

**NIEN HSING TEXTILE CO.,  
LTD.**

**Individual Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **Independent Auditors' Report**

The Board of Directors and the Shareholders  
Nien Hsing Textile Co., Ltd.

### **Opinion**

We have audited the Individual Balance Sheets of Nien Hsing Textile Co., Ltd. as of December 31, 2024 and 2023, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows and the notes to the Individual Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2024 and 2023.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of Nien Hsing Textile Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We have stayed independent from Nien Hsing Textile Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters refer to the matters that, in our professional judgment, were of most significance in our audit of the 2024 Individual Financial Statements of Nien Hsing Textile Co., Ltd. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Individual Financial Statements of Nien Hsing Textile Co., Ltd. for the year ended December 31, 2024 are stated as follows:

## **Operating revenue from major clients**

Please refer to Note 4 for the accounting policies and critical accounting estimates used for revenue recognition.

### Description of Matter

Nien Hsing Textile Co., Ltd. is principally engaged in the manufacturing and sales of denim fabric and apparels. Considering the significant risk associated with the recognition of revenue in the entire financial statements and the Standards on Auditing of the Republic of China, we have listed the authenticity of the sales revenue to some of the eligible customers as the key audit matter.

### Audit Procedures

The main audit procedures of the aforementioned key audit matter are as follows:

1. We studied the internal control mechanism related to sales transactions, and assessed the effectiveness of its design and implementation.
2. Verification tests were performed for the transaction revenues of the year to verify the truth of sales.

## **Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements**

It is the management's responsibility to fairly present the Individual Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain internal controls which are necessary for the preparation of the Individual Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Individual Financial Statements, management is responsible for assessing the ability of Nien Hsing Textile Co., Ltd. to continue as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate Nien Hsing Textile Co., Ltd. or cease its operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process.

## **Auditors' Responsibilities for the Audit of the Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Standards on Auditing of the Republic of China, does not guarantee that a material misstatement will be detected in the Individual Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Individual Financial Statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Individual Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nien Hsing Textile Co., Ltd.'s internal control.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Nien Hsing Textile Co., Ltd.'s ability to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Individual Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Nien Hsing Textile Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Individual Financial Statements (including relevant Notes), and whether the Individual Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities of Nien Hsing Textile Co., Ltd. to express an opinion on the Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Individual Financial Statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shiu-Ming Hsu, and Yu-Cheng Shin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2025

Notice to Readers

*The accompanying individual financial statements are intended only to present the individual financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such individual financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying individual financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and individual financial statements shall prevail.*

NIEN HSING TEXTILE CO., LTD.  
BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
Unit: NT\$ Thousand

Code	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6)	\$ 847,790	10	\$ 372,264	5
1110	Financial assets at fair value through profit or loss (Note 7)	-	-	978	-
1136	Financial assets at amortized costs (Note 9)	250,000	3	300,000	4
1150	Notes receivable (Note 10)	181	-	825	-
1170	Trade receivables net (Note 10)	1,227,740	14	1,091,198	14
1180	Receivables from affiliates (Note 28)	360,301	4	201,384	2
1200	Other receivables (Note 10)	4,376	-	6,838	-
1220	Current tax assets (Note 23)	-	-	1,127	-
130X	Inventories (Note 11)	1,739,580	21	1,830,290	23
1410	Prepayments	55,617	1	67,580	1
1476	Other financial assets (Note 29)	50	-	50	-
1479	Other current assets	1,638	-	8,370	-
11XX	Total current assets	4,487,273	53	3,880,904	49
	Non- Current assets				
1517	Financial assets at FVTOCI (Note 8)	150,977	2	286,681	4
1550	Investments accounted for using the equity method (Note 12)	2,500,201	30	2,403,139	30
1600	Property, plant and equipment (Notes 13)	668,420	8	826,015	10
1760	Investment properties - net (Note 14)	192,120	2	112,724	1
1840	Deferred income tax assets (Note 23)	297,832	4	354,742	5
1915	Prepayments for equipment	76,617	1	71,844	1
1920	Refundable deposits	9,334	-	11,303	-
1975	Net defined benefit assets (Note 19)	30,405	-	-	-
15XX	Total non-current assets	3,925,906	47	4,066,448	51
1XXX	Total assets	\$ 8,413,179	100	\$ 7,947,352	100
	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings (Note 15)	\$ 196,710	3	\$ 11,802	-
2150	Notes payable (Note 16)	874	-	5,343	-
2170	Trade payables (Note 16)	174,617	2	162,314	2
2180	Payables to affiliates (Note 28)	356,799	4	257,403	3
2200	Other payables (Note 17)	228,020	3	254,121	3
2230	Current tax liabilities (Note 23)	12,332	-	-	-
2250	Provisions for onerous contract (Note 18)	-	-	89	-
2399	Other current liabilities	17,847	-	26,669	1
21XX	Total current liabilities	987,199	12	717,741	9
	Non -current liabilities				
2570	Deferred income tax liabilities (Note 23)	295,339	3	283,235	4
2640	Net defined benefit liabilities (Note 19)	-	-	34,265	-
2645	Guarantee deposits received	1,427	-	1,478	-
25XX	Total non-current liabilities	296,766	3	318,978	4
2XXX	Total liabilities	1,283,965	15	1,036,719	13
	Equity (Note 20)				
	Share capital				
3110	Capital stock	2,051,500	25	2,063,900	26
3170	Share capital to be cancelled	( 71,500)	( 1)	-	-
3100	Total share capital	1,980,000	24	2,063,900	26
3200	Capital surplus	419,716	5	506,552	6
	Retained earnings				
3310	Legal reserve	2,328,626	28	2,328,626	29
3320	Special reserves	468,728	5	533,764	7
3350	Unappropriated earnings	2,418,352	29	2,033,355	26
3300	Total retained earnings	5,215,706	62	4,895,745	62
3400	Other equity	( 486,208)	( 6)	( 555,564)	( 7)
3XXX	Total equity	7,129,214	85	6,910,633	87
	Total liabilities and equity	\$ 8,413,179	100	\$ 7,947,352	100

The accompanying notes are an integral part of the Individual Financial Statements.

**NIEN HSING TEXTILE CO., LTD.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**Unit: NT\$ Thousand, except Earnings (Losses) Per Share is NTD**

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 21 and 28)				
4110	Sales	\$ 6,391,315	100	\$ 6,329,171	100
4170	Less: Sales returns and allowances	<u>14,302</u>	-	<u>21,957</u>	<u>1</u>
4100	Net sales	6,377,013	100	6,307,214	99
4800	Other operating revenue	<u>30,444</u>	-	<u>37,094</u>	<u>1</u>
4000	Total operating revenue	<u>6,407,457</u>	<u>100</u>	<u>6,344,308</u>	<u>100</u>
	Operating costs (Notes 11, 19, 22, and 28)				
5110	Cost of goods sold	5,913,959	92	6,403,274	101
5800	Other operating costs	<u>173</u>	-	<u>4,855</u>	-
5000	Total operating costs	<u>5,914,132</u>	<u>92</u>	<u>6,408,129</u>	<u>101</u>
5900	Gross profit (loss)	<u>493,325</u>	<u>8</u>	<u>( 63,821)</u>	<u>( 1)</u>
	Operating expenses (Notes 10, 19, and 22)				
6100	Selling and marketing expenses	213,414	3	222,830	4
6200	General and administrative expenses	157,299	3	132,421	2
6300	Research and development expenses	586	-	13,804	-
6450	Expected credit loss recognized/(reversed) on trade receivables	<u>3,144</u>	-	<u>( 7,011)</u>	-
6000	Total operating expenses	<u>374,443</u>	<u>6</u>	<u>362,044</u>	<u>6</u>
6900	Operating income (loss)	<u>118,882</u>	<u>2</u>	<u>( 425,865)</u>	<u>( 7)</u>
	Non-operating revenue and expenditure (Notes 12, 13, 19, 22, and 28)				
7100	Interest income	12,403	-	11,629	-
7010	Other income	41,842	1	34,789	1
7020	Other gains and losses	47,169	1	( 55,289)	( 1)
7050	Finance costs	( 6,027)	-	( 4,632)	-
7060	Share of profits (losses) of associates accounted for using the equity method	<u>95,831</u>	<u>1</u>	<u>28,135</u>	-
7000	Total non-operating income and expenses	<u>191,218</u>	<u>3</u>	<u>14,632</u>	-

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Code		2024		2023	
		Amount	%	Amount	%
7900	Net profit (loss) before income tax	\$ 310,100	5	(\$ 411,233)	( 7)
7950	Income tax gain (expenses) (Note 23)	( 67,931)	( 1)	48,321	1
8200	Net profit (loss) for the year	242,169	4	( 362,912)	( 6)
	Other comprehensive income ( Note 20 and 23)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	24,535	-	( 3,558)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	102,798	2	8,245	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	( 1,859)	-	75,429	2
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( 4,907)	-	711	-
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	53,563	1	3,052	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 10,713)	( 1)	( 610)	-
8300	Other comprehensive income/(loss) for the year, net of income tax	163,417	2	83,269	2
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 405,586	6	(\$ 279,643)	( 4)
	Earnings (losses) per share (Note 24)				
	From continuing operations				
9710	Basic	\$ 1.22		(\$ 1.83)	
9810	Diluted	\$ 1.20		(\$ 1.83)	

The accompanying notes are an integral part of the Individual Financial Statements.

NIEN HSING TEXTILE CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
Unit: NT\$ Thousand

Code		Share capital (Note 20)		Capital surplus	Retained earnings (Notes 8 and 20)			Other equity			Total equity	
		Number of shares (in thousands of shares)	Capital stock	Share capital to be cancelled	(Note 20)	Legal reserve	Special reserves	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations (Note 20)	Unrealized gain/(loss) on financial assets at FVTOCI (Note 20)		Unearned employee compensation (Note 20 and 25)
A1	Balance as of January 1, 2023	206,690	\$ 2,066,900	\$ -	\$ 509,657	\$ 2,328,626	\$ 157,802	\$ 3,073,850	(\$ 510,266)	\$ 43,958	(\$ 67,456)	\$ 7,603,071
	Appropriation of the 2022 earnings											
B3	Special reserves provided	-	-	-	-	-	375,962	( 375,962)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 412,900)	-	-	-	( 412,900)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	-	( 362,912)	-	-	-	( 362,912)
D3	Other comprehensive income (loss) after tax for the year ended December 31, 2023	-	-	-	-	-	-	( 2,847)	2,442	83,674	-	83,269
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	( 365,759)	2,442	83,674	-	( 279,643)
N1	Share-based payment	( 300)	( 3,000)	-	( 3,105)	-	-	25,590	-	-	( 19,380)	105
Q1	Disposal of equity instruments measured at fair value through other comprehensive income/Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	88,536	-	( 88,536)	-	-
Z1	Balance as of December 31, 2023	206,390	2,063,900	-	506,552	2,328,626	533,764	2,033,355	( 507,824)	39,096	( 86,836)	6,910,633
	Appropriation of the 2023 earnings											
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 103,105)	-	-	-	( 103,105)
B17	Reversal of special reserve	-	-	-	-	-	( 65,036)	65,036	-	-	-	-
D1	Net profit for the year ended December 31, 2024	-	-	-	-	-	-	242,169	-	-	-	242,169
D3	Other comprehensive income after tax for the year ended December 31, 2024	-	-	-	-	-	-	19,628	42,850	100,939	-	163,417
D5	Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	261,797	42,850	100,939	-	405,586
N1	Share-based payment	( 1,240)	( 12,400)	( 71,500)	( 86,836)	-	-	-	-	-	86,836	( 83,900)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	161,269	-	( 161,269)	-	-
Z1	Balance as of December 31, 2024	205,150	\$ 2,051,500	(\$ 71,500)	\$ 419,716	\$ 2,328,626	\$ 468,728	\$ 2,418,352	(\$ 464,974)	(\$ 21,234)	\$ -	\$ 7,129,214

The accompanying notes are an integral part of the Individual Financial Statements.

