u>\$ 10,286</u>

5. As of December 31, 2024, the fair value of the Group's investment property was \$268,200 thousand, based on independent valuation expert's assessment. The valuation was conducted using the income approach and is classified as Level 3 fair value. Please refer to Note 12 for further details.

(8) Other payable

Items	December 31, 2024	December 31, 2023
Salary and bonus payable	\$ 631	\$ 2,023
Severance pay payable	-	4,654
Vacation pay payable	96	282
Labor service fee payable	1,320	1,686
Equipment payments payable	-	178
Other	1,302	1,418
Total	<u>\$ 3,349</u>	<u>\$ 10,241</u>

(9) Post-employment benefit plan

1. Defined contribution plan

- a. The pension system of the "Labor Pension Act" applicable to the Group is a defined contribution retirement plan managed by the government. Pensions are allocated to the individual account of the Bureau of the Labor based on 6% of the employee's monthly wages.
- b. For the years ended December 31 2024 and 2023, the total amount recognized in the income statement as expenses, according to the defined contribution plan, were \$453 thousand, \$999 thousand, respectively.

(10) Ordinary shares capital

- 1. The number and amount of outstanding shares of the Company's common stock at the beginning and end of the period are adjusted as follows:

Items	2024		2023	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
January 1	67,992	\$ 679,918	45,992	\$ 459,918
Cash capital increase	-	-	22,000	220,000
June 30	<u>67,992</u>	<u>\$ 679,918</u>	<u>47,992</u>	<u>\$ 679,918</u>

- 2. As of December 31, 2024, the Company's rated capital is \$1,680,000 thousand, which is 168,000 thousand shares.
- 3. In order to enrich its working capital and improve its financial structure, the Company resolution at its regular shareholders' meeting on June 21, 2023, to conduct private placement of cash capital increase and issue ordinary shares, with the total number not exceeding 45,000 thousand shares. On December 26, 2023, the Company's board of directors decided to issue private placement of cash capital increase and issue ordinary shares with 22,000 thousand shares, which were issued at a price of \$10 per share. The base date for the private placement cash capital increase is December 29, 2023. The rights and obligations of the aforementioned private placement of ordinary shares are the same as those of the Company's publicly issued ordinary shares; however, the listing and re-selling of these ordinary shares shall be in accordance with relevant regulations such as the Securities and Exchange Act. The remaining 23,000 thousand shares will not be conduct for the remaining period and are reported on the shareholders' meeting on June 6, 2024.
- 4. The number of issued shares of the Company, as of December 31, 2024 and 2023 are all ordinary shares, and the details of the shares are as follows:

Items	December 31, 2024	December 31, 2023
Private placement of ordinary shares	\$ 459,918	\$ 459,918
Non-private placement of ordinary shares	220,000	220,000
Total	\$ 679,918	\$ 679,918

(11) Retained earnings and dividend policy

1. According to the surplus distribution policy stipulated in the Company's articles of association, in addition to paying income tax in accordance with the law, the net profit earned after the annual final accounts should first make up for the losses of previous years, and then set aside 10% of the balance as legal reserve, and set as special reserves in accordance with legal provisions. After the surplus reserve is collected, the remaining balance shall be drafted by the board of directors and submitted to the shareholders' meeting for distribution based on the following circumstances:
 - (1) When the amount available for distribution reaches more than 30% of the paid-in capital, at least 5% of the cash dividend should be distributed.
 - (2) However, if one of the following circumstances occurs, the distribution will not be distributed or the surplus will be transferred to capital increase to issue stock dividends:
 - A. When the ratio of liabilities to shareholders' equity is higher than 100%.
 - B. There are major investment plans in the next year or the original investment plan is still in progress.
2. The legal reserve, except for covering company losses and issuing new shares or cash in proportion to the shareholders' existing shares, it cannot be used. However, if new shares or cash are issued, it is limited to the portion of the reserve that exceeds 25% of the paid-in capital.
3. The shareholders' meeting of the Company in June 2024 resolved not to distribute dividends for 2023 due to continued losses in the financial statements.
4. The shareholders' meeting in June 2023 resolved to offset losses for 2022 with a capital surplus of \$23,191 thousand.
5. For details on the proposed and resolved earnings distribution by the board of directors and the shareholders' meeting, please refer to the TWSE Market Observation Post System.

