Stock Code：1459

LAN FA TEXTILE CO., LTD. and Subsidiaries
Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
and Independent Auditors' Report

Address：5F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City
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Declaration Statement

December 31, 2024

March 10, 2025

According to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, for the year of 2024 (from January 1, 2024 to December 31, 2024), the affiliated companies of LAN FA TEXTILE CO., LTD. which should be included when preparing the Consolidated Financial Statements of Affiliated Enterprises are the same as those which shall be included in the Consolidated Financial Statements of the parent and subsidiaries prepared under No.10 of International Financial Reporting Standards, and all of the related information which shall be disclosed in the Consolidated Financial Statements of Affiliated Enterprises had been disclosed in the above Consolidated Financial Statements of the parent and subsidiaries. Therefore, separate Consolidated Financial Statements of Affiliated Enterprises are not prepared.

Declared herein.

Company Name: LAN FA TEXTILE CO., LTD.

Responsible Person: YEH, CHING-TSE

Audit Report of Accountant

LAN FA TEXTILE CO., LTD.:

Audit Opinion

The consolidated balance sheets of LAN FA TEXTILE CO., LTD. and its subsidiaries (LAN FA TEXTILE GROUP) of December 31, 2024 and 2023, and the consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including the summary of major accounting policies) from January 1 to December 31, 2024 and 2023, have been checked by the accountant.

In the opinion of the accountant, the above consolidated financial statements have been prepared in all major respects in accordance with the financial report compilation standards for securities issuers and the international financial report standards, international accounting standards, interpretation and interpretation announcements approved and issued by the Financial Supervisory Commission, which are sufficient to express the consolidated financial position of LAN FA TEXTILE CO., LTD. and its subsidiaries on December 31, 2024 and 2023, and consolidated financial performance and consolidated cash flows from January 1 to December 31, 2024 and 2023.

Basis of Audit Opinion

The accountant had carried out the inspection in accordance with the rules for checking the financial statements and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility for the accountant's examination of the consolidated financial statements. In accordance with the professional ethics of accountants, the personnel who are subject to the independence standards of the accounting firm have maintained their independence from LAN FA TEXTILE GROUP and performed other responsibilities of the standards. The accountant believes that sufficient and appropriate audit evidence has been obtained as the basis for expressing the audit opinion.

Emphasis Items

As stated in Note 32 to the individual financial statements, due to the continued overseas relocation of domestic chemical fiber-related industries and the continuous increase in various manufacturing costs, the core business operations in Taiwan have become increasingly difficult and unable to achieve profit targets. Considering future market conditions and the group's operating performance, Lan Fa Textile Co., Ltd. has passed a resolution on February 24, 2025 by the board of directors to stop production at the Zhubei plant and will lease the Zhubei plant to Wistron Corporation for a period of ten years with a monthly rent of no less than NT$22,500 thousands. This accountant did not modify the audit opinion as a result.

Key Audit Items

The key audit items mean the most important items for the inspection of the consolidated financial statements of LAN FA TEXTILE Group in 2024 according to the professional judgment of the accountant. These items have been responded to in the process of examining the consolidated financial statements as a whole and forming audit opinions, and the accountant does not comment on these items separately. The key items for checking the consolidated financial statements of LAN FA TEXTILE Group in 2024 are described as follows:

The authenticity of sales revenue from major customers

The net sales revenue to specific customers of LAN FA TEXTILE GROUP was NT$574,490 thousands, accounting for 44% of the consolidated net sales revenue, which is significant to the consolidated financial statements, and is affected by the pressure of performance growth and competition in the industry, the main risk lies in the occurrence of revenue, because it is listed as a key audit matter.

Due to the inherent high risk of revenue recognition, the volume of sales transactions between LAN FA TEXTILE GROUP and customers under specific credit conditions is relatively low, but the transaction volume is high and there are many new sales customers. therefore, the accountant thinks the authenticity of sales income transactions between LAN FA TEXTILE Group and customers under the above specific credit conditions as a key check item.

For the accounting policy on income, please see Note 4 (11) for details.

By learning the above-mentioned sales transactions (processed silk) and other relevant internal control procedures, the accountant designs the relevant internal control check procedures in response to the risk, in order to confirm and evaluate the effectiveness of the internal control operations related to sales transactions conducted by major sales customers. The accountant also selects appropriate samples from the sales details of the above-mentioned sales customers, examines the original order, external shipping documents or customers' receipt documents and payment collection conditions, and confirms the authenticity of the sales transaction.

Other Items

LAN FA TEXTILE CO., LTD. has prepared individual financial reports for 2024 and 2023, which have been filed with the audit report issued by the accountant for reference.

Responsibilities of Management and Governance Unit to Consolidated Financial Statements

The responsibility of management is to prepare properly expressed consolidated financial statements in accordance with the financial reporting standards of securities issuers and the international financial reporting standards, international accounting standards, interpretation and interpretation announcements approved by the Financial Supervisory Commission, and to maintain the necessary internal controls relating to the preparation of the consolidated financial statements to ensure that the consolidated financial statements do not contain material misrepresentations caused by fraud or errors.

In preparing the consolidated financial statements, the responsibility of management also includes the assessment of the ability of LAN FA TEXTILE Group to continue to operate, the disclosure of related items, and the adoption of the accounting basis for continued operation, unless the management intends to liquidate the LAN FA TEXTILE Group or cease business, or there is no practical alternative other than liquidation or closure.

The governance unit of LAN FA TEXTILE Group (including the audit committee) is responsible for supervising the financial reporting process.

Responsibility of Accountant to Check Consolidated Financial Statements

The purpose of the accountant to check the consolidated financial statements is to obtain reasonable assurance as to whether there are material misrepresentations caused by fraud or error in the consolidated financial statements as a whole, and to issue an audit report. Reasonable certainty is a high degree of certainty, but audits carried out in accordance with generally accepted audit standards do not guarantee that material misrepresentations in the consolidated financial statements will be identified. False expression may be caused by fraud or error. It is considered significant if the individual amounts or remittances misrepresented can be reasonably expected to affect the economic decisions made by the users of the consolidated financial statements.

When checking in accordance with generally accepted audit standards, the accountant shall use professional judgment and maintain professional doubts. The accountant also performs the following work:

1. Identify and evaluate the risk of material misrepresentation resulting from fraud or error in the consolidated financial statements; design and implement appropriate measures to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for audit opinions. Because fraud may involve collusion, forgery, deliberate omission, misrepresentation or internal control, the risk of material misrepresentation due to fraud is higher than that caused by error.
2. Acquire the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the circumstances, but not for the purpose of expressing the opinion on the effectiveness of internal controls over financial reporting.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, draw a conclusion as to whether there is significant uncertainty about the appropriateness of the management's adoption of the accounting basis of

continuing operations and whether there is significant uncertainty about the events or circumstances that may give rise to significant doubts about the ability of the LAN FA TEXTILE GROUP to continue to operate. If the accountant considers that there is material uncertainty in such events or circumstances, he shall, in the audit report, remind users of the consolidated financial statements to pay attention to the relevant disclosures of the consolidated financial statements, or amend the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the inspection report. However, future events or circumstances may cause the LAN FA TEXTILE GROUP have no ability to continue to operate.

5. Assess the overall expression, structure and content of the consolidated financial statements (including related notes), and whether there are related transactions and events expressed in the consolidated financial statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent individuals within the group to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and implementation of group audit cases, and is responsible for forming group audit opinions.

The items that the accountant communicates with the governance unit include the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified in the audit process).

The accountant also provides the governance unit with a statement that the personnel of the firm to which the accountant belongs to the independence standard have complied with the professional ethics of accountants of the Republic of China, and communicate with the governance unit all relationships and other items (including relevant protective measures) that may be considered to affect the independence of accountants.

From the items of communication with the governance unit, the accountant decides on the key items for checking the consolidated financial statements of LAN FA TEXTILE Group in 2024. The accountant describes these items in the audit report, unless the law does not allow public disclosure of specific items, or in rare cases, the accountant decides not to communicate specific items in the audit report, because it can be reasonably expected that the negative impact of this communication is greater than the promotion of the public interest.

Deloitte & Touche.

Accountant YOU,MENG-GUEI

Accountant CHIH, JUI-CHUAN

Financial Supervisory Commission Audit No.
Jin Guan Zheng Shen Tzu No. 1130357402

Financial Supervisory Commission Audit No.
Jin Guan Zheng Shen Zi No. 1060023872

MARCH 10, 2025

Notice to Readers

Notice to Readers The accompanying Consolidated Financial Statements are intended only to present the Consolidated 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 Consolidated Financial Statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying Consolidated 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 Consolidated Financial Statements shall prevail

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Code	Asset	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current Assets				
1100	Cash and Cash Equivalents (Note 4& 6)	$ 368,687	8	$ 560,431	12
1110	Financial assets at FVTPL – current (Note 4& 7)	1,094,425	22	359,471	8
1136	Financial assets measured at amortized cost – current (Note 4 and 9)	142,870	3	137,885	3
1150	Notes Receivable - Non-related Parties (Note 4, 10 and 21)	4,066	-	13,538	-
1160	Notes Receivable - Related Parties (Note 4, 21 and 29)	-	-	1,212	-
1170	Accounts Receivable - Non-related Parties (Note 4, 10 and 21)	92,478	2	126,869	3
1180	Accounts Receivable - Related Parties (Note 4, 21 and 29)	3,989	-	615	-
1200	Other receivables (Note 4& 10)	2,468	-	4,683	-
1220	Income Tax Assets of Current Period (Note 4 and 23)	3,080	-	706	-
130X	Inventory (Note 4 and 11)	133,088	3	166,531	4
1410	Prepayment	28,295	1	29,406	1
1479	Other Current Assets	344	-	346	-
11XX	Total Current Assets	1,873,790	39	1,401,693	31
	Non-current Assets				
1517	Financial assets at FVTOCI - noncurrent (Note 4 and 8)	736,584	15	851,344	19
1535	Financial Assets Measured at Amortized Cost - noncurrent (Note 4 and 9)	83,860	2	79,193	2
1600	Immovable Property, Plant and Equipment (Note 4, 13 and 30)	1,863,741	38	1,952,818	42
1755	Right-of-use Assets (Note 4,14and 30)	65,345	1	65,532	1
1760	Net Investment Property (Note 4, 15and 30)	182,345	4	187,117	4
1840	Deferred Income Tax Assets (Note 4 and 23)	489	-	4,676	-
1920	Refundable Deposits	38,594	1	38,578	1
1975	Net defined benefit asset（Note 4 and 19）	5,430	-	-	-
1990	Other Non-current Assets	9,349	-	9,128	-
15XX	Total Non-current Assets	2,985,737	61	3,188,386	69
1XXX	Total Assets	$ 4,859,527	100	$ 4,590,079	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term Loans (Note 16& 30)	$ 1,048,795	22	$ 969,807	21
2110	Short-term Notes and Bills Payable (Note 16)	23,998	1	22,943	1
2130	Contract Liabilities (Note 21)	12,363	-	12,684	-
2150	Notes Payable (Note 17)	1,494	-	4,364	-
2170	Accounts Payable (Note 17)	11,722	-	41,831	1
2219	Other Accounts Payable (Note 18)	163,378	3	148,177	3
2220	Other payables to related parties (Note 29)	-	-	8,886	-
2230	Income Tax Liabilities of Current Period (Note 4 and 23)	167	-	2,365	-
2280	Lease Liabilities (Note 4 and 14)	390	-	383	-
2399	Other Current Liabilities	211	-	616	-
21XX	Total Current Liabilities	1,262,518	26	1,212,056	26
	Non-current Liabilities				
2540	Long-term Loans (Note 16& 30)	400,000	8	549,591	12
2570	Deferred Income Tax Liabilities (Note 4 and 23)	19,024	1	15,346	-
2580	Lease Liabilities (Note 4 and 14)	836	-	1,226	-
2640	Net Defined Benefit Liabilities (Note 4 and 19)	-	-	725	-
2670	Other Non-current Liabilities	18,789	-	18,778	1
25XX	Total Non-current Liabilities	438,649	9	585,666	13
2XXX	Total Liabilities	1,701,167	35	1,797,722	39
	Interests Vested in the Owners of the Parent Company (Note 20)				
3110	Ordinary Share Capital	3,586,289	74	3,586,289	78
3200	Capital Surplus	297,733	6	241,987	5
	(Accumulated Losses) Retained Earnings				
3320	Special Surplus Reserve	258,887	5	258,887	6
3350	Losses to Be Made up	(197,203)	(4)	(357,276)	(8)
3300	Total Retained Earnings (Accumulated Losses)	61,684	1	(98,389)	(2)
3400	Other equity	(264,789)	(5)	(408,885)	(9)
3500	Treasury Stocks	(528,645)	(11)	(528,645)	(11)
31XX	Total equity attributable to owners of the Company	3,152,272	65	2,792,357	61
36XX	Non-controlling interests	6,088	-	-	-
3XXX	Total equity	3,158,360	65	2,792,357	61
	Total Liabilities and Equity	$ 4,859,527	100	$ 4,590,079	100