**NIEN HSING TEXTILE CO., LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**Unit: NT\$ Thousand**

Code		2024	2023
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Net profit (loss) before income tax for the year	\$ 310,100	(\$ 411,233)
A20010	Adjustments for		
A20100	Depreciation expenses	88,210	94,993
A20300	Expected credit loss (gain)	3,144	( 7,011)
A20400	Net (gain) loss on financial instrument measured at fair value through profit or loss	11,169	( 230)
A20900	Finance costs	6,027	4,632
A21200	Interest income	( 12,403)	( 11,629)
A21900	Compensation costs of share-based payment	-	3,105
A22300	Share of profits (losses) of associates and subsidiaries accounted for using the equity method	( 95,831)	( 28,135)
A22500	Proceeds from disposal of property, plant and equipment	( 32,687)	( 76)
A23700	Impairment loss	2,189	15,950
A23800	Inventory valuation and obsolescence loss (reversal gain)	( 79,475)	20,859
	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	( 10,191)	( 748)
A31130	Notes receivable	644	1,196
A31150	Trade receivables	( 142,545)	411,684
A31160	Receivables from affiliates	( 158,917)	118,784
A31180	Other receivables	6,363	3,983
A31200	Inventories	170,185	631,986
A31230	Prepayments	11,963	2,586
A31240	Other current assets	6,732	2,244
A32130	Notes payable	( 4,469)	( 913)
A32150	Trade payables	12,303	( 57,507)
A32160	Payables to affiliates	99,396	( 38,372)
A32180	Other payables	( 95,523)	14,918
A32200	Provision for onerous contracts	( 89)	89
A32230	Other current liabilities	( 8,822)	( 8,237)
A32240	Net defined benefit plan	( 40,135)	( 15,486)
A33000	Cash generated from operations	47,338	747,432
A33500	Income tax paid	( 1,078)	( 93,871)
AAAA	Net cash inflow from operating activities	46,260	653,561

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Code		2024	2023
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 238,502	\$ 63,259
B00040	Purchase of financial assets at amortized costs	( 1,010,000)	( 1,000,000)
B00050	Disposal of financial assets at amortized costs	1,060,000	700,000
B02700	Payments for property, plant and equipment	( 16,017)	( 15,453)
B02800	Proceeds from disposal of property, plant and equipment	38,312	77
B03800	Decrease (Increase) in refundable deposits	1,969	( 192)
B07100	Increase in prepayments for equipment	( 6,581)	( 111,955)
B07500	Interest received	11,361	11,730
B07600	Dividends received	50,473	54,786
BBBB	Net cash inflow (outflow) from investing activities	<u>368,019</u>	<u>( 297,748)</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00200	Increase (decrease) in short-term borrowings	184,908	( 144,446)
C01700	Repayments of long-term borrowings	-	( 60,000)
C03100	Increase (decrease) in deposits received	( 51)	69
C04500	Cash dividends	( 103,105)	( 412,900)
C05600	Interest paid	( 5,555)	( 5,103)
C09900	Return of employment restricted shares	<u>( 14,950)</u>	<u>( 3,000)</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>61,247</u>	<u>( 625,380)</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	475,526	( 269,567)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>372,264</u>	<u>641,831</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 847,790</u>	<u>\$ 372,264</u>

The accompanying notes are an integral part of the Individual Financial Statements.

**NIEN HSING TEXTILE CO., LTD.**  
**NOTES TO INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

**1. GENERAL INFORMATION**

Nien Hsing Textile Co., Ltd. (the Company) was established in 1986. It is listed on the Taiwan Stock Exchange and is principally engaged in the manufacture and distribution of denim fabric and apparels. The Company acquired Chih Hsing Textile Co., Ltd. on the merger date of July 1, 2000, with the Company as the surviving entity.

The Individual Financial Statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The Individual Financial Statements were approved by the Company's Board of Directors on March 11, 2025.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies, financial position and financial performance.

- (2) The IFRSs endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the Individual Financial Statements were authorized for issue, the Company is continuously assessing the effects of the amendments to the standards and interpretations on its financial position and financial performance. Any relevant effect will be disclosed when the assessment is completed.

- (3) The IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Accounting Standards—Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendment to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the abovementioned effects, as of the date the Individual Financial Statements were authorized for issue, the Company is continuously assessing the effects of the amendments to the standards and interpretations on its financial position and financial performance. Any relevant effect will be disclosed when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Statement of Compliance

The Individual Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs approved and promulgated by the FSC.

(2) Basis of Preparation

The Individual Financial Statements have been prepared on the historical costs basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities available at the measurement date.
2. Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: Unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income (loss) for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its Consolidated Financial Statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates (accounted for as investment revenue), the share of other comprehensive income (loss) of subsidiaries and associates and the related equity items.

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

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the reporting period, even if an agreement to refinance, or to restatement payments, on a long-term basis is completed after the reporting period and before the Individual Financial Statements are authorized for issue; and
3. Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign Currency

In preparing the Individual Financial Statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the Individual Financial Statements, the functional currencies of the Company's entities (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is reclassified to equity transaction in that foreign operation but is not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

(5) Inventories

Inventories consist of raw materials, finished goods and work-in-progress. Inventories are stated at the lower of costs and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost at the end of the reporting period.

(6) Investment in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the Individual Financial Statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the Individual Financial Statements and only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at costs less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and the proceed from sales and costs are recognized in profit and loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The Company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

On derecognition of an item of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The Company accounts for depreciation on a straight-line basis.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(9) Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(10) Financial Instruments

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

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

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized costs and investments in equity instruments at FVTOCI.

#### A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized costs criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

#### B. Financial assets at amortized costs

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized costs, including cash and cash equivalents, trade receivables at amortized costs, other financial assets and refundable deposits, are measured at amortized costs, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### (2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default without taking into account any collateral held by the Company:

A. Internal or external information show that the debtor is unlikely to pay its creditors.

B. When the underlying debt is overdue.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

#### (3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized costs using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(11) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

### Onerous contract

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

### (12) Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

### Sale of goods

Revenue from the sale of goods comes from sales of denim fabric and apparels. Sales of denim fabric and apparels are recognized as revenue when the goods are transferred because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and revenue are recognized concurrently.

The Company does not recognize revenue on materials processing because this processing does not involve a transfer of control.

### (13) Leasing

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

#### 1. The Company as lessor

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

Lease payments deducted by any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

#### 2. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

(14) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(15) Employee Benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service costs, past service costs, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when plan amendment or curtailment occurs/or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(16) Share-based payment agreement

Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, payables are continuously measured based on its estimated turnover rate for those granted before October 10, 2024 in accordance with the Q&A issued by the FSC.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

(17) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3. Current and deferred income taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the acquisition of a subsidiary.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 1,248	\$ 1,502
Checking accounts and demand deposits	116,526	70,755
Cash equivalents (Investments with original maturities of 3 months or less)		
Time deposits with banks	710,000	250,000
Short-term bills	<u>20,016</u>	<u>50,007</u>
	<u>\$ 847,790</u>	<u>\$ 372,264</u>

The market interest rate intervals of cash in bank and short-term bills at the end of the reporting period were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.00%~3.00%	0.00%~3.70%
Short-term bills	1.38%	1.15%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Held for trading		
Derivative financial assets (not under hedge accounting)		
- Foreign exchange forward contracts	\$ _____	\$ 978

### Foreign exchange forward contracts

The purpose of the Company's forward foreign exchange transactions is to hedge the risk of foreign currency assets or liabilities arising from exchange rate fluctuations. However, as the relevant transaction documents do not meet the requirements of hedge accounting regulations, they are classified as financial instruments measured at fair value through profit and loss in accordance with the regulations.

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

### December 31, 2023

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (NT\$ Thousands)</u>
Sell	USD/TWD	2024.01.31~2024.02.29	USD6,000/TWD186,000

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Domestic investment		
Listed shares and emerging market shares	\$ 138,841	\$ 273,246
Unlisted shares	<u>12,136</u>	<u>13,435</u>
	<u>\$ 150,977</u>	<u>\$ 286,681</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2023, Leadray Energy Co., Ltd. conducted a capital decrease to compensate the deficit, and the Company's cancelled 1,165 thousand common shares in accordance with its shareholding pro rata for the capital decrease.

The Company disposed of some shares of Mycenax Biotech Inc. held at the fair value in 2024 and 2023 for NT\$238,263 thousand and NT\$63,259 thousand, respectively, and transferred related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive gain of NT\$161,490 thousand and NT\$35,944 thousand to retained earnings.

The Company disposed of all shares of Deyong Biological Technology Co. held at the fair value in 2024 for NT\$239 thousand and transferred related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive loss of NT\$221 thousand to retained earnings.

**9. FINANCIAL ASSETS AT AMORTIZED COST**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Domestic investment		
Time deposits with original maturity date of more than three months	\$ <u>250,000</u>	\$ <u>300,000</u>

As of December 31, 2024 and 2023, the interest rate on time deposits with original maturity over three months was 1.47% and 1.35%.

**10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable - operating	\$ <u>181</u>	\$ <u>825</u>
<u>Trade receivables</u>		
Trade receivables	\$ 1,260,690	\$ 1,118,145
Less: allowance for impairment loss	( <u>32,950</u> )	( <u>26,947</u> )
	<u>\$ 1,227,740</u>	<u>\$ 1,091,198</u>
<u>Other receivables</u>		
Payment on behalf of others	\$ 3,348	\$ 2,637
Interest	1,283	241
Others	17,753	23,550
Less: allowance for impairment loss	( <u>18,008</u> )	( <u>19,590</u> )
	<u>\$ 4,376</u>	<u>\$ 6,838</u>

(1) Trade receivables

The average credit period of sales of goods was 30 days to 90 days. No interest was charged on the trade receivables. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Company will first review the credit rating of their new customers and, if necessary, obtain sufficient guarantees to mitigate the risk of financial losses due to default. The Company shall use publicly obtainable financial information and past transaction records to grade main customers. The Company continuously monitors the credit risk and the credit rating of the debtor, and manages the credit risk insurance by reviewing and approving the debtor's credit limit. In addition, the Company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company's credit risk has been significantly reduced.

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated with reference to past default experiences of the debtor and an analysis of the debtor's current financial position. The Company considers the aging of accounts receivable, customer ratings and the mechanism for the retention of accounts receivable, etc. comprehensively when determining the Company's expected credit loss rate.

The expected credit loss rates for the years ended December 31, 2024 and 2023 were 0.25%~30.00% and 0.25%~16.50%, respectively. The Company recognizes 100% allowance for bad debts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's allowance for trade receivables were as follows:

December 31, 2024

	Trade receivables without overdue	1 to 45 days	Over 46 days	Total
Gross carrying amount	\$ 1,153,366	\$ 105,765	\$ 1,559	\$ 1,260,690
Loss allowance (Lifetime ECL)	( 25,123)	( 7,359)	( 468)	( 32,950)
Amortized costs	<u>\$ 1,128,243</u>	<u>\$ 98,406</u>	<u>\$ 1,091</u>	<u>\$ 1,227,740</u>

December 31, 2023

	Trade receivables without overdue	1 to 45 days	Over 46 days	Total
Gross carrying amount	\$ 1,014,908	\$ 103,229	\$ 8	\$ 1,118,145
Loss allowance (Lifetime ECL)	( 20,504)	( 6,442)	( 1)	( 26,947)
Amortized costs	<u>\$ 994,404</u>	<u>\$ 96,787</u>	<u>\$ 7</u>	<u>\$ 1,091,198</u>

The above aging analysis was based on the overdue days.