(12) Operating revenue

Items	2024	2023
Revenue from customer contracts		
Total operating income	\$ 18,414	\$ 77,288
Less: Sales returns	-	(306)
Sales Allowances	-	(23)
Net operating income from customer contracts	\$ 18,414	\$ 76,959

1. Description of customer contract

It is the income from the sales of textile products and the income from the sale of solar power. The main targets are downstream manufacturers and Taiwan Power Company, which are sold at the price agreed in the contract.

2. Disaggregation of revenue from contracts with customers

The Group's revenue can be disaggregated into the following major product lines and geographical regions:

For the years ended December 31, 2024:

Main market region	Textile products	Power sale income	Total
Taiwan	\$ 3,354	\$ 7,560	\$ 10,914
Asia	7,500	-	7,500
Total	\$ 10,854	\$ 7,560	\$ 18,414
<u>Timing of revenue recognition</u>			
Satisfy a performance obligation at a certain point in time	\$ 10,854	\$ 7,560	\$ 18,414
Satisfy performance obligations over time	-	-	-
Total	\$ 10,854	\$ 7,560	\$ 18,414

For the years ended December 31, 2023:

Main market region	Textile products	Power sale income	Total
Taiwan	\$ 45,355	\$ 7,983	\$ 53,338
Asia	23,621	-	23,621
Total	<u>\$ 68,976</u>	<u>\$ 7,983</u>	<u>\$ 76,959</u>
<u>Timing of revenue recognition</u>			
Satisfy a performance obligation at a certain point in time	\$ 68,976	\$ 7,983	\$ 76,959
Satisfy performance obligations over time	-	-	-
Total	<u>\$ 68,976</u>	<u>\$ 7,983</u>	<u>\$ 76,959</u>

3. Contract balance

The Group recognizes receivables and contract liabilities related to customer contract revenue as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	\$ 3,970	\$ 4,750	\$ 33,178
Contract assets	-	-	-
Total	<u>\$ 3,970</u>	<u>\$ 4,750</u>	<u>\$ 33,178</u>
Contract liabilities current	<u>-</u>	<u>\$ 563</u>	<u>\$ 4,067</u>

a. Significant changes in contract assets and contract liabilities

Changes in contract assets and contract liabilities mainly come from the difference between the time when performance obligations are met and the time when customers make payments. There are no other significant changes.

b. Contract asset allowance losses: None.

c. The amount recognized as income in the current period from the contract liabilities at the beginning of the period and the performance obligations that have been satisfied in the previous period is as follows:

The amount recognized as income in the current period	2024	2023
Contract liability from beginning of period – product sales	\$ 4	\$ 4,067
From performance obligations that have been satisfied in previous periods	\$ -	\$ -

(13) Personnal, depreciation and amortization expenses

Items	2024	2023
Post-employment benefits		
Confirm the withdrawal plan	\$ 453	\$ 999
Employee benefits expenses		
Salary expenses	10,782	27,494
Labor & health insurance expenses	902	1,973
Other employee benefits	306	1,535
Depreciation	9,269	11,724
Amortization	99	-
Total	<u>\$ 21,811</u>	<u>\$ 43,725</u>

The summary according to function category is as follows:

Items	2024	2023
Operating cost	\$ 6,397	\$ 17,023
Operating expenses	15,414	26,702
Total	<u>\$ 21,811</u>	<u>\$ 43,725</u>

- a. If the Company makes a profit during the year, it should allocate 5% of employee compensation. However, if the Company still has accumulated losses, it should first reserve the amount to make up for it. As of December 31, 2024 and 2023 due to operating losses, employee compensation is estimated to be \$0 thousand.
- b. In March, 2024 and 2023, the Company's board of directors decided not to distribute employee remuneration due to operating losses, which is no different from the amount of \$0 thousand for employee remuneration and director and supervisor remuneration recognized in the 2023 and 2022 annual financial reports.
- c. For information on employee remuneration resolved by the board of directors, please go to website: <http://emops.twse.com.tw>

(14) Interest income

Items	2024	2023
Interest income		
Bank deposit interest	\$ 1,603	\$ 154
Financial assets measured at amortized cost	-	6,540
Total	<u>\$ 1,603</u>	<u>\$ 6,694</u>

(15) Other income

Items	2024	2023
Rental Income	\$ 3,131	\$ -
Others	1,190	6,651
Total	\$ 4,321	\$ 6,651

