

Evertex Fabrinology Limited
and Subsidiaries

Consolidated Financial Statements
for the Three Months Ended March
31, 2024 and 2023 and
Independent Auditors' Review
Report

Address: 4F, 64 Ta'Cheng St., 103005 Taipei

Taiwan

Tel : (03)322-2241

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Evertex Fabrinology Limited

Preface

We have audited the accompanying consolidated financial statements of Evertex Fabrinology Limited (the "Group") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2024 and 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. It is the management's responsibility to prepare consolidated financial statements that adequately express themselves in accordance with the financial reporting standards for securities issuers and International Accounting Standard No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. Draw conclusions on the consolidated financial statements based on the review results.

Scope

The accountant performs the review work in accordance with Review Standard No. 2410 "Review of Financial Statements". The procedures performed when reviewing the consolidated financial statements include inquiries (primarily to those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review work is significantly smaller than the scope of the audit work. Therefore, the accountant may not be able to detect all significant matters that can be identified through the audit work, and therefore cannot express an audit opinion.

In conclusion

Based on the results of the accountant's review, it was not found that the consolidated financial statements of Shangkai failed in all material aspects to comply with the preparation standards for financial reporting of securities issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. ” preparation, resulting in the inability to adequately express the consolidated

financial position of Tatung Group as of March 31, 2024 and 2023, as well as the consolidated financial performance and consolidated cash flow from January 1 to March 31, 2024.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 10, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC). The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditor's review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's review report and consolidated financial statements, the Chinese version shall prevail.

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

| Code | Assets | March 31, 2024 (Reviewed) | | December 31, 2023 (Audited) | | March 31, 2023 (Reviewed) | |
|------|--|------------------------------|------------|--------------------------------|------------|------------------------------|------------|
| | | Amount | % | Amount | % | Amount | % |
| | Current assets | | | | | | |
| 1100 | Cash and cash equivalents (Note 6) | \$ 260,176 | 22 | \$ 202,034 | 18 | \$ 214,121 | 18 |
| 1110 | Current financial assets at fair value through profit or loss (Note 7) | 43,755 | 4 | 57,165 | 5 | 84,950 | 7 |
| 1120 | Current financial assets at fair value through other comprehensive income(Note 8) | 10,195 | 1 | 10,286 | 1 | 10,060 | 1 |
| 1136 | Current financial assets at amortization cost (Note 9 、 30) | 160,725 | 14 | 176,329 | 15 | 142,172 | 12 |
| 1150 | Notes receivable (Note 10 and 23) | 11,453 | 1 | 2,349 | - | 19,661 | 2 |
| 1170 | Accounts receivable (Note 10 and 23) | 42,741 | 3 | 52,080 | 5 | 90,677 | 8 |
| 1200 | Other receivables(Note 10) | 2,525 | - | 1,220 | - | 1,582 | - |
| 130X | Current inventories(Note 11) | 121,771 | 10 | 140,608 | 12 | 139,604 | 12 |
| 1479 | Other current assets(Note 12 and 29) | <u>19,562</u> | <u>2</u> | <u>13,503</u> | <u>1</u> | <u>25,092</u> | <u>2</u> |
| 11XX | Total current assets | <u>672,906</u> | <u>57</u> | <u>655,574</u> | <u>57</u> | <u>727,919</u> | <u>62</u> |
| | Non-current Assets | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note 8) | 5,333 | 1 | 4,592 | - | 3,955 | 1 |
| 1535 | Current financial assets at amortization (Note 9) | 63,320 | 5 | 45,226 | 4 | 15,068 | 1 |
| 1600 | Property, plant and equipment (Note 14 and 30) | 394,843 | 34 | 406,012 | 36 | 407,944 | 35 |
| 1755 | Right-of-use Assets (Note 15) | 9,576 | 1 | 10,390 | 1 | 2,692 | - |
| 1780 | Intangible assets(Note 16) | 91 | - | 109 | - | 169 | - |
| 1840 | Deferred tax assets (Note 4) | 2,019 | - | 2,573 | - | 2,053 | - |
| 1915 | Prepaid equipment | 6,985 | 1 | 4,695 | 1 | 12,631 | 1 |
| 1920 | Guarantee deposits paid(Note 4 and 21) | 2,661 | - | 2,661 | - | 1,811 | - |
| 1975 | Net defined benefit asset (Note 4 and 21) | 3,434 | - | 3,368 | - | 3,294 | - |
| 1990 | Other non-current Assets (Note 12) | <u>10,225</u> | <u>1</u> | <u>10,225</u> | <u>1</u> | <u>3,362</u> | <u>-</u> |
| 15XX | Total non-current Assets | <u>497,487</u> | <u>43</u> | <u>489,851</u> | <u>43</u> | <u>452,979</u> | <u>38</u> |
| 1XXX | Total assets | <u>\$ 1,170,393</u> | <u>100</u> | <u>\$ 1,145,425</u> | <u>100</u> | <u>\$ 1,180,898</u> | <u>100</u> |
| | Liabilities and Equity | | | | | | |
| | Current Liabilities | | | | | | |
| 2100 | Short-term borrowings (Notes 17) | \$ 35,000 | 3 | \$ 35,000 | 3 | \$ 35,000 | 3 |
| 2130 | Current contract liabilities (Note 23) | 10,445 | 1 | 8,497 | 1 | 7,416 | 1 |
| 2150 | Notes payable (Note 18) | 10,740 | 1 | 8,133 | 1 | 11,968 | 1 |
| 2160 | Note payables to related parties(Note 18 and 29) | 1,728 | - | 1,212 | - | - | - |
| 2170 | Account payable(Note 18) | 16,579 | 2 | 19,616 | 2 | 29,840 | 2 |
| 2180 | Account payables to related parties(Note 18 and 29) | 647 | - | 593 | - | - | - |
| 2219 | Other payables(Note 19) | 98,367 | 8 | 63,122 | 5 | 97,432 | 8 |
| 2230 | Income tax payable(Note 4) | 13,057 | 1 | 7,999 | 1 | 20,511 | 2 |
| 2280 | Current lease liabilities (Note 15 and 29) | 4,144 | - | 3,992 | - | 1,599 | - |
| 2399 | Other current liabilities(Note 20) | <u>727</u> | <u>-</u> | <u>777</u> | <u>-</u> | <u>851</u> | <u>-</u> |
| 21XX | Total current liabilities | <u>191,434</u> | <u>16</u> | <u>148,941</u> | <u>13</u> | <u>204,617</u> | <u>17</u> |
| | Non-current Liabilities | | | | | | |
| 2570 | Deferred tax liabilities (Note 4) | 6,155 | 1 | 4,705 | - | 4,653 | - |
| 2580 | Non-current lease liabilities (Note 15 and 29) | <u>5,511</u> | <u>-</u> | <u>6,459</u> | <u>1</u> | <u>1,144</u> | <u>-</u> |
| 25XX | Total Non-current Liabilities | <u>11,666</u> | <u>1</u> | <u>11,164</u> | <u>-</u> | <u>5,767</u> | <u>-</u> |
| 2XXX | Total Liabilities | <u>203,100</u> | <u>17</u> | <u>160,105</u> | <u>14</u> | <u>210,384</u> | <u>18</u> |
| | Equity attributable to owners of the company (Note 22) | | | | | | |
| 3110 | Capital stock | <u>857,670</u> | <u>73</u> | <u>857,670</u> | <u>75</u> | <u>857,670</u> | <u>73</u> |
| 3200 | Capital surplus | <u>7,317</u> | <u>1</u> | <u>7,317</u> | <u>-</u> | <u>7,317</u> | <u>-</u> |
| | Retained earnings | | | | | | |
| 3310 | Appropriated as legal capital reserve | 59,225 | 5 | 59,225 | 5 | 55,712 | 5 |
| 3320 | Appropriated as special capital reserve | 3,364 | - | 3,364 | 1 | 3,485 | - |
| 3350 | Unappropriated earnings | <u>40,717</u> | <u>4</u> | <u>59,394</u> | <u>5</u> | <u>48,843</u> | <u>4</u> |
| 3300 | Total Retained earnings | <u>103,306</u> | <u>9</u> | <u>121,983</u> | <u>11</u> | <u>108,040</u> | <u>9</u> |
| 3400 | Other equity | <u>(1,000)</u> | <u>-</u> | <u>(1,650)</u> | <u>-</u> | <u>(2,513)</u> | <u>-</u> |
| 3XXX | Total equity | <u>967,293</u> | <u>83</u> | <u>985,320</u> | <u>86</u> | <u>970,514</u> | <u>82</u> |
| | Total Liabilities and equity | <u>\$ 1,170,393</u> | <u>100</u> | <u>\$ 1,145,425</u> | <u>100</u> | <u>\$ 1,180,898</u> | <u>100</u> |

(The attached notes form part of the entity's financial statement)

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinity Limited Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the March 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed only, not checked under auditing standards)

| Code | | Three Months Ended March 31 | | | |
|------|--|-----------------------------|------------|----------------|------------|
| | | 2024 | | 2023 | |
| | | Amount | % | Amount | % |
| | Net Revenue (Note 23) | | | | |
| 4100 | Sales Revenue | \$ 161,503 | 85 | \$ 189,353 | 82 |
| 4600 | Service Revenue | <u>28,747</u> | <u>15</u> | <u>42,655</u> | <u>18</u> |
| 4000 | Total Net Revenue | <u>190,250</u> | <u>100</u> | <u>232,008</u> | <u>100</u> |
| | Cost (Note 11 、 23 and 29) | | | | |
| 5110 | Cost of sales | 93,623 | 49 | 124,837 | 54 |
| 5600 | Cost of services | <u>48,515</u> | <u>26</u> | <u>54,789</u> | <u>24</u> |
| 5000 | Total Cost | <u>142,138</u> | <u>75</u> | <u>179,626</u> | <u>78</u> |
| 5900 | Gross profit from operations | <u>48,112</u> | <u>25</u> | <u>52,382</u> | <u>22</u> |
| | Operating Expenses (Note 23 and 29) | | | | |
| 6100 | Selling Expenses | 18,326 | 10 | 19,581 | 8 |
| 6200 | Administrative expenses | 8,392 | 4 | 9,230 | 4 |
| 6450 | Expected credit Gain (Note 10) | (<u>113</u>) | - | (<u>31</u>) | - |
| 6000 | Total Operating Expenses | <u>26,605</u> | <u>14</u> | <u>28,780</u> | <u>12</u> |
| 6900 | Operating income | <u>21,507</u> | <u>11</u> | <u>23,602</u> | <u>10</u> |
| | Non-operating income and expenses (Note 23 and 29) | | | | |
| 7100 | Interest income | 2,415 | 1 | 721 | - |
| 7190 | Other income | 1,081 | 1 | 451 | - |
| 7020 | Other gains and losses | 13,373 | 7 | 15,560 | 7 |
| 7050 | Finance cost | (<u>245</u>) | - | (<u>184</u>) | - |
| 7000 | Non-operating income and expenses | <u>16,624</u> | <u>9</u> | <u>16,548</u> | <u>7</u> |