The movements of the loss allowance of trade receivables were as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 26,947	\$ 53,548
Expected credit loss recognized (reversed)	<u>6,003</u>	( 26,601)
Balance at the end of the year	<u>\$ 32,950</u>	<u>\$ 26,947</u>

(2) Other receivables

As some payments are overdue already, and by taking account of the uncertainty for collecting such payments, expected credit loss recognized(reversed) for the years ended December 31, 2024 and 2023 were (NT\$ 2,859) thousand and NT\$19,590 thousand, respectively.

(3) Notes receivable

Ages of all notes receivables of the Company were not overdue, so the Company did not recognize an allowance for impairment loss.

## 11. INVENTORY

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 318,023	\$ 426,443
Work in process	565,517	632,086
Raw materials	845,067	710,375
Inventory in transit	<u>10,973</u>	<u>61,386</u>
	<u>\$ 1,739,580</u>	<u>\$ 1,830,290</u>

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2024 and 2023 were NT\$5,913,959 thousand and NT\$6,403,274 thousand, respectively. The costs of goods sold included write-down (reversal of write-down) of inventories were (NT\$79,475) thousand and NT\$20,859 thousand, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investment in Subsidiaries	<u>\$ 2,500,201</u>	<u>\$ 2,403,139</u>
<u>Investment in Subsidiaries</u>		
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Nien Hsing International (B.V.I.) Ltd.	\$ 1,885,273	\$ 1,754,790
Nien Hsing (Ninh Binh) Garment Co., Ltd.	216,955	203,282
Nien Hsing International Investment Co., Ltd.	313,987	366,411
Chih Hsing Garment (Cambodia) Co., Ltd	<u>83,986</u>	<u>78,656</u>
	<u>\$ 2,500,201</u>	<u>\$ 2,403,139</u>

<u>Name of Subsidiary</u>	<u>Proportion of Ownership</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Nien Hsing International (B.V.I.) Ltd.	100.00%	100.00%
Nien Hsing (Ninh Binh) Garment Co., Ltd.	100.00%	100.00%
Nien Hsing International Investment Co., Ltd.	100.00%	100.00%
Chih Hsing Garment (Cambodia) Co., Ltd	100.00%	100.00%

The share of profits and loss and share of other comprehensive income in subsidiaries recognized using the equity method in 2024 and 2023 was based on subsidiaries' financial statements for the same periods that have been audited by an independent auditor.

Nien Hsing International Investment Co., Ltd., distributed cash dividends of NT\$50,473 thousand in 2024, and distributed cash dividends of NT\$54,786 thousand and stock dividends of NT\$107,772 thousand, respectively in 2023.

### 13. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Carrying amount of each category</u>		
Land and land improvements	\$ 180,366	\$ 234,607
Buildings	267,252	308,628
Machinery and equipment	173,102	220,946
Transportation equipment	4,888	3,118
Office equipment	3,413	4,971
Miscellaneous equipment	<u>39,399</u>	<u>53,745</u>
	<u>\$ 668,420</u>	<u>\$ 826,015</u>

The above items of property, plant and equipment used by the Company were depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	3 to 4 years
Buildings	
Factories and main buildings	25 to 60 years
Construction for drain water	2 to 20 years
Machinery and equipment	3 to 11 years
Transportation equipment	2 to 10 years
Office equipment	2 to 10 years
Miscellaneous equipment	2 to 20 years

For changes of property, plant and equipment for the years ended December 31, 2024 and 2023, please refer to Table 7.

The Company signed trust deeds with related parties for agricultural lots the Company bought under their names, under which both parties agreed to follow the Company's written instructions on the use of these assets and attribute any profits generated from these assets to the Company.

On November 21, 2023, the Company's denim fabric factory in Houlong will fully cease production upon the completion of the production and sales for the current orders. In 2024 and 2023, the Company recognized impairment loss of property, plant, and equipment of NT\$2,189 thousand and NT\$15,950 thousand, respectively. It was presented under other gains and losses (Note 22).

#### 14. INVESTMENT PROPERTY

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2024	\$ 80,284	\$ 50,738	\$ 131,022
Reclassifications	<u>54,241</u>	<u>43,230</u>	<u>97,471</u>
Balance as of December 31, 2024	<u>\$ 134,525</u>	<u>\$ 93,968</u>	<u>\$ 228,493</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2024	\$ -	(\$ 18,298)	(\$ 18,298)
Depreciation expenses	-	( 1,758)	( 1,758)
Reclassifications	<u>-</u>	<u>( 16,317)</u>	<u>( 16,317)</u>
Balance as of December 31, 2024	<u>\$ -</u>	<u>(\$ 36,373)</u>	<u>(\$ 36,373)</u>
Net as of January 1, 2024	<u>\$ 80,284</u>	<u>\$ 32,440</u>	<u>\$ 112,724</u>
Net as of December 31, 2024	<u>\$ 134,525</u>	<u>\$ 57,595</u>	<u>\$ 192,120</u>
<u>Cost</u>			
Balance as of January 1, 2023	<u>\$ 80,284</u>	<u>\$ 50,738</u>	<u>\$ 131,022</u>
Balance as of December 31, 2023	<u>\$ 80,284</u>	<u>\$ 50,738</u>	<u>\$ 131,022</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2023	\$ -	(\$ 17,388)	(\$ 17,388)
Depreciation expenses	<u>-</u>	<u>( 910)</u>	<u>( 910)</u>
Balance as of December 31, 2023	<u>\$ -</u>	<u>(\$ 18,298)</u>	<u>(\$ 18,298)</u>
Net as of January 1, 2023	<u>\$ 80,284</u>	<u>\$ 33,350</u>	<u>\$ 113,634</u>
Net as of December 31, 2023	<u>\$ 80,284</u>	<u>\$ 32,440</u>	<u>\$ 112,724</u>

The above items of investment properties were depreciated on a straight-line basis over their estimated useful lives as follows:

##### Buildings

Main buildings	50 to 55 years
Construction Improvements	5 years

In January 2024, the Company resolved to carry out the public auction procedures and related matters for some of the land and buildings located in Neihu, Taipei, and terminate the self-use. These are transferred from property, plant and equipment to investment property.

In addition, the Company disposed of other investment properties also located in Neihu for a total consideration of NT\$339,700 thousand, and the transfer was completed on February 21, 2025.

As of December 31, 2024 and 2023, the fair values of the investment properties of the Company were NT\$698,133 thousand and NT\$379,723 thousand, respectively. The management of the Company conducted the evaluation with reference to the market prices of similar real estate transactions in the neighborhood to derive the fair values, which were not provided by independent appraisers.

The investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the end of the lease terms.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Year 1	\$ 2,268	\$ 8,095
Year 2	79	7,318
Year 3	-	7,376
Year 4	-	6,709
Year 5	-	-
	<u>\$ 2,347</u>	<u>\$ 29,498</u>

## 15. BORROWINGS

### (1) Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 196,710</u>	<u>\$ 11,802</u>
<u>Interest rate ranges</u>		
Unsecured borrowings		
Line of credit borrowings	5.11%~5.30%	5.80%~6.30%

## 16. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable	<u>\$ 874</u>	<u>\$ 5,343</u>
Trade payables	<u>\$ 174,617</u>	<u>\$ 162,314</u>

Both notes payable and trade payables were generated from operating activities.

The average credit period on trade payables was 30 days to 120 days in principle. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 17. OTHER PAYABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables for salaries or bonuses	\$ 80,540	\$ 158,106
Payables for restricted employee shares	68,950	-
Payables for remuneration of directors and supervisors	9,000	9,000
Payables for annual leave	5,785	15,293
Payables for employees' compensation	3,133	-
Payables for interest	472	-
Others	<u>60,140</u>	<u>71,722</u>
	<u>\$ 228,020</u>	<u>\$ 254,121</u>

## 18. PROVISION FOR ONEROUS CONTRACTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Onerous contract	<u>\$ -</u>	<u>\$ 89</u>

The provision for onerous contracts is recognized when the Company assesses that the costs of fulfilling the contract obligations exceed the economic benefits expected to be obtained from the contract.

## 19. RETIREMENT BENEFIT PLANS

### (1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### (2) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 3% (6% from September 2015) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the Individual Balance Sheet in respect of the defined benefit plans were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of the defined benefit obligation	\$ 65,985	\$ 211,653
Fair value of plan assets	( <u>96,390</u> )	( <u>177,388</u> )
Net defined benefit (assets) liabilities	( <u>\$ 30,405</u> )	<u>\$ 34,265</u>

Movements in net defined benefit (assets) liabilities were as follows:

	Present value of the defined benefit obligation	Fair Value of the Plan Assets	Net defined benefit liabilities (assets)
January 1, 2024	<u>\$ 211,653</u>	( <u>\$ 177,388</u> )	<u>\$ 34,265</u>
Service costs			
Current service costs	1,299	-	1,299
Past service costs	( 7,090 )	-	( 7,090 )
Net interest expense (income)	<u>2,480</u>	( <u>2,171</u> )	<u>309</u>
Recognized in profit or loss	( <u>3,311</u> )	( <u>2,171</u> )	( <u>5,482</u> )
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	( 15,202 )	( 15,202 )
Actuarial (gain) loss - changes in demographic assumptions	54	-	54
Actuarial (gain) loss - experience adjustments	( 5,140 )	-	( 5,140 )
Actuarial (gains) losses – changes in financial assumptions	( <u>4,247</u> )	<u>-</u>	( <u>4,247</u> )
Recognized in other comprehensive income	( <u>9,333</u> )	( <u>15,202</u> )	( <u>24,535</u> )
Contributions from the employer	<u>-</u>	( <u>12,757</u> )	( <u>12,757</u> )
Benefits paid	( <u>133,024</u> )	<u>111,128</u>	( <u>21,896</u> )
December 31, 2024	<u>\$ 65,985</u>	( <u>\$ 96,390</u> )	( <u>\$ 30,405</u> )
January 1, 2023	<u>\$ 218,083</u>	( <u>\$ 171,890</u> )	<u>\$ 46,193</u>
Service costs			
Current service costs	1,427	-	1,427
Net interest expense (income)	<u>2,801</u>	( <u>2,255</u> )	<u>546</u>
Recognized in profit or loss	<u>4,228</u>	( <u>2,255</u> )	<u>1,973</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	( 1,438 )	( 1,438 )
Actuarial (gain) loss - changes in demographic assumptions	( 2 )	-	( 2 )
Actuarial (gain) loss - experience adjustments	-	-	-
Actuarial (gains) losses – changes in financial assumptions	<u>1,937</u>	<u>-</u>	<u>1,937</u>
Recognized in other comprehensive income	<u>4,996</u>	( <u>1,438</u> )	<u>3,558</u>
Contributions from the employer	<u>-</u>	( <u>17,459</u> )	( <u>17,459</u> )
Benefits paid	( <u>15,654</u> )	<u>15,654</u>	<u>-</u>
December 31, 2023	<u>\$ 211,653</u>	( <u>\$ 177,388</u> )	<u>\$ 34,265</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	<u>2024</u>	<u>2023</u>
Operating cost	\$ 550	\$ 1,451
Operating expenses	( 6,704 )	522
Non-operating income and expenses	<u>672</u>	<u>-</u>
	( <u>\$ 5,482</u> )	<u>\$ 1,973</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investments are conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by the plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.65%	1.20%
Expected rate of salary increase	2.00%	2.00%
Turnover rate (Note)	0.00%~0.04%	0.00%~0.40%

Note: The turnover rate under significant actuarial assumptions was calculated at different ratios for different age groups.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.25%	( <u>\$ 1,495</u> )	( <u>\$ 4,795</u> )
Decrease by 0.25%	<u>\$ 1,545</u>	<u>\$ 4,958</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 1,536</u>	<u>\$ 4,906</u>
Decrease by 0.25%	( <u>\$ 1,494</u> )	( <u>\$ 4,770</u> )
Turnover rate		
Expected turnover rate by 110%	<u>\$ -</u>	( <u>\$ 10</u> )
Expected turnover rate by 90%	<u>\$ -</u>	<u>\$ 10</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The expected contributions to the plan for the next year	<u>\$ 3,132</u>	<u>\$ 17,040</u>
The average duration of the defined benefit obligation	9 years	9 years

## 20. EQUITY

### (1) Share capital

#### Ordinary shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Shares authorized (in thousands of shares)	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>205,150</u>	<u>206,390</u>
Shares issued	<u>\$ 2,051,500</u>	<u>\$ 2,063,900</u>
Share capital to be cancelled	<u>(\$ 71,500)</u>	<u>\$ -</u>

The changes in the Company's share capital for 2024 and 2023 were as following:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 2,063,900	\$ 2,066,900
Cancellation of the restricted shares for employee	( <u>12,400</u> )	( <u>3,000</u> )
Balance at the end of the year	<u>\$ 2,051,500</u>	<u>\$ 2,063,900</u>
Restricted shares for employee to be cancelled	( <u>71,500</u> )	<u>-</u>

The Company retrieved 8,390 thousand and 300 thousand shares from some employees resigned before meeting the vesting conditions of the restricted shares for employees in 2024 and 2023. The retrieval price was NT\$10 per share, for NT\$83,900 thousand and NT\$3,000 thousand, respectively. Nonetheless, as of December 31, 2024, the change registration of 7,150 thousand shares with MOEA have not yet been completed, and thus listed under the share capital to be canceled.