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

(Please refer to the audit report of Deloitte & Touche. March 10, 2025)

Chairman: YEH, CHING-TSE   President: WANG, FONG-YUEH   In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2024		2023	
Code		Amount	%	Amount	%
4100	Operating Revenues (Note 4, 21 and 29)	$ 1,314,593	100	$ 1,203,763	100
5110	Operating Costs (Note 11 and 22)	1,390,669	106	1,360,551	113
5900	Gross Losses from operations	(76,076)	(6)	(156,788)	(13)
	Operating Expenses (Note 22)				
6100	Selling Expenses	63,671	5	48,435	4
6200	General and administrative expenses	66,516	5	67,298	6
6000	Total Operating Expenses	130,187	10	115,733	10
6900	Net Operating Losses	(206,263)	(16)	(272,521)	(23)
	Non-operating income and expenses (Note 22)				
7100	Interest income	22,643	2	17,435	2
7010	Other income	78,730	6	302,633	25
7020	Other gains and losses	385,914	29	34,207	3
7050	Financial Costs	(60,913)	(4)	(57,912)	(5)
7000	Total non-operating income and expenses	426,374	33	296,363	25
7900	Net Pre-tax Profit	220,111	17	23,842	2
7950	Income Tax Expenses (Note 4 and 23)	(5,394)	(1)	(307)	-
8200	Net Profit for Current Year	214,717	16	23,535	2

(Continued)

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Code		Year ended December 31			
		2024		2023	
		Amount	%	Amount	%
	Other Consolidated Profits and Losses				
8310	Items that are not reclassified to profit or loss				
8311	Actuarial gains (losses) on defined benefit plans (Note 19)	$ 6,059	-	$ 327	-
8316	Unrealized measurement gains or losses on equity instruments measured at FVTOCI	73,313	6	(43,811)	(4)
8349	Income tax related to non-reclassified items (Note 23)	(1,212)	-	(65)	-
8360	Items that may be reclassified to profit or loss in the future				
8361	Financial statements translation differences of foreign operations operating	9,616	1	(6,339)	-
8399	Income tax related to items that may be reclassified (Note 23)	(1,923)	-	1,267	-
8300	Other consolidated profit and loss of current year	85,853	7	(48,621)	(4)
8500	Total other comprehensive loss for the year	$ 300,570	23	($ 25,086)	(2)
	Profit attributable to:				
8610	Owners of the parent	$ 214,717	16	$ 23,535	2
8620	Non-controlling Interests	-	-	-	-
8600		$ 214,717	16	$ 23,535	2
	Total consolidated profit and loss is attributable to:				
8710	Owners of the parent company	$ 300,570	23	($ 25,086)	(2)
8720	Non-controlling Interests	-	-	-	-
8700		$ 300,570	23	($ 25,086)	(2)
	Earing (Loss) per share (Note 24)				
	From the continuing business entity				
9710	Basic	$ 0.68		$ 0.07	

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

(Please refer to the audit report of Deloitte & Touche. March 10, 2025)

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

January 1 to December 31, 2024 and 2023

		Equity attributable to owners of the parent (Note 20)											
							Other Equity Interest						
		Capital			Retained Earnings (Accumulated Losses)								
Code		Number of Shares (1,000 shares)	Amount	Capital surplus	Special reserve	Losses to be Made up	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury Stock	Total	Non-controlling Interests (Note 20)	Total equity
A1	Balance on January 1, 2023	358,629	$ 3,586,289	$ 241,987	$ 258,887	($ 381,073)	($ 68,862)	($ 291,140)	($ 528,645)	$ 2,817,443	$ -	$ 2,817,443
D1	Net Profit of 2023	-	-	-	-	23,535	-	-	-	23,535	-	23,535
D3	Other Consolidated Profit and Loss after Tax of 2023	-	-	-	-	262	(5,072)	(43,811)	-	(48,621)	-	(48,621)
D5	Total comprehensive profit and loss of 2023	-	-	-	-	23,797	(5,072)	(43,811)	-	(25,086)	-	(25,086)
Z1	Balance on December 31, 2023	358,629	3,586,289	241,987	258,887	(357,276)	(73,934)	(334,951)	(528,645)	2,792,357	-	2,792,357
D1	Net Profit of 2024	-	-	-	-	214,717	-	-	-	214,717	-	214,717
D3	Other Consolidated Profit and Loss after Tax of 2024	-	-	-	-	4,847	7,693	73,313	-	85,853	-	85,853
D5	Other comprehensive income for 2024	-	-	-	-	219,564	7,693	73,313	-	300,570	-	300,570
M7	Changes in ownership interests in subsidiaries (Note25)	-	-	55,746	-	-	3,599	-	-	59,345	6,088	65,433
Q1	Disposal of equity instruments measured at FVTOCI (Note8)	-	-	-	-	(59,491)	-	59,491	-	-	-	-
Z1	Balance on December 31, 2024	358,629	$ 3,586,289	$ 297,733	$ 258,887	($ 197,203)	($ 62,642)	($ 202,147)	($ 528,645)	$ 3,152,272	$ 6,088	$ 3,158,360

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

(Please refer to the audit report of Deloitte & Touche. March 10, 2025)

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

Code		Year ended December 31 2024	2023
	Cash Flow from Operating Activities		
A10000	Net Profit before Tax	$ 220,111	$ 23,842
A20010	Income Expense Item		
A20100	Depreciation Expense	135,885	147,831
A20400	Net gain on financial assets and liabilities measured at FVTPL	(358,080)	(41,815)
A20900	Financial Costs	60,913	57,912
A21200	Interest Revenues	(22,643)	(17,435)
A21300	Dividend Revenues	(53,668)	(280,818)
A22500	Dealing with losses of immovable property, plant and equipment	-	18
A24100	Unrealized (profit) loss of foreign currency exchange	(4,616)	13,355
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at FVTPL	-	(96)
A31130	Notes Receivable(related parties)	10,729	(4,834)
A31150	Accounts Receivable (related parties)	33,090	(1,143)
A31180	Other Accounts Receivable	(119)	462
A31200	Inventory	35,775	138,080
A31230	Prepayment	2,023	(11,657)
A31240	Other Current Capital	2	(2)
A31990	Net defined benefit assets	(96)	-
A32125	Contract Liabilities	(607)	(4,691)
A32130	Notes Payable	(2,870)	(4,105)
A32150	Account Payable	(30,207)	14,652
A32180	Other accounts payable	(3,453)	3,906
A32230	Other Current Liabilities	(405)	(63)
A32240	Liabilities of Net Defined Benefits	-	(28)
A33000	Cash from Operating	21,764	33,371
A33500	Income Tax for Payment	(5,236)	(1,519)
AAAA	Net cash inflow from operating activities	16,528	31,852
	Cash flow from investment activities		
B00010	Acquisition of FVTOCI financial assets	(99,539)	(230,126)
B00020	Disposal of FVTOCI financial assets	301,702	-

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LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

Code		Year ended December 31 2023	2022
B00040	Increase in financial assets measured at amortized cost	($ 1,359)	($ 58,276)
B00100	Acquisition of FVTPL financial assets	(2,189,802)	(245,780)
B00200	Disposal of FVTPL financial assets	1,812,928	1,199,239
B02700	Purchase immovable property, plant and equipment	(2,029)	(1,952)
B02800	Proceeds from disposal of property, plant and equipment	-	39
B03800	Decrease in refundable deposits	-	2,606
B06800	Other non-current assets (increase) decreased	(221)	251
B07500	Interest charged	25,970	15,577
B07600	Other dividends charged	53,268	281,368
BBBB	Net cash input (output) of investment activities	(99,082)	962,946
	Cash flow from fund-raising activities		
C00100	Short-term Loans added	4,151,860	2,718,358
C00200	Short-term Loans decreased	(4,108,278)	(2,952,828)
C00500	Increase in short-term notes payable	1,955,000	1,661,000
C00600	Decrease in short-term notes payable	(1,954,000)	(1,711,000)
C01600	Borrow the long-term loan	600,000	300,000
C01700	Repay the long-term loan	(749,591)	(823,731)
C03000	Refundable deposits (return) charged	(5)	(233)
C03500	Increase in financing payable	63,601	63,000
C03600	Decrease in financing payable	(64,159)	(61,298)
C03800	Other accounts payable- Related party	(9,180)	-
C04020	Principal repayment of lease	(383)	(373)
C05600	Interests paid	(60,533)	(59,605)
C05800	Non-controlling Interests	65,433	-
CCCC	Net cash outflow from fund-raising activities	(110,235)	(866,710)
DDDD	The impact of exchange rate changes on cash and cash equivalents	1,045	(15,146)
EEEE	Net increase (decrease) of cash and cash equivalents	(191,744)	112,942
E00100	Cash and cash equivalents balance at the beginning of the year	560,431	447,489
E00200	Cash and cash equivalents balance at the end of the year	$ 368,687	$ 560,431

The accompanying notes are an integral part of these consolidated financial statements.
(Please refer to the audit report of Deloitte & Touche. March 10, 2025)

Chairman: YEH, CHING-TSE President: WONG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA Textile Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2024 and 2023

(Unless otherwise specified, the amount shall be in NT$ thousands)

I. GENERAL INFORMATION

LAN FA Textile Co., Ltd. (hereinafter referred to as parent company; for the parent company and entities controlled by the parent company, hereinafter referred to as merged company) was established in December 1972, originally engaged in the production and sale of knitted fabrics and has increased the production and sale business of flexible polyester textured yarn since 1985. At present, the production and sale of polyester textured yarn is the main source of operating revenue.

The parent company's shares have been listed and traded on the Taiwan Stock Exchange Corporation since October 26, 1994.

The consolidated financial statement is expressed in New Taiwan Dollar, the functional currency of the company.

Airdate and Procedure for the Approval of Financial Reports

II. Approval of financial statements

The consolidated financial statement was approved by the board of directors on March 10, 2025.

III. Application of Newly Issued and Revised Standards and Interpretations

1.The International Financial Reporting Standards (IFRS)), International Accounting Standards((IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as "IFRSs"), which were approved and issued by the Financial Supervisory Commission (hereinafter referred to as FSC), have been applied for the first time, the application of the revised IFRSs approved and issued by the FSC will not result in the material change in the company's accounting policy.

2. Applicable IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as" the FSC") in 2025

Newly issued/amended/revised standards and explanations	Effective Date Announced by IASB (Note 1)
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” Amendments to the application guidance on the classification of financial assets	January 1, 2026(Note 2)

Note 1: Applicable to annual reporting periods beginning after January 1, 2025. When the amendments are first applied, comparative periods shall not be restated and the effect shall be recognized in retained earnings or foreign operations exchange differences in equity, as appropriate, and in the related assets and liabilities affected on the date of initial application.

Note 2: It will be applicable to annual reporting periods beginning after January 1, 2026, and companies may choose to apply it earlier than January 1, 2025. When the amendment is first applied, it should be applied retrospectively without restatement of comparative periods, and the impact of the initial application should be recognized on the date of initial application. However, if an enterprise is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

As of the date of approval and issuance of this individual financial report, the Company assesses that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

3. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

Newly issued/amended/revised standards and explanations	Effective date on which IASB issued（Note）
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” Amendments to the application guidance on the classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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 : Unless stated otherwise, the above IFRS Accounting Standards 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”. Major changes to the standard 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. Except for the above impact, as of the date the accompanying parent company only financial statements were issued, the Company continues in evaluating other impacts of the above amended standards and interpretations on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.
- Increase disclosure of management-defined performance measures: When the company conducts public communications outside the financial statements and communicates management's views on a certain aspect of the company's overall financial performance to users of the financial statements, it should disclose relevant information on management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation with the subtotals or totals specified in IFRS accounting standards, and the impact of income taxes and non-controlling interests on the relevant reconciling items.