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| Code | | Three Months Ended March 31 | | | |
|------|--|-----------------------------|-----------|------------------|-----------|
| | | 2024 | | 2023 | |
| | | Amount | % | Amount | % |
| 7900 | Profit from continuing operations before tax | 38,131 | 20 | 40,150 | 17 |
| | Income before tax | | | | |
| 7950 | Tax expense (Note 4 and 24) | (7,063) | (4) | (4,876) | (2) |
| 8200 | Profit from continuing operations | | | | |
| | Other comprehensive income | <u>31,068</u> | <u>16</u> | <u>35,274</u> | <u>15</u> |
| | Other Comprehensive income | | | | |
| | Components of other comprehensive income that will not be classified to profit or loss | | | | |
| 8316 | Unrealized Gains from investments in equity instruments measured at fair value through other (Note 22) | <u>650</u> | <u>1</u> | <u>851</u> | <u>1</u> |
| 8300 | Components of other comprehensive income that will not be reclassified to profit or loss | <u>650</u> | <u>1</u> | <u>851</u> | <u>1</u> |
| 8500 | Total comprehensive income | <u>\$ 31,718</u> | <u>17</u> | <u>\$ 36,125</u> | <u>16</u> |
| | Net Profit (Loss) Attributable to: | | | | |
| 8610 | Owners of the Company | \$ 31,068 | 16 | \$ 35,274 | 15 |
| 8620 | Non-controlling interests | - | - | - | - |
| 8600 | | <u>\$ 31,068</u> | <u>16</u> | <u>\$ 35,274</u> | <u>15</u> |
| | Total Comprehensive Income (Loss): | | | | |
| 8710 | Owners of the Company | \$ 31,718 | 17 | \$ 36,125 | 16 |
| 8720 | Non-controlling interests | - | - | - | - |
| 8700 | | <u>\$ 31,718</u> | <u>17</u> | <u>\$ 36,125</u> | <u>16</u> |
| | Earnings per share (Note 25) | | | | |
| 9710 | Basic | <u>\$ 0.36</u> | | <u>\$ 0.41</u> | |
| 9810 | Diluted | <u>\$ 0.36</u> | | <u>\$ 0.41</u> | |

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Chung-Fa Yeh

President: Anthony Poliang Yeh

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2024 and 2023
(Reviewed only, not checked under auditing standards)

Unit:NT\$ thousand

| Code | | Retained earnings | | | | | Other equity | Total equity |
|------|---|-------------------|-----------------|------------------|-----------------|--|---|-------------------|
| | | Ordinary share | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficit) | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | |
| A1 | Balance on January 1, 2023 | <u>\$ 857,670</u> | <u>\$ 7,317</u> | <u>\$ 55,712</u> | <u>\$ 3,485</u> | <u>\$ 52,164</u> | <u>(\$ 3,364)</u> | <u>\$ 972,984</u> |
| B5 | Appropriation of the 2022 earnings (Note 22) Cash dividends of ordinary share | - | - | - | - | (38,595) | - | (38,595) |
| D1 | Net income of 1 January 2023 to 31 March 2023 | - | - | - | - | 35,274 | - | 35,274 |
| D3 | Other Comperhensive income after tax of 1 January 2023 to 31 March 2023 (Note 22) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>851</u> | <u>851</u> |
| D5 | Other Comperhensive income after tax of 1 January 2023 to 31 March 2023 (Note 22) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,274</u> | <u>851</u> | <u>36,125</u> |
| Z1 | Balance on March 31, 2023 | <u>\$ 857,670</u> | <u>\$ 7,317</u> | <u>\$ 55,712</u> | <u>\$ 3,485</u> | <u>\$ 48,843</u> | <u>(\$ 2,513)</u> | <u>\$ 970,514</u> |
| A1 | Balance on January 1, 2024 | <u>\$ 857,670</u> | <u>\$ 7,317</u> | <u>\$ 59,222</u> | <u>\$ 3,364</u> | <u>\$ 59,394</u> | <u>(\$ 1,650)</u> | <u>\$ 985,320</u> |
| B5 | Appropriation of the 2023 earnings (Note 22) Cash dividends of ordinary share | - | - | - | - | (49,745) | - | (49,745) |
| D1 | Net income of 1 January 2024 to 31 March 2024 | - | - | - | - | 31,068 | - | 31,068 |
| D3 | Other Comperhensive income after tax of 1 January 2024 to 31 March 2024 (Note 22) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>650</u> | <u>650</u> |
| D5 | Other Comperhensive income after tax of 1 January 2024 to 31 March 2024 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>31,068</u> | <u>650</u> | <u>31,718</u> |
| Z1 | Balance on March 31, 2024 | <u>\$ 857,670</u> | <u>\$ 7,317</u> | <u>\$ 59,222</u> | <u>\$ 3,364</u> | <u>\$ 40,717</u> | <u>(\$ 1,000)</u> | <u>\$ 967,293</u> |

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

(Reviewed only, not checked under auditing standards)

| Code | | Three Months Ended March 31 | |
|--------|---|-----------------------------|---------------|
| | | 2024 | 2023 |
| | Cash flows from (used in) operating activities, indirect method | | |
| A10000 | Net Profit before Tax | \$ 38,131 | \$ 40,150 |
| A20010 | Income Expense Item | | |
| A20100 | Depreciation Expense | 12,595 | 12,913 |
| A20200 | Amortization expense | 18 | 35 |
| A20300 | Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense | (113) | (31) |
| A20400 | Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (3,087) | (15,707) |
| A20900 | Finance costs | 245 | 184 |
| A21200 | Interest income | (2,415) | (721) |
| A23700 | Impairment losses (gain) on non-financial assets | (164) | (1,355) |
| A24100 | Unrealized foreign exchange loss (gain) | (3,276) | 197 |
| A31130 | Decrease (increase) in note receivable | (9,104) | (4,255) |
| A31150 | Decrease (increase) in accounts receivable | 9,848 | (37,163) |
| A31180 | Decrease (increase) in other receivable | (1,412) | (1,377) |
| A31200 | Decrease (increase) in inventories | 19,001 | 55,749 |
| A31240 | Decrease (increase) in other current assets | (6,059) | 3,303 |
| A31250 | Decrease (increase) in Net defined benefit asset | (66) | - |
| A32125 | Increase (decrease) in contract liabilities | 1,948 | (1,257) |
| A32130 | Increase (decrease) in notes payable | 2,607 | (2,606) |
| A32140 | Increase (decrease) in notes payable from related parties | 516 | - |
| A32150 | Increase (decrease) in accounts payable | (3,053) | 6,888 |
| A32160 | Increase (decrease) in accounts payable from related parties | 54 | - |
| A32180 | Increase (decrease) in other payable | (8,043) | (5,859) |
| A32230 | Increase (decrease) in other current liabilities | (50) | 57 |
| A33000 | Total changes in operating assets and liabilities | 48,121 | 49,145 |
| A33100 | Interest received | 914 | 46 |
| A33300 | Interest paid | (245) | (184) |
| AAAA | Net cash flows from (used in) operating activities | <u>48,790</u> | <u>49,007</u> |

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| Code | | Three Months Ended March 31 | |
|--------|---|-----------------------------|-------------------|
| | | 2024 | 2023 |
| | Cash flows from (used in) investing activities | | |
| B00400 | Acquisition of Financial assets measured at amortised cost | (14,949) | (30,130) |
| B00050 | Proceeds from disposal of financial assets at amortized cost | 16,013 | - |
| B00200 | Disposal of financial assets at fair value through profit or loss | 16,497 | 11,170 |
| B02700 | Acquisition of property, plant and equipment | (6,793) | (8,791) |
| B03800 | Decrease in Guarantee deposits paid | - | 420 |
| B06700 | Increase in Other non-current Assets | - | (190) |
| B07100 | Acquisition of prepaid equipment | (2,290) | (362) |
| B07500 | Interest received | <u>1,580</u> | <u>540</u> |
| BBBB | Net cash flows from (used in) investing activities | <u>10,058</u> | (<u>27,343</u>) |
| | Cash flows from (used in) financing activities | | |
| C04020 | Repayment of the principal portion of lease liabilities | (<u>1,075</u>) | (<u>966</u>) |
| CCCC | Net cash flows from (used in) financing activities | (<u>1,075</u>) | (<u>966</u>) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | <u>369</u> | (<u>196</u>) |
| EEEE | Net increase (decrease) in cash and cash equivalents | 58,142 | 20,502 |
| E00100 | Cash and cash equivalents at beginning of period | <u>202,034</u> | <u>193,619</u> |
| E00200 | Cash and cash equivalents at end of period | <u>\$ 260,176</u> | <u>\$ 214,121</u> |

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

(Reviewed only, not checked under auditing standards)

(I) General

EVERTEX FABRINOLOGY LTD. (hereinafter referred to as "the Group") was established in December 1986 under the original name of "Evertex Dyeing & Finishing Ltd." and was renamed to "EVERTEX FABRINOLOGY LTD." by the resolution of the shareholders' meeting held on June 29, 2018. The Group is engaged in the business of dyeing and finishing all kinds of textile products. In April 1996, the Group introduced the business of purchasing raw fabrics for dyeing and finishing and then selling them in order to stabilize the supply of dyeing and finishing materials.

The Group 's shares have been listed and traded on the Taiwan Stock Exchange since May 21, 1999.

The consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Group.

(II) Date and Procedure for the Approval of Financial Reports

The consolidated financial report was approved by the board of directors on May 10, 2024.

(III) Application of Newly Issued and Revised Standards and Interpretations

1. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Group.

2. The IFRSs endorsed by the FSC for application starting from 2024

| New/Revised/Amended Standards and Interpretations | Effective Date Announced by IASB(Note1) |
|--|---|
| Amendments to IFRS 10 and IAS 28 "Asset sales or contributions between investors and their affiliates or joint ventures" | Undecided |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| IFRS18 "Expression and Disclosure of Financial Reports" | January 1, 2027 |
| Correction to IAS 21 "Lack of Convertible Surnames | January 1, 2025(Note2) |

Note1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective date.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When this amendment is applied for the first time, the comparative period shall not be restated, but the impact shall be recognized in the retained earnings or exchange differences of foreign operating institutions under equity (as appropriate) on the date of initial application and the related affected assets and liabilities.

IFRS 18 「 Financial statement and disclosure 」

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

· The income statement should divide income and expense items into operating, investment, financing, income tax and closed unit types.

· The profit and loss statement should present operating profit and loss, profit and loss before financing and income tax, and the subtotal and total of profit and loss.

·Provide guidance to strengthen aggregation and segmentation requirements: Merging companies must identify assets, liabilities, equity, income, expenses, losses and cash flows from individual transactions or other matters, and classify and summarize them on the basis of common characteristics so that the main Each line item presented in the financial statements has at least one similar characteristic. Items with different characteristics should be broken down in the main financial statements and notes. The merged company will label these items as "other" only if it cannot find a more informative name.

·Increase the disclosure of performance measures defined by management: When the merged company conducts public communications outside of financial statements and communicates management's views on a certain aspect of the merged company's overall financial performance to users of financial statements, it should include a single note in the financial statements. Disclose information related to performance measurement defined by management, including the description of the measurement, how it is calculated, its reconciliation with the subtotal or total specified in IFRS accounting standards, and the income tax and non-controlling interest effects of related reconciliation items.

In addition to the above-mentioned impacts, as of the date of issuance of this consolidated financial report, the combined company continues to evaluate the impact of the above-mentioned amendments to other standards and interpretations on the financial position and financial performance. The relevant impacts will be disclosed when the assessment is completed.

(IV) Summary Statement of Major Accounting Policies

1. Compliance Statement

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and IAS 34 "Interim Financial Reports" approved and issued effective by the Financial Supervisory Commission. This consolidated financial report is prepared in accordance with the financial report preparation standards of securities issuers.

2. Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liabilities based on the present value of determined benefit obligations less the fair value of plan assets, this individual financial report is prepared on a historical cost basis.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of the relevant input values:

1. Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e. price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries, including structured entities).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

The financial statements of the subsidiaries have been appropriately adjusted to bring its accounting policies in line with those of the merged group.

For the details, shareholding ratio and business items of subsidiaries, please refer to Table 4 of Note 13.

4. Other significant accounting policies

In addition to the following instructions, please refer to the summary of significant accounting policies in the 2023 Consolidated Financial Report.

(1) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

- a. Assets held mainly for trading purposes;
- b. Assets expected to be realized within 12 months after the balance sheet date; and
- c. Cash and cash equivalents (but excluding those that are restricted from being used to exchange or settle liabilities more than 12 months after the balance sheet date).

Uncurrent assets include:

- a. Liabilities held mainly for trading purposes;
- b. Liabilities expected to be realized within 12 months after the balance sheet date; and
- c. Liabilities for which there is no substantive right at the balance sheet date to defer repayment to at least 12 months after the balance sheet date.

Those that are not current assets or current liabilities as mentioned above are classified as non-current assets or non-current liabilities.