(16) Other interest and loss

Items	2024	2023
Gain (Loss) on Disposal of Property, Plant, and Equipment	\$ (727)	\$ 1,341
Gain (Loss) on Disposal of Right-of-Use Assets	(4,520)	-
Gain on Lease Modification	145	341
Net Foreign Exchange Gain (Loss)	63	10,969
Gain on Disposal of Non-Current Assets Held for Sale	-	298
Fair Value Adjustment Gain – Investment Property	16,875	-
Other Expenses	(166)	(60)
Total	\$ 11,670	\$ 12,889

(17) Finance cost

Items	2024	2023
Bank Loan Interest	\$ -	\$ 3,683
Imputed Interest	8	-
Interest Expense on Lease Liabilities	227	482
Subtotal	\$ 235	\$ 4,165
Less: Capitalized Amount of Qualifying Assets	-	-
Finance Costs	\$ 235	\$ 4,165

(18) Income tax

1. Income Tax Expense

(1) Components of income tax expense

Items	2024	2023
<u>Current Income Tax</u>		
Income Tax Incurred for the Period	\$ -	\$ -
Land Value Increment Tax	-	687
Total Income Tax for the Year	\$ -	\$ 687
<u>Deferred Income Tax</u>		
Origination and Reversal of Temporary Differences	\$ 73	\$ 713
Deferred Income Tax Expense	\$ 73	\$ 713
Income Tax Expense (Benefit)	\$ 73	\$ 1,400

Income tax rate of the Group is 20%, and the tax rate for retained earnings is 5%.

(2) Income tax (expense) benefits related to other comprehensive gains and losses: None.

2. Reconciliation of Accounting Income and Income Tax Expense Recognized in Profit or Loss for the Year:

Items	2024	2023
Profit Before Tax	\$ (6,141)	\$ (18,493)
Income Tax Computed at Statutory Tax Rate on Profit Before Tax	(1,228)	(3,698)
Tax Effects of Adjustments:		
Effects of Items Excluded from Taxable Income Calculation		
Non-Deductible Expenses (Income) for Tax Purposes	(3,178)	(3,302)
Loss Carryforwards	4,406	7,250
Tax-Exempt Income	-	(250)
Land Value Increment Tax	-	687
Net Change in Deferred Income Tax		
Temporary Differences	73	713
Income Tax Expense Recognized in Profit or Loss	\$ 73	\$ 1,400

3. Deferred Tax Assets or Liabilities Arising from Temporary Differences, Loss Carryforwards, and Investment Tax Credits:

Item	Beginning Balance	2024			Ending Balance
		Recognized in Profit or Loss	Other Comprehensive Income (OCI)	Recognized in	
Deferred Tax Assets					
Temporary Differences					
Unrealized Inventory Write-Down Losses	\$ 1	\$ 6	\$ -	\$ 7	
Unrealized Paid Leave Obligations	53	(34)	-		19
Subtotal	<u>\$ 54</u>	<u>\$ (28)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>
Deferred Tax Assets					
Temporary Differences					
Unrealized Foreign Exchange Gains	\$ -	\$ (45)	\$ -	\$ (45)	
Subtotal	<u>\$ -</u>	<u>\$ (45)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45)</u>
Total	<u><u>\$ 54</u></u>	<u><u>\$ (73)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (19)</u></u>

Item	Beginning Balance	2023			Ending Balance
		Recognized in Profit or Loss	Other Comprehensive Income (OCI)	Recognized in	
Deferred Tax Assets					
Temporary Differences					
Unrealized Inventory Write-Down Losses	\$ 2,055	\$ (2,054)	\$ -	\$ 1	
Unrealized Foreign Exchange Losses	343	(343)	-	-	
Impairment Losses	3,645	(3,645)	-	-	
Unrealized Gross Profit on Sales	30	(30)	-	-	
Unrealized Paid Leave Obligations	182	(129)	-	53	
Subtotal	<u>\$ 6,255</u>	<u>\$ (6,201)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>
Deferred Tax Assets					
Temporary Differences					
Provision for Land Value Increment Tax	\$ (2,979)	\$ 2,979	\$ -	\$ -	
Unrealized Foreign Exchange Gains	(2,509)	2,509	-	-	
Subtotal	<u>\$ (5,488)</u>	<u>\$ 5,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>
Total	<u><u>\$ 767</u></u>	<u><u>\$ (713)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54</u></u>