In addition to the above impacts, as of the date of approval and issuance of this individual financial report, the Company is still evaluating the other impacts of the amendments to various standards and interpretations on the financial position and financial performance, and the relevant impacts will be disclosed when the evaluation is completed.

IV. Summary Statement of Major Accounting Policies

1. Compliance Statement

The consolidated financial statement is compiled in accordance with the financial report standards for securities issuers and the IFRSs approved and issued by the Financial Supervisory Commission.

2. Basis of Preparation

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

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

(1) Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).

(2) Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e., price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.

(3) Level 3 input value: refers to the unobservable input value of assets or liabilities.

3. Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

(1) Assets held primarily for transaction purposes.

(2) Assets expected to be realized within 12 months after the balance sheet date.

(3) Cash and cash equivalents (excluding those restricted for the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

(1) Liabilities held primarily for transaction purposes;

(2) Liabilities due within 12 months after the balance sheet date, and

(3) Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

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

4. Basis of Consolidation

This consolidated financial statement includes the financial statements of the parent company and the entities (subsidiaries) controlled by the parent company. The financial statements of the subsidiaries have been appropriately adjusted to bring its accounting policies in line with those of the merged company. At the time of the preparation of the consolidated financial statements, all transactions, account balances, profits and losses between the various entities have been written off. The non-controlling interest of the subsidiaries is expressed separately from that of the owner of the parent company.

When the amalgamating company's ownership interest in a subsidiary change without resulting in a loss of control, it is treated as an equity transaction. The carrying amounts of the consolidated companies and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

For the details, shareholding ratio and business items of subsidiaries, please refer to Table 6 and Table 7 of Note 12and Note 34.

5. Foreign Currency

When a consolidated company prepares consolidated financial statements, transactions in currencies other than the individual functional currencies (foreign currencies) are recorded in the functional currency at the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured in historical cost in a foreign currency are translated at the exchange rates ruling at the transaction dates and are not retranslated.

In preparing consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in countries or use currencies different from those of the parent company) are converted into New Taiwan Dollars using the exchange rate on each balance sheet date. Income and expense items are converted using the average exchange rate for the period. The resulting exchange differences are included in other comprehensive income and loss and are attributed to the Company's owners and non-controlling interests, respectively.

6. Inventory

Inventory includes raw materials, finished goods and work-in-process. Inventory is measured by the lower of cost and net realized value, and the comparison between cost and net realized value is based on individual items except for the same category of inventory.

7. Immovable Property, Plant and Equipment

Immovable property, plant and equipment are recognized as measured by cost and subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Except for owned land, which is not depreciated, depreciation is provided separately for each significant part on a straight-line basis over its useful life. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each fiscal year and defers the effects of changes in accounting estimates.

When immovable property, plant and equipment are excluded, the related costs, accumulated depreciation and accumulated impairment are deducted from the account, and the resulting profit or loss is recognized in the current year's profit or loss according to its nature.

8. Investment Property

Investment property is immovable property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held that has not yet been decided on its future use.

The investment property is originally measured by cost (including transaction cost), and subsequently by the amount of cost less accumulated depreciation and accumulated impairment loss.

Investment property is depreciated on a straight-line basis.

When investment property is delisted, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

9. Impairment of property, plant and equipment, right-of-use assets and investment property

The Merged Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and investment property may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the smallest group of cash-generating units on a reasonably consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost related asset is increased to the revised recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined if the asset, cash-generating unit or contract cost related asset had not been recognized for an impairment loss in prior years (net of amortization or depreciation). The reversal of impairment losses is recognized in profit or loss.

10. Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the merged company becomes a party to the contract terms of the instrument.

When financial assets and financial liabilities are originally recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured by fair value plus transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

(1) Financial Assets

The customary transactions of financial assets are recognized and excluded by accounting on the trading day.

1) Measure category

The types of financial assets held by the merged company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, investments in debt instruments at fair value through other consolidated income and equity instruments at fair value through other consolidated profit or loss.

A. Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are compulsory equity instruments not designated by the Company to be measured at fair value through other consolidated profit or loss.

A financial asset measured at fair value through profit or loss is measured at fair value, and the benefit or loss arising from its remeasurement (excluding any dividend or interest generated by the financial asset) is recognized as profit or loss.

B. Financial Assets Measured at Amortized Cost

If the merged company's investment financial assets meet the following two conditions at the same time, it will be classified as Financial Assets Measured at Amortized Cost：

a. Held under a business model for the purpose of holding financial assets to collect contractual cash flows; and

b. The terms of the contract generate cash flows on a specific date, which are solely interest on the payment of principal and the amount of principal outstanding.

Financial Assets Measured at Amortized Cost (Including cash and approximately equivalent cash, receivables at amortized cost and foreign corporate bonds) after original recognition, it is measured by the total carrying amount determined by the effective interest method less the amortized cost of any impairment loss, any gain or loss on foreign currency exchange is recognized as profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset, except for the following two cases:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

b. For financial assets that are not credit-impaired at purchase or origination but subsequently become credit-impaired, interest income should be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the reporting period next following the credit-impairment.

Cash equivalents includes fixed time deposit and commercial promissory notes that are highly liquid within 3 months from the date of acquisition, can be converted into fixed cash at any time and have little risk of value change, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive gains and losses.

At the time of the original recognition, the merged company may make an irrevocable option to invest in equity instruments that are not held for transaction, and which are not recognized by the acquirer of the business merger as a consideration, and specify that they are measured at fair value through other consolidated profits and losses.

Equity instrument investments measured at fair value through other comprehensive profits and losses are measured at fair value, and subsequent fair value changes are reported in other comprehensive profits or losses and accumulated in other equity. At the time of investment disposition, the accumulated profit and loss are transferred directly to the retained surplus and is not reclassified as profit or loss.

Shares invested through other equity instruments measured at fair value through other consolidated income instruments are recognized in profit or loss when the right to receive money from the company is established, unless the dividend clearly represents the recovery of part of the investment cost.

2) Impairment of Financial Assets

Impairment losses on financial assets (including receivables and foreign corporate bonds) measured at amortized cost are assessed on each balance sheet date by the Consolidated Company based on expected credit losses.

Accounts receivables are recognized as allowance losses according to the expected credit losses during the period of existence. Other financial assets first assess whether the credit risk has increased significantly since the original recognition, and if it has not increased significantly, the allowance loss will be recognized as the expected credit loss of 12 months, and if it has increased significantly, the allowance loss will be recognized as the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, the expected credit loss during the period of existence represents the expected credit loss of all possible default events of the financial instrument during the expected period.

For internal credit risk management purposes, the Merger Company determines that the following situations represent a default on a financial asset without taking into account any collateral held:

A. There is internal or external information indicating that the debtor is no longer able to repay the debt.

B. More than 180 days have passed due, unless there is reasonable and verifiable information indicating that a later default basis is more appropriate.

Impairment losses on all financial assets are reduced by allowance accounts, but allowance losses on investments in debt instruments measured at fair value through other consolidated gains and losses are recognized in other consolidated income and do not reduce their carrying amounts.

3) Exclusion of Financial Assets

The merged company excludes financial assets only when contractual rights from the cash flow of financial assets expire, or when financial assets have been transferred and almost all risks and rewards of ownership of such assets have been transferred to other enterprises.

When a financial asset measured at a mortised cost is derecognized in its entirety, the difference between it carrying amount and the consideration received is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are derecognized in their entirety, cumulative gains or losses are transferred directly to retained earnings without being reclassified to profit or loss.

(2) Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

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

11. Revenue Recognition

After identifying the performance obligations in the client contract, the merged company approves the transaction price among the performance obligations and recognize the income when the performance obligations are met.

<u>Revenue of Commodity Sales</u>

The income from commodity sales mainly comes from the sales of polyester processed silk. At the time of delivery of the goods, the customer has the right to set the price and use of the goods and has the primary responsibility for resale and bears the risk of obsolescence of the goods. The company recognizes the income and accounts receivable at that time.

12. Lease

The merged company evaluates whether the contract belongs to (or includes) the lease on the date of establishment of the contract.

(1) The merged company is the lessor

When the lease terms transfer almost all risks and rewards attached to the ownership of the asset to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

(2) The merged company is the lessee

Except for lease payments for low-value target asset leases and short-term leases with applicable exemptions, which are recognized as expenses during the lease term on a straight-line basis, other leases are recognized as right-to-use assets and lease liabilities at the lease commencement date.

The right-to-use asset is originally measured at cost (including the original measurement amount of the lease liability), followed by the cost less accumulated depreciation and accumulated impairment losses, and adjusts the remeasurement of the lease liability. The right-to-use assets are separately expressed in the entity's balance sheet.

The straight-line basis of the right-to-use asset is depreciated earlier from the start of the lease to the expiration of the useful life or the expiration of the lease period.

The lease liability is originally measured by the present value of the lease payment (including fixed payment and substantial fixed payment). If the implied interest rate of the lease is easily determined, the lease payment shall be discounted at that rate. If the interest rate is not easy to determine, use the lessee to increase the borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease period. If a change in the lease period results in a change in the future leases payment, the merged company measures the lease liability and adjusts the use right asset relatively, but if the carrying amount of the use right asset has been reduced to zero, the re-measure amount is recognized in profit or loss. Lease liabilities are expressed separately in the entity's balance sheet.

13. Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of an asset (that is, assets that must take a considerable period of time to reach their intended use or sale status) that meets the requirements shall be part of the cost of the asset until almost all necessary activities for the intended use or sale of the asset have been completed.

The investment income earned by a specific loan from a temporary investment prior to the occurrence of capital expenditure that meets the requirements shall be deducted from the borrowing cost that meets the capitalization standards.

Apart from the above, all other borrowing costs are recognized as profit or loss in the current year.

14. Employee Benefit

(1) Short-term Employee Benefit

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

(2) Post-retirement Benefit

To determine that the pension allocated to the retirement scheme is recognized as an expense during the period of service provided by the employee.

To determine the defined benefit cost of a welfare retirement plan (including service cost, net interest and remeasurement) is an actuary based on the projected unit welfare method. Service costs (including current service costs and net interest on net defined benefit liabilities are recognized as employee welfare expenses when incurred. Remeasures (including actuarial gains and losses and compensation for plan assets after deducting interest) are recognized in other consolidated profit or loss and included in other equity at the time of occurrence and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) is the shortfall (surplus) in contributions to defined benefit retirement plans. Net defined benefit assets may not exceed the present value of contributions refunded from the plan or of future reductions in contributions.

15. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

(1) Current Income Tax

The merging company determines the current income (loss) in accordance with the laws and regulations formulated by each income tax reporting jurisdiction and calculates the payable (recoverable) income tax accordingly.

The addition of income tax to the undistributed surplus calculated in accordance with the provisions of the income tax law shall be recognized in the annual resolution of the shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in the current income tax.

(2) Deferred Income Tax

Deferred income tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when taxable income tax credits are likely to be used to deduct temporary differences.

Taxable temporary differences related to investment subsidiaries are recognized as deferred income tax liabilities, except where the merged company can control the point of reversal of temporary differences and such temporary differences are likely not to reverse in the foreseeable future. Temporary differences related to such investments can be deducted only if they are likely to have sufficient taxable income to achieve temporary differences and are recognized as deferred income tax assets to the extent that they are expected to be reversed in the foreseeable future.

The carrying amount of deferred income tax assets is re-examined on each balance sheet date, and the carrying amount is reduced for those who are no longer likely to have sufficient taxable places to recover all or part of the assets. Assets that were not previously recognized as deferred income tax assets will also be re-examined on each balance sheet date, and in the future, it is likely to generate tax deductible, increase the book amount.

Deferred tax assets and liabilities are measured at the tax rates that will be expected when the liabilities are settled or the assets are realized, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax liabilities and assets are measured to reflect the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

(3) Current and Deferred Income Tax

Current and deferred income tax are recognized as profit or loss, but current and deferred income tax related to items recognized in other consolidated profit or loss are recognized as other consolidated profit or loss.