The par value of the issued common shares is NT\$10. Except for Note 25, the provisions related to the restricted shares for employees, carry one vote per share and carry a right to dividends.

(2) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Share premiums	\$ 89	\$ 89
Treasury share transactions	5,952	5,952
Gain on disposal of property, plant and equipment	255	255
Consolidation excess	380,471	380,471
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	26,599	26,599
Changes in percentage of ownership interest in subsidiaries	1,194	1,194
Employee restricted shares (Note 25)	-	86,836
Others	<u>5,156</u>	<u>5,156</u>
	<u>\$ 419,716</u>	<u>\$ 506,552</u>

The capital surplus arising from shares issued in excess of par (including share premiums from the issuance of ordinary shares, consolidation excess, the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or may be transferred to share capital within a certain percentage of the Company's capital surplus once a year. The capital surplus from the share of changes in equities of subsidiaries may be used to offset a deficit. The capital surplus recognized for the restricted shares for employees was not to be used for any other purpose.

(3) Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, to be submitted to the shareholders' meeting for ratification. However, if the appropriations of earnings intends to pay all or part of the dividends or bonus in cash, such may be resolved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting for the distribution. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, please refer to employee benefits expense in Note 22 (8) employees' compensation expenses.

By considering the financial/business/operating factors, e.g. the Company shall distribute no less than 50% of the distributable income arrived at by taking the net income after tax less deficit make-up, legal reserves and special reserves, unless saving for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required. Appropriations may be in the form of cash dividends or stock dividends, with cash dividends currently preferred because the Company's business is mature. In addition, any stock dividends distributed should not exceed 50% of the total dividends distributed. If the Company has no unappropriated earnings, if earnings appropriable are much less than the prior years, or if certain financial, business and operating factors need to be considered, the legal reserve may be distributed in accordance with relevant laws or regulations or as requested by the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company should be appropriated to or reversed from a special reserve in accordance with the relevant rules of the FSC. For any subsequent reversal of the deduction in other shareholders' equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 18, 2024 and June 13, 2023, respectively, were as follows:

	Appropriation of Earnings		Dividends per share (NT\$)	
	2023	2022	2023 (Note 1)	2022 (Note 2)
Special reserves	\$ -	\$ 375,962		
Cash dividend	103,105	412,900	\$ 0.50	\$ 2.00

Note 1: The calculation is based on the sum of the paid-in shares, 206,390 thousand shares on December 31, 2023, less the 180 thousand and 640 thousand restricted shares for employees canceled upon the resolution adopted in the board meeting on March 8, 2024 and June 18, 2024.

Note 2: The calculation was based on the sum of the paid-in shares, 206,690 thousand shares on December 31, 2022, less the 240 thousand restricted shares for employees cancelled between January 1 to June 13, 2023.

Upon the resolution adopted in the shareholders' meeting on June 18, 2024, the Company reversed special reserve of NT\$65,036 thousand pursuant to the related correspondence orders of the FSC.

The Company resolved to approve the appropriations of earnings for 2024 in the board meeting on March 11, 2025 as below:

	Appropriation of	Dividends per share
	Earnings	(NT\$)
	2024	2024
Legal reserve	\$ 24,217	
Special reserves	17,480	
Cash dividend	198,000	\$ 1.00

The 2024 appropriations of earnings will be resolved in the shareholders' meeting on June 17, 2025.

(4) Special reserves

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 533,764	\$ 157,802
Special reserves provided		
Provision of deduction to other equity items	-	375,962
Reversal of special reserve		
Reversal of deduction to other equity	( <u>65,036</u> )	<u>-</u>
Balance at the end of the year	<u>\$ 468,728</u>	<u>\$ 533,764</u>

(5) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	( \$ 507,824 )	( \$ 510,266 )
Exchange difference arising on translation of the net assets of foreign operations	53,563	3,052
Income tax related to gains or losses arising on translation of the net assets of foreign operations	( <u>10,713</u> )	( <u>610</u> )
Balance at the end of the year	( <u>\$ 464,974</u> )	( <u>\$ 507,824</u> )

Exchange difference from the translation of foreign operations' net assets denominated in its functional currency into the consolidated entity's presentation currency (NTD) is directly recognized under other comprehensive income as exchange differences on translation of foreign operations. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2. Unrealized gain/(loss) on financial assets at FVTOCI

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 39,096	\$ 43,958
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	102,798	8,245
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	( 1,859)	75,429
Accumulated gains and losses on disposal of equity instruments by subsidiaries accounted for using the equity method, transferred to retained earnings	-	( 52,592)
Accumulated gains and losses on disposal of equity instruments, transferred to retained earnings	( <u>161,269</u> )	( <u>35,944</u> )
Balance at the end of the year	( <u>\$ 21,234</u> )	<u>\$ 39,096</u>

The investments in equity instruments measured at fair value through other comprehensive income and losses are measured at fair value. Subsequent changes in fair value are presented in other comprehensive income or loss and accumulated in other equity. At the time of investment disposal, the accumulated gains and losses will not be reclassified as profit or loss but transferred directly to retained earnings.

3. Unearned employees' compensations

Please refer to Note 25 for a description of the restricted shares for employees.

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	(\$ 86,836)	(\$ 67,456)
Cancelled during the year	86,836	3,105
Reversed expenses of share-based payment	<u>-</u>	( <u>22,485</u> )
Balance at the end of the year	<u>\$ -</u>	( <u>\$ 86,836</u> )

## 21. REVENUE

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 6,377,013	\$ 6,307,214
Other operating revenue	<u>30,444</u>	<u>37,094</u>
	<u>\$ 6,407,457</u>	<u>\$ 6,344,308</u>

### (1) Description of customer contracts

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

#### Sale of goods

Revenue from the sale of goods comes from sales of denim fabric and apparels. Sales of denim fabric and apparels are recognized as revenue when the goods are transferred because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and revenue are recognized concurrently.

The Company does not recognize revenue on materials processing because this processing does not involve a transfer of control.

### (2) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Notes receivable and Trade receivables (Note 10)	\$ 1,227,921	\$ 1,092,023	\$ 1,478,302
Receivables from affiliates (Note 28)	<u>322,358</u>	<u>162,802</u>	<u>283,144</u>
	<u>\$ 1,550,279</u>	<u>\$ 1,254,825</u>	<u>\$ 1,761,446</u>

### (3) Disaggregation of revenue 2024

	<u>Textile Segment</u>	<u>Garment Segment</u>	<u>Total</u>
Revenue from sale of goods	\$ 3,009,187	\$ 3,367,826	\$ 6,377,013
Other operating revenue	<u>30,319</u>	<u>125</u>	<u>30,444</u>
	<u>\$ 3,039,506</u>	<u>\$ 3,367,951</u>	<u>\$ 6,407,457</u>

2023

	<u>Textile Segment</u>	<u>Garment Segment</u>	<u>Total</u>
Revenue from sale of goods	\$ 3,294,516	\$ 3,012,698	\$ 6,307,214
Other operating revenue	<u>32,409</u>	<u>4,685</u>	<u>37,094</u>
	<u>\$ 3,326,925</u>	<u>\$ 3,017,383</u>	<u>\$ 6,344,308</u>

## 22. NET PROFIT (LOSS) FOR THE YEAR

Net profit (loss) for the current year comprises the following items:

(1) Interest income		
	<u>2024</u>	<u>2023</u>
Bank deposits	<u>\$ 12,403</u>	<u>\$ 11,629</u>
(2) Other income		
	<u>2024</u>	<u>2023</u>
Rental income	\$ 8,978	\$ 8,777
Compensation revenue	15,638	8,538
Others	<u>17,226</u>	<u>17,474</u>
	<u>\$ 41,842</u>	<u>\$ 34,789</u>
(3) Other gains and losses		
	<u>2024</u>	<u>2023</u>
Proceeds from disposal of property, plant and equipment	\$ 32,687	\$ 76
Foreign exchange gains	96,917	35,952
Net gain (loss) on financial instrument at fair value through profit or loss	( 11,169)	230
Compensation loss	( 1,185)	-
Impairment loss (Note 13)	( 2,189)	( 15,950)
Severance pay	( 12,084)	( 74,398)
Others	<u>( 55,808)</u>	<u>( 1,199)</u>
	<u>\$ 47,169</u>	<u>(\$ 55,289)</u>
(4) Finance costs		
	<u>2024</u>	<u>2023</u>
Interest on bank loans	\$ 6,026	\$ 4,631
Others	<u>1</u>	<u>1</u>
	<u>\$ 6,027</u>	<u>\$ 4,632</u>

(5)	Depreciation	<u>2024</u>	<u>2023</u>
	Property, plant and equipment	\$ 86,452	\$ 94,083
	Investment property	<u>1,758</u>	<u>910</u>
		<u>\$ 88,210</u>	<u>\$ 94,993</u>
	An analysis of depreciation by function		
	Operating cost	\$ 58,204	\$ 80,642
	Operating expenses	9,175	13,441
	Non-operating expenses	<u>20,831</u>	<u>910</u>
		<u>\$ 88,210</u>	<u>\$ 94,993</u>
(6)	Direct operating expenses of investment property	<u>2024</u>	<u>2023</u>
	Rental income generated	\$ 910	\$ 910
	No rental income generated	<u>848</u>	<u>-</u>
		<u>\$ 1,758</u>	<u>\$ 910</u>
(7)	Employee benefits expense	<u>2024</u>	<u>2023</u>
	Retirement benefits (Note 19)		
	Defined contribution plan	\$ 11,949	\$ 17,216
	Defined benefit plan	( <u>5,482</u> )	<u>1,973</u>
		6,467	19,189
	Short-term employee benefits	350,513	497,359
	Resignation benefits (Notes 22(3))	<u>12,996</u>	<u>74,398</u>
		<u>\$ 369,976</u>	<u>\$ 590,946</u>
	An analysis of employee benefits expense by function		
	Operating cost	\$ 156,827	\$ 329,986
	Operating expenses	185,393	186,562
	Non-operating expenses	<u>27,756</u>	<u>74,398</u>
		<u>\$ 369,976</u>	<u>\$ 590,946</u>
(8)	Employees' compensation		
	According to the Company's Articles, the Company accrued employees' compensation at rates higher than 1% of net profit before income tax. The distribution of earnings is based on past experience and current operating circumstances. Due to loss before income tax in 2023, it was not required to estimate employees' compensation. The employees' compensation for 2024 resolved by the Board of Directors amounted to NT\$3,133 thousand March 11, 2025.		