4. Items Not Recognized as Deferred Tax Assets:

Items	December 31, 2024	December 31, 2023
Equity Method Investment Losses	\$ 9,054	\$ 8,564
Loss Carryforwards	193,875	210,689
Temporary Differences	246	246
Total	\$ 203,175	\$ 219,499

5. The Company's corporate income tax has been assessed and approved by the tax authorities up to the year 2022.

(19) Other Comprehensive Income

Item	2024		
	Before Tax	Income Tax (Expense) Benefit	Net of Tax
Items Not Reclassified to Profit or Loss:			
Revaluation Surplus of Property	\$ 137,517	\$ -	\$ 137,517
Recognized in Other Comprehensive Income	\$ 137,517	\$ -	\$ 137,517

2023: None.

(20) Profit (loss) per share

Items	2024	2023
A. Basic Earnings Per Share :		
Net Profit Attributable to the Parent Company for the Period	\$ (6,214)	\$ (19,893)
Weighted Average Number of Shares Outstanding During the Period (thousands)	67,992	46,173
Basic Earnings Per Share (After Tax)	\$ (0.09)	\$ (0.43)
B. Diluted Earnings Per Share :		
Net Income Attributable to the Parent Company	\$ (6,214)	\$ (19,893)
Effect of Dilutive Potential Ordinary Shares	-	-
Net Income for Calculating Diluted Earnings Per Share	\$ (6,214)	\$ (19,893)
Weighted Average Number of Shares Outstanding During the Period (in thousands)	67,992	46,173
Effect of Employee Compensation	-	-
Weighted Average Number of Diluted Shares Outstanding (in thousands)	67,992	46,173
Diluted Earnings Per Share (After Tax) (NTD)	\$ (0.09)	\$ (0.43)

7. Related-party transactions

- (1) Parent Company and Ultimate Controller: The Company is the ultimate controller of the Group.
- (2) Names of Related Parties and Relationships: None.
- (3) Significant Transactions with Related Parties:
 - 1. Operating Revenue: None.
 - 2. Purchases: None.
 - 3. Contract Assets: None.
 - 4. Contract Liabilities: None.
 - 5. Receivables from Related Parties (excluding loans to related parties and contract assets): None.
 - 6. Payables to Related Parties (excluding borrowings from related parties): None.
 - 7. Prepayments: None.
 - 8. Property Transactions: None.
 - 9. Lease Agreements: None.
 - 10. Rental Agreements: None.
 - 11. Loans to Related Parties: None.
 - 12. Borrowings from Related Parties: None.
 - 13. Endorsements and Guarantees: None.
 - 14. Others: None.

(4) Compensation Information of Key Management Personnel:

Items	2024	2023
Salary and other short-term employee benefits	\$ 5,545	\$ 8,854

8. Pledged assets: None.

9. Significant Commitments and Contingencies

In addition to those mentioned in other notes, the Group's major commitments and contingencies on the balance sheet date are as follows:

- (1) As of December 31, 2024 and 2023, the Group had issued guarantee notes amounting to \$0 thousand, \$10,000 thousand, respectively, for loan facilities and other guarantees. These amounts are recorded under "Guarantee Notes Receivable" and "Guarantee Notes Payable" accounts.
- (2) As of December 31, 2024 and 2023, the Group had received guarantee notes for project performance amounting to \$158 thousand, \$0 thousand, respectively. These amounts are recorded under "Guarantee Notes Deposited" and "Guarantee Notes Receivable" accounts.
- (3) As of December 31, 2024 and 2023, the Group had contract commitments that have been signed but not yet recognized amounting to \$0 thousand, \$7 thousand, respectively.

(4) The Group and Taiwan Power Company (referred as "Taipower") has signed several power purchase and sale contracts. The contracts are all terminated on the expiry date of 20 years from the date when each generating unit is first connected in parallel. The Group is not allowed to privately sold the electricity generated by the renewable energy system to others except to apply to Taipower for wholesale sales in accordance with regulations. Starting from August 2024, the Group applied to Taipower for the wheeling service of certain power generation units. Taipower approved the termination of certain contracts, and the terminated contracts were replaced with a renewable energy power purchase and sale agreement between the Group and GREENET CO., LTD., period runs from the start of power supply until August 31, 2026.