V. Critical accounting judgments and key sources of estimation uncertainty

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

When developing material accounting estimates, the Group considers the possible impact of inflation and market interest rate fluctuations on the cash flow projection, growth rate, discount rate, profitability, and other relevant material estimates. The estimations and the underlying assumptions are reviewed on an ongoing basis by the management.

Major sources of uncertainty in estimates and assumptions

Impairment of immovable property, plant and equipment

The impairment of immovable property, plant and equipment is assessed on the basis of the recoverable amount of the assets (i.e. the higher of the fair value of the assets less the cost of sale and the value of their use). Changes in market prices, future cash flows or discount rates will affect the recoverable amount of these assets.

VI. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on Hand and Revolving Funds	$ 172	$ 170
Bank Check and Current Deposit	259,036	86,065
Cash Equivalents		
Commercial Papers	96,566	443,461
Time deposits with an original maturity of less than 3 months	12,913	30,735
	$ 368,687	$ 560,431

The market interest rates for current deposits, commercial promissory notes and time deposits with an original maturity of less than 3 months at the balance sheet date are as follows:

	December 31, 2024	December 31, 2023
Bank Current Deposit	0.002%～0.95%	0.001%～1.45%
Commercial Papers	1.40%～4.80%	1.25%～5.55%
Time deposits with an original maturity of less than 3 months	4.00%～4.35%	5.35%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial Assets－Current		
Mandatorily measured at FVTPL		
Non-derivative Financial Assets		
－Domestic Listed (OTC) Stocks	$ 1,094,425	$ 347,351
－Unlisted (OTC) Stocks	-	12,120
	$ 1,094,425	$ 359,471

The main purpose of the merged company's forward foreign exchange transactions in 2023 is to avoid risks arising from exchange rate fluctuations in foreign currency assets and liabilities. The forward foreign exchange contracts held by the merged company do not meet the effective hedging conditions, so hedging accounting is not applicable. The company incurred losses of NT$ 96 thousand in derivatives trading in 2023 respectively.

No outstanding forward foreign exchange contracts on December 31, 2023 .

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

	December 31, 2024	December 31, 2023
Non-current		
Equity Instrument Investment	$ 736,584	$ 851,344

Equity Instrument Investment

	December 31, 2024	December 31, 2023
Non-current		
Domestic Investment		
Listed (OTC) Stocks	$ 537,855	$ 675,930
Unlisted (OTC) Stocks	198,729	175,414
Subtotal	$ 736,584	$ 851,344

The merged company invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the merged company considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

In 2024, the merged company adjusted its investment position to diversify the risk and sold listed (OTC) shares at fair value of NT$ 301,702 thousand, while related other interests-unrealized benefits of financial assets measured at fair value through other comprehensive loss of NT$ 59,491 thousand were transferred to retained earnings.

For the unrealized evaluation profit and loss information of financial assets measured at fair value through other comprehensive profit and loss, please refer to Note 20(5).。

IX. Financial Assets Measured at Amortized Cost

	December 31, 2024	December 31, 2023
Current		
Time deposits with an original maturity of less than 3 months	$142,870	$137,885
Non-current		
Foreign Investment		
Corporate Bonds	$ 83,860	$ 79,193

(1) The market interest rate range on the balance sheet date for time deposits with an original maturity of more than 3 months is as follows:

	December 31, 2024	December 31, 2023
Current		
Time deposits with an original maturity of more than 3 months	1.415%~4.950%	1.29%~5.20%

(2) In September 2020, the merged company obtained the international bonds from Saudi Arabian government with the face value of USD$1,000 and bonds from Apple with the face value of USD$1,000 at a premium of NT$ 78,760 thousand. The maturity dates are October 2046 and February 2047 respectively. The coupon rates are 4.50% and 4.25% respectively, and the effective interest rates are 3.03% and 2.37% respectively.

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

The merged company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2024 and 2023, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

X. Notes Receivable, Accounts Receivable and Overdue Receivables

	December 31, 2024	December 31, 2023
Notes Receivable		
Measured at Amortized Cost		
Total Book Value	$ 4,305	$ 13,777
Minus: Allowance for Loss	(239)	(239)
	$ 4,066	$ 13,538
Accounts Receivable		
Measured at Amortized Cost		
Total Book Value	$ 95,209	$ 129,600
Minus: Allowance for Loss	(2,731)	(2,731)
	$ 92,478	$ 126,869

	December 31, 2024	December 31, 2023
Overdue Receivables		
Measured at Amortized Cost		
Total Book Value	$ 16,950	$ 16,950
Minus: Allowance for Loss	(16,950)	(16,950)
	$ -	$ -

1. Notes Receivable

The credit period for the sale of goods by the merged company is 30 to 90 days.

The merged company recognizes the allowance loss of notes receivable according to the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the merged company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

If there is evidence that the counterparty is facing severe financial difficulties and the Merger Company cannot reasonably expect to recover the amount, the Merger Company will directly write off the related accounts receivable, but will continue to pursue the recovery activities, and the amount recovered from the pursuit will be recognized in profit or loss.

The merged company measures the allowance loss of notes receivable according to the reserve matrix as follows:

December 31, 2024

	Not Overdue
Expected Credit Loss Rate	5.55%
Total Book Value	$ 4,305
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 4,066

December 31, 2023

	Not Overdue
Expected Credit Loss Rate	1.73%
Total Book Value	$ 13,777
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 13,538

2. Accounts Receivable

The credit period for the sale of goods by the merged company is 30 to 90 days.

The merged company recognizes the allowance loss of accounts receivable based on the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the merged company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

If there is evidence that the counterparty is facing severe financial difficulties and the Merger Company cannot reasonably expect to recover the amount, the Merger Company will directly write off the related accounts receivable, but will continue to pursue the recovery activities, and the amount recovered from the pursuit will be recognized in profit or loss.

The merged company's allowance loss on accounts receivable measured by the provision matrix is as follows:

December 31, 2024

	Not Overdue
Expected Credit Loss Rate	2.87%
Total Book Value	$ 95,209
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 92,478

December 31, 2023

	Not Overdue
Expected Credit Loss Rate	2.11%
Total Book Value	$ 129,600
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 126,869

3. Overdue Receivables

The merged company transfers overdue accounts receivable with customer complaints to demand collection and provides for 100% allowance for loss. There is no change in the allowance for 2024 and 2023.

XI. Inventory

	December 31, 2024	December 31, 2023
Finished Products	$ 87,386	$ 98,069
Work In Process	8,063	10,770
Raw Materials	37,639	57,692
	$ 133,088	$ 166,531

The nature of the cost of goods sold is as follows:

	2024	2023
Cost of inventories sold	$1,319,705	$1,280,033
idle capacity cost	70,964	80,518
	$1,390,669	$1,360,551

XII. Subsidiaries

Subsidiaries listed in the consolidated financial statements

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

Name of Investment Company	Name of subsidiaries	Nature of Business	Proportion of Ownership (%) December 31, 2024	Proportion of Ownership (%) December 31, 2023
Parent Company	KING LAN FA Industrial Co., Ltd. (hereinafter referred to as KING LAN FA Company)	Trading of cloth and textiles, entrusting builders to build residential rental and sale business	100.00	100.00
	LAN JIE Development Co., Ltd. (hereinafter referred to as LAN JIE Company)	General Investment	100.00	100.00
	LAN TSE Investment Co., Ltd. (hereinafter referred to as LAN TSE Company)	General Investment	100.00	100.00
	LAN CHING Development Co., Ltd. (hereinafter referred to as LAN CHING Company)	General Investment	100.00	100.00

Name of Investment Company	Name of subsidiaries	Nature of Business	Proportion of Ownership (%) December 31, 2024	Proportion of Ownership (%) December 31, 2023
	LAN HSIN Investment Co., Ltd. (hereinafter referred to as LAN HSIN Company)	General Investment	100.00	100.00
	LAN FA HOLDING LIMITED	International Investment Industry	100.00	100.00
LAN FA HOLDING LIMITED	MARYLAND INVESTMENT LIMITED	International Investment Industry	89.83	98.98
LAN TSE Company	SPRING INVESTMENT LIMITED	International Investment Industry	100.00	100.00
SPRING INVESTMENT LIMITED	MARYLAND INVESTMENT LIMITED	International Investment Industry	6.47	1.02
MARYLAND INVESTMENT LIMITED	HANGZHOU LAN FA TEXTILE CO., LTD （hereinafter referred to as HANGZHOU LAN FA Company）	Stretch Yarn, Polyester Textured Yarn	100.00	100.00

At the end of December 2024, MARYLAND INVESTMENT LIMITED increased its capital by USD 5,000,000 in cash. LAN FA HOLDING LIMITED did not participate in the capital increase. SPRING INVESTMENT LIMITED invested USD 3,000,000 (equivalent to NT$ 98,130,000), its de facto related party SOARAWAY LIMITED invested USD 1,000,000, and external shareholders invested USD 1,000,000. The merged company did not participate in the capital increase in proportion to the investment it made, resulting in a change in its ownership interest in the subsidiary. The total investment ratio held in the company decreased from 100% to 96.30%. As a result, the change in ownership interest in the subsidiary was recognized as NT$55,746,000 and recorded under capital reserve.

At the end of December 2024, MARYLAND INVESTMENT LIMITED increased its capital by US$5,000,000 in cash to Hangzhou Lan Fa Company.

XIII. Property, plant and equipment

Owner-occupation

	Land	Buildings and Structures	Machine	Hydroelectric Equipment	Transportation Equipment	Other Equipment	Advance Payment for Equipment	Total
Cost								
Balance on January 1, 2024	$ 659,395	$ 807,792	$ 2,850,221	$ 247,589	$ 13,080	$ 129,562	$ 343	$ 4,707,982
Add	-	-	123	735	-	1,171	-	2,029
Disposal	-	-	(2,771)	(4,433)	-	(1,992)	-	(9,196)
Reclassification	-	-	-	-	-	343	(343)	-
Net Exchange Difference	-	9,359	67,370	7,808	305	4,649	-	89,491
Balance on December 31, 2024	$ 659,395	$ 817,151	$ 2,914,943	$ 251,699	$ 13,385	$ 133,733	$ -	$ 4,790,306
Accumulated Depreciation								

	Land	Buildings and Structures	Machine	Hydroelectric Equipment	Transportation Equipment	Other Equipment	Advance Payment for Equipment	Total
Balance on January 1, 2024	$ -	$ 337,012	$ 2,182,935	$ 187,098	$ 8,532	$ 39,587	$ -	$ 2,755,164
Disposal	-	-	(2,771)	(4,433)	-	(1,992)	-	(9,196)
Depreciation Expense	-	16,857	101,594	4,826	1,018	3,864	-	128,159
Net Exchange Difference	-	2,545	42,161	6,087	273	1,372	-	52,438
Balance on December 31, 2024	$ -	$ 356,414	$ 2,323,919	$ 193,578	$ 9,823	$ 42,831	$ -	$ 2,926,565
Balance on December 31, 2024	$ 659,395	$ 460,737	$ 591,024	$ 58,121	$ 3,562	$ 90,902	$ -	$ 1,863,741
Cost								
Balance on January 1, 2023	$ 659,395	$ 814,911	$ 2,907,127	$ 253,619	$ 13,894	$ 131,341	$ 1,231	$ 4,781,518
Add	-	-	-	-	-	23	1,929	1,952
Disposal	-	-	(5,659)	(900)	(574)	(280)	-	(7,413)
Reclassification	-	-	-	797	-	2,009	(2,806)	-
Net Exchange Difference	-	(7,119)	(51,247)	(5,927)	(240)	(3,531)	(11)	(68,075)
Balance on December 31, 2023	$ 659,395	$ 807,792	$ 2,850,221	$ 247,589	$ 13,080	$ 129,562	$ 343	$ 4,707,982
Accumulated Depreciation								
Balance on January 1, 2023	$ -	$ 322,098	$ 2,105,911	$ 187,045	$ 8,033	$ 37,140	$ -	$ 2,660,227
Disposal	-	-	(5,659)	(900)	(516)	(280)	-	(7,355)
Depreciation Expense	-	16,757	112,950	5,500	1,227	3,725	-	140,159
Net Exchange Difference	-	(1,843)	(30,267)	(4,547)	(212)	(998)	-	(37,867)
Balance on December 31, 2023	$ -	$ 337,012	$ 2,182,935	$ 187,098	$ 8,532	$ 39,587	$ -	$ 2,755,164
Net Amount on December 31, 2023	$ 659,395	$ 470,780	$ 667,286	$ 60,491	$ 4,548	$ 89,975	$ 343	$ 1,952,818

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

Housing and Building	
Main Building of Factory	20 to 56 years
Electromechanical Power Equipment	45 to 51 years
Engineering Systems	15 years
Machinery Equipment	5 to 16 years
Hydroelectric Equipment	5 to 26 years
Transportation Equipment	5 years
Other Equipment	3 to 15 years

For information on the mortgages of immovable property, plant and equipment provided to the treasury of various financial banks as financing guarantees, please refer to Note 30.