If there is a change in the amounts after the annual Individual Financial Statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

Due to loss before income tax in 2023, it was not distributed employees' compensation. There is no difference between the actual amounts of employees' compensation paid and the amounts recognized in the consolidated financial statements for 2022.

Information on the employees' compensation resolved by the Company's board of directors for 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAX FROM CONTINUING OPERATIONS

### (1) Income tax recognized in the profit and loss

The major components of income tax (expenses) gains are as below:

	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	(\$ 14,537)	\$ -
Deferred tax		
In respect of the current year	( 52,810)	45,723
Adjustments for prior years	( <u>584</u> )	<u>2,598</u>
Income tax (expenses) gains recognized in profit or loss	( <u>\$ 67,931</u> )	<u>\$ 48,321</u>

A reconciliation of accounting profit and income tax (expenses) gains were as follows:

	<u>2024</u>	<u>2023</u>
Net profit (loss) before tax	<u>\$ 310,100</u>	( <u>\$ 411,233</u> )
Income tax (expenses) gains calculated at the statutory rate	(\$ 62,020)	\$ 82,247
Income tax effects of adjusted items	( 5,327)	( 36,524)
Adjustments for income tax (expenses) gains of prior periods	( <u>584</u> )	<u>2,598</u>
Income tax (expenses) gains recognized in profit or loss	( <u>\$ 67,931</u> )	<u>\$ 48,321</u>

The tax rate of the Income Tax Act applicable to the Company is 20%.

(2)	Income tax (expenses) gains recognized in other comprehensive income	<u>2024</u>	<u>2023</u>
	<u>Deferred tax</u>		
	In respect of the current year		
	— Translation of foreign operations	(\$ 10,713)	(\$ 610)
	— Remeasurement of defined benefit plans	( 4,907)	711
		<u>(\$ 15,620)</u>	<u>\$ 101</u>
(3)	Income tax assets and liabilities of the period	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	Income tax assets of the period		
	Tax refund receivable	<u>\$ -</u>	<u>\$ 1,127</u>
	Income tax liabilities of the period		
	Income tax payable	<u>\$ 12,332</u>	<u>\$ -</u>

(4) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2024

	<u>Balance at the beginning of the year</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Balance at the end of the year</u>
<u>Deferred Tax Assets</u>				
Temporary difference				
Exchange differences on translation of foreign operations	\$ 252,159	\$ -	(\$ 10,713)	\$ 241,446
Allowance for loss of write-down of inventories	35,536	( 15,895)	-	19,641
Allowance for impairment loss	7,379	289	-	7,668
Defined benefits retirement plans	6,233	( 1,326)	( 4,907)	-
Provisions for warranty	2,903	( 43)	-	2,860
Loss carryforwards	17,646	-	-	17,646
Impairment loss	3,190	( 70)	-	3,120
Severance expense	14,880	( 14,706)	-	174
Others	<u>14,816</u>	<u>( 9,539)</u>	<u>-</u>	<u>5,277</u>
	<u>\$ 354,742</u>	<u>(\$ 41,290)</u>	<u>(\$ 15,620)</u>	<u>\$ 297,832</u>
<u>Deferred Tax Liabilities</u>				
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	(\$ 283,235)	(\$ 3,521)	\$ -	(\$ 286,756)
Defined benefits retirement plans	-	( 6,087)	-	( 6,087)
Others	<u>-</u>	<u>( 2,496)</u>	<u>-</u>	<u>( 2,496)</u>
	<u>(\$ 283,235)</u>	<u>(\$ 12,104)</u>	<u>\$ -</u>	<u>(\$ 295,339)</u>

2023

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred Tax Assets</u>				
Temporary difference				
Exchange differences on translation of foreign operations	\$ 252,769	\$ -	(\$ 610)	\$ 252,159
Allowance for loss of write-down of inventories	31,364	4,172	-	35,536
Allowance for impairment loss	7,714	( 335)	-	7,379
Defined benefits retirement plans	7,643	( 2,121)	711	6,233
Provisions for warranty	5,026	( 2,123)	-	2,903
Loss carryforwards	-	17,646	-	17,646
Impairment loss	-	3,190	-	3,190
Severance expense	-	14,880	-	14,880
Others	14,016	800	-	14,816
	<u>\$ 318,532</u>	<u>\$ 36,109</u>	<u>\$ 101</u>	<u>\$ 354,742</u>
<u>Deferred Tax Liabilities</u>				
Temporary difference				
Share of profits and losses of subsidiaries accounted for using the equity method	(\$ 292,849)	\$ 9,614	\$ -	(\$ 283,235)

## (5) Information on unused loss carryforwards

Loss carryforwards as of December 31, 2024 were as follows:

<u>Unused Amount</u>	<u>Expiry Year</u>
<u>\$ 90,819</u>	2033

## (6) Income tax assessments

The income tax returns through 2022 filed by the Company have been assessed by the tax authority.

**24. EARNINGS (LOSSES) PER SHARE**

	2024	Unit: NT\$ Per Share 2023
Basic earnings (losses) per share	<u>\$ 1.22</u>	( <u>\$ 1.83</u> )
Diluted earnings (losses) per share	<u>\$ 1.20</u>	( <u>\$ 1.83</u> )

The earnings (losses) and weighted average number of ordinary shares outstanding used in the computation of earnings (losses) per share were as follows:

	2024	2023
<u>Net profit (losses) attributable to owners of the Company</u>		
Net profit (losses) used in the computation of basic and diluted earnings (losses) per share	<u>\$ 242,169</u>	( <u>\$ 362,912</u> )

<u>Number of Shares</u>	Unit: Number of shares (in thousand)	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings (losses) per share	198,000	198,000
Effect of potentially dilutive ordinary shares:		
Employees' bonuses or compensation	160	-
Restricted shares for employees	<u>3,495</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	<u>201,655</u>	<u>198,000</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. However, it is a loss in 2023, which has an anti-dilution effect, and thus not is accounted to compute the diluted loss per share.

## 25. **SHARE-BASED PAYMENT ARRANGEMENTS**

### Program of restricted shares for employees

On August 11, 2021, the shareholders' meeting of the Company resolved to issue restricted shares for employees, with the upper limit of 9,900 shares, to be subscribed by the employees at NT\$10 per share. On March 30, 2022, the board meeting adopted the resolution to grant 9,280 thousand restricted shares for employees; provided that the actual number subscribed by the employees were 8,960 thousand shares, with the granting date on March 30, 2022. The fair value of the share on the granting date was NT\$20.35.

The employee's vesting conditions of the restricted shares for employees resolved in the shareholders' meeting of the Company on August 11, 2021 were as below:

- (1) Employees must have served for three years from the date of issuance of restricted shares for employees.
- (2) The average appraisal score of the three years prior to the expiry date of the vested period is 85 points or above.
- (3) Based on the consolidated financial statements audited and attested by the CPAs, the average consolidated operating profit rate for the last three years prior to the expiry date of the vested period is more than 3%.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions were as follows:

- (1) All such shares should be delivered to the trust institution designated by the Company for custody, and the restricted shares for employees must not be sold, pledged, transferred, donated to others, set up or disposed of in other ways.
- (2) The rights to attend, propose, speak, vote, and elect at the shareholders' meetings are identical to the issued common shares of the Company, and are implemented pursuant to the trust custody contract.
- (3) Except for the above restrictions, other rights are identical to the common shares issued by the Company.

Employees allocated with the restricted shares for employees who fail to meet the vesting conditions, the Company repurchased the employee restricted stock at the issue price for cancellation; provided, the obtained cash or share dividends were not required to be returned by the employees.

Information on the restricted shares for employees is as following:

	2024	2023
Restricted shares for employees	Unit: (in thousand)	Unit: (in thousand)
Granted but not vested at the beginning of the year	8,390	8,690
Cancelled during the year (note)	( 8,390 )	( 300 )
Granted but not vested at the end of the year	-	8,390

Note: the number of cancelled shares during the year was the restricted shares for employees returned due to employees' resignation and failure to meet the third vesting condition.

The Company recognized the compensation cost of share-based payments for 2023 was NT\$3,105 thousand.

For the employee restricted shares issued with consideration whose granting dates before October 10, 2024, the Company does not retrospectively apply the "IFRS Q&A for Handling the Questions about Employee Restricted Shares" issued by ARDF on October 11, 2024 pursuant to FSC's Q&A, but recognizes the considerations paid by the employees expected to resign during the vesting period as liabilities at the estimated resignation rate constantly.

## **26. CAPITAL RISK MANAGEMENT**

The Company manages its capital risks to ensure that entities in the Company will be able to continue operating with necessary financial resources and business plans and to respond to the needs for operating fund, capital expenditures, loan repayment, and dividends in the following 12 months.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or capital reduced, and/or the amount of new debt issued or existing debt redeemed.

## 27. FINANCIAL INSTRUMENTS

### (1) Fair value of financial instruments measured at fair value on a recurring basis

#### 1. Fair value hierarchy

##### December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Domestic listed shares	\$ 138,841	\$ -	\$ -	\$ 138,841
— Domestic and foreign unlisted securities	-	-	12,136	12,136
Total	<u>\$ 138,841</u>	<u>\$ -</u>	<u>\$ 12,136</u>	<u>\$ 150,977</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>				
— Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978</u>	<u>\$ 978</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Domestic listed shares	\$ 273,246	\$ -	\$ -	\$ 273,246
— Domestic and foreign unlisted securities	-	-	13,435	13,435
Total	<u>\$ 273,246</u>	<u>\$ -</u>	<u>\$ 13,435</u>	<u>\$ 286,681</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2024.

There were transfers between Level 1 and Level 2 fair value measurements in 2023. As some of the listed stocks were returned from the centralized custody compulsorily, the related amounts were transferred from Level 2 to Level 1.

#### 2. Reconciliation of Level 3 fair value measurements of financial instruments

2024

<u>Financial assets</u>	<u>Financial assets at FVTPL</u> <u>Foreign exchange forward contracts</u>	<u>Financial assets at FVTOCI</u> <u>Investments in equity instruments</u>
Balance at the beginning of the year	\$ 978	\$ 13,435
Recognized in profit or loss	( 11,169)	-
Disposal/settlement	10,191	( 239)
Recognized in other comprehensive income - Unrealized gain/(loss) on financial assets at FVTOCI	<u>-</u>	<u>( 1,060)</u>
Balance at the end of the year	<u>\$ -</u>	<u>\$ 12,136</u>

2023

<u>Financial assets</u>	<u>Financial assets at FVTPL</u> <u>Foreign exchange forward contracts</u>	<u>Financial assets at FVTOCI</u> <u>Investments in equity instruments</u>
Balance at the beginning of the year	\$ -	\$ 13,467
Recognized in profit or loss	230	-
Settled	748	-
Recognized in other comprehensive income - Unrealized gain/(loss) on financial assets at FVTOCI	<u>-</u>	<u>( 32)</u>
Balance at the end of the year	<u>\$ 978</u>	<u>\$ 13,435</u>

## 3. Evaluation technique and inputs of Level 3 fair value measurement

The fair value of the fund beneficiary certificate was calculated based on the net value of the fund. The domestic unlisted equity investment was based on the market method and the asset-based approach. The market method is based on the price of the benchmark, considering the difference between the evaluation target and the comparable standard, and the value of the target is evaluated with an appropriate multiplier. The asset-based approach is to evaluate the value of a target based on the valuation result of each investee by the investing company with the income-based approach, market method, or both at the end of period.