(5) Due to business needs, the Group's Board of Directors approved on November 7, 2024, the signing of a joint construction agreement with the related party Junhe Construction Co., Ltd. for the project of Cuiping Section 2, in Nanzi District, Kaohsiung City, with both parties jointly investing in the construction.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Others

(1) Capital management

As the Group needs to maintain sufficient capital to support the expansion and enhancement of its plants and equipment, its capital management strategy focuses on ensuring the availability of necessary financial resources and operational plans to meet the working capital and capital expenditure requirements for the next 12 months.

(2) Financial instruments

1. Financial Risks of Financial Instruments

Financial risk management objectives and policies

The Group's financial risk management objective is to manage market risks (including exchange rate risks and interest rate risks), credit risks and liquidity risks related to operating activities. In order to reduce related financial risks, the Group is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential adverse impact of market changes on the Group's financial performance.

The Group's important financial activities are reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the implementation of the financial plan, the Group must following relevant financial operating procedures regarding overall financial risk management and division of responsibilities.

Nature and extent of significant financial risks

(1) Market Risk

A. Exchange rate risk

(A) The Group is exposed to exchange rate risk arising from sales, purchases, and loan transactions denominated in currencies other than its functional currency, as well as net investments in foreign operations. The Group's functional currency is New Taiwan Dollar (NTD), while these transactions are primarily denominated in U.S. dollars (USD). To mitigate the risk of foreign currency asset depreciation and cash flow fluctuations due to exchange rate fluctuations, the Group utilizes foreign currency borrowings as a hedge against exchange rate risk. While the use of such financial instruments helps the Group reduce exchange rate fluctuations, it does not completely eliminate the impact of foreign exchange movements.

(B) Sensitivity analysis of for exchange rate risk

December 31, 2024					
		Account amount	Sensitivity analysis		
	Foreign Currency	Exchange Rate	NTD	Range of change	Profit and loss impact
Financial Assets					
Monetary Items					
USD: NTD		312	32.785	10,215 Appreciation1%	102

December 31, 2023: None

If the New Taiwan Dollar (NTD) appreciates against the aforementioned currencies while all other factors remain constant, the amounts reflected in these foreign currencies as of December 31, 2024, and December 31, 2023, would experience an equal but opposite impact.

For the years ended December 31, 2024 and 2023, the realized and unrealized exchange profit (loss) from foreign currency to functional currency were \$63 thousand and \$10,969 thousand, respectively.

B. Price risk: None

C. Interest rate risk:

Items	Account amount	
	December 31, 2024	December 31, 2023
Fair value interest rate risk:		
Financial assets	\$ -	\$ -
Financial liabilities	(4,617)	(20,533)
Net amount	<u>\$ (4,617)</u>	<u>\$ (20,533)</u>
Cash flow interest rate risk:		
Financial assets	\$ 263,298	\$ 272,535
Financial liabilities	-	-
Net amount	<u>\$ 263,298</u>	<u>\$ 272,535</u>

(A) Sensitivity Analysis of Instruments with Fair Value Interest Rate Risk

The Group has not classified any fixed-rate financial assets and liabilities as measured at fair value through profit or loss or at fair value through other comprehensive income. Additionally, no derivative instruments (such as interest rate swaps) have been designated as hedging instruments under the fair value hedge accounting model. Therefore, changes in interest rates as of the reporting date will not affect profit or loss or other comprehensive income.

(B) Sensitivity Analysis of Instruments with Cash Flow Interest Rate Risk

The Group's variable interest rate financial instruments are classified as floating-rate assets (liabilities). Consequently, fluctuations in market interest rates will cause corresponding changes in the effective interest rates, leading to variability in future cash flows. A 1% decrease (increase) in market interest rates would result in an increase (decrease) in net income by \$2,633 thousand and \$2,725 thousand for the periods of years ended December 31, 2024 and 2023, respectively.

(2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures

A. Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affects a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

The risk assessment for individual customers includes considerations of the customer's financial condition, the Group's internal credit rating, historical transaction records, and current economic conditions, among other factors that may affect the customer's ability to make payments.

B. Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of December 31, 2024 and 2023, the accounts receivable balance of the top ten customers accounted for 100% of the Group's accounts receivable balance.

ii. Measurement of expected credit losses

- (i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6(3) for more information.
- (ii) The criteria used to determine whether credit risk has increased significantly: None.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

(3) Liquidity risk

A. Liquidity risk management

The Group's liquidity risk management objective is to ensure the availability of sufficient cash and cash equivalents, highly liquid securities, and adequate bank credit facilities to support its operations, thereby maintaining financial flexibility.