XIV. Lease Agreement

1. Right-of-use Assets

	Land	Housing and Building	Total
Cost			
Balance on January 1, 2024	$ 74,476	$ 1,954	$ 76,430
Net Exchange Difference	2,783	-	2,783
Balance on December 31, 2024	77,259	1,954	79,213
Accumulated Depreciation			
Balance on January 1, 2024	10,541	357	10,898
Depreciation	2,176	392	2,568
Net Exchange Difference	402	-	402
Balance on December 31, 2024	13,119	749	13,868
Net Amount on December 31, 2024	$ 64,140	$ 1,205	$ 65,345
Cost			
Balance on January 1, 2023	$ 76,595	$ 1,328	$ 77,923
Disposals	-	(1,328)	(1,328)
Add	-	1,954	1,954
Net Exchange Difference	(2,119)	-	(2,119)
Balance on December 31, 2023	74,476	1,954	76,430
Accumulated Depreciation			
Balance on January 1, 2023	8,673	1,300	9,973
Disposals	-	(1,328)	(1,328)
Depreciation	2,138	385	2,523
Net Exchange Difference	(270)	-	(270)
Balance on December 31, 2023	10,541	357	10,898
Net Amount on December 31, 2023	$ 63,935	$ 1,597	$ 65,532

The land is the land use right of the merged company located in Hangzhou City, Zhejiang Province, and its use term is 50 years according to the contract, from May 18, 2004, to May 18, 2054.

For the mortgage information provided by the right-of-use assets to various financial banks as financing guarantees, please refer to Note 30.

2. Lease Liabilities

	December 31, 2024	December 31, 2023
Book Amount of Lease Liabilities		
Current	$ 390	$ 383
Non-current	$ 836	$ 1,226

The discount rate of lease liabilities was 1.87% in 2024 and 2023.

3. Other Lease Information

	2024	2023
Short-term Lease Expense	$ 965	$ 1,164
Total Cash (Outflow) from Leases	($ 1,374)	($ 1,567)

The merged company chooses to apply the recognition exemption to other equipment leases that meet the requirements of short-term leases and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

XV. Investment Property

	Land	Housing and Building	Total
Cost			
Balance on January 1, 2024	$ 95,866	$ 240,501	$ 336,367
Net Exchange Difference	-	551	551
Balance on December 31, 2024	$ 95,866	$ 241,052	$ 336,918
Accumulated Depreciation			
Balance on January 1, 2024	$ -	$ 149,250	$ 149,250
Depreciation Expense	-	5,158	5,158
Net Exchange Difference	-	165	165
Balance on December 31, 2024	$ -	$ 154,573	$ 154,573
Net Amount on December 31, 2024	$ 95,866	$ 86,479	$ 182,345
Cost			
Balance on January 1, 2023	$ 95,866	$ 240,920	$ 336,786
Net Exchange Difference	-	(419)	(419)
Balance on December 31, 2023	$ 95,866	$ 240,501	$ 336,367
Accumulated Depreciation			
Balance on January 1, 2023	$ -	$ 144,219	$ 144,219
Depreciation Expense	-	5,149	5,149
Net Exchange Difference	-	(118)	(118)
Balance on December 31, 2023	$ -	$ 149,250	$ 149,250
Net Amount on December 31, 2023	$ 95,866	$ 91,251	$ 187,117

The fair value of investment real estate on December 31, 2024 is NT$ 1,103,186 thousands, of which NT$ 1,085,826 thousands is evaluated by the independent evaluation company, and another NT$ 17,360 thousands is evaluated by the management.

The fair value of investment real estate on December 31, 2023 is NT$ 983,028 thousands, of which NT$ 965,668 thousands is evaluated by the independent evaluation company, and another NT$ 17,360 thousands is evaluated by the management.

With the exception of self-owned land, the investment immovable property of the merged company shall be depreciated on a cost basis and on a straight-line basis according to the following durable years:

Housing and Building	
Main Building of Factory	41 to 56 years
Office Building	28 years
Engineering System	26 to 31 years

The total amount of lease payments to be received in the future for leasing investment immovable property under operating leases is as follows:

	December 31, 2024	December 31, 2023
First Year	$ 26,432	$ 27,300
Second Year	8,880	26,352
Third Year	-	8,880
	$ 35,312	$ 62,532

All the investment property of the merged company are self-owned. For the mortgage information provided by investment property to various financial banks as financing guarantees, please refer to Note 30.

XVI. Loan

1. Short-term Loans

	December 31, 2024	December 31, 2023
Unsecured Loan (Note 31)		
—Bank Loan	$ 564,651	$ 516,074
—Purchase loan	-	12,273
	564,651	528,347
Unsecured Loan		
—Bank Loan	484,144	441,460
	$ 1,048,795	$ 969,807

The interest rates for short-term loans were 3.35%-4.38% and 1.753%-4.72% on December 31, 2024 and 2023 respectively.

2. Short-term Notes and Bills Payable

	December 31, 2024	December 31, 2023
Commercial Paper Payable	$ 24,000	$ 23,000
Minus: Discount of Short-term Notes Payable	(2)	(57)
	$ 23,998	$ 22,943

Details of outstanding short-term notes are as follows:

December 31, 2024

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
Mega Bills Finance Corp.	$ 24,000	$ 2	$ 23,998	NA

December 31, 2023

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
Dah Chung Bills Finance Corp.	$ 23,000	$ 57	$ 22,943	NA

The interest rates for the interest rates for short-term loans were 1.90% and 1.71% on December 31, 2024 and 2023 respectively.

3. Long-term Loans

	December 31, 2024	December 31, 2023
Secured Loan (Note 30)		
Bank Loan	$ 400,000	$ 500,000
Unsecured Loan		
Bank Loan	-	49,591
	$ 400,000	$ 549,591

The long-term loans of the merged company include:

	Nature	December 31, 2024	December 31, 2023
Secured Loan of Mega International Commercial Bank	From September 15, 2020 to September 15, 2025, the principal will be repaid once in 5 years. The company has paid in full in advance.	$ -	$ 100,000
	From December 15, 2021 to December 15, 2026, the principal will be repaid once in 5 years. The company has paid in full in advance.	-	300,000
	From November 25, 2024 to November 25, 2029, the principal will be repaid once in 5 years.	300,000	-
Secured Loan of Taiwan Cooperative Bank	From December 26, 2023 to December 26, 2026, pay interest monthly and repay principal once upon maturity. The company has paid in full in advance.	-	100,000
	From December 30, 2024 to December 30, 2027, pay interest monthly and repay principal once upon maturity.	100,000	-
Unsecured Loan of Taiwan Cooperative Bank	From July 3, 2020 to July 3, 2025, the principal and interest will be amortized equally on a monthly basis in 36 installments from the third year. The company has paid in full in advance.	-	49,591
Total Bank Loan		$ 400,000	$ 549,591

The interest rates for long-term loans were 2.05%-2.22% and 1.9%-2.1% respectively on December 31, 2024 and 2023.

XVII. Notes Payable and Accounts Payable

	December 31, 2024	December 31, 2023
Notes Payable		
From Business	$ 1,494	$ 4,364
Accounts Payable		
From Business	$ 11,722	$ 41,831

1. Notes Payable

The notes payable by the merged company are mainly notes issued for the payment of materials and general expenses.

2. Accounts Payable

The average credit period is 30 days and the merged company has a financial risk management policy to ensure that all payments are repaid within the pre-agreed credit period.

XVIII. Other Accounts Payable

	December 31, 2024	December 31, 2023
Financing Funds Payable	$ 64,566	$ 61,324
Salary, Bonus and Employee Remuneration Payable	44,373	47,169
Securities payments	14,090	-
Taxes Payable	8,842	6,806
Utilities Payable	8,225	10,380
Interests Payable	4,111	3,786
Business Taxes Payable	334	32
Dividends payable	53	53
Others	18,784	18,627
	$ 163,378	$ 148,177

The financing funds payable on December 31, 2024 was financed by the merged company to a certain company, and the principal will be repaid in a lump sum due in August 2025 at an annual interest rate of 2.5%. The financing funds payable on December 31, 2023 was financed by the merged company to a certain company, and the principal will be repaid in a lump sum due in September 2024 at an annual interest rate of 3.0%.

XIX. Post-retirement Benefits Plan

1. Determine the allocation plan

The pension system of the" Labor Pensions Regulation" applied by the parent company is a defined retirement scheme administered by the government, which transfers the pension to the individual account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

The employees of the subsidiaries of the merged company in the China are members of the retirement benefit plan operated by the government of China. The subsidiary is required to allocate a specific proportion of salary costs to the retirement benefit plan to provide funds for the plan. The obligation of the merged company for this government-operated retirement benefit plan is only to allocate the specific amount.

LAN HSIN Company, LAN TSE Company, LAN CHING Company, LAN JIE Company, KING LAN FA Company, LAN FA HOLDING LIMITED, SPRING INVESTMENT LIMITED and MARYLAND INVESTMENT LIMITED had no retirement contributions in 2024 and 2023.

2. Determine the benefit plan

The pension system administered by the parent company in accordance with the" Labor Standards Law" is a defined benefit retirement plan managed by the government. The payment of employee pension is based on the length of service and the average salary of 6 months prior to the approved retirement date. The company shall allocate a pension of 5% of the employee's total monthly salary to the Labor Retirement Reserve Supervision Board to deposit in the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated once before the end of March of the next year. The special account is managed by the Labor Fund Operation Bureau of the Ministry of Labor, and the merged company has no right to affect the investment management strategy.

The amount of defined benefit plans included in the consolidated balance sheet is listed as follows:

	December 31, 2024	December 31, 2023
Current Value of Determined Welfare Obligations	$ 28,271	$ 31,014
Fair Value of Plan Assets	(33,701)	(30,289)
Net Determined Welfare (Assets) Liabilities	($ 5,430)	$ 725

Changes in net defined benefit liabilities are as follows:

	Current Value of Determined Welfare Obligations	Fair Value of Plan Assets	Net Determined Welfare Liabilities
Balance on January 1, 2024	$ 31,014	($ 30,289)	$ 725
Service Cost			
Current Service Cost	81	-	81
Interest Expense (Revenues)	388	(380)	8
Recognized in profits and losses	469	(380)	89
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,847)	(2,847)
Actuarial gain - changes in financial assumptions	(492)	-	(492)
Actuarial gain - experience adjustments	(2,720)	-	(2,720)
Recognized in other consolidated profits and losses	(3,212)	(2,847)	(6,059)
Employees' Allocation	-	(185)	(185)
Balance on December 31, 2024	$ 28,271	($ 33,701)	($ 5,430)
Balance on January 1, 2023	$ 34,438	($ 33,358)	$ 1,080
Service Cost			
Current Service Cost	152	-	152
Interest Expense (Revenues)	474	(460)	14
Recognized in profits and losses	626	(460)	166
Remeasurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(227)	(227)
Actuarial loss - changes in financial assumptions	278	-	278
Actuarial gain - experience adjustments	(378)	-	(378)
Recognized in other consolidated profits and losses	(100)	(227)	(327)
Employees' Allocation	-	(194)	(194)
Benefits Payment	(3,950)	3,950	-
Balance on December 31, 2023	$ 31,014	($ 30,289)	$ 725

The amount of defined welfare plans recognized in profit and loss by function is summarized as follows:

	2024	2023
Operating Costs	$ -	$ 16
Selling Expenses	34	56
Administrative Expenses	55	94
	$ 89	$ 166

As a result of the pension system of the ”Labor Standards Law”, the merged company is exposed to the following risks:

(1) Investment risk: through self-use and entrusted operation, the Labor Fund Operation Bureau of the Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities and debt securities and bank deposits respectively, however, the distribution amount of the merged company's planned assets is calculated at a rate not lower than the 2-year time deposit interest rate of the local bank.