(2) Defined benefits Post-employment benefits

Pension costs during the interim period are calculated based on the actuarially determined pension cost rate at the end of the previous financial year from the beginning of the year to the end of the current period, taking into account significant market fluctuations in the current period, as well as major plan amendments,

liquidations or other changes. Adjustments will be made for major one-time events.

(3) Income tax expenses

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on interim pre-tax benefits at the tax rate applicable to the expected total earnings for the year.

(V) Main Sources of Uncertainty about Major Accounting Judgements, Estimates and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who are difficult to obtain relevant information from other sources. The actual results may differ from the estimates.

When developing significant accounting estimates, the combined company will take into account the possible impact on the economic environment, including cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates. The management will continue to review estimates and Basic assumptions.

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

(VI) Cash and Cash Equivalents

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Cash | \$ 291 | \$ 302 | \$ 293 |
| Bank Check and Current Deposit | 142,791 | 122,790 | 183,378 |
| Cash Equivalents | | | |
| Bank fixed deposit with original maturity date within 3 months | <u>117,094</u> | <u>78,942</u> | <u>30,450</u> |
| | <u>\$ 260,176</u> | <u>\$ 202,034</u> | <u>\$ 214,121</u> |

The market interest rates for bank demand deposit and bank fixed deposit with original maturity date within 3 months commercial promissory notes at the balance sheet date are as follows:

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|------------------------------|-----------------------|
| Bank demand deposit | 0.635%~1.45% | 0.005%~1.45% | 0.3%~1.25% |
| Bank fixed deposit with original maturity date within 3 months | 4.55%~4.80% | 4.55% | 4.1% |

(VII) Financial instruments measured at fair value through profit or loss

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|------------------------------|-----------------------|
| <u>Financial Assets-Current</u> | | | |
| Compulsory measurement at fair value through profit or loss | | | |
| Non-derivative Financial | | | |
| – Domestic Listed | | | |
| (OTC) Stocks | <u>\$ 43,755</u> | <u>\$ 57,165</u> | <u>\$ 84,950</u> |

(VIII) Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss

Equity Instrument Investment:

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Current</u> | | | |
| Domestic Investment | | | |
| Listed Stocks | <u>\$ 10,195</u> | <u>\$ 10,286</u> | <u>\$ 10,060</u> |
| <u>Uncurrent</u> | | | |
| Foreign Investment | | | |
| Bright Wisdom Holdings Limited | <u>\$ 5,333</u> | <u>\$ 4,592</u> | <u>\$ 3,955</u> |

The group invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the group considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore

choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

(IX) Financial Assets Measured at Amortized Cost

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|------------------------------|-----------------------|
| <u>Current</u> | | | |
| <u>Domestic investment</u> | | | |
| Time deposits with original maturities of less than 3 months | \$ 150,671 | \$ 123,000 | \$ 138,000 |
| Restricted assets | <u>500</u> | <u>4,172</u> | <u>4,172</u> |
| | <u>\$ 151,171</u> | <u>\$ 127,172</u> | <u>\$ 142,172</u> |
| <u>Foreign investment</u> | | | |
| U.S. government debt | \$ 6,365 | \$ 123,000 | \$ - |
| Corporate bonds | <u>3,192</u> | <u>4,172</u> | <u>-</u> |
| | <u>9,557</u> | <u>9,144</u> | <u>-</u> |
| | <u>\$ 160,728</u> | <u>\$ 176,329</u> | <u>\$ 142,172</u> |
| <u>Noncurrent</u> | | | |
| <u>Foreign investment</u> | | | |
| U.S. government deb | \$ 7,181 | \$ 4,220 | \$ 5,978 |
| Corporate bonds | <u>55,139</u> | <u>41,006</u> | <u>9,090</u> |
| | <u>\$ 62,320</u> | <u>\$ 45,226</u> | <u>\$ 15,068</u> |

(I) The interest rates on time deposits and restricted assets with original maturities of more than 3 months at the end of the reporting period were as follows:

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|------------------------------|-----------------------|
| Time deposits with original maturities of less than 3 months | 1.45%~1.70% | 1.45%~4.4% | 1.2%~1.575% |
| Restricted assets | 1.525% | 1.4% | 1.2%~1.4% |

Restricted assets are time deposits that purchase in as security from firm. Please refer to Note 30.

(II) In February 2023, the company obtained the bonds from Oracle Corporation with the face value of USD 100 thousand, bonds from Altria Group with the face value of USD 100 thousand, bonds from United States Steel Corporation with the face value of USD 100

thousand, and U.S. Treasury Dollar Bonds with the face value of USD 200 thousand, at a premium of NT\$ 15,130 thousand. The maturity dates are July 2040, February 2039, March 2029 and August 2024 respectively. The coupon rates are 5.38%, 5.8%, 6.88% and 3.00% respectively, and the effective interest rates are 5.58%, 6.02%, 6.26% and 4.35% respectively. In April 2023, the company obtained the bonds from Qualcomm Incorporated with the face value of USD 100 thousand, bonds from AT&T American Telephone & Telegraph with the face value of USD 50 thousand, bonds from Verizon Communications Inc. with the face value of USD 50 thousand, bonds from Apple Corporate with the face value of USD 200 thousand, and bonds from Berkshire Hathaway Financial Corporation with the face value of USD 100 thousand, at a premium of NT\$ 15,380 thousand. The maturity dates are May 2035, May 2046, September 2048, February 2046 and January 2049 respectively. The coupon rates are 4.65%, 4.75%, 4.52%, 4.65% and 4.25% respectively, and the effective interest rates are 4.21%, 5.26%, 5.00%, 4.37% and 4.41% respectively. In July 2023, the company obtained the U.S. Treasury Dollar Bond with the face value of USD 150 thousand, bonds from ORIX Corporation with the face value of USD 150 thousand, bonds from Royal Bank of Canada with the face value of USD 100 thousand, and bonds from Macquarie Bank Limited with the face value of USD 100 thousand, at a premium of NT\$ 15,120 thousand. The maturity dates are May 2042, September 2032, July 2024, and June 2026 respectively. The coupon rates are 3.25%, 5.20%, 3.97%, and 5.21% respectively, and the effective interest rates are 3.89%, 4.55%, 4.71% and 4.95% respectively. In October 2023, the company obtained the bonds from Berkshire Hathaway Financial Corporation with the face value of USD 80 thousand, bonds from United States Steel Corporation with the face value of USD 70 thousand, bonds from The Estee Lauder Companies Inc. with the face value of USD 50 thousand, bonds from The Boeing Company with the face value of USD 50 thousand, and bonds from

Qualcomm Incorporated with the face value of USD 50 thousand, at a premium of NT\$ 8,743 thousand. The maturity dates are January 2049, March 2029, May 2033, May 2030, and May 2035 respectively. The coupon rates are 4.25%, 6.88%, 4.65%, 5.15% and 4.65% respectively, and the effective interest rates are 5.65%, 6.94%, 5.50%, 5.94% and 5.32% respectively. In March 2024, the company obtained the AT&T American Telephone & Telegraph with the face value of USD 50 thousand, bonds from UBS London USD Corporate Bond with the face value of USD 50 thousand, bonds from UnitedHealth Group Inc. USD Corporate Bonds with the face value of USD 100 thousand, bonds from Verizon Communications Inc. with the face value of USD 50 thousand, bonds from U.S. Treasury Dollar Bonds with the face value of USD 100 thousand, bonds from Berkshire Hathaway Financial Corporation with the face value of USD 50 thousand and bonds from Eli Lilly and Company USD Corporate Bonds with the face value of USD 100 thousand, , at a premium of NT\$15,938 thousand. The maturity dates are May 2046, December 2028, July 2045, September 2048, May 2042, January 2049 and February 2033 respectively. The coupon rates are 4.522%, 3.25%, 4.25%, 4.7%, 4.75%, 5.00% and 4.75% respectively, and the effective interest rates are 5.33%, 4.77%, 4.94%, 5.14%, 4.29%, 4.77% and 4.48% respectively.

- (III) The company only invests in debt instruments whose credit rating is above investment grade (inclusive) and the derogation assessment is of low credit risk, and the credit rating information is provided by independent rating agencies. The company continues to track external rating information to monitor changes in credit risk of invested debt instruments, and to review other information such as bond yield curve and significant information on debtors, in order to assess whether the credit risk of investment in debt instruments has increased significantly since the original recognition.

The company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments.

The current credit risk rating mechanism of the Company is as the following:

| Credit Rating | Definition | Basis for Recognizing ECLs |
|---------------|---|---|
| Normal | The credit risk of the debtor is low, with sufficient solvency for the contractual cash flow | 12-month expected credit losses |
| Abnormal | The credit risk has been significantly increased since initial recognition | Lifetime expected credit losses (credit not impaired) |
| Default | Evidence of credit loss exists | Lifetime expected credit losses (credit-impaired) |
| Write Off | The available proof showed that the debtor was suffering serious financial difficulties and it was impossible for the merged company to expect recoverability | Direct Write Off |

The total carrying amounts of the debt instrument investments of each credit rating, and the applicable ECL rates are as the following:

March 31, 2024

| Credit Rating | Expected Credit Loss (ECL) | Total of Carrying Amount Instruments carried at amortized cost |
|---------------|----------------------------|--|
| Normal | 0% | \$ 71,877 |
| Abnormal | - | - |
| Default | - | - |
| Write Off | - | - |

December 31, 2023

| Credit Rating | Expected Credit Loss (ECL) | Total of Carrying Amount Instruments carried at amortized cost |
|---------------|----------------------------|--|
|---------------|----------------------------|--|

| | | |
|-----------|----|-----------|
| Normal | 0% | \$ 54,370 |
| Abnormal | - | - |
| Default | - | - |
| Write Off | - | - |

March 31, 2023

| Credit Rating | Expected Credit Loss (ECL) | Total of Carrying Amount |
|---------------|-------------------------------|--|
| | | Instruments carried at amortized cost |
| Normal | 0% | \$ 15,068 |
| Abnormal | - | - |
| Default | - | - |
| Write Off | - | - |

As of March 31, 2024, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

(X) Notes Receivables, Account Receivables And Other Receivables

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|------------------------------|-----------------------|
| <u>Note Receivable</u> | | | |
| Measured at Amortized Cost | | | |
| Total Book Valu | \$ 11,453 | \$ 2,349 | \$ 19,661 |
| Minus: Allowance for Loss | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 11,453</u> | <u>\$ 2,349</u> | <u>\$ 19,661</u> |
| <u>Account Receivable</u> | | | |
| Measured at Amortized Cost | | | |
| Total Book Valu | \$ 42,878 | \$ 53,332 | \$ 91,047 |
| Minus: Allowance for Loss | <u>(137)</u> | <u>(252)</u> | <u>(370)</u> |
| | <u>\$ 42,741</u> | <u>\$ 52,080</u> | <u>\$ 90,677</u> |
| <u>Other Receivable</u> | | | |
| Tax refund receivable - business tax | \$ 1,408 | \$ - | \$ 1,373 |
| Interest Receivable | 1,110 | 1,217 | 205 |
| Others | <u>7</u> | <u>3</u> | <u>4</u> |
| | <u>\$ 2,525</u> | <u>\$ 1,220</u> | <u>\$ 1,582</u> |

(I) Note Receivable and Account Receivable

Before accepting a new customer, the Group evaluates the credit rating and sets the credit limit for that potential customer. Customer credit limits and ratings are reviewed annually on an occasional basis. The average credit period for sales of goods and dyeing and finishing is 60 days

The IFRS 9 simplified approach is adopted by the Group to recognize an allowance for losses on notes receivable and accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and their current financial situation, the economic situation, the GDP forecast, and the industry outlook. The historical experience of the Group's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of days for notes receivable and accounts receivable are used for setting the expected credit loss rate.