B. Financial liability maturity analysis

Non-derivative financial liabilities	December 31, 2024					
	Within 1 year	1-2 years	2-5 years	over 5 years	Contractual cash flow	Carrying amount
Accounts Payable	\$ 4,292	\$ -	\$ -	\$ -	\$ 4,292	\$ 4,292
Other Payables	3,349	-	-	-	3,349	3,349
Deposits Received	-	1,200	-	-	1,200	1,200
Lease Liabilities	312	312	936	3,588	5,148	4,617
Total	<u>\$ 7,953</u>	<u>\$ 1,512</u>	<u>\$ 936</u>	<u>\$ 3,588</u>	<u>\$ 13,989</u>	<u>\$ 13,458</u>

Non-derivative financial liabilities	December 31, 2023					
	Within 1 year	1-2 years	2-5 years	over 5 years	Contractual cash flow	Carrying amount
Notes payable	\$ 542	\$ -	\$ -	\$ -	\$ 542	\$ 542
Accounts payable	526	-	-	-	526	526
Other payables	10,241	-	-	-	10,241	10,241
Lease liability	1,559	1,422	4,266	16,663	23,910	20,533
Total	<u>\$ 12,868</u>	<u>\$ 1,422</u>	<u>\$ 4,266</u>	<u>\$ 16,663</u>	<u>\$ 35,219</u>	<u>\$ 31,842</u>

The Group does not expect that the cash flow occurrence point in the maturity date analysis will be significantly earlier or the actual amount will be substantially different.

2. Types of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 263,428	\$ 273,059
Notes and accounts receivable	3,970	4,750
Other receivables	5,478	152
Refundable Deposit	399	2,798
Long-term notes and amounts receivable	6,996	-
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes and accounts payable	4,292	1,068
Other payables	3,349	10,241
Deposits Received	1,200	-
Lease liabilities (including mature within 1 year)	4,617	20,533

(3) Fair value information

1. For information on the fair value of the Group's financial assets and financial liabilities that are not measured at fair value, please refer to Note 12(3). For information on the fair value measurement of the Group's investment properties, please refer to Note 6(7).
2. Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Refers to inputs that are quoted prices in active markets for identical instruments. An active market meets all of the following conditions: the traded products are homogeneous; willing buyers and sellers can be found at any time in the market; and price information is available to the public.

Level 2: Refers to inputs other than quoted prices in active markets that are observable, including prices that are either directly (such as prices) or indirectly (derived from prices) obtained from an active market.

Level 3: Refers to inputs used in measuring fair value that are not based on observable market data. The Group's investments in equity instruments that do not have an active market belong to this category.
3. Financial instruments not measured at fair value

The fair value of the Group's financial instruments not measured at fair value, except for those listed in the table below, other items such as cash and cash equivalents, financial assets measured at amortized cost, account receivables, refundable deposits, long-term notes receivable, short-term borrowings, account payables, lease liabilities, and long-term borrowings have carrying amounts that approximate their fair values.

4. Information of fair value levels:

Items	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss - Non current				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
Investment Property (note)	-	-	268,200	268,200
Total	\$ -	\$ -	\$ 268,200	\$ 268,200

Items	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss - Non current				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -

(note): Investment properties are measured using the fair value model.

5. The methods and assumptions the Group used to measure fair value are as follows:

(1) Financial Instruments

A. When a financial instrument has an active market with publicly quoted prices, its fair value is determined based on these market quotations. The primary exchanges and the over-the-counter (OTC) market prices published by the Central Government Bond Trading Center for actively traded government bonds serve as the basis for determining the fair value of listed equity instruments and actively traded debt instruments.

If publicly quoted prices for a financial instrument can be readily and regularly obtained from exchanges, brokers, underwriters, industry associations, pricing service providers, or regulatory authorities, and these prices represent actual and regularly occurring fair market transactions, the financial instrument is considered to have an active market with publicly quoted prices. If the above conditions are not met, the market is considered inactive. Generally, significant bid-ask spreads, substantial increase in bid-ask spreads, and low trading volume, are the indicators of an inactive market.

B. Except for the financial instruments with an active market, the fair value of other financial instruments is determined using valuation techniques or by referencing counterparty quotations. The fair value obtained through valuation techniques may be derived from the current fair value of other financial instruments with substantially similar terms and characteristics, the discounted cash flow method, or other valuation techniques, including models that utilize market data available as of the balance sheet date.