(2) Interest rate risk: the decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact of net defined welfare liabilities.

(3) Salary risk: the calculation for determining the present value of benefit obligations is based on the future salary of the plan member. Therefore, the increase in the salary of plan members will increase the present value of determining welfare obligations.

The present value of the merged company's determined welfare obligations is carried out by a qualified actuary and the major assumptions for measuring the date are as follows:

	December 31, 2024	December 31, 2023
Discount Rate	1.500%	1.250%
Expected Rate of Increase in Salary	2.000%	2.000%

If there are reasonably possible changes in the material actuarial assumptions, all other assumptions remain the same; the amount of increase (decrease) in the present value of the determined welfare obligations is as follows:

	December 31, 2024	December 31, 2023
Discount Rate		
Increased 0.25%	($ 478)	($ 552)
Decreased 0.25%	$ 492	$ 569
Expected Rate of Increase in Salary		
Increased 0.25%	$ 482	$ 556
Decreased 0.25%	($ 471)	($ 542)

As actuarial assumptions may be related to each other, only a single assumption is unlikely to change, so the above sensitivity analysis may not reflect the actual changes in the present value of welfare obligations.

	December 31, 2024	December 31, 2023
Expected amount to be allocated within 1 year	$ 188	$ 188
Average expiration period of determined welfare obligations	6.9 years	7.2 years

XX. Rights and Interests

1. Equity

Common Stock

	December 31, 2024	December 31, 2023
Authorized Shares (thousands shares)	470,000	470,000
Authorized Equity	$ 4,700,000	$ 4,700,000
Shares Issued and Fully Received (thousands shares)	358,629	358,629
Equity Issued	$ 3,586,289	$ 3,586,289

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

2. Capital Reserves

	December 31, 2024	December 31, 2023
May be used to cover losses, distribute cash or allocate equity (Note1)		
Share Premium	$ 53,822	$ 53,822
The difference between the actual acquisition price of the subsidiary's equity and the book value	14,472	14,472
Treasury Stock Trading (Note2)	173,692	173,692
Only be used to cover losses		
Recognize the number of changes in ownership rights and interests of subsidiaries (Note 12)	55,746	-
Other	1	1
	$ 297,733	$ 241,987

Note 1: Such capital reserve may be used to make up for losses, or, if the company is not making losses, to pay out cash or transfer capital, but the transfer to capital shall be limited to a certain ratio of the paid-in capital each year.

Note 2: This type of capital reserve is the capital reserve impact of cash dividends distributed by the parent company to the subsidiary due to the subsidiary's holding of the parent company's shares, in accordance with the provisions of the (91) Ji Mi Zi No. 340 letter.

3. Retention of surplus and dividend policy

(1) The dividend policy of the articles of association of the parent company is as follows:

1) If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, it shall first make up for the losses in previous years, and then set aside 10% of its balance as the statutory surplus reserve and deduct the surplus reserve, the remaining surplus shall be added to the accumulated undistributed surplus of previous years as distributable surplus, which shall be retained by the board of directors according to the operational needs, if the net profit after tax is positive for the current period. The shareholders' dividends and bonuses shall be distributed at not less than 10% of the surplus available for distribution in the current period, and the proposed distribution shall be distributed by resolution of the shareholders meeting.

2) The parent company's dividend policy is based on considerations of the company's capital expenditures and operating turnover needs. A balanced dividend policy is adopted. In principle, dividends are distributed in both stock and cash. The cash dividends distributed each year must not be less than 10% of the dividends and bonuses distributed to shareholders in that year. However, if the cash dividend is less than NT$0.1 per share, it can be distributed in the form of stock dividends.

(2) Statutory surplus reserve

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

(3) Special Surplus Reserve

1) Deduction of other rights and interests

When distributing the surplus, the parent company must, in accordance with the law, set aside a special surplus reserve for the balance of other equity deductions (including the unrealized gains and losses of financial commodities and the exchange differences translated into the financial statements of foreign operating institutions). If the amount of the reduction in other rights and interests is subsequently reduced, the reduced amount may be transferred from the special surplus reserve to the unallocated surplus.

2) Treasury Stock

The parent company shall not distribute the special surplus reserve of the same amount according to the proportion of shares held by the subsidiary at the end of the period due to the difference between the market price and the book value of the shares held by the subsidiary at the end of the period. If there is a rebound in the subsequent evaluation, the amount may be reversed to the special surplus reserve according to the shareholding ratio.

(4) The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 22 (8).

4. Special Surplus Reserve

The special surplus reserve system includes the accumulated translation adjustment transferred to retained earnings of NT$ 130,176 thousands when the parent company first adopted IFRSs; the special surplus reserve is added to the difference in the net deduction of other shareholders' equity incurred in previous years; and the special surplus reserve is calculated on the basis of the proportion of shares held by subsidiaries at the end of the period due to the difference in the market price of the shares held by the parent company below the book value.

5. Other Equity Items

(1) Exchange difference in the translation of financial statements of foreign operating institutions

	2024	2023
Balance at Beginning of Year	($ 73,934)	($ 68,862)
Other Consolidated Profits and Losses in the Current Year		
Translation Difference of Foreign Operating Institutions	7,693	(5,072)
Recognize the number of changes in ownership rights and interests of subsidiaries	3,599	-
Balance at Ending of Year	($ 62,642)	($ 73,934)

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

	2024	2023
Balance at Beginning of Year	($ 334,951)	($ 291,140)
Other Consolidated Profits and Losses in the Current Year		
unrealized Profit or Loss		
Equity Instrument	73,313	(43,811)

	2024	2023
Accumulated profit and loss of the instrument of disposal of equity is transferred to the retained earnings.	59,491	-
Balance at Ending of Year	($ 202,147)	($ 334,951)

6. Non-controlling interests

	2024	2023
Balance at Beginning of Year	$ -	$ -
Increase in non-controlling interest	65,433	-
Recognition of changes in ownership interests in subsidiaries	(59,345)	-
Balance at Ending of Year	$ 6,088	$ -

7. Treasury shares

The purchase of the shares of the parent company by the subsidiaries of the parent company in order to safeguard the credit of the parent company and the rights and interests of shareholders shall be regarded as the purchase of treasury shares.

The relevant information about the shares held by the subsidiary at the balance sheet date is as follows:

December 31, 2024

	Proportion of Shares Held by the Parent Company	Shareholding (thousand shares)	Amount of Treasury Stock (NT$ thousand)	Market Price (NT$ thousand)
KING LAN FA Company	100.00	4,176	$ 43,297	$ 41,763
LAN TSE Company	100.00	19,511	238,841	195,118
LAN HSIN Company	100.00	11,535	170,139	115,348
LAN CHING Company	100.00	5,922	76,368	59,216
		41,144	$ 528,645	$ 411,445

December 31, 2023

	Proportion of Shares Held by the Parent Company	Shareholding (thousand shares)	Amount of Treasury Stock (NT$ thousand)	Market Price (NT$ thousand)
KING LAN FA Company	100.00	4,176	$ 43,297	$ 42,181
LAN TSE Company	100.00	19,511	238,841	197,069
LAN HSIN Company	100.00	11,535	170,139	116,502
LAN CHING Company	100.00	5,922	76,368	59,808
		41,144	$ 528,645	$ 415,560

The shares held by a subsidiary of the parent company shall be treated as treasury shares, and the rights of the general shareholders shall be the same as those of the general shareholders, except that they may not participate in the cash capital increase of the parent company and have no right to vote.

XXI. Revenue

	2024	2023
Revenue of Customer Contract		
Revenue of Commodity Sales	$ 1,310,762	$ 1,202,695
Other operating income	3,831	1,068
	$ 1,314,593	$ 1,203,763

1. Contract Balance

	December 31, 2024	December 31, 2023	January 1 ,2023
Notes and accounts receivable (Note 10 & 29)	$ 100,533	$ 142,234	$137,472
Contract Liabilities			
Revenue of Commodity Sales	$ 12,363	$ 12,684	$17,641

The change in contract liabilities mainly comes from the difference between the time when the performance obligation is satisfied and the time when the customer pays.

The amount of performance obligations that have been met at the beginning of the year as income in the current period is as follows:

	2024	2023
Contract Liabilities from the Beginning of Year		
Commodity Sales	$ 1,870	$ 6,117

2. Segmentation of Customer Contract Revenue

For the detail information of customer contract income, please refer to Note 35.

XXII. Net Profit

The net profit (loss) includes the following items:

1. Interest Revenues

	2024	2023
Bank Deposits	$ 20,421	$ 15,270
Corporate Bonds	2,222	2,165
	$ 22,643	$ 17,435

2. Other Revenues

	2024	2023
Rent Revenue	$ 25,062	$ 21,815
Dividend Revenue	53,668	280,818
	$ 78,730	$ 302,633

3. Other Profit and Losses

	2024	2023
Net benefit of financial instruments at FVTPL	$ 358,080	$ 41,815
Net foreign exchange profit (Loss)	31,340	(17,220)
Dispose of Losses of Immovable Property, Plant and Equipment	-	(18)
Others	(3,506)	9,630
	$ 385,914	$ 34,207

<u>Net foreign exchange Profit (Loss)</u>

	2024	2023
Total Profits of Foreign Currency Exchange	$ 56,582	$ 68,015
Total Losses of Foreign Currency Exchange	(25,242)	(85,235)
Net Profit (Loss)	$ 31,340	($ 17,220)

4. Financial Costs

	2024	2023
Interest of Bank Loan	$ 56,614	$ 54,750
Interest of Commercial Paper Payable	2,463	1,694
Interest on financing	1,806	1,434
Interest of Lease Liabilities	26	30
Other	4	4
	$ 60,913	$ 57,912

5. Depreciation

	2024	2023
Depreciation expenses are summarized by function		
Operating Costs	$ 123,503	$ 135,302
Operat205896ing Expenses	7,501	7,656
Other profit and loss	4,881	4,873
	$ 135,885	$ 147,831

6. Investment Property Profit and Loss

	2024	2023
Rent Revenue of Investment Property	$ 25,933	$ 22,621
Direct Operating Expense of Investment Property	(7,455)	(7,465)
	$ 18,478	$ 15,156

7. Employees' Benefit Expenses

	2024	2023
Retirement Benefits		
Determined Allocation Plan	$ 3,606	$ 3,528
Determined Benefit Plan (Note19)	89	166
	3,695	3,694
Other Employee Benefits		
Salary Expense	107,694	119,378
Other Personnel Expense	20,323	22,158
	128,017	141,536
Total Employees' Benefit Expense	$ 131,712	$ 145,230
Summary by Function		
Operating Costs	$ 82,934	$ 93,067
Operating Expenses	48,778	52,163
	$ 131,712	$ 145,230

8. Employee Remuneration and Director Remuneration

The parent company allocates employee remuneration and director remuneration at the pre-tax benefit of 1.5% and not more than 2.5% respectively before deducting the distribution of employee and director remuneration in the current year, provided that the amount of compensation shall be retained in advance when the parent company still has accumulated losses.

The parent company still has accumulated losses to be made up for in 2024 and 2023, so employee remuneration and director remuneration are not estimated. If there is any change in the amount after the release of the annual consolidated financial statements, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

The board of directors of the parent company held meetings on March 10, 2025 and March 8, 2024, and decided not to pay employee remuneration and director remuneration in 2024 and 2023.

The parent company did not allocate employee remuneration and director remuneration in 2023 and 2022, which is no different from the amount recognized in the financial reports of 2023 and 2022.

For information on the remuneration of employees and directors as decided by the board of directors of the parent company, please check on the” Market Observation Post System ”of the Taiwan Stock Exchange Corporation.