The Group directly writes off related notes receivable and accounts receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Group. For example, the debtor is in liquidation. The Group continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

1. The Group measures the allowance loss of notes receivable according to the reserve matrix as follows:

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|---|---|---|
| | <u>Within 120 days of account opening</u> | <u>Within 120 days of account opening</u> | <u>Within 120 days of account opening</u> |
| Expected Credit Loss Rate | 0% | 0% | 0% |
| Total Book Value | \$ 11,453 | \$ 2,349 | \$ 19,661 |
| Allowance for Loss (Expected Credit Loss During the Period of Existence) | <u> -</u> | <u> -</u> | <u> -</u> |

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------|--|--|--|
| | Within 120 days of account opening | Within 120 days of account opening | Within 120 days of account opening |
| Amortized Cost | <u>\$ 11,453</u> | <u>\$ 2,349</u> | <u>\$ 19,661</u> |

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

March 31, 2024

| | Within 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | 121 to 150 days | 151 to 180 days | 181 to 210 days | 211 to 240 days | Over 240 Days | Total |
|--------------------------------|-------------------|-----------------|-----------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Expected credit loss rate | 0.06% | 0.09% | 2.84% | 20.08% | 40.41% | 74.33% | 100% | 100% | 100% | |
| Total Book Value | \$ 37,288 | \$ 3,583 | \$ 1,686 | \$ 320 | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ 42,878 |
| Loss allowance (Lifetime ECLS) | (22) | (3) | (48) | (64) | - | - | - | - | - | (137) |
| Amortized cost | <u>\$ 37,266</u> | <u>\$ 3,580</u> | <u>\$ 1,638</u> | <u>\$ 256</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 42,741</u> |

December 31, 2023

| | Within 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | 121 to 150 days | 151 to 180 days | 181 to 210 days | 211 to 240 days | Over 240 Days | Total |
|--------------------------------|-------------------|------------------|-----------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Expected credit loss rate | 0.06% | 0.12% | 2.90% | 22.20% | 39.06% | 69.63% | 100% | 100% | 100% | |
| Total Book Value | \$ 35,983 | \$ 13,877 | \$ 2,159 | \$ - | \$ 219 | \$ 94 | \$ - | \$ - | \$ - | \$ 52,332 |
| Loss allowance (Lifetime ECLS) | (23) | (16) | (63) | - | (85) | (65) | - | - | - | (252) |
| Amortized cost | <u>\$ 35,960</u> | <u>\$ 13,861</u> | <u>\$ 2,096</u> | <u>\$ -</u> | <u>\$ 134</u> | <u>\$ 29</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 52,080</u> |

March 31, 2023

| | Within 30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | 121 to 150 days | 151 to 180 days | 181 to 210 days | 211 to 240 days | Over 240 Days | Total |
|--------------------------------|-------------------|------------------|-----------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Expected credit loss rate | 0.05% | 0.09% | 0.59% | 16.36% | 41.04% | 62.28% | 100% | 100% | 100% | |
| Total Book Value | \$ 58,081 | \$ 31,181 | \$ 1,282 | \$ 148 | \$ 116 | \$ 21 | \$ 67 | \$ 59 | \$ 93 | \$ 91,047 |
| Loss allowance (Lifetime ECLS) | (29) | (29) | (7) | (24) | (48) | (14) | (67) | (59) | (93) | (370) |
| Amortized cost | <u>\$ 58,052</u> | <u>\$ 31,151</u> | <u>\$ 1,275</u> | <u>\$ 124</u> | <u>\$ 68</u> | <u>\$ 7</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 90,677</u> |

The movements of the loss allowance of accounts receivable were as follows:

| | <u>Three Months Ended March 31</u> | |
|---|------------------------------------|---------------|
| | <u>2024</u> | <u>2023</u> |
| Beginning balance | \$ 252 | \$ 408 |
| Less: Amounts written off | (113) | (31) |
| Less: Net remeasurement of loss allowance | (2) | (7) |
| Ending balance | <u>\$ 137</u> | <u>\$ 370</u> |

Refer to Note 28(IV) for details of the Group's concentration of credit risk of accounts receivable.

2. Other receivables

Other receivables are mainly interest receivables, the Group's policy is to trade solely by reputable company. The Group determines

whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of March 31, 2024 and 2023, the Group assessed that the expected credit loss rate of other receivables was 0%.

(XI) Inventory

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------|-------------------|----------------------|-------------------|
| Raw materials | \$ 74,203 | \$ 71,187 | \$ 94,561 |
| Work in process | 40,544 | 58,478 | 36,458 |
| Finished goods | 3,055 | 6,997 | 4,377 |
| Materials | <u>3,969</u> | <u>3,946</u> | <u>4,208</u> |
| | <u>\$ 121,771</u> | <u>\$ 140,608</u> | <u>\$ 139,604</u> |

The nature of operating costs related to inventories is as follows:

| | Three Months Ended March 31 | |
|--|-----------------------------|-------------------|
| | 2024 | 2023 |
| Cost of inventories sold | \$ 132,070 | \$ 172,326 |
| Inventory depreciation (recovery benefit) loss | (164) | (1355) |
| Unallocated manufacturing overhead | 9,293 | 7,926 |
| Revenue from sale of leftovers and scrap | (<u>237</u>) | (<u>449</u>) |
| | <u>\$ 140,962</u> | <u>\$ 178,448</u> |

The increase in the net realizable value of inventories as of March 31, 2024 and 2023 was mainly due to the increase in inventory sales prices.

(XII) Other assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------|------------------|----------------------|------------------|
| <u>Current</u> | | | |
| Payment in advance | \$ 10,138 | \$ 5,243 | \$ 14,745 |
| Prepaid expense | 7,608 | 6,051 | 9,096 |
| Tax credit | 984 | 1,810 | |
| Provisional payment | 832 | 399 | 1,058 |
| Retained tax credit | <u>-</u> | <u>-</u> | <u>193</u> |
| | <u>\$ 25,092</u> | <u>\$ 13,503</u> | <u>\$ 25,092</u> |

Non-current

| | | | |
|-----------------------|------------------|------------------|-----------------|
| | December 31, | | |
| | March 31, 2024 | 2023 | March 31, 2023 |
| Long-term Prepayments | <u>\$ 10,225</u> | <u>\$ 10,225</u> | <u>\$ 3,362</u> |

(XIII) Subsidiaries

Subsidiaries included in the consolidated financial statements

The main preparation for this consolidated financial statement is as follows:

| Investor | Investee | Nature of Activities | Shareholding % | | |
|-----------------------------|----------------------------|---|----------------|-------------------|----------------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Evertex Fabrinology Limited | Tung Fa Liu Neng Co., Ltd. | Self-usage power generation equipment utilizing renewable energy industry | 100% | 100% | 100% |

(XIV) Property, Plant and Equipment

| | Self-owned Land | Buildings | Machinery Equipment | Machinery Equipment | Other Equipment | Total |
|---------------------------------|-------------------|-------------------|---------------------|---------------------|-------------------|--------------------|
| <u>Cost</u> | | | | | | |
| Balance on January 1, 2024 | \$ 174,044 | \$ 342,470 | \$ 510,603 | \$ 6,621 | \$ 230,980 | \$1,264,718 |
| Additions | - | - | 148 | - | 185 | 333 |
| Disposals | - | - | - | - | - | - |
| Reclassification (Remark) | - | - | - | - | - | - |
| Balance on March 31,2024 | <u>\$ 174,044</u> | <u>\$ 342,470</u> | <u>\$ 510,751</u> | <u>\$ 6,621</u> | <u>\$ 231,165</u> | <u>\$1,265,051</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Balance on January 1, 2024 | \$ - | \$ 305,609 | \$ 375,045 | \$ 6,041 | \$ 172,011 | \$ 858,706 |
| Depreciation expense | - | 1,295 | 7,359 | 102 | 2,746 | 11,502 |
| Disposals | - | - | - | - | - | - |
| Balance on March 31,2024 | <u>\$ -</u> | <u>\$ 306,904</u> | <u>\$ 382,404</u> | <u>\$ 6,143</u> | <u>\$ 174,757</u> | <u>\$ 870,208</u> |
| Net balance on March 31,2024 | <u>\$ 174,044</u> | <u>\$ 35,566</u> | <u>\$ 128,347</u> | <u>\$ 478</u> | <u>\$ 56,408</u> | <u>\$ 394,843</u> |
| <u>Cost</u> | | | | | | |
| Balance on January 1, 2023 | \$ 174,044 | \$ 342,240 | \$ 506,253 | \$ 7,674 | \$ 199,894 | \$1,230,105 |
| Additions | - | - | 400 | - | 7,072 | 7,472 |
| Disposals | - | - | (4,558) | - | - | (4,558) |
| Reclassification (Remark) | - | - | - | - | 12,096 | 12,096 |
| Balance on March 31,2023 | <u>\$ 174,044</u> | <u>\$ 342,240</u> | <u>\$ 502,095</u> | <u>\$ 7,674</u> | <u>\$ 219,062</u> | <u>\$1,245,115</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Balance on January 1, 2023 | \$ - | \$ 298,897 | \$ 361,894 | \$ 6,577 | \$ 162,406 | \$ 829,774 |
| Depreciation expense | - | 1,814 | 7,844 | 157 | 2,140 | 11,955 |
| Disposals | - | - | (4,558) | - | - | (4,558) |
| Balance on March 31,2023 | <u>\$ -</u> | <u>\$ 300,711</u> | <u>\$ 365,180</u> | <u>\$ 6,734</u> | <u>\$ 164,546</u> | <u>\$ 837,171</u> |
| Net balance on March 31,2023 | <u>\$ 174,044</u> | <u>\$ 41,529</u> | <u>\$ 136,915</u> | <u>\$ 940</u> | <u>\$ 54,516</u> | <u>\$ 407,944</u> |

Remark : The balance is transferred from the prepaid equipment payment.

The Group did not capitalize interest from January 1 to March 31 in 2024 and 2023.

There is no an indication that the property, plant and equipment may be impaired from January 1 to March 31 in 2024 and 2023.

The immovable property, plant and equipment of the Group are determined on the basis of cost and depreciated on the basis of the following durable years:

| | |
|--------------------------|-------------|
| Buildings | |
| Main Building of Factory | 26~40 years |
| Storehouse | 10~26 years |
| Others | 3~25 years |
| Machinery Equipment | 5~13 years |
| Transportation Equipment | 3~5 years |
| Other Equipment | |
| Office Equipment | 3~15 years |
| Land Improvement | 10~15 years |
| Dormitory Equipment | 15~40 years |
| Other Equipment | 3~15 years |

Please refer to Note 30 for the amount of real estate and factory buildings set by the consolidated company as a guarantee for the loan amount.

(XV) Lease Arrangement

1. Right-of-use Assets

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Right-of-use assets | | | |
| Carrying amount | | | |
| Buildings | \$ 2,419 | \$ 2,564 | \$ 44 |
| Transportation Equipment | 4,915 | 5,466 | 130 |
| Other Equipment | <u>2,242</u> | <u>2,360</u> | <u>2,518</u> |
| | <u>\$ 9,576</u> | <u>\$ 10,390</u> | <u>\$ 2,692</u> |

| | <u>Three Months Ended March 31</u> | |
|---|------------------------------------|---------------|
| | <u>2024</u> | <u>2023</u> |
| Additions to right-of-use assets | <u>\$ 279</u> | <u>\$ 137</u> |
| Depreciation charge for right-of-use assets | | |
| Buildings | \$ 127 | \$ 131 |
| Transportation Equipment | 527 | 389 |
| Other Equipment | <u>439</u> | <u>438</u> |
| | <u>\$ 1,093</u> | <u>\$ 958</u> |

2. Lease liabilities

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--------------------------------------|-----------------------|------------------------------|-----------------------|
| Lease liabilities Carrying amount | | | |
| Current | \$ <u>4,144</u> | \$ <u>3,992</u> | \$ <u>1,599</u> |
| Non-current | \$ <u>5,511</u> | \$ <u>6,459</u> | \$ <u>1,114</u> |

Discount rates for lease liabilities were as follows:

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Buildings | 2.1% | 2.1% | 1.3% |
| Transportation Equipment | 2.19% | 2.19% | 1.14% |
| Other Equipment | 1.15%~2.20% | 1.15%~2.19% | 1.15%~1.55% |

3. Material leasing activities and terms

The Group leases certain official cars and other equipment - stackers with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the cars and stackers at the end of the lease terms.