(2) Investment Property

A. The fair value measurement techniques for the Group's investment properties measured at fair value comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The fair value is determined using external appraisals based on the income approach. The relevant assumptions and input parameters are as follows:

(A) Cash Flows: Evaluated based on current lease agreements, local rental rates, or comparable market rental benchmarks. Extremely high or low comparables are excluded from the analysis. If a terminal value is included, its present value is incorporated into the calculation.

(B) Analysis Period: For investment properties generating indefinite income, the analysis period should not exceed 10 years as a general principle. For properties with a fixed income period, the remaining term is used for estimation.

(C) Discount Rate: Determined using the risk premium method, with a fixed interest rate benchmark, adjusted for the specific characteristics of the investment property. The benchmark rate must not be lower than the 2 year postal fixed-term deposit floating rate

announced by Chunghwa Post Co., Ltd., plus 3 basis points. An additional 4 basis points are added to determine the final discount rate.

B. The output of the valuation model represents an estimated approximation, and the valuation techniques may not fully capture all relevant factors associated with the Group's financial and non-financial instruments. Therefore, the estimated values from the valuation models may be appropriately adjusted based on additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and related control procedures, management believes that valuation adjustments are appropriate and necessary to fairly represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The pricing information and parameters used in the valuation process are carefully assessed and appropriately adjusted based on current market conditions.

6. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
7. Changes in level 3 instruments:

Items	2024
January 1	\$ -
Transfers from Property, Plant, and Equipment	251,000
Additions	325
Fair Value Changes	16,875
December 31	<u><u>\$ 268,200</u></u>

8. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement:

Items	Fair Value as of December 31, 2024	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Relationship Between Values and Fair Value	Input Fair
Income Approach	\$ 268,200	Discounted Cash Flow Method	AnalysisDiscount Rate	3.47%	The higher the discount rate or the capitalization rate, the lower the fair value.	

9. Evaluation process for fair value classified as Level 3:

The Group has fully recognized losses on domestic unlisted equity investments, resulting in a fair value of \$0 thousand. The fair value of investment properties is evaluated by external appraisers.

10. Fair Value Measurement of Level 3 and Sensitivity Analysis to Reasonably Possible Alternative Assumptions: Not Applicable.
- (4) Transfer of financial assets: None.
- (5) Offsetting of financial assets and financial liabilities: None.

13. Supplementary disclosures

- (1) Information on significant transactions
 1. Loans to other parties: None.
 2. Guarantees and endorsements for other parties: None.
 3. Securities owned as of December 31, 2024: Appendix 1.
 4. Accumulated trading amount of a single security in excess of \$300 million or 20% of paid in capital: None.
 5. Acquisition of property, plant and equipment that excess of \$300 million or 20% of paid in capital: None.
 6. Disposal of property, plant and equipment in excess of \$300 million or 20% of paid in capital: None.
 7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.
 8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None.
 9. Trading in derivative instruments: None.
 10. Business relationships and significant intercompany transactions: Appendix 2.
- (2) Information on investees: Appendix 3.
- (3) Information of investments in Mainland China: None.
- (4) Information of major shareholders: Names, shareholding amounts and proportions of shareholders with an equity ratio of more than 5%: Appendix 4.

14. Segment Information

(1) General information:

For management purposes, the Group's operating decision-makers divide the operating units based on the type of business and classify them into the following reportable segments:

- A. Textile Department: Primarily engaged in the manufacturing, trading, and processing of textile products.
- B. Electricity Sales Department: Primarily engaged in electricity generation from solar power equipment.

(2) Measurement basis:

The Group's operating decision-makers primarily evaluate the performance of operating segments based on departmental net operating income. Additionally, since the Group does not include assets and liabilities in its operational decision-making reports, the measured amounts for the assets and liabilities of the operating segments are zero. The accounting policies for the operating segments are consistent with the summary of significant accounting policies described in Note 4 of the consolidated financial statements.