XXIII. Income Tax

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

	2024	2023
Current Income Tax		
Arising in the Current Year	$ 666	$ 2,699
Adjustments in respect of prior years	(2)	-
Deferred Income Tax		
Arising in the Current Year	4,730	(2,392)
Income Tax Expenses Recognized in the Profit or Loss	$ 5,394	$ 307

The adjustments between accounting income and current income tax expenses are as follows:

	2024	2023
Income tax expense at the statutory rate	$ 220,111	$ 23,842
Income Tax Benefits Calculated at Statutory Tax Rate for Net Loss before Tax	$ 44,022	$ 4,769
Deferred income tax impact of subsidiary earnings	(20,471)	(13,582)
Benefit that cannot be deducted in tax from the loss or addition of fees	(19,133)	(74,213)
Profits and Losses on Securities Transaction and Dividend Revenues	(61,972)	10,244
Tax for Undistributed Surplus	(10)	-
Unrecognized Deductions for Temporary Differences	19,950	14,345
Unrecognized deductible temporary differences	43,010	58,744
Deduction of unrecognized loss	(2)	-
Adjustments to current income tax expenses in previous years in this year	$ 5,394	$ 307

2. Income Tax Recognized in Other Consolidated Profit or Loss

	2024	2023
Deferred Income Tax		
Arising in the Current Year		
- Exchange Difference in the Translation of Financial Statements of Foreign Operating Institutions	$ 1,923	($ 1,267)
- Amount of Re-measurement of Determined Benefits	1,212	65
	$ 3,135	($ 1,202)

3. Current income tax assets and liabilities

	December 31, 2024	December 31, 2023
Current Income Tax Assets		
Tax Refund Receivable	$ 3,080	$ 706
Current income tax liability		
Income tax payable	$ 167	$ 2,365

4. Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	Balance at Beginning of Year	Recognized in the Profit and Loss	Recognized in Other Comprehensive Income	Balance at Ending of Year
Deferred Income Tax Assets				
Temporary Differences				
Deferred Unrealized Benefits	$ 795	($ 306)	$ -	$ 489
Determined Benefit Retirement Plan	195	-	(195)	-
Exchange difference of foreign operating institutions	1,283	-	(1,283)	-
Unrealized Exchange Loss	2,403	(2,403)	-	-
	$ 4,676	($ 2,709)	($ 1,478)	$ 489
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 15,346	$ -	$ 640	$ 15,986
Determined Benefit Retirement Plan	-	-	1,017	1,017
Unrealized Exchange Profit	-	2,021	-	2,021
	$ 15,346	$ 2,021	$ 1,657	$ 19,024

2023

	Balance at Beginning of Year	Recognized in Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Deferred Income Tax Assets				
Temporary Differences				
Deferred Unrealized Benefits	$ 1,168	($ 373)	$ -	$ 795
Determined Benefit Retirement Plan	260	-	(65)	195
Exchange difference of foreign operating institutions	1,283	-	-	1,283
Unrealized Exchange Loss	-	2,403	-	2,403
	$ 2,711	$ 2,030	($ 65)	$ 4,676

	Balance at Beginning of Year	Recognized in Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 16,613	$ -	($ 1,267)	$15,346
Unrealized Exchange Profit	362	(362)	-	-
	$ 16,975	($ 362)	($ 1,267)	$ 15,346

5. Deductible temporary differences and unused loss allowances not recognized as deferred tax assets in the consolidated balance sheet.

	December 31, 2024	December 31, 2023
Deductible Temporary Difference		
Temporary Differences		
Investment Losses Recognized by Equity Method	$ 1,655,949	$ 1,554,182
Allowance for Loss	18,381	17,815
Loss of Inventory Falling Price	9,175	11,673
Others	2,442	2,525
	$ 1,685,947	$ 1,586,195
Loss deduction	$ 771,129	$ 744,472

6. As of December 31, 2024, the number of losses deducted by the merged company for subsequent annual taxable income is as follows:

Maturity Year	LAN FA	LAN CHING	Hangzhou LAN FA
2025	$ -	$ -	$ 84,362
2026	-	-	45,426
2027	-	-	193,302
2028	-	-	203,155
2029	5,452	-	135,122
2030	71,787	-	-
2031	-	6	-
2032	-	-	-
2034	31,951	566	-
	$ 109,190	$ 572	$ 661,367

7. Approval of Income Tax

The corporate income tax declaration cases of the parent company have been approved by the tax authorities up to 2021; the corporate income tax declaration cases of KING LAN FA Company, LAN JIE Company, LAN TSE Company, LAN CHING Company and LAN HSIN Company have been approved by the tax authorities up to 2022.

There are no significant outstanding tax litigation cases established in overseas subsidiaries.

XXIV. Earning per Share

The net income and weighted average number of common shares used in computing earnings per share are as follows:

Net profit for the year	2024	2023
Net profit attributable to the owner of the parent company	$ 214,717	$ 23,535
Earnings used in the computation of basic and diluted earnings per share	$ 214,717	$ 23,535

Number of Shares

Unit: thousand shares

	2024	2023
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	317,485	317,485

XXV. Equity transactions with non-controlling interests

At the end of December 2024, the merged company participated in the cash capital increase of MARYLAND INVESTMENT LIMITED with USD 3,000,000 (equivalent to NT$98,130,000). Since the capital contribution was not made according to the shareholding ratio, the shareholding ratio dropped from 100% to 96.30%.

Since the above transactions did not change the merged company's control over these subsidiaries, the merged company treated them as equity transactions.

XXVI. Cash Flow Information

1. Non-cash transactions

In addition to those disclosed in other notes, the Merger Company conducted the following non-cash investment activities in 2024 and 2023:

As of December 31, 2024 and 2023, the amount of dividend income that had not yet been collected from the merged company was NT$ 400,000 and NT$ 0 respectively (listed as other receivables).

2. Changes in Liabilities from Fund-raising Activities

2024

	Initial balance	Cash Flow	Non-cash change Exchange Rate influence	Balance at the end of the year
Short-term Loans	$ 969,807	$ 43,582	$ 35,406	$ 1,048,795
Short-term notes payable	22,943	1,055	-	23,998
Other payables - related parties	8,886	(9,180)	294	-
Long-term loan	549,591	(149,591)	-	400,000
Guarantee deposits received	5,398	(5)	16	5,409
Lease Liabilities	1,609	(383)	-	1,226
Financing payable	61,324	(558)	3,800	64,566
	$ 1,619,558	($ 115,080)	$ 39,516	$ 1,543,994

2023

	Initial balance	Cash Flow	Non-cash change New Leases	Non-cash change Exchange Rate influence	Balance at the end of the year
Short-term Loans	$ 1,230,408	($ 234,470)	$ -	($ 26,131)	$ 969,807
Short-term notes payable	72,983	(50,040)	-	-	22,943
Other payables - related parties	8,987	-	-	(101)	8,886
Long-term loan	1,075,129	(523,731)	-	(1,807)	549,591
Guarantee deposits received	5,644	(233)	-	(13)	5,398
Lease Liabilities	28	(373)	1,954	-	1,609
Financing payable	62,016	1,702	-	(2,394)	61,324
	$ 2,455,195	($ 807,145)	$ 1,954	($ 30,446)	$ 1,619,558

XXVII. Capital Risk Management

The merged company carries out capital management to ensure that all enterprises in the group can maximize shareholder compensation by optimizing the balance of debt and equity on the premise of continued operation.

On the advice of the key management, the merged company has balanced its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

XXVIII. Financial Instruments

1. Fair Value Information - Financial Instruments Not Measured by Fair Value

Except as stated below, the management of the merged company considers that the carrying number of financial instruments not measured at fair value approaches their fair value.

December 31, 2024

	Book Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
- Foreign Corporate Bonds	$ 83,860	$ -	$ 54,196	$ -	$ 54,196

December 31, 2023

	Book Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
- Foreign Corporate Bonds	$ 79,193	$ -	$ 55,812	$ -	$ 55,812

2. Fair Value Information - Financial Instruments Measured at Fair Value on a Repetitive Basis

(1) Level of Fair Value

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at FVTPL				
- Domestic Listed (OTC) Stocks	$ 1,094,425	$ -	$ -	$ 1,094,425
Financial Assets Measured at FVTOCI				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 537,855	$ -	$ -	$ 537,855
- Domestic Unlisted (OTC) Stocks	-	-	198,729	198,729
Total	$ 537,855	$ -	$ 198,729	$ 736,584

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at FVTPL				
- Domestic Listed (OTC) Stocks	$ 347,351	$ -	$ -	$ 347,351
- Unlisted (OTC) Stocks	12,120	-	-	12,120
- Derivative Instruments	$ 359,471	$ -	$ -	$ 359,471
Financial Assets Measured at FVTOCI				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 675,930	$ -	$ -	$ 675,930
- Domestic Unlisted (OTC) Stocks	-	-	175,414	175,414
Total	$ 675,930	$ -	$ 175,414	$ 851,344

There was no transfer between level 1 fair value measurement and level 2 fair value measurements in 2024 and 2023.

(2) Regulation of financial instruments measured at level 3 fair value

2024

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 175,414
Recognized in Other Consolidated Profits and Losses	23,315
Balance at Ending of Year	$ 198,729

2023

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 166,945
Recognized in Other Consolidated Profits and Losses	8,469
Balance at Ending of Year	$ 175,414

(3) Investment in domestic unlisted (OTC) stocks is conducted in a manner similar to that of listed companies and the adjusted net asset method, taking into account liquidity discount and non-controlling interest discount to determine the value of the target company. Significant unobservable inputs are impairment for liquidity and impairment for non-controlling interests..

3. Types of Financial Instruments

	December 31, 2024	December 31, 2023
Financial Assets		
Financial Assets forced measured at FVTPL	$ 1,094,425	$ 359,471
Financial assets at amortized cost (Note 1)	737,012	963,004
Financial assets forced measured at FVTOCI		
Equity instruments	736,584	851,344
Financial Liabilities		
Amortized cost (Note2)	1,601,194	1,696,938

Note 1：The balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable (including related parties), accounts receivable (including related parties), other receivables and deposits, etc., which are financial assets measured at amortized cost..

Note 2：The balance includes financial liabilities measured at amortized cost, such as short-term loans, short-term bills payable, notes payable, accounts payable, other payables (including related parties), long-term loans and deposits, but excludes financial liabilities measured at amortized cost, such as business tax payable, taxes payable, short-term employee benefits payable and dividends payable..

4. Purpose and Policy of Financial risk Management

The merged company's main financial instruments include accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the merged company coordinates access to the domestic and international financial markets, analyzes the risks and manages the financial risks related to the operation of the merged company according to the degree and scope of the risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

(1) Market Risk

The principal financial risks to which the Merged Company is exposed as a result of its operating activities are foreign exchange rate risk (see (1) below), interest rate risk (see (2) below) and equity commodity price risk (see (3) below). The stock value of an investment equity product will fluctuate with the stock price fluctuations of the individual stocks invested in.

There is no change in the Merged Company's exposure to market risks in financial instruments and the way it manages and measures such exposure.

1) Exchange rate risk

For the carrying amounts of monetary assets and monetary liabilities denominated in currencies outside the balance sheet date of the merged company, please refer to Note 33.

Sensitivity Analysis

The merged company is mainly affected by fluctuations in the exchange rate of the US dollar.

The following table shows the sensitivity analysis of the merged company when the individual functional currency appreciates and depreciates by 5% against the relevant foreign currencies. 5% is the assessment of the reasonable possible range of changes in the exchange rate of foreign currencies within the merged company. The following table shows the amount by which the net profit before tax will be increased or reduced when the functional currency appreciates 5% relative to the relevant currencies; when the individual functional currency depreciates 5% relative to the relevant foreign currencies, the impact on the pre-tax net profit will be the same amount in the opposite direction.

	2024	2023
	Influence of US Dollar	Influence of US Dollar
Profit and Loss	($ 15,094)	($ 18,536)

The above is mainly derived from the US dollar-denominated bank deposits, receivables, payables and bank loan of the merged company which is still outstanding on the balance sheet date and is not hedged in cash flow.

The decrease in the merged company's sensitivity to the US dollar exchange rate during the year was mainly due to a decrease in US dollar-denominated receivables for the year.