The Group leases buildings for the use of offices with lease term of 3~5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease term.

4. Other lease information

| | <u>Three Months Ended March 31</u> | |
|--|------------------------------------|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Expenses relating to low-value asset leases | \$ <u>61</u> | \$ <u>71</u> |
| Total cash outflow for leases | (\$ <u>1,189</u>) | (\$ <u>1,048</u>) |

The Group's leases of certain photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

(XVI) Intangible Assets

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-------------------|-----------------------|------------------------------|-----------------------|
| Computer software | \$ <u>91</u> | \$ <u>109</u> | \$ <u>169</u> |

Except for the recognition of amortization expenses, there were no significant additions, disposals or impairments to the intangible assets of the combined company from January 1 to March 31 in 2024 and 2023.

Computer software is amortized on a straight-line basis on 1~3 years.

(XVII) Short-term Loans

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| <u>Unsecured Loan</u> | | | |
| Line of Credit Borrowing | \$ <u>35,000</u> | \$ <u>35,000</u> | \$ <u>35,000</u> |
| Interest rate | 2.20% | 2.195% | 2.06% |

(XVIII) Notes Payable and Accounts Payable

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|----------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Notes Payable</u> | | | |
| Notes Payable-From Business | \$ <u>10,740</u> | \$ <u>8,133</u> | \$ <u>11,968</u> |
| Related Parties-From Business | \$ <u>1,728</u> | \$ <u>1,212</u> | \$ <u>-</u> |
| <u>Accounts Payable</u> | | | |
| Notes Payable-From Business | \$ <u>16,579</u> | \$ <u>19,616</u> | \$ <u>29,840</u> |
| Related Parties-From Business | \$ <u>647</u> | \$ <u>593</u> | \$ <u>-</u> |

The average credit period for purchases was 90 days. The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

(XIX) Other Payables

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|------------------------------|-----------------------|
| Payables for cash dividends (Note26) | \$ 49,745 | \$ - | \$ 38,595 |

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|------------------------------|-----------------------|
| Payables for cash dividends (Note26) | \$ 49,745 | \$ - | \$ 38,595 |
| Payables for salaries or bonuses | 24,614 | 33,325 | 25,994 |
| Payables for vacations | 8,138 | 7,911 | 7,409 |
| Payables for labor and health insurance | 2,278 | 2,285 | 2,346 |
| Utilities Payables | 1,841 | 2,052 | 2,120 |
| Payables for purchases of equipment (Note26) | 63 | 6,523 | 6,720 |
| Others | <u>11,688</u> | <u>11,026</u> | <u>14,248</u> |
| | <u>\$ 98,367</u> | <u>\$ 63,122</u> | <u>\$ 97,432</u> |

(XX) Other Current Liabilities

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|------------------------|-----------------------|------------------------------|-----------------------|
| Receipts under custody | \$ 567 | \$ 548 | \$ 527 |
| Refund Liabilities | <u>160</u> | <u>229</u> | <u>324</u> |
| | <u>\$ 727</u> | <u>\$ 777</u> | <u>\$ 851</u> |

(XXI) Post-retirement Benefits Plan

The pension benefits related to the defined benefit plan recognized from January 1 to March 31, 2024 and 2023 were calculated based on the pension cost rate determined by the actuarial department on December 31, 2023 and 2022, and the amounts were NT\$11,000 respectively and NT\$9,000 .

(XXII) Equity

1. Common stock

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|------------------------------|-----------------------|
| Authorized Shares (thousand shares) | <u>101,880</u> | <u>101,880</u> | <u>101,880</u> |
| Authorized Equity | <u>\$1,018,800</u> | <u>\$1,018,800</u> | <u>\$1,018,800</u> |
| Shares Issued and Fully Received (thousand shares) | <u>85,767</u> | <u>85,767</u> | <u>85,767</u> |
| Equity Issued | <u>\$ 857,670</u> | <u>\$ 857,670</u> | <u>\$ 857,670</u> |

The issued common shares have a par value of NT\$ 10 each and each share has the right to vote and receive dividends.

2. Capital Reserves

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|------------------------------|-----------------------|
| <u>May be used to offsetting a deficit, distributed as cash dividends, or transferred to share capital</u> | | | |
| Share Premium | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| <u>Only used to make up for losses</u> | | | |
| Gain from disposal of assets | 3,918 | 3,918 | 3,918 |
| Benefits from exercise Disgorgement | <u>399</u> | <u>399</u> | <u>399</u> |
| | <u>\$ 7,317</u> | <u>\$ 7,317</u> | <u>\$ 7,317</u> |

The capital reserve can be used to make up for losses. The excess of shares issued in excess of par value may also be used to issue cash or allocate share capital when there is no loss in the group, subject to a certain percentage of paid-in share capital each year.

The capital reserve arising from the gains from the disposal of assets and benefits from exercise Disgorgement shall not be used for any purpose other than making up for losses.

3. Retention of surplus and dividend policy

The Company's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each half year. Distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting.

According to the surplus distribution policy of the Company, The Company may distribute earnings or make up losses after the end of each semi-annual fiscal year. If the distribution of earnings is made in cash, it shall be resolved by the board of directors in accordance with Article 228-1 and Article 240 of the Company Act and reported to the shareholders' meeting without being submitted to the shareholders' meeting for ratification. if the distribution of earnings is made by

issuing new shares, it shall be handled in accordance with Article 240 of the Company Act.

The Company's dividend policy is based on the current and future investment environment, capital requirements, and capital budget, while considering the shareholders' interest, dividend balance, and the Company's long-term financial planning as the Company is in the business development stage. The Company shall distribute dividends and bonuses to shareholders not less than annual earnings after deducting income tax, making up for loss, setting aside legal reserve, but legal reserve has reached the amount of paid-in capital, it may no longer be set. The rest will be set or reversed 50% special reserve shall distribute dividends and bonuses according to the regulations. The annual dividends shall be paid in cash first, but stock dividends may also be distributed, of which no less than 10% of the total dividends shall be paid in cash.

The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 23 (7).

The statutory surplus reserve shall be set aside until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up for losses. When there is no loss in the company, the part of the statutory surplus reserve exceeding 25% of the total paid-in share capital may be allocated in cash in addition to the allocated share capital.

When the company distributes its surplus, it must set aside the balance of equity deduction items (including unrealized losses on financial assets) as a special surplus reserve according to laws and regulations. If there is a subsequent reduction in the amount of equity deduction, the reduced amount can be transferred back to the undistributed surplus from the special surplus reserve.

The appropriations and cash dividends per share in 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------|-------------|
| Legal reserve provided | \$ 4,922 | \$ 3,513 |
| Reversr special reserve provided | (\$ 1,714) | (\$ 121) |
| Cash dividends to shareholders | \$ 46,745 | \$ 38,595 |
| Cash dividends per share (NT\$) | \$ 0.58 | \$ 0.45 |

The above-mentioned cash dividends were approved on March 8, 2024 and March 24, 2023 respectively. The remaining surplus distribution items for 2022 have been resolved at the general meeting of shareholders on June 27, 2023. The remaining surplus distribution items for 2023 will be resolved at the general meeting of shareholders on June 25, 2024.

4. Other Equity

Unrealized gain and loss on financial assets at FVTOCI

| | <u>Three Months Ended March 31</u> | |
|--------------------------|------------------------------------|-------------|
| | <u>2024</u> | <u>2023</u> |
| Balance on January 1 | (\$ 1,650) | (\$ 3,364) |
| Recognized for the year | | |
| Unrealized gain and loss | | |
| Equity instruments | 650 | 851 |
| Balance on March 31 | (\$ 1,000) | (\$ 2,513) |

(XXIII) Net Income

1. Operating revenue

| | <u>Three Months Ended March 31</u> | |
|---------------------------------|------------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Segmentation of Customer</u> | | |
| <u>Contract Revenue</u> | | |
| Sales Revenue | | |
| — Cloth trading | \$ 159,428 | \$ 187,344 |
| — Other | 2,075 | 2,009 |
| Service Revenue | | |
| — Dyeing & Finishing | 28,747 | 42,655 |
| | <u>\$ 190,250</u> | <u>\$ 232,008</u> |

Contract balance

| | <u>March 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>March 31,</u> <u>2023</u> | <u>January 1,</u> <u>2023</u> |
|--|---------------------------------|------------------------------------|---------------------------------|----------------------------------|
| Notes Payable And Account Payable ^(Note 10) | <u>\$ 54,194</u> | <u>\$ 54,429</u> | <u>\$ 110,338</u> | <u>\$ 68,802</u> |

| | | | | |
|----------------------|------------------|-----------------|-----------------|-----------------|
| Contract liabilities | | | | |
| Revenue of | | | | |
| Commodity Sales | \$ <u>10,445</u> | \$ <u>8,497</u> | \$ <u>7,416</u> | \$ <u>8,673</u> |

2. Other Revenue

| | Three Months Ended March 31 | |
|---------------|-----------------------------|---------------|
| | 2024 | 2023 |
| Other Revenue | | |
| Subsidy | \$ 1,006 | \$ 394 |
| Others | <u>75</u> | <u>57</u> |
| | \$ <u>1,081</u> | \$ <u>451</u> |

3. Other Revenues and Losses

| | Three Months Ended March 31 | |
|--|-----------------------------|------------------|
| | 2024 | 2023 |
| Net gain (loss) on foreign currency exchange | \$ 10,286 | (\$ 133) |
| Lease modification benefit | - | - |
| Net loss on financial instruments at fair value through profit or loss mandatorily | 3,087 | 15,707 |
| Others | <u>-</u> | <u>(14)</u> |
| | \$ <u>13,373</u> | \$ <u>15,560</u> |

4. Financial Costs

| | Three Months Ended March 31 | |
|-------------------------------|-----------------------------|---------------|
| | 2024 | 2023 |
| Bank Loan Interest | \$ 192 | \$ 173 |
| Interest of Lease Liabilities | <u>53</u> | <u>11</u> |
| | \$ <u>245</u> | \$ <u>184</u> |

5. Depreciation and amortization expenses

| | Three Months Ended March 31 | |
|--|-----------------------------|------------------|
| | 2024 | 2023 |
| Property, plant and equipment | \$ 11,502 | \$ 11,955 |
| Right-of-use assets | <u>1,093</u> | <u>958</u> |
| Total | \$ <u>12,595</u> | \$ <u>12,913</u> |
| Intangibal Assets | \$ <u>18</u> | \$ <u>35</u> |
| Depreciation expenses are summarized by function | | |
| Operating Costs | \$ 11,783 | \$ 11,968 |
| Operating Expenses | <u>812</u> | <u>945</u> |
| | \$ <u>12,595</u> | \$ <u>12,913</u> |

(Continued on next page)

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| | Three Months Ended March 31 | |
|--|-----------------------------|--------------|
| | 2024 | 2023 |
| Depreciation expenses are summarized by function | | |
| Operating Expenses | \$ - | \$ - |
| Management Expense | 18 | 35 |
| | <u>\$ 18</u> | <u>\$ 35</u> |

6. Employees' Benefit Expenses

| | Three Months Ended March 31 | |
|----------------------------------|-----------------------------|------------------|
| | 2024 | 2023 |
| Retirement Benefits | | |
| Determined Allocation Plan | \$ 1,337 | \$ 1,415 |
| Determined Benefit Plan(Note21) | (11) | (9) |
| | 1,326 | 1,406 |
| Other Employee Benefits | <u>45,190</u> | <u>42,678</u> |
| Total Employees' Benefit Expense | <u>\$ 46,516</u> | <u>\$ 44,084</u> |
| Summary by Function | | |
| Operating Costs | \$ 30,864 | \$ 27,925 |
| Operating Expenses | <u>15,652</u> | <u>16,159</u> |
| | <u>\$ 46,516</u> | <u>\$ 44,084</u> |

7. Employee Remuneration and Director Remuneration

The company allocates employee remuneration and director remuneration at the pre-tax benefit of 3% and not more than 3% respectively before deducting the distribution of employee and director remuneration in the current year. The Company's profit sharing bonus to employees and compensation to directors for 2024, 2023 had been approved by the Board of Directors of the Company in March 8,2024 and March 24,2023, as illustrated below:

Estimation Ratio

| | Three Months Ended March 31 | |
|-----------------------|-----------------------------|------|
| | 2024 | 2023 |
| Employee remuneration | 3% | 3% |
| Director Remuneration | 3% | 3% |

The amount

| | Three Months Ended March 31 | |
|-----------------------|-----------------------------|----------|
| | 2024 | 2023 |
| Employee remuneration | \$ 1,213 | \$ 1,272 |
| Director Remuneration | \$ 1,213 | \$ 1,272 |

If there is any change in the amount after the release of the annual consolidated financial report, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

The employee remuneration and director remuneration in 2023 and 2022 were resolved by the board of directors on March 8, 2024 and March 24, 2023 respectively as follows:

| | Three Months Ended March 31 | |
|-----------------------|-----------------------------|----------|
| | 2023 | 2022 |
| | Amount | Amount |
| Employee remuneration | \$ 1,791 | \$ 1,565 |
| Director Remuneration | 1,791 | 1,565 |

There is no difference between the amount of employee remuneration and director remuneration decided to allot in 2023 and 2022 and the amount recognized in the financial reports of 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's Board is available at the "Market Observation Post System" website of the Taiwan Stock Exchange.