(3) Segment Revenue and Operating Results
2024:

	Textile Department	Electricity Sales Department	Reconciliation and Elimination	Total
Net income				
Revenue from external customers	\$ 10,854	\$ 7,560	\$ -	\$ 18,414
Inter-Segment Revenue	-	-	-	-
Total Net Revenue	\$ 10,854	\$ 7,560	\$ -	\$ 18,414
Segment Profit (Loss)				\$ (23,500)
Non-Operating Income and Expenses				17,359
Profit (Loss) Before Tax				\$ (6,141)
Income Tax Expense (Benefit)				(73)
Profit (Loss) After Tax				\$ (6,214)
Total Assets				\$ 620,530
Total Liabilities				\$ 14,637

2023:

	Textile Department	Electricity Sales Department	Reconciliation and Elimination	Total
Net income				
Revenue from external customers	\$ 68,976	\$ 7,983	\$ -	\$ 76,959
Inter-Segment Revenue	12,019	-	(12,019)	-
Total Net Revenue	\$ 80,995	\$ 7,983	\$ (12,019)	\$ 76,959
Segment Profit (Loss)				\$ (40,562)
Non-Operating Income and Expenses				22,069
Profit (Loss) Before Tax				\$ (18,493)
Income Tax Expense (Benefit)				(1,400)
Profit (Loss) After Tax				\$ (19,893)
Total Assets				\$ 507,445
Total Liabilities				\$ 32,855

1. Revenue from External Customers (Classified Based on the Country of Delivery):

Items	2024	2023
Taiwan	\$ 10,914	\$ 53,338
Asia	7,500	23,621
Total	\$ 18,414	\$ 76,959

2. Non-Current Assets

Items	December 31, 2024	December 31, 2023
Taiwan	\$ 343,009	\$ 223,258

(4) Major customers' information

2024		
Names of Customers	Amount	Percentage
A Company	\$ 4,461	24.23%
B Company	7,560	41.06%
D Company	2,863	15.55%

2023		
Names of Customers	Amount	Percentage
A Company	\$ 16,133	20.96%
B Company	15,598	20.27%
C Company	7,983	10.37%

J.D Development CO., LTD. and Subsidiaries

Securities owned as of December 31, 2024

Appendix 1

Name of security holder	Name of security and type	Relationship with company	Account title	December 31, 2024				Remark
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
J.D Development CO., LTD.	Stock FORMOSA SPINNING CO., LTD.	—	Financial assets at FVTPL—non-current	3,629	\$ -	17.13	\$ -	note

note: The original investment cost of \$36,455 thousand has been fully recognized as loss from fair value.

J.D Development CO., LTD. and Subsidiaries
 Business relationships and important transactions and amounts between the parent company and its subsidiaries
 For the year ended December 31, 2024

Appendix 2

No. (note 1)	Name	Counterparty	Relationship (note 2)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset (note 3)
0	J.D Development CO., LTD.	FU TAI TEXTILE CO., LTD.	1	Rental income	\$ 1,365	Collect payment according to the lease contract, and collect payment on monthly basis	7.41%

note 1: The business dealings information between the parent company and its subsidiaries are indicated in the number column respectively. The method of filling in the number is as follows:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered sequentially

note 2: Relationship notes as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

note 3: The transaction amount is calculated as the ratio of the total assets to the consolidated total revenue. If it is a balance sheet account, it is calculated as the ending balance to the consolidated total assets; if it is a profit and loss account, it is calculated as the accumulated amount to the consolidated total revenue.

note 4: In preparing consolidated financial reports, transactions between entities have been eliminated.

J.D Development CO., LTD. and Subsidiaries
 Investee information, location and other related information
 For the year ended December 31, 2024

Appendix 3

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee	Investment income (loss) recognized
				December 31, 2024	December 31, 2023	Shares owned	Percent age owned	Carrying value (Note)		
J.D Development CO., LTD.	FU TAI TEXTILE CO., LTD.	Taichung	Production and sales of various types of cotton yarn and blended yarn	\$ 70,000	\$ 70,000	7,000	100%	24,731	(2,450)	(277)

note: In preparing consolidated financial reports, transactions between entities have been eliminated.

J.D Development CO., LTD.
Information of major shareholders

December 31, 2024

Appendix 4

Name of major shareholders	Shares	
	Shares held	Shares held ratio (%)
Zhaotian International Investment Co., Ltd.	16,900,000	24.85
Huitianxia Investment Co., Ltd.	9,699,522	14.26
Xuanfeng International Investment Co., Ltd.	5,100,000	7.50

note: The main shareholder information of this table is calculated by the insurance company on the last business day at the end of each quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) reaches 5%. As for the share capital recorded in the financial report and the number of shares actually delivered by the company without physical registration, the calculation basis may be different.