The fair value of foreign exchange forward contract is based on the discounted cash flow method. The future cash flows are estimated based on the observable forward exchange rates at the end of the period and the contractual exchange rates, and are discounted at the discount rates reflecting the credit risks of each counterparty.

(2) Categories of financial instruments

The Company's financial assets and financial liabilities and their fair values as of December 31, 2024 and 2023 were as follows:

	December 31, 2024		December 31, 2023	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets</u>				
Financial assets at amortized costs				
Cash and cash equivalents	\$ 847,790	\$ 847,790	\$ 372,264	\$ 372,264
Financial assets at amortized costs	250,000	250,000	300,000	300,000
Notes receivables and trade receivables (including related parties)	1,588,222	1,588,222	1,293,407	1,293,407
Other receivables	4,376	4,376	6,838	6,838
Refundable deposits	9,334	9,334	11,303	11,303
Other financial assets	50	50	50	50
Financial assets at FVTPL	-	-	978	978
Financial assets at FVTOCI	150,977	150,977	286,681	286,681
<u>Financial liabilities</u>				
Financial liabilities at amortized costs				
Short-term borrowings	196,710	196,710	11,802	11,802
Notes payables and trade payables (including related parties)	532,290	532,290	425,060	425,060
Other Payables	228,020	228,020	254,121	254,121
Guarantee deposits received	1,427	1,427	1,478	1,478

(3) Financial risk management objectives and policies

The Company's financial risk management objective is to manage exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. To reduce related financial risks, the Company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.

The important financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations and internal control systems. While the financial plan is underway, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

1. Market risks

The Company's activities exposed it primarily to the financial risks of changes in foreign exchange rates (see (a) below) and interest rates (see (b) below).

(1) Foreign currency risk

The Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Company is exposed to the risk of fluctuation in the exchange rate. Exchange rate exposures were managed by adjusting the net position between foreign assets and foreign liabilities and within approved policy parameters utilizing forward foreign exchange contracts.

Please refer to Note 31 for the Company's carrying amount of significant monetary assets and liabilities denominated in non-functional currency.

Sensitivity Analysis

The Company was mainly exposed to the U.S. dollars.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the relevant foreign currencies strengthening 5% against the functional currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<u>Effect of USD</u>		<u>Effect of PESO</u>		<u>Effect of ZAR</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit or loss	\$ 41,223	\$ 37,335	(\$ 6,007)	(\$ 1,813)	\$ 12,635	\$ 9,113

(2) Interest rate risk

The interest rate risk refers to the risk of changes in fair values of financial instrument resulted from the movement of market interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
- Financial assets	\$ 980,016	\$ 600,007
- Financial liabilities	196,710	11,802
Cash flow interest rate risk		
- Financial assets	116,576	70,805

Sensitivity Analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate increases/decreases by 25 basis points, held other variables constant, the Company's income before tax will increase/decrease by NT\$291 thousand and NT\$177 thousand, respectively for 2024 and 2023.

(3) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/ decreased by NT\$1,510 thousand and NT\$2,867 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2. Credit risk

Credit risk refers to the risk of financial loss of the Company caused by the counterparty's default of contractual obligations. The Company is exposed to credit risk from operating activities, primarily on trade receivables, and from financing activities, primarily on deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business- and financial-related exposures.

Business-related credit risk

To maintain the quality of its accounts receivable, the Company has established management procedures on dealing with credit risks.

Individual customers are assessed for their payment capability, including financial status, aging analysis, historical transactions, etc. In special cases involving individual customers, the Company may enhance its protection against credit risk by requiring advance payment or using credit insurance.

In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced. Additionally, the counterparties of liquid funds are all creditworthy financial institutions and corporations, with no significant credit risk expected.

Financial credit risk

The credit risk from bank deposits, fixed income investments and other financial instruments is measured and supervised by the financial department of the Company. The counterparties of the Company are banks with good credit ratings, investment-grade financial institutions, corporations and the government, which have no contract performance risk. Thus, the credit risk is insignificant.

3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company's current financial liabilities mature within a year and immediate settlements are not required. The Company's guarantee deposits do not have a specific maturity.

**28. TRANSACTIONS WITH RELATED PARTIES**

Except for those disclosed in Other Notes, the details of transactions between the Company and other related parties were disclosed below.

(1) Related party name and category

Related Party Name	Related Party Category
Formosa Textile Company (Pty) Ltd.	Subsidiary
Nien Hsing International Lesotho (Pty) Ltd.	Subsidiary
Phoenix Development & Marketing Co., Ltd.	Subsidiary
Nien Hsing International Investment Co., Ltd.	Subsidiary
Nien Hsing (Ninh Binh) Garment Co., Ltd.	Subsidiary
Chih Hsing Garment (Cambodia) Co., Ltd	Subsidiary
Nien Hsing International Victoria S.A. De C.V.	Subsidiary
Glory International (Pty) Ltd.	Subsidiary
Hung Yuan Investment Co., Ltd	Substantial related party
Guozhong Investment Co., Ltd.	Substantial related party
Li Feng Investment Co., Ltd.	Substantial related party
Nuevo Investment Development Co., Ltd.	Substantial related party
Ying Jeh Co. Ltd.	Substantial related party
Yien Yuan Co. Ltd.	Substantial related party

(2) Operating revenue

Related Party Category	2024	2023
Subsidiary		
Formosa Textile Company (Pty) Ltd.	\$ 589,416	\$ 540,312
Phoenix Development & Marketing Co., Ltd.	45,559	39,384
Nien Hsing International Lesotho (Pty) Ltd.	<u>257,097</u>	<u>68,488</u>
	<u>\$ 892,072</u>	<u>\$ 648,184</u>

(3) Rental income

Related Party Category	2024	2023
Subsidiary	\$ 25	\$ 25
Substantial related party	<u>128</u>	<u>128</u>
	<u>\$ 153</u>	<u>\$ 153</u>

The Company leased operating properties to related parties. The lease prices were determined with reference to the local lease standards and the payments were received monthly.

(4) Processing expenses (manufacturing expenses)

Related Party Category	2024	2023
Subsidiary		
Nien Hsing (Ninh Binh) Garment Co., Ltd.	\$ 752,783	\$ 712,056
Nien Hsing International Victoria S.A. De C.V.	678,827	587,081
Formosa Textile Company (Pty) Ltd.	440,485	410,552
Nien Hsing International Lesotho (Pty) Ltd.	<u>490,095</u>	<u>405,433</u>
	<u>\$ 2,362,190</u>	<u>\$ 2,115,122</u>

(5) Receivables from related parties

Related Party Category	December 31, 2024	December 31, 2023
Subsidiary		
Formosa Textile Company (Pty) Ltd.	\$ 252,706	\$ 162,802
Phoenix Development & Marketing Co., Ltd.	4,061	-
Nien Hsing International Lesotho (Pty) Ltd.	65,591	-
Nien Hsing International Investment Co., Ltd.	13	-
Glory International (Pty) Ltd.	<u>37,930</u>	<u>38,582</u>
	<u>\$ 360,301</u>	<u>\$ 201,384</u>

(6) Payable to related parties

Related Party Category	December 31, 2024	December 31, 2023
Subsidiary		
Nien Hsing International Victoria S.A. De C.V.	\$ 120,144	\$ 36,269
Nien Hsing International Lesotho (Pty) Ltd.	-	11,166
Chih Hsing Garment (Cambodia) Co., Ltd	82,503	77,269
Nien Hsing (Ninh Binh) Garment Co., Ltd.	154,152	131,545
Phoenix Development & Marketing Co., Ltd.	<u>-</u>	<u>1,154</u>
	<u>\$ 356,799</u>	<u>\$ 257,403</u>

(7) Remuneration to key management

Remuneration of directors and key management in 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 30,703	\$ 23,356
Retirement benefits	389	515
Share-based payment	<u>-</u>	<u>1,234</u>
	<u>\$ 31,092</u>	<u>\$ 25,105</u>

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

**29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were provided as collateral for customs guarantee.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other financial assets—current	<u>\$ 50</u>	<u>\$ 50</u>

**30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

- (1) As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to NT\$456,123 thousand and NT\$343,786 thousand, respectively.
- (2) As of December 31, 2024 and 2023, the non-cancellable cotton purchase contracts for which the Company has entered into but where the goods have not yet been received were in the amounts of 8,473 thousand pounds and 7,560 thousand pounds, respectively.
- (3) The contingent liability incurred by subsidiaries to the Company were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Provide endorsement guarantee for the loan of Phoenix Development & Marketing Co., Ltd.		
— Guarantee amount	\$ 65,570	\$ 61,410
— Actual Amount Borrowed	-	-
Provide endorsement guarantee for the loan of Nien Hsing International Investment Co. Ltd.		
— Guarantee amount	400,000	400,000
— Actual Amount Borrowed	-	-

**31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Book Value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 43,443	32.785(USD: NTD)	\$ 1,424,272
ZAR	145,149	1.741(ZAR: NTD)	<u>252,705</u>
			<u>\$ 1,676,977</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	\$ 2,562	32.785(USD: NTD)	\$ 83,986
VND	161,037,058	0.001(VND: NTD)	<u>216,955</u>
			<u>\$ 300,941</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	18,295	32.785(USD: NTD)	\$ 599,815
PESO	75,162	1.598 (PESO: NTD)	<u>120,144</u>
			<u>\$ 719,959</u>

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Book Value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 37,063	30.705(USD: NTD)	\$ 1,138,020
ZAR	110,326	1.652(ZAR: NTD)	<u>182,258</u>
			<u>\$ 1,320,278</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	2,562	30.705(USD: NTD)	\$ 78,656
VND	158,004,807	0.001(VND: NTD)	<u>203,282</u>
			<u>\$ 281,938</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	12,745	30.705(USD: NTD)	\$ 391,330
PESO	19,955	1.818 (PESO: NTD)	<u>36,269</u>
			<u>\$ 427,599</u>

For the years ended December 31, 2024 and 2023, net foreign exchange gains (losses) (realized and unrealized) were NT\$96,917 thousand and NT\$35,952 thousand, respectively.

### **32. SEPARATELY DISCLOSED ITEMS**

- (1) Information on significant transactions, and (2) information on investees:
  1. Financing provided to others: None.
  2. Endorsements/guarantees provided: Table 1.
  3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): 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: Table 3.
  8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
  9. Trading in derivative instruments: Notes 7 and 27.
  10. Information on investees: Table 5.
- (3) Information on Investments in Mainland China:
  1. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: None.
  2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
    - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - (3) The amount of property transactions and the amount of the resultant gains or losses.
    - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

- (4) Information on Major Shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder, Table 6.

**Table 1**

**NIEN HSING TEXTILE CO., LTD.**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**Unit: NT\$ Thousand**

No.	Endorser/ Guarantor	Endorsee/ Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remarks
		Company Name	Relations (Note 1)											
0	Nien Hsing Textile Co., Ltd.	Phoenix Development & Marketing Co., Ltd.	2	\$ 2,138,764	\$ 65,800	\$ 65,570	\$ -	\$ -	0.92	\$ 3,564,607	Y	N	N	
0	Nien Hsing Textile Co., Ltd.	Nien Hsing International Investment Co., Ltd.	2	2,138,764	400,000	400,000	-	-	5.61	3,564,607	Y	N	N	

Note 1: The relationship between Nien Hsing Textile Co., Ltd. and the endorsed/guaranteed entities can be classified into the following seven categories.

1. A company with a business relationship.
2. A subsidiary in which over 50% of the ordinary shares were directly or indirectly held by the Company.
3. An investee company in which over 50% of the ordinary shares are directly or indirectly held by the Company.
4. Companies in which the Company directly and indirectly holds more than 90 percent of the voting shares.
5. Companies with the same industry or mutual project undertakers that have mutual guarantee based on contract agreements due to contractual project needs.
6. A company endorsed due to a co-investment agreement. The endorsement percentage of each investor was based on its investment percentage.
7. Companies in the same industry engaged in the provision of joint performance guarantee of sales contracts for the sale of pre-construction homes, pursuant to the Consumer Protection Act.