8. Net loss on foreign currency exchange

| | Three Months Ended March 31 | |
|----------------------------------|-----------------------------|-----------|
| | 2024 | 2023 |
| Foreign currency exchange gains | \$ 10,858 | \$ 475 |
| Foreign currency exchange losses | (572) | (608) |
| Net gain (loss) | \$ 10,286 | (\$ 133) |

(XXIV) Income Tax

1. The main components of income tax expenses (benefits) recognized as profit and loss

| | Three Months Ended March 31 | |
|---------------------------|-----------------------------|-----------------|
| | 2024 | 2023 |
| Current Income Tax | | |
| Arising in the Current | | |
| Year | \$ 5,005 | \$ 4,502 |
| Adjustments from previous | | |
| years | 54 | - |
| Deffered Income Tax | | |
| Arising in the Current | | |
| Year | <u>2,004</u> | <u>374</u> |
| Income Tax Expenses | | |
| Recognized in the | | |
| Profit or Loss | <u>\$ 4,876</u> | <u>\$ 4,876</u> |

2. Income tax assessment situation

The company's profit-seeking enterprise income tax returns have been approved by the tax collection authority for the declaration cases before 2022. There is no significant difference between the approved number and the declared number.

The profit-seeking enterprise income tax returns of the subsidiary Tung Fa Liu Neng Co., Ltd. have been approved by the tax collection authority for the declaration cases before 2021, and there is no significant difference between the approved numbers and the declared numbers.

(XXV) Earnings Per Share

Net profit and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net Income

| | Three Months Ended March 31 | |
|-----------------------------------|-----------------------------|------------------|
| | 2024 | 2023 |
| Net profit attributable to owners | | |
| of the company | | |
| Basic/Diluted EPS Net income | | |
| available to common | | |
| shareholders | <u>\$ 31,068</u> | <u>\$ 35,274</u> |

Shares

| | Unit: Thousand shares | |
|---|-----------------------------|---------------|
| | Three Months Ended March 31 | |
| | 2024 | 2023 |
| The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share | 85,767 | 85,767 |
| Impacts of potential ordinary shares with dilution effect: | | |
| Employees' compensation | <u>80</u> | <u>147</u> |
| The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share | <u>85,847</u> | <u>85,914</u> |

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(XXVI) Cash Flow Information

1. Non-cash transactions

For January 1 to March 31, 2024 and 2023, the Group entered into the following non-cash investing and financing activities:

As of March 31, 2024 and December 31, 2023 and March 31, the Group didn't paid acquisition of property, plant, equipment of NT\$63 thousand, NT\$6,523 and NT\$6,720 thousand, list in payables to suppliers of machinery and equipment (Note 19).

The cash dividends for 2023 and 2022 distributed by the board of directors have not yet been distributed in 2024 and March 31, 2023 (Notes 19 and 22)

2. Changes in liabilities arising from financing activities

January 1 to March 31, 2024

| | Balance on January 1,2024 | Cash Flows | Non-cash Changes | | | Balance on March 31,2024 |
|------------------|------------------------------|---------------------|------------------|--------------------------------------|------------------|-----------------------------|
| | | | New Leases | Amortization of Interest Expenses | Others | |
| Short Term | | | | | | |
| Loan | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Lease Liabilitie | <u>10,451</u> | <u>(1,075)</u> | <u>279</u> | <u>53</u> | <u>(53)</u> | <u>9,655</u> |
| | <u>\$ 45,451</u> | <u>(\$ 1,075)</u> | <u>\$ 279</u> | <u>\$ 53</u> | <u>(\$ 53)</u> | <u>\$ 44,655</u> |

January 1 to March 31, 2023

| | Balance on January 1,2023 | Cash Flows | Non-cash Changes | | | Balance on March 31,2023 |
|---------------------|---------------------------------|-------------------|------------------|-----------------------|--|--------------------------------|
| | | | New Leases | Lease modification | Lease Ammodification of Interest Expenses | |
| Short Term | | | | | | |
| Loan | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Lease Liabilitie | <u>3,542</u> | <u>(966)</u> | <u>137</u> | <u>-</u> | <u>11</u> | <u>2,713</u> |
| | <u>\$ 38,542</u> | <u>(\$ 966)</u> | <u>\$ 137</u> | <u>\$ -</u> | <u>\$ 14</u> | <u>(\$ 11)</u> |
| | | | | | | <u>\$ 37,713</u> |

(XXVII) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The overall strategy of the Group has not changed.

The Group has no other restrictions on external capital regulations.

(XXVIII) Financial Instruments

1. Fair value information - financial instruments not measured at fair value

Except as stated below, management of the Merged Company believes that the carrying amounts of financial instruments that are not measured at fair value approximate their fair values.

Marchr 31,2024

| | Book Value | Fair Valie | | | |
|---|------------------|-------------|------------------|-------------|------------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial Assets</u> | | | | | |
| Financial Assets measured by amortized cost | | | | | |
| -U.S. government debt | \$ 13,546 | \$ - | \$ 12,985 | \$ - | \$ 12,985 |
| -Corporate bonds | <u>58,331</u> | <u>-</u> | <u>56,301</u> | <u>-</u> | <u>56,301</u> |
| Total | <u>\$ 71,877</u> | <u>\$ -</u> | <u>\$ 69,286</u> | <u>\$ -</u> | <u>\$ 69,286</u> |

December 31,2023

| | Book Value | Fair Valie | | | Total |
|---|------------------|-------------|------------------|-------------|------------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial Assets</u> | | | | | |
| Financial Assets measured by amortized cost | | | | | |
| -U.S. government debt | \$ 10,307 | \$ - | \$ 10,046 | \$ - | \$ 10,046 |
| -Corporate bonds | <u>44,063</u> | <u>-</u> | <u>43,656</u> | <u>-</u> | <u>43,656</u> |
| Total | <u>\$ 54,370</u> | <u>\$ -</u> | <u>\$ 53,702</u> | <u>\$ -</u> | <u>\$ 53,702</u> |

March 31,2023

| | Book Value | Fair Valie | | | Total |
|---|------------------|-------------|------------------|-------------|------------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial Assets</u> | | | | | |
| Financial Assets measured by amortized cost | | | | | |
| -U.S. government debt | \$ 5,978 | \$ - | \$ 5,952 | \$ - | \$ 5,952 |
| -Corporate bonds | <u>9,090</u> | <u>-</u> | <u>8,763</u> | <u>-</u> | <u>8,763</u> |
| Total | <u>\$ 15,068</u> | <u>\$ -</u> | <u>\$ 14,715</u> | <u>\$ -</u> | <u>\$ 14,715</u> |

The above-mentioned Level 2 fair value measurement is based on the quotation provided by the counterparty for evaluation.

2. Fair value information - Financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

Marchr 31,2024

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|------------------|-------------|-----------------|------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Domestic listed stocks | <u>\$ 43,755</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 43,755</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| – Domestic listed stocks | \$ 10,195 | \$ - | \$ - | \$ 10,195 |
| – Foreign unlisted stocks | <u>-</u> | <u>-</u> | <u>5,333</u> | <u>5,333</u> |
| Total | <u>\$ 10,195</u> | <u>\$ -</u> | <u>\$ 5,333</u> | <u>\$ 15,528</u> |

December 31, 2023

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------|------------------|----------------|-----------------|------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Domestic listed stocks | <u>\$ 57,165</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 57,165</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity | | | | |
| – Domestic listed stocks | \$ 10,286 | \$ - | \$ - | \$ 10,286 |
| – Foreign unlisted stocks | <u>-</u> | <u>-</u> | <u>4,592</u> | <u>4,592</u> |
| Total | <u>\$ 10,286</u> | <u>\$ -</u> | <u>\$ 4,592</u> | <u>\$ 14,878</u> |

March 31, 2023

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------|------------------|----------------|-----------------|------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Domestic listed stocks | <u>\$ 84,950</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 84,950</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity | | | | |
| – Domestic listed stocks | \$ 10,060 | \$ - | \$ - | \$ 10,060 |
| – Foreign unlisted stocks | <u>-</u> | <u>-</u> | <u>3,955</u> | <u>3,955</u> |
| Total | <u>\$ 10,060</u> | <u>\$ -</u> | <u>\$ 3,955</u> | <u>\$ 14,015</u> |

There were no transfers between Levels 1 and 2 in January 1 to March 31, 2024 and 2023.

(2) Reconciliation of Level 3 fair value measurements of financial instruments

January 1 to March 31, 2024

| <u>Financial Assets</u> | <u>Financial Assets at FVTOCI Equity instruments</u> |
|--|--|
| Balance on January 1 | \$ 4,592 |
| Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI) | <u>741</u> |
| Balance on March 31 | <u>\$ 5,333</u> |

January 1 to March 31, 2023

| <u>Financial Assets</u> | <u>Financial Assets at FVTOCI Equity instruments</u> |
|--|--|
| Balance on January 1 | \$ 3,405 |
| Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI) | <u>550</u> |
| Balance on December 31 | <u>\$ 3,955</u> |

- (3) Valuation techniques and assumptions used in Level 3 fair value measurement.

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

3. Categories of financial instruments

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|------------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Mandatorily measured at FVTPL | \$ 43,755 | \$ 57,165 | \$ 84,950 |
| Financial assets measured at amortized Cost (Note 1) | 541,196 | 481,899 | 483,719 |
| <u>Financial assets at FVTOCI</u> | | | |
| Equity instruments | 15,528 | 14,878 | 14,015 |
| <u>Financial Liabilities</u> | | | |
| Financial liabilities measured by amortized cost (Note 2) | 75,318 | 81,843 | 96,799 |

Note1 : The balance includes financial assets measured at amortized cost, such as Cash and Cash Equivalents, Financial Assets Measured at Amortized Cost, Notes Receivable and Accounts Receivable, Other Receivables and Refundable Deposits.

Note2 : The balance includes financial liabilities measured at amortized cost such as, notes payable(Include Related Party), accounts payable(Include Related Party), other payables and other financial Liabilities - restricted (recognized as other current and non-current Liabilities).

4. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets measured at FVTOCI, accounts receivable,

accounts payable, and lease liabilities etc. The Group's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk and other price rate), credit risk and liquidity risk.

(1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price changed risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a. Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date , refer to Note 33.

Sensitivity analysis

The Group is mainly influenced by the USD & EUR exchange rate fluctuation.

The following table details the Group's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included foreign cash, foreign currency deposit in bank, and receivable and payable in foreign currencies. The positive numbers in the following table represent the amount of increase in net profit before tax when functional currency depreciates 10% relative to the relevant currencies; when

functional currency appreciates 10% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

| | Influence of USD | | Influence of EUR | |
|----------------|-----------------------------|-----------------|-----------------------------|---------------|
| | Three Months Ended March 31 | | Three Months Ended March 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Profit or loss | <u>\$ 15,438</u> | <u>\$ 4,305</u> | <u>\$ 918</u> | <u>\$ 792</u> |

The sensitivity of the group to the USD increased during the current period, mainly due to the increase in net assets denominated in USD during the current period.

The sensitivity of the Group to the EUR decreased during the current period, mainly due to the decrease in deposit in Euros during the current period.

b. Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------------|-------------------|----------------------|-------------------|
| Fair value interest rate risk | | | |
| – Financial | | | |
| Assets | \$ 340,143 | \$ 300,497 | \$ 187,690 |
| – Financial | | | |
| Liabilities | 9,655 | 10,451 | 2,713 |
| Cash flow interest rate risk | | | |
| – Financial | | | |
| Assets | 115,870 | 114,104 | 140,646 |
| – Financial | | | |
| Liabilities | 35,000 | 35,000 | 35,000 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and

represents management's assessment of the reasonably possible change in interest rates.

If the interest rate increases/decreases by 50 basis points and all other variables remain unchanged, the Group's net income before tax in 2024 and 2023 will increase/decrease by NT\$ 101 thousand and NT\$ 132 thousand, mainly due to the Group's exposure to demand deposit interest rate and short-term loan interest rate risk.

The Group's interest rate sensitivity decreased during the period, which was mainly due to an decrease in bank deposits with variable interest rates.

c. Other Price Risk

The group's equity price exposure is caused by the investment of equity securities. The management of the group manages risks by holding different risk portfolios. The equity investment is strategical, not held for trading. Additionally, the group supervises periodical and evaluates price risk.

Sensitivity Analysis

The following sensitivity analysis is based on equity price exposure on the balance sheet date.

If equity prices rise/fall 10%, pre-tax profit or loss on January 1 to March 31 in 2024 and 2023 will increase/decrease by NT\$ 4,376 thousand and NT\$ 8,495 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other comprehensive profit and loss before tax on January 1 to March 31 in 2024 and 2023 will increase/decrease by NT\$ 1,553 thousand and NT\$ 1,402 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income or loss.

The sensitivity of the group to the Financial assets at FVTPL decreased during the current period, mainly due to the decrease investment of equity securities during the current period.

The sensitivity of the group to the Financial assets at FVTPL has not changed significantly in this year compared to the previous year.

(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. As of the end of the reporting period, the group's maximum exposure to credit risk, which will cause a financial loss to the group due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continually monitored.

The Group's concentration of credit risk of 72%, 72% and 84% in total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2022, respectively, was related to customers who exceed 5% of the total receivables.

(3) Liquidity risk

The group maintains sufficient bank deposit and financing amount, supervises expected and actual cash flow continuously. The maturities of financial assets and liabilities are matched to achieve the purpose of managing liquidity risk.

- a. Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the Group and is compiled based on the undiscounted cash flows of financial liabilities.

March 31,2024

| | On Demand or Less than 1 Month | 1 Month - 3 Months | Over 3 Months to 1 Year | Over 1 Year to 5 Years |
|---|--------------------------------------|-----------------------|-------------------------------|---------------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 10,375 | \$ 79,570 | \$ 118 | \$ - |
| Short-term liabilities | 35,000 | - | - | - |
| Lease liabilities | <u>376</u> | <u>752</u> | <u>3,177</u> | <u>5,642</u> |
| | <u>\$ 45,751</u> | <u>\$ 80,322</u> | <u>\$ 3,295</u> | <u>\$ 5,642</u> |

December 31,2023

| | On Demand or Less than 1 Month | 1 Month - 3 Months | Over 3 Months to 1 Year | Over 1 Year to 5 Years |
|---|--------------------------------------|-----------------------|-------------------------------|---------------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 10,526 | \$ 36,107 | \$ 210 | \$ - |
| Short-term liabilities | 35,000 | - | - | - |
| Lease liabilities | <u>353</u> | <u>705</u> | <u>3,113</u> | <u>6,623</u> |
| | <u>\$ 45,879</u> | <u>\$ 36,812</u> | <u>\$ 3,323</u> | <u>\$ 6,623</u> |

March 31,2023

| | On Demand or Less than 1 Month | 1 Month - 3 Months | Over 3 Months to 1 Year | Over 1 Year to 5 Years |
|---|--------------------------------------|-----------------------|-------------------------------|---------------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 13,085 | \$ 87,191 | \$ 118 | \$ - |
| Short-term liabilities | 35,000 | - | - | - |
| Lease liabilities | <u>313</u> | <u>272</u> | <u>1,039</u> | <u>1,124</u> |
| | <u>\$ 48,398</u> | <u>\$ 87,463</u> | <u>\$ 1,157</u> | <u>\$ 1,124</u> |

b. Financing facilities

| | March 31,2024 | December 31,2023 | March 31,2023 |
|--|----------------|---------------------|----------------|
| Unsecured bank overdraft facilities | | | |
| – Amount used | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| – Amount unused | <u>110,000</u> | <u>110,000</u> | <u>110,000</u> |

| | December | |
|----------------------|----------------|----------------------|
| <u>March 31,2024</u> | <u>31,2023</u> | <u>March 31,2023</u> |
| \$ 145,000 | \$ 145,000 | \$ 145,000 |

(XXIX) Related Party Transaction

Transactions, account balances, profits and losses between the parent company and the subsidiary (related parties of the parent company) are written off at the time of the merger and are not disclosed in this note. The transactions between the merged company and other related parties are as follows:

1. The Company's related parties

| <u>Name of Related Party</u> | <u>Relationship with the merged company</u> |
|--|--|
| Lan Fa Textile Co., Ltd. | Other related parties Other related parties |
| Chung-Fa Investment Co., Ltd. Anthony Poliang Yeh | (the chairman of the company are two Relatives within the same degree of kinship) Major Management Other related parties |
| Chih-Ming Yeh | (the chairman of the company are two Relatives within the same degree of kinship) |

2. Purchases

| | <u>Three Months Ended March 31</u> | |
|--------------------------|------------------------------------|-----------------|
| <u>Related Party</u> | <u>2024</u> | <u>2023</u> |
| Lan Fa Textile Co., Ltd. | <u>\$ 2,766</u> | <u>\$ 1,016</u> |

The trading conditions for the group to purchase goods from related parties are equivalent to those of general manufacturers.

3. Payment in advance

| | <u>Three Months Ended March 31</u> | | |
|--------------------------|------------------------------------|-----------------------------|----------------------|
| <u>Related Party</u> | <u>March 31,2024</u> | <u>December 31,2023</u> | <u>March 31,2023</u> |
| Lan Fa Textile Co., Ltd. | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 628</u> |

4. Lease Agreement

| Account Item | Related Party Name/Categories | Three Months Ended March 31 | | |
|---------------------|------------------------------------|-----------------------------|-------------------|----------------|
| | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Right-of-use Assets | Anthony Poliang Yeh/ Chih-Ming Yeh | <u>\$ 2,442</u> | <u>\$ 2,564</u> | <u>\$ 45</u> |

| Related Party Name/Categories | Three Months Ended March 31 | |
|------------------------------------|-----------------------------|-------------|
| | 2024 | 2023 |
| <u>Interest Expense</u> | | |
| Anthony Poliang Yeh/ Chih-Ming Yeh | <u>\$ 13</u> | <u>\$ 4</u> |

The rental expenses of the group are leased offices from major management, the terms of the transaction are negotiated by both parties, rent is paid monthly.

5. Related Party Payable

| Account Item | Related Party Name/Categories | Three Months Ended March 31 | | |
|-----------------|-------------------------------|-----------------------------|-------------------|----------------|
| | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Notes Payable | Lan Fa Textile Co., Ltd. | <u>\$ 1,728</u> | <u>\$ 1,212</u> | <u>-</u> |
| Account Payable | Lan Fa Textile Co., Ltd. | <u>\$ 647</u> | <u>\$ 593</u> | <u>-</u> |

The balance of the outstanding accounts payable to related parties is not guaranteed.

6. Remuneration of key management persone

| | Three Months Ended March 31 | |
|------------------------------|-----------------------------|-----------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 3,817 | \$ 3,012 |
| Post-employment benefits | <u>136</u> | <u>87</u> |
| | <u>\$ 3,953</u> | <u>\$ 3,099</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

(XXX) Mortgaged Assets

The following assets of the group have been passed financing quota as collaterals, and guarantee deposits of purchasing goods from manufacturers.

| | Three Months Ended March 31 | | |
|-------------------|-----------------------------|---------------------|-------------------|
| | March 31 ,2024 | December 31,2023 | March 31 ,2023 |
| Land | \$17,700 | \$17,700 | \$17,700 |
| Buildings | 762 | 82 | 1243 |
| | <u>\$18,462</u> | <u>\$18,582</u> | <u>\$18,943</u> |
| Restricted assets | <u>\$500</u> | <u>\$500</u> | <u>\$4,172</u> |

(XXXI) Significant or Indebted and Unrecognized Contractual commitments

In addition to those stated in other notes, the group has the following significant commitments at the balance sheet date:

| | Three Months Ended March 31 | | |
|---|-----------------------------|---------------------|-------------------|
| | March 31 ,2024 | December 31,2023 | March 31 ,2023 |
| Commitments for equipment purchasing and project contracts | <u>\$32,124</u> | <u>\$27,098</u> | <u>\$33,052</u> |

(XXXII) Material Subsequent Events : None.

(XXXIII) Assets And Liabilities Denominated In Foreign Currencies

The group's assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024

| | Foreign Currency (Thousand) | Exchange Rate | Carrying Amount |
|-------------------------|--------------------------------|---------------------|-----------------|
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 6,115 | 32.00 (USD : TWD) | \$ 195,682 |

| | Foreign Currency (Thousand) | Exchange Rate | Carrying Amount |
|------------------------------|--------------------------------|---------------------|-----------------|
| EUR | 263 | 34.46 (EUR : TWD) | 9,073 |
| <u>Non-monetary items</u> | | | |
| USD | \$ 2,413 | 32.00 (USD : TWD) | \$ 77,210 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 9 | 32.00 (USD : TWD) | 284 |

December 31, 2023

| | Foreign Currency (Thousand) | Exchange Rate | Carrying Amount |
|------------------------------|--------------------------------|---------------------|-----------------|
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 5,034 | 30.71 (USD : TWD) | \$ 154,566 |
| EUR | 270 | 33.98 (EUR : TWD) | 9,178 |
| <u>Non-monetary items</u> | | | |
| USD | 1,920 | 30.71 (USD : TWD) | 58,962 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 6 | 30.71 (USD : TWD) | 183 |

March 31, 2023

| | Foreign Currency (Thousand) | Exchange Rate | Carrying Amount |
|------------------------------|--------------------------------|---------------------|-----------------|
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 5,224 | 30.45 (USD : TWD) | \$ 159,078 |
| EUR | 239 | 33.15 (EUR : TWD) | 7,951 |
| <u>Non-monetary items</u> | | | |
| USD | 625 | 30.45 (USD : TWD) | 19,023 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 28 | 30.45 (USD : TWD) | 850 |

The significant unrealized foreign exchange gains were as follows:

| | Three Months Ended March 31 | | | |
|---------------------|-----------------------------|--------------------------|----------------------|--------------------------|
| | 2024 | | 2023 | |
| Foreign Currency | Exchange Rate | Foreign Exchange Loss | Exchange Rate | Foreign Exchange Loss |
| USD | 31.448 (USD : TWD) | \$ <u>2,977</u> | 30.395 (USD : TWD) | (\$ <u>254</u>) |
| EUR | 34.160 (EUR : TWD) | \$ <u>299</u> | 32.620 (EUR : TWD) | \$ <u>57</u> |

(XXXIV) Separately Disclosed Items

1. Information about significant transactions:

- (1) Financing provided to others: None.
- (2) Endorsements/guarantees provided: Table 1.
- (3) Marketable securities held (excluding investments in subsidiaries): Table 2.
- (4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Others : Intercompany relationships and significant intercompany transactions : Table 3.