Note 2: The maximum total guarantee that the Company may provide is 50% of the carrying value of its net assets, and the maximum guarantee for each party is 30% of the carrying value of the Company's net assets.

**Table 2**

**NIEN HSING TEXTILE CO., LTD.  
MARKETABLE SECURITIES HELD**

**December 31, 2024**

**Unit: NT\$ Thousand**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Remarks
				Number of Shares	Book Value	Percentage of Ownership (%)	Fair Value	
Nien Hsing Textile Co., Ltd.	<u>Share</u>							
	Mycenax Biotech Inc.	—	Financial assets at FVTOCI - non-current	2,573,665	\$ 111,697	1.25	\$ 111,697	
	BioGenD Therapeutics Co., Ltd.	—	Financial assets at FVTOCI - non-current	806,662	27,144	0.65	27,144	
	Leadray Energy Co., Ltd.	—	Financial assets at FVTOCI - non-current	1,367,766	12,136	4.12	12,136	
	Wu Hsing International Co., Ltd.	—	Financial assets at FVTOCI - non-current	450,000	-	30.00	-	Note 2

Note 1: For information about investment in subsidiaries and associates, please refer to Table 5.

Note 2: The Company's shareholding proportion is 30 percent, which was assessed by the management as having no material or significant influence.

**Table 3****NIEN HSING TEXTILE CO., LTD.****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2024****Unit: NT\$ Thousand**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes and Trades Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% to Total (Note 3)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage to total notes and accounts receivable (payable)	
Nien Hsing Textile Co., Ltd.	Formosa Textile Company (Pty) Ltd.	Sub-subsiary	Sale	(\$ 589,416)	( 9.20% )	(Note 2)	—	(Note 2)	\$ 252,706	15.91%	
	Nien Hsing International Lesotho (Pty) Ltd.	Sub-subsiary	Sale	( 257,097)	( 4.01% )	(Note 2)	—	(Note 2)	65,591	4.13%	
	Nien Hsing International Victoria S.A. De C.V.	Sub-subsiary	Processing expense	678,827	23.82%	(Note 1)	(Note 1)	(Note 1)	( 120,144)	( 22.57% )	
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	Subsidiary	Processing expense	752,783	26.41%	(Note 1)	(Note 1)	(Note 1)	( 154,152)	( 28.96% )	
	Nien Hsing International Lesotho (Pty) Ltd.	Sub-subsiary	Processing expense	490,095	17.20%	(Note 1)	(Note 1)	(Note 1)	-	-	
	Formosa Textile Company (Pty) Ltd.	Sub-subsiary	Processing expense	440,485	15.46%	(Note 1)	(Note 1)	(Note 1)	-	-	

Note 1: Processing fees charged by subsidiaries were based on operating costs; subsidiaries' payment requests were based on their financial condition.

Note 2: Payments were made based on operational cash requirements.

Note 3: Processing expense was calculated as a percentage to the sum of manufacturing expenses and direct labor.

**Table 4****NIEN HSING TEXTILE CO., LTD.****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****December 31, 2024****Unit: NT\$ Thousand**

Company Name	Related Party	Relationship	Ending Balance	Turnover ratio	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Nien Hsing Textile Co., Ltd.	Formosa Textile Company (Pty) Ltd.	Sub-subsidiary	\$ 252,706	(Note 1)	\$ -	—	\$ 26,838	\$ -

Note 1: Collection of receivables was based on the related parties' cash requirements.

**Table 5**

**NIEN HSING TEXTILE CO., LTD.  
 INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 Unit: NT\$ Thousand**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Book Value			
Nien Hsing Textile Co., Ltd.	Nien Hsing International (B.V.I.) Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding company	\$ 458,543	\$ 458,543	19,185	100.00	\$ 1,885,273	\$ 86,421	\$ 86,421	Subsidiary
	Nien Hsing (Ninh Binh) Garment Co., Ltd.	Plot C4, Khanh Phu Industrial zone, Khanh Phu Commune, Yen Khanh district, Ninh Binh province, Vietnam	Denim garments processing	714,092	714,092	-	100.00	216,955	3,846	3,846	Subsidiary
	Chih Hsing Garment (Cambodia) Co., Ltd	Road 6, Phum Khtor, Sangkat Prek Leap, Chroy Changvar District, Phnom Penh, Kingdom Of Cambodia	Denim garments processing	133,641	133,641	4,500	100.00	83,986	1	1	Subsidiary
	Nien Hsing International Investment Co., Ltd.	13F, No. 316, Neihu Rd., Sec. 1, Neihu Dist., Taipei City	Investment business	20,000	20,000	20,500,000	100.00	313,987	5,563	5,563	Subsidiary

**Table 6**

**NIEN HSING TEXTILE CO., LTD.**  
**INFORMATION OF MAJOR SHAREHOLDERS**  
**December 31, 2024**

Name of major shareholder	Share	
	Number of Shares	Percentage of Ownership (%)
Ron Yuan Investment Co., Ltd.	47,524,506	23.16%
Panda Investment Co., Ltd.	28,892,146	14.08%

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 (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the individual financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

**Table 7**

**NIEN HSING TEXTILE CO., LTD.**  
**STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**Unit: NT\$ Thousand**

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
<u>Cost</u>								
Balance as of January 1, 2024	\$ 234,607	\$ 1,516	\$ 718,018	\$ 1,431,930	\$ 9,229	\$ 36,503	\$ 675,954	\$ 3,107,757
Addition	-	-	3,982	8,087	2,710	1,143	95	16,017
Disposal	-	-	-	( 373,574)	-	( 307)	( 53,739)	( 427,620)
Reclassifications	( 54,241)	-	( 42,936)	546	290	-	678	( 95,663)
Balance as of December 31, 2024	<u>\$ 180,366</u>	<u>\$ 1,516</u>	<u>\$ 679,064</u>	<u>\$ 1,066,989</u>	<u>\$ 12,229</u>	<u>\$ 37,339</u>	<u>\$ 622,988</u>	<u>\$ 2,600,491</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance as of January 1, 2024	\$ -	\$ 1,516	\$ 409,390	\$ 1,210,984	\$ 6,111	\$ 31,532	\$ 622,209	\$ 2,281,742
Disposal	-	-	-	( 367,953)	-	( 304)	( 53,738)	( 421,995)
Impairment loss	-	-	-	2,189	-	-	-	2,189
Depreciation expenses	-	-	18,739	48,667	1,230	2,698	15,118	86,452
Reclassifications	-	-	( 16,317)	-	-	-	-	( 16,317)
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 411,812</u>	<u>\$ 893,887</u>	<u>\$ 7,341</u>	<u>\$ 33,926</u>	<u>\$ 583,589</u>	<u>\$ 1,932,071</u>
Net as of December 31, 2024	<u>\$ 180,366</u>	<u>\$ -</u>	<u>\$ 267,252</u>	<u>\$ 173,102</u>	<u>\$ 4,888</u>	<u>\$ 3,413</u>	<u>\$ 39,399</u>	<u>\$ 668,420</u>
<u>Cost</u>								
Balance as of January 1, 2023	\$ 234,607	\$ 1,516	\$ 717,513	\$ 1,373,085	\$ 9,229	\$ 36,459	\$ 660,768	\$ 3,033,177
Addition	-	-	505	3,948	-	116	10,884	15,453
Disposal	-	-	-	( 2,039)	-	( 72)	( 5,514)	( 7,625)
Reclassifications	-	-	-	56,936	-	-	9,816	66,752
Balance as of December 31, 2023	<u>\$ 234,607</u>	<u>\$ 1,516</u>	<u>\$ 718,018</u>	<u>\$ 1,431,930</u>	<u>\$ 9,229</u>	<u>\$ 36,503</u>	<u>\$ 675,954</u>	<u>\$ 3,107,757</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance as of January 1, 2023	\$ -	\$ 1,516	\$ 390,290	\$ 1,156,937	\$ 4,753	\$ 27,441	\$ 598,396	\$ 2,179,333
Disposal	-	-	-	( 2,039)	-	( 72)	( 5,513)	( 7,624)
Impairment loss	-	-	-	7,101	428	269	8,152	15,950
Depreciation expenses	-	-	19,100	48,985	930	3,894	21,174	94,083
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 409,390</u>	<u>\$ 1,210,984</u>	<u>\$ 6,111</u>	<u>\$ 31,532</u>	<u>\$ 622,209</u>	<u>\$ 2,281,742</u>
Net as of December 31, 2023	<u>\$ 234,607</u>	<u>\$ -</u>	<u>\$ 308,628</u>	<u>\$ 220,946</u>	<u>\$ 3,118</u>	<u>\$ 4,971</u>	<u>\$ 53,745</u>	<u>\$ 826,015</u>

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**Table 1****Nien Hsing Textile Co., Ltd.****Statement of Cash and Cash Equivalents****December 31, 2024****Unit: NT\$ Thousand, Unless Specified Otherwise**

<u>Item</u>	<u>Amount</u>
Cash on hand	\$ 1,248
Bank deposits	
Checking account and demand deposit	32,347
Foreign currency demand deposits (Note 1)	84,179
Cash equivalents	
The time deposits with banks: the annual interest rates are 1.47%-1.70%, and the maturities are January 18, 2025 to March 26, 2025	710,000
Short-term bills – annual interest rates of 1.38%, expiry on January 6, 2025	<u>20,016</u>
	<u>\$ 847,790</u>

Note 1: Including USD 2,568 thousand, converted at the exchange rate US\$1=NT\$32.785

**Table 2**

**Nien Hsing Textile Co., Ltd.**  
**Statement of financial assets at amortized cost**  
**December 31, 2024**  
**Unit: NT\$ Thousand**

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<u>Item</u>	<u>Amount</u>
The time deposits with original maturity date of more than three months: the annual interest rate is 1.47%, and the maturities are January 10, 2025 to March 17, 2025	<u>\$ 250,000</u>

**Table 3**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Trade Receivables**  
**December 31, 2024**  
**Unit: NT\$ Thousand**

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Name	Amount
M001 company	\$ 483,107
S094 company	310,422
S070 company	208,582
S162 company	88,756
Others (Note)	<u>169,823</u>
	1,260,690
Less: allowance for impairment loss	<u>32,950</u>
Total	<u><u>\$ 1,227,740</u></u>

Note: The amount of individual client did not exceed 5% of the account balance

**Table 4**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Inventories**  
**December 31, 2024**  
**Unit: NT\$ Thousand**

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Item	Amount	
	Cost	Net realizable value (Note)
Raw materials	\$ 835,013	\$ 958,455
Work in process	565,517	619,820
Finished goods	318,023	334,228
Raw materials in transit	10,973	10,973
Supplies	<u>10,054</u>	<u>10,054</u>
	<u>\$ 1,739,580</u>	<u>\$ 1,933,530</u>

Note: The net realizable value was the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Table 5**

Nien Hsing Textile Co., Ltd.

**Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income****FOR THE YEARS ENDED DECEMBER 31, 2024****Unit: NT\$ Thousand, Unless Specified Otherwise**

Name	Balance at the beginning of the year		Increase during the year		Decrease during the year		Unrealized gain/(loss) on financial assets at FVTOCI	Balance at the end of the year		Guarantee or pledge
	Number of Shares/Units	Fair Value	Number of shares	Amount	Number of shares	Amount		Number of Shares/Units	Fair Value	
Mycenax Biotech Inc.	6,789,665	\$ 242,391	-	\$ -	4,216,000	\$ 238,263	\$ 107,569	2,573,665	\$ 111,697	None
BioGend Therapeutics Co., Ltd.	806,662	30,855	-	-	-	-	( 3,711)	806,662	27,144	None
Leadray Energy Co., Ltd.	1,367,766	12,871	-	-	-	-	( 735)	1,367,766	12,136	None
Der Yang Biotechnology Venture Capital Co., Ltd.	46,018	564	-	-	46,018	239	( 325)	-	-	None
Wu Hsing International Industrial Co., Ltd (Note 1)	450,000	-	-	-	-	-	-	450,000	-	None
		<u>\$ 286,681</u>		<u>\$ -</u>		<u>\$ 238,502</u>	<u>\$ 102,798</u>	-	<u>\$ 150,977</u>	

Note 1: The Company's shareholding proportion is 30 percent, which was assessed by the management as having no material or significant influence.

**Table 6****Nien Hsing Textile Co., Ltd.****Statement of Changes in Investments Accounted for Using the Equity Method****FOR THE YEARS ENDED DECEMBER 31, 2024****Unit: NT\$ Thousand, Unless Specified Otherwise**

Investee	Par value per share (NT\$)	Balance at the beginning of the year		Increase during the year		Decrease during the year		Cash dividend	Share of profits (losses) accounted for using the equity method	Foreign currency translation adjustment	Unrealized gain/(loss) on financial assets at FVTOCI	Balance at the end of the year			Remarks
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount					Number of shares	Shareholding %	Amount	
Accounted for using the equity method															
Nien Hsing International (B.V.I) Ltd.	US\$ 500	19,185	\$1,754,790	-	\$ -	-	\$ -	\$ -	\$ 86,421	\$ 38,407	\$ 5,655	19,185	100	\$1,885,273	(Note 1)
Nien Hsing (Ninh Binh) Garment Co., Ltd.	-	-	203,282	-	-	-	-	-	3,846	9,827	-	-	100	216,955	(Note 1 and 2)
Chih Hsing Garment (Cambodia) Co., Ltd	US\$ 1,000	4,500	78,656	-	-	-	-	-	1	5,329	-	4,500	100	83,986	(Note 1)
Nien Hsing International Investment Co., Ltd.	NT\$ 10	20,500,000	<u>366,411</u>	-	<u>-</u>	-	<u>-</u>	( <u>50,473</u> )	<u>5,563</u>	<u>-</u>	( <u>7,514</u> )	20,500,000	100	<u>313,987</u>	(Note 1)
			<u>\$2,403,139</u>		<u>\$ -</u>		<u>\$ -</u>	( <u>\$ 50,473</u> )	<u>\$ 95,831</u>	<u>\$ 53,563</u>	( <u>\$ 1,859</u> )			<u>\$2,500,201</u>	

Note 1: Calculated based on the financial statements audited by an independent auditor during the same period.

Note 2: There was no data on par value and number of shares because it was not a company limited by shares.

Note 3: Investments accounted for using the equity method was neither pledged nor collateralized.

**Table 7****Nien Hsing Textile Co., Ltd.****Statement of Short-term Borrowings and Long-term Borrowings****December 31, 2024****Unit: NT\$ Thousand, unless Specified Otherwise**

<u>Types of Borrowings and Creditors</u>	<u>Borrowings period</u>	<u>Annual Interest Rate (%)</u>	<u>Balance at the end of the year</u>	<u>Financing Line</u>	<u>Pledged or Secured</u>	<u>Remarks</u>
Short-term borrowings						
Line of credit borrowings						
Cathay United Bank	2024.12.11~2025.1.20	5.11%~5.30%	<u>\$ 196,710</u>	<u>\$ 300,000</u>	None	Note 1

Note 1: The balance at the end of the year was USD 6,000 thousand, which was converted at the exchange rate of US\$1: NT\$32.785

**Table 8**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Trade payables**  
**December 31, 2024**  
**Unit: NT\$ Thousand**

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<u>Supplier</u>	<u>Amount</u>
M001 company	\$ 39,843
22318987 company	13,724
IMD018 company	13,291
IMW017 company	10,974
PW251 company	10,459
PD384 company	9,896
Others (Note)	<u>76,430</u>
Total	<u>\$ 174,617</u>

Note: The amount of individual vendor did not exceed 5% of the account balance.

**Table 9**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Operating Revenue**  
**FOR THE YEARS ENDED DECEMBER 31, 2024**  
**Unit: NT\$ Thousand**

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<u>Item</u>	<u>Number</u>	<u>Amount</u>
Sales		
Denim garment (dozen)	948 thousand dozens	\$ 3,378,565
Denim (yard)	23,918 thousand yards	2,427,087
Ring spinning yarn (kg)	4,710 thousand kgs	541,404
Others		<u>44,259</u>
Subtotal		<u>6,391,315</u>
Less: Sales returns		109
Sales allowances		<u>14,193</u>
Subtotal		<u>14,302</u>
Other operating revenue		<u>30,444</u>
Net Operating Revenue		<u>\$ 6,407,457</u>

**Table 10**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Operating Costs**  
**FOR THE YEARS ENDED DECEMBER 31, 2024**  
**Unit: NT\$ Thousand**

Item	Amount
Raw materials at the beginning of the year (including raw materials in transit)	\$ 795,253
Annual purchase of materials	3,144,032
Raw materials at the end of the year (including raw materials in transit)	( 876,521 )
Plus (minus): Inventory profit	( 503 )
Transferred from self-made finished products (Note)	253,275
Sale	( 44,533 )
Own used and others	( 138,946 )
Annual raw material used	3,132,057
Direct labor	51,846
Manufacturing overheads	2,797,901
Manufacturing costs	5,981,804
Plus (minus): Work in progress at the beginning of the year	674,383
Work in progress at the end of the year	( 586,208 )
Others	( 1,248 )
Cost of finished goods	6,068,731
Plus (minus): Finished goods at the beginning of the year	527,309
Finished goods at the end of the year	( 365,001 )
Transferred back to raw materials (Note)	( 253,275 )
Sales returns	3,108
Inventory profit	( 3,870 )
Own used and others	( 37,635 )
Cost of finished goods sale	5,939,367
Cost of raw materials and work in progress sale	44,533
Cost of transferred from unamortized fixed manufacturing overheads	25,179
Write-down of inventories	( 79,475 )
Provision for onerous contracts	( 89 )
Inventory profit	4,373

<u>Item</u>	<u>Amount</u>
Revenue from sale of scraps	( <u>19,929</u> )
Cost of goods sold	5,913,959
Other operating costs	<u>173</u>
Total operating costs	<u>\$ 5,914,132</u>

Note: Conversion of some finished products of the ring spinning mills to the raw materials for the textile mills.

**Table 11**

**Nien Hsing Textile Co., Ltd.**  
**Statement of Operating Expenses**  
**FOR THE YEARS ENDED DECEMBER 31, 2024**  
**Unit: NT\$ Thousand, Unless Specified Otherwise**

	<u>Selling and marketing expenses</u>	<u>General and administrative expenses</u>	<u>Research and development expenses</u>	<u>Expected credit loss (gain)</u>	<u>Total</u>
Salaries	\$ 49,906	\$ 100,691	\$ 336	\$ -	\$ 150,933
Remuneration to directors	-	9,465	-	-	9,465
Expected credit loss (gain)	-	-	-	3,144	3,144
Freight	18,956	183	-	-	19,139
Taxation	28,157	4,785	-	-	32,942
Sample fee	43,106	-	-	-	43,106
Insurance expense	22,479	10,182	58	-	32,719
Commission expense	16,898	-	-	-	16,898
Commodity development fee	-	-	129	-	129
Others (Note)	<u>33,912</u>	<u>31,993</u>	<u>63</u>	<u>-</u>	<u>65,968</u>
Total	<u>\$ 213,414</u>	<u>\$ 157,299</u>	<u>\$ 586</u>	<u>\$ 3,144</u>	<u>\$ 374,443</u>

Note: The amount of each item in others did not exceed 5% of the amount balance.

**Table 12**

Nien Hsing Textile Co., Ltd.

**Statement of Employee Benefit, Depreciation and Amortization Expenses for the Period****FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023****Unit: NT\$ Thousand, Unless Specified Otherwise**

	2024				2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefits expense								
Salary and wages	\$ 129,287	\$ 150,933	\$ 12,828	\$ 293,048	\$ 271,001	\$ 142,758	\$ -	\$ 413,759
Labor and health insurance	15,602	15,200	1,346	32,148	32,273	17,114	-	49,387
Pension	5,313	176	978	6,467	11,505	7,684	-	19,189
Remuneration to directors	-	9,465	-	9,465	-	9,425	-	9,425
Other employee benefit expenses	6,625	9,619	12,604	28,848	15,207	9,581	74,398	99,186
	<u>\$ 156,827</u>	<u>\$ 185,393</u>	<u>\$ 27,756</u>	<u>\$ 369,976</u>	<u>\$ 329,986</u>	<u>\$ 186,562</u>	<u>\$ 74,398</u>	<u>\$ 590,946</u>
Depreciation expenses	<u>\$ 58,204</u>	<u>\$ 9,175</u>	<u>\$ 20,831</u>	<u>\$ 88,210</u>	<u>\$ 80,642</u>	<u>\$ 13,441</u>	<u>\$ 910</u>	<u>\$ 94,993</u>

Note:

- The average number of employees for this year and the previous year were 442 and 785 respectively, of which the average number of directors who do not concurrently serve as an employee were 4 and 4 respectively.
- For companies whose shares have been listed on the stock exchange or traded on an OTC market, the following additional information should be disclosed:
  - The average employee benefit expense for the year was NT\$823 thousand ((Total employee benefit expense for the year— Total remuneration for Directors) / (Number of employees for the year – Number of Directors who do not serve concurrently as an employee))  
The average employee benefit expense for the previous year was NT\$745 thousand ((Total employee benefit expense for the previous year— Total remuneration for Directors) / (Number of employees for the previous year – Number of Directors who do not serve concurrently as an employee))
  - The average employee salary expense for the year was NT\$669 thousand (Total salary expense for the year / (Number of employees for the year— Number of Directors who do not serve concurrently as an employee.))  
The average employee salary expense for the previous year was NT\$530 thousand (Total salary expense for the previous year / (Number of employees for the previous year— Number of Directors who do not serve concurrently as an employee.))
  - The average adjustment of employee salary and wages increased by 26.23%.
  - The Company has established an audit committee, and the remuneration of independent directors has been disclosed along with remuneration of the directors.
  - Salary and remuneration policy
    - Directors' remuneration:
      - Commuting fee: NT\$3~5 thousand per meeting.
      - Remuneration: Each director of the Company receives a fixed remuneration of NT\$1,000 thousand per year.
      - Directors' remuneration: Compensations are not available for directors.
      - Other remuneration: The chairman of the Company is issued a company car.

B. Manager's remuneration:

- a. Salaries and Bonuses: Salaries are given in accordance with the Company's salary approval regulations; bonuses are given with reference to the operating performance and future risks of each business unit; a performance bonus is given if the annual operating profit and production targets are met.
- b. Employees' compensation: Employee compensations are not available for managers.
- c. Other remuneration: The Company's manager equals to or above the vice president level is issued a company car.

The remuneration committee of the Company also regularly evaluates and reviews the policies, systems, standards and structures of remuneration awarded to directors, supervisors and managers, and proposes to the board of directors for consideration.

C. Employees' compensation:

The Company's remuneration policy positively relates to individual ability, contribution to the Company, individual performance and operating performance. Remuneration is comprised of three parts: basic salary, bonus and employee compensation and benefits. Criteria for remuneration payments can be broken down to (a) basic salary, given based on the Company's salary approval regulations, as well as the market competition of the employee's job; (b) bonus and employee remuneration, given when department targets are met, or company operating performance are satisfied; and (c) benefits, devised to care for employee's needs in accordance with laws and regulations.