3. Information on reinvestment business: Table 4.

4. Information on investments in China:

- (1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China: None.
- (2) The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses: None.

- a. Balance and percentage at the end of the period of purchase amount and percentage and related payables: None.
 - b. Balance and percentage at the end of the period of sale amount and percentage and related payables: None.
 - c. The amount of property transactions and the amount of profit and loss generated: None.
 - d. Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: None.
 - e. Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: None.
 - f. Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc: None.
5. Information of major shareholders: (the name, amount and proportion of shareholders with a shareholding ratio of 5% and more) : Table 5.

(XXXV)Information of Departments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of products delivered or services provided. The reportable segments of the Group are dyeing and finishing division 、 trading sales division and others.

The chief operating decision maker regards the departmental units in each region as individual operating departments, but when preparing the consolidated financial report, the combined company considers the following factors and regards these operating departments as a single operating department.

- Similar in nature
- The product is delivered to the customer in the same way

1. Segment revenue and results

The income and operating results of the continuing business unit of the merged company are analyzed according to the reporting department as follows:

| Item | Three Months Ended March 31 in 2024 | | | | |
|---------------------------------|-------------------------------------|------------------------|-----------------|---------------------|-------------------|
| | Dyeing and finishing division | Trading sales division | Others | Eliminations | Total |
| Revenue from external customers | \$ 28,747 | \$ 159,428 | \$ 2,075 | \$ - | \$ 190,250 |
| Intersegment revenue | <u>30,143</u> | <u>1,190</u> | <u>-</u> | <u>(31,333)</u> | <u>-</u> |
| Total sales | <u>\$ 58,890</u> | <u>\$ 160,618</u> | <u>\$ 2,075</u> | <u>(\$ 31,333)</u> | <u>\$ 190,250</u> |
| Segment income | <u>(\$ 25,269)</u> | <u>\$ 62,722</u> | <u>\$ 678</u> | <u>\$ -</u> | <u>\$ 38,131</u> |

| Item | Three Months Ended March 31 in 2023 | | | | |
|---------------------------------|-------------------------------------|------------------------|-----------------|---------------------|-------------------|
| | Dyeing and finishing division | Trading sales division | Others | Eliminations | Total |
| Revenue from external customers | \$ 42,655 | \$ 187,344 | \$ 2,009 | \$ - | \$ 232,008 |
| Intersegment revenue | <u>34,577</u> | <u>1,211</u> | <u>-</u> | <u>(35,788)</u> | <u>-</u> |
| Total sales | <u>\$ 77,232</u> | <u>\$ 188,555</u> | <u>\$ 2,009</u> | <u>(\$ 35,788)</u> | <u>\$ 232,008</u> |
| Segment income | <u>(\$ 19,369)</u> | <u>\$ 58,979</u> | <u>\$ 540</u> | <u>\$ -</u> | <u>\$ 40,150</u> |

This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

2. Segment assets

Measures of consolidated company assets not provided for operational decisions.

Evertex Fabrinology Limited and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to March 31, 2024

Table 1

Unit : NTD thousand

| NO. | Guarantor | Guaranteed | | Limit on guarantees provided for a single party (Note 2) | Maximum amount guarantee during the period (Note 4) | Outstanding guarantee at the end of the period (Note 4) | Actual amount drawn down | Amount of guarantees secured with collateral | Ratio of accumulated guarantee amount to net asset value of the guarantor company (Note 3) | Ceiling on total amount of guarantees provided (Note 2) | Provision of guarantees by parent company to subsidiary (Note 5) | Provision of guarantees by subsidiary to parent company (Note 5) | Provision of guarantees to the party in Mainland China (Note 5) | Remarks |
|-----|-------------|----------------------------|--------------|--|---|---|--------------------------|--|--|---|--|--|---|---------|
| | | Company Name | Relationship | | | | | | | | | | | |
| 0 | The Company | Tung Fa Liu Neng Co., Ltd. | \$ 428,835 | \$ 50,000 | \$ 50,000 | \$ 35,000 | \$ - | 5.07% | \$ 857,670 | Y | - | - | | |

Note1: Associates in which the Company holds 50% of ordinary shares directly.

Note2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall not exceed one-half of the company's paid-in capital.

Note3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note5: "Y" shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland china.

Evertex Fabrinology Limited and Subsidiaries
Marketable Securities Held (Do not include investment in subsidiaries)
December 31, 2024

Table 2

Unit: NTD thousand, thousands of share

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | March 31,2024 | | | | Remarks (Note 4) |
|----------------------|---|---------------------------------------|--|------------------|-----------------|-----------------------------|------------|------------------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | <u>Stocks</u> | | | | | | | |
| | United Microelectronics Corporation | None | Financial Assets Measured at Fair Value through Profit or Loss | 350 | \$ 18,270 | - | \$ 18,270 | Note1 |
| | Zig Sheng Industrial Co., Ltd. | " | " | 600 | 8,640 | 0.11 | 8,640 | Note1 |
| | Prince Housing & Development Corp. | " | " | 900 | 9,405 | 0.06 | 9,405 | Note1 |
| | China Steel Corporation | " | " | 200 | 4,780 | - | 4,780 | Note1 |
| | Grand Pacific Petrochemical Corporation | " | " | 200 | 2,660 | 0.02 | 2,660 | Note1 |
| | China Rebar Co., Ltd | " | Financial Assets Measured at Fair Value through Profit or Loss | 54 | - | - | - | Note2 |
| | Taiyen Biotech Co.,Ltd | " | Financial assets at fair value through other comprehensive income (FVTOCI) - current | 301 | 10,195 | 0.15 | 10,195 | Note1 |
| | Bright Wisdom Holdings Limited | " | Financial assets at fair value through other comprehensive income (FVTOCI) – non-current | 150 | 5,333 | 1.15 | 5,333 | Note3 |
| | <u>Bonds</u> | | | | | | | |
| | 3% U.S. Treasury Dollar Bonds | " | Financial assets measured at amortized cost – current | - | 6,365 | - | 6,328 | Note4 |
| | Royal Bank of Canada USD Corporate Bonds | " | " | - | 3,192 | - | 3,176 | Note4 |
| | Oracle Corporation USD Corporate Bond | " | Financial assets measured at amortized cost – non-current | - | 3,130 | - | 3,049 | Note4 |
| | GOTLI Group USD Corporate Bonds | " | " | - | 3,132 | - | 3,176 | Note4 |
| | United States Steel Corporation USD Bonds | " | " | - | 5,517 | - | 5,435 | Note4 |
| | Qualcomm Incorporated USD Corporate Bond | " | " | - | 4,836 | - | 4,683 | Note4 |
| | AT&T American Telephone & Telegraph U.S. Dollar Corporate Bonds | " | " | - | 2,973 | - | 2,808 | Note4 |
| | Verizon Communications Inc. USD Corporate Bonds | " | " | - | 2,953 | - | 2,774 | Note4 |
| | Apple USD Corporate Bonds | " | " | - | 6,649 | - | 6,026 | Note4 |
| | Berkshire Hathaway Financial Corporation USD Corporate Bonds | " | " | - | 6,685 | - | 6,448 | Note4 |

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | March 31,2024 | | | | Remarks (Note 4) |
|----------------------|---|---------------------------------------|-----------------------------|------------------|-----------------|-----------------------------|------------|------------------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | ORIX Corporation USD Corporate Bonds | " | " | - | 5,021 | - | 4,803 | Note4 |
| | Macquarie Bank Limited USD Corporate Bonds | " | " | - | 3,217 | - | 3,175 | Note4 |
| | 3.25% U.S. Treasury Dollar Bond | " | " | - | 7,181 | - | 6,657 | Note4 |
| | The Estée Lauder Companies USD Corporate Bond | " | " | - | 1,503 | - | 1,551 | Note4 |
| | Boeing Co. USD Corporate Bonds | " | " | - | 1,535 | - | 1,535 | Note4 |
| | UBS London USD Corporate Bond | " | " | - | 1,616 | - | 1,568 | Note4 |
| | UnitedHealth Group Inc. USD Corporate Bonds | " | " | - | 3,120 | - | 2,944 | Note4 |
| | Eli Lilly and Company USD Corporate Bonds | " | " | - | 3,252 | - | 3,150 | Note4 |

Note 1: The market value is calculated based on the share's closing market price on March 31, 2024 from Taiwan Stock Exchange.

Note 2: Since China Rebar Co., Ltd has applied for reorganization at the end of 2006, delisting at April 11, 2007, assessed that its value had been impaired, its book value was fully recognized as loss on valuation of financial asset in 2006.

Note 3: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements of the invested company and based on the evaluation of similar companies and the operations of the investee company.

Note 4: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Note 5: None of the securities held at the end of the period were pledged.

Evertex Fabrinology Limited and Subsidiaries
 Business Relations and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries
 January 1,2024 to March 31,2024

Table 3

Unit: Unless otherwise noted, it is NT\$ thousand

| NO. (Note1) | Company name | Counterparty | Relationship(Note2) | Transaction Details | | | |
|----------------|--------------|----------------------------|------------------------------|-----------------------------|-----------|---------------|-------------------------------------|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets (Note 3) |
| 0 | The Company | Tung Fa Liu Neng Co., Ltd. | Parent company to subsidiary | Guarantees | \$ 50,000 | — | 4.27% |

Note1 : The business information between the parent company and the subsidiaries shall be indicated in the serial number column respectively, and the numbering method is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiaries shall be numbered sequentially starting with the Arabic numeral 1 according to the company.

Note2 : There are three kinds of relationship with the trader, which can be marked: (if it is the same transaction between parent and subsidiaries or subsidiaries to subsidiaries, there is no need to repeat disclosure. For example: parent company to subsidiary transaction, if the parent company has been disclosed, the subsidiary part does not need to be repeatedly disclosed; for the transactions of a subsidiary to a subsidiary, if one of the subsidiaries has been disclosed, the other subsidiary need not be repeatedly disclosed):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note3 : Calculation of the ratio of transaction amount to total consolidated income or total assets, in the case of asset-liability items, it shall be calculated according to the balance at the end of the period to the total consolidated assets; in the case of profit and loss items, it shall be calculated according to the accumulated amount in the period to the total consolidated income.

Note4 : The important transactions in this table can be determined by the company based on the principle of material.

Evertex Fabrinology Limited and Subsidiaries
Name, Locations, And Other Informations Of Investees On Which The Company Exercises Significant Infulence
January 1, 2024 to March 31, 2024

Table 4

Unit: Unless otherwise noted, it is NT\$ thousand

| Investor Company | Investee Company | Location | Main Business and Products | Investment Amount | | Held at the end of the period | | | Net Income (Loss) of the Investee (Note 1 and 2) | Share of Profit (Note1 and 2) | Remarks |
|------------------|----------------------------|--------------|---|-------------------|-------------------|-------------------------------|-----|-------------------------------|--|-------------------------------|------------|
| | | | | December 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount (Note1 and 2) | | | |
| The Company | Tung Fa Liu Neng Co., Ltd. | Taoyuan City | Self-usage power generation equipment utilizing renewable energy industry | \$ 46,000 | \$ 46,000 | 4,600,000 | 100 | \$ 53,024 | \$ 543 | \$ 543 | Subsidiary |

Note1 : The investment gains and losses of the subsidiaries accounted are calculated based on the financial statements that have been audited.

Note2 : Eliminated from the consolidated financial statements.

Note3 : None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Evertex Fabrinology Limited
Information Of Major Shareholders
March 31,2024

Table 5

| Name of Major Shareholder | Shares | |
|-------------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Chung-Fa Investment Co., Ltd. | 9,055,566 | 10.55% |
| Da-Fa Investment Co., Ltd. | 8,266,179 | 9.63% |
| Chih-Ming Yeh | 4,471,478 | 5.21% |

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.