(2) Interest Rate Risk

The carrying amounts of the financial assets and financial liabilities of the merged company insured by interest rate exposure on the balance sheet date are as follows:

	December 31, 2024	December 31, 2023
Fair Value Interest Rate Risk		
－Financial Assets	$ 317,039	$ 679,368
－Financial Liabilities	94,146	94,762
Cash Flow Interest Rate Risk		
－Financial Assets	231,310	49,614
－Financial Liabilities	1,444,439	1,519,398

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. The rate of change used by the merged company is an increase or decrease of 25 basis points in the interest rate, which is also an assessment of the reasonable range of possible changes in the interest rate.

If the interest rate increases/decreases by 25 basis points and all other variables remain unchanged, the merged company's net loss before tax in 2024 and 2023 will increase/decrease by NT$ 3,033 thousand and NT$ 3,674 thousand, mainly due to the merged company's exposure to demand deposit and borrowing interest rate risk.

3) Other Price Risk

The merged company’s equity price exposure is caused by the investment of equity securities. The management of the merged company manages risks by holding different risk portfolios.

Sensitivity Analysis

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

If equity prices rise/fall 5%, pre-tax profit or loss in 2024 and 2023 will increase/decrease by NT$ 54,721 thousand and NT$ 17,974 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other consolidated profit and loss before tax in 2024 and 2023 will increase/decrease by NT$ 36,829 thousand and NT$ 42,567 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other consolidated income or loss.

(2) Credit Risk

Credit risk refers to the risk that the other party of the transaction defaults on its contractual obligations and causes financial losses to the merged company. As at the balance sheet date, the maximum credit risk exposure insurance of the merged company that may result in financial losses due to the failure of the counterparty to perform its obligations mainly comes from the book amount of financial assets recognized in the entity's balance sheet.

The policy of the merged company is to trade only with reputable parties and to obtain sufficient guarantees if necessary to mitigate the risk of financial losses arising from default.

The credit risk of the merged company is mainly concentrated in the top five customers of the merged company this year. As of December 31, 2024, and 2023, the ratio of receivables from the above-mentioned customers was 41% and 53% respectively.

(3) Liquidity Risk

The merged company manages and maintains sufficient cash and cash equivalents to support the merged company's operations and mitigate the impact of cash flow fluctuations. The merged company’s management supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank borrowing is an important source of liquidity for the merged company. As of 31, December 2024 and 2023, for the unused bank financing line of the Merger Company, please refer to the following (2) Description of Financing Line.

1) Liquidity and interest rate risk statement for non-derivative financial liabilities

The analysis of remaining contractual maturity of non-derivative financial liabilities is prepared based on the undiscounted cash flows of financial liabilities (comprising principal and estimated interest) based on the earliest date on which the consolidated company could be required to pay. Therefore, the bank loans that the Merger Company may be required to repay immediately are compiled in the earliest period in the table below, without considering the probability of the bank exercising such right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

The undiscounted interest amount of interest cash flows paid at a floating rate is derived based on the daily yield curve on the balance sheet.

December 31, 2024

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 58,426	$ -	$ -	$ 5,409	$ -
Short-term Loans	3,151	6,302	1,066,022	-	-
Short-term Notes Payable	24,000	-	-	-	-
Financing Payable	133	265	65,198	-	-
Lease Liabilities	34	68	307	853	-
Long-term Loan	716	1,432	6,562	430,096	-
	$ 86,460	$ 8,067	$ 1,138,089	$ 436,358	$ -

December 31, 2023

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 78,988	$ -	$ -	$ 5,399	$ -
Short-term Loans	3,203	6,406	991,061	-	-
Short-term Notes Payable	-	23,000	-	-	-
Financing Payable	151	302	62,150	-	-
Lease Liabilities	34	68	306	1,263	-
Long-term Loan	928	1,856	8,507	567,686	-
Other payables - related parties	-	-	8,886	-	-
	$ 83,304	$ 31,632	$ 1,070,910	$ 574,348	$ -

The amount of floating interest rate instruments for the above non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

2) Financing Amount

	December 31, 2024	December 31, 2023
Secured Bank Amount		
- Used Amount	$ 976,940	$ 1,098,555
- Unused Amount	2,318,128	1,493,630
	$ 3,295,068	$ 2,592,185
Unsecured Bank Amount		
- Used Amount	$ 508,142	$ 513,994
- Unused Amount	2,166,754	3,012,168
	$ 2,674,896	$ 3,526,162

XXIX. Related Party Transaction

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

1.Name and Relationship of Related Party

Name of Related Party	Relationship with the merged company
Evertex Fabrinology Limited	Chairman of the Parent Company is its Director. (Substantive Party)
SOARAWAY LIMITED（SOARAWAY）	Substantive Party

2. Operating Transaction

	Commodity Sale	
	2024	2023
Substantive Party	$ 12,479	$ 6,174

The sales price and collection period of the merged company to related parties are same as those of general customers.

The balance of related-party receivables (including notes and accounts) on the balance sheet date is as follows:

Account Item	Type of Related Party	December 31, 2024	December 31, 2023
Notes Receivable	Substantive Party	$ -	$ 1,212
Accounts Receivable	Substantive Party	3,989	615
		$ 3,989	$ 1,827

The related-party receivables outside the circulation are not guaranteed. The related-party receivables in 2024 and 2023 were not overdue and no allowance for losses.

3. Loan to Related Party

	December 31, 2024	December 31, 2023
Substantive Party		
SOARAWAY	$ -	$ 8,886

The merged company's loans to related parties were fully repaid in 2021. The balance on December 31, 2023 was interest payable, which was repaid in 2024. The interest rates on loans borrowed by the merged company from related parties are comparable to market interest rates and all loans are unsecured.

4. Remuneration of the major management

The total remuneration for directors and other major management in 2024 and 2023 was as follows:

	2024	2023
Bonus	$ 9,500	$ 8,618
Salary	6,476	6,065
Business Execution Expense	1,260	1,260
	$ 17,236	$ 15,943

The remuneration of directors and other major management is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXX. Mortgaged Assets

The following assets of the merged company have been provided as guarantees for financing to various banks.

	December 31, 2024	December 31, 2023
Immovable Property, Plant and Equipment		
Land	$ 609,236	$ 609,236
Housing and Building	381,132	390,527
Other equipment	96	93
	990,464	999,856
Investment Property		
Land	8,664	8,664
Housing and Building	67,477	71,535
	76,141	80,199
Right-of-use Assets	64,140	63,935
	$ 1,130,745	$ 1,143,990

XXXI. Significant or Indebted and Unrecognized Contractual Commitments

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

Significant Commitments

As of December 31, 2024 and 2023, the amount of unused credit issued by the merged company due to the purchase of raw materials is NT$ 12,289 thousand and NT$ 70,208 thousand.

XXXII. Significant subsequent events

Due to the continuous relocation of domestic chemical fiber-related industries and the continuous increase in various manufacturing costs, the operation of the core business in Taiwan has become increasingly difficult and it is impossible to achieve the profit target. Considering the future market conditions and the group's operating performance, the company has passed a resolution by the board of directors on February 24, 2024 to stop production at the Zhubei plant and lease the Zhubei plant to Wistron Corporation for a period of ten years with a monthly rent of no less than NT$22,500 thousand.

XXXIII. Information on Foreign Currency Financial Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the functional currencies of the merged company, and the exchange rates disclosed refer to the exchange rates at which those foreign currencies are converted to functional currencies. The information of foreign currency assets with significant impact is as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 5,202	32.781 (USD:TWD)	$ 170,527
USD	7,535	7.2993 (USD:RMB)	247,005
Financial Liabilities			
Monetary Items			
USD	3,528	7.2993 (USD:RMB)	115,651

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 13,691	30.735 (USD:TWD)	$ 420,793
USD	2,199	7.0996 (USD:RMB)	67,586
Financial Liabilities			
Monetary Items			
USD	3,828	7.0996 (USD:RMB)	117,654

The merged company mainly bears the foreign currency exchange rate risk of US dollars. The following information is summarized in terms of the functional currencies of the entity's holders of foreign currencies, and the disclosed exchange rates refer to the conversion of those functional currencies to the exchange rates of the expressed currencies. Significant foreign exchange profits and losses (which have been provided to major operational decision makers and unrealized now) are as follows:

	2024		2023	
Foreign Currency	Exchange Rate	Net Exchange Profit and Loss	Exchange Rate	Net Exchange Profit and Loss
USD	32.16 (USD: TWD)	$ 25,103	31.13 (USD: TWD)	($ 57)
USD	7.19 (USD: RMB)	$ 6,237	7.09 (USD: RMB)	($ 17,163)

XXXIV. Disclosures in Notes

1. Information on major transactions:

(1) Loan to Others: Table 1.

(2) Endorsement for Others: Table 2.

(3) Holding a List of Marketable Securities at the End of the Period (Excluding Investment Subsidiaries): Table 3.

(4) The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital: Table 4.

(5) The amount of immovable property acquired has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(6) The amount of immovable property disposed has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(7) The amount of commodity purchased and sold with the related party has reached to NT$ 100 million or more than 20% of the paid-in capital: NA.

(8) Related-party Receivables has reached to NT$ 100 million or more than 20% of the paid-in capital: NA.

(9) Engage in derivatives transaction: NA.

(10) Other: business relations and important transactions between the parent company and subsidiaries: Table 5.

2. Information on investment business: Table 6.

3. Investment Information in China

(1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China: Table 7.

(2) The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses:

1) The amount and percentage of purchases and the ending balance of the relevant payables and the percentage of the following significant transactions that occurred directly or indirectly by the company through the third area: NA.

2) Balance and percentage at the end of the period of sale amount and percentage and related payables: NA.

3) The amount of property transactions and the amount of profit and loss generated: NA.

4) Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: Table 2.

5) Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: Table 1.

6) Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc. : NA.

4. Major Shareholder Information: Name, amount and proportion of shareholders with a shareholding ratio of more than 5%: Table 8.

XXXV. Information of Departments

The information provided to main operational decision makers to allocate resources and evaluate departmental performance focuses on each type of product or service delivered or provided. The reporting departments of the merged company are as follows:

False Twist Factory - Zhubei Factory

-Hangzhou Factory

Other

1. Departmental Revenue and Operating Results

The merged company continues to report the revenue and operating results of the business unit to the department for analysis as follows:

	2024				
	False Twist Dep. – Zhubei Factory	False Twist Dep. – Hangzhou Factory	Other	Write-off interdepartmental income and profit and loss	Total
Income from external customers	$475,953	$837,541	$1,099	$ -	$1,314,593
Report the (loss) profit of the department	($ 111,418)	($ 93,872)	($ 973)	$ -	($206,263)

	2023				
	False Twist Dep. – Zhubei Factory	False Twist Dep. – Hangzhou Factory	Other	Write-off interdepartmental income and profit and loss	Total
Income from external customers	$640,283	$562,412	$ 1,068	$ -	$1,203,763
Report the (loss) profit of the department	($142,753)	($128,812)	($ 956)	$ -	($272,521)

There were no inter-segment sales in 2024 and 2023.

Departmental loss refers to the profits earned by each department, excluding non-operating income and expenses, as well as income tax expenses. This measure is provided to main operational decision makers to allocate resources to departments and evaluate their performance.

2. Total Assets and Liabilities of the Department

	December 31, 2024	December 31, 2023
Departmental assets		
False Twist Dep. – Zhubei Factory	$ 2,851,024	$ 2,679,689
False Twist Dep. – Hangzhou Factory	1,363,108	1,241,805
Other department	645,395	668,585
Total consolidated assets	$ 4,859,527	$ 4,590,079
Departmental Liabilities		
False Twist Dep. – Zhubei Factory	$ 508,626	$ 691,110
False Twist Dep. – Hangzhou Factory	1,149,285	1,062,094
Other department	43,256	44,518
Total consolidated assets	$ 1,701,167	$ 1,797,722

3. Income from major products and services

The income of the merged company comes from the production and sale of polyester textured silk.

4. Region-specific Information

The merged company mainly operates in two regions-Taiwan and China.

The continuing business unit income of the merged company from external customers by place of sale and non-current assets by location listed below.

	Income from external customers		Non-current Assets	
	2024	2023	December 31, 2024	December 31, 2023
Taiwan	$ 463,391	$ 615,634	$ 1,164,927	$ 1,185,149
China	203,105	176,400	994,447	1,068,024
Thailand	494,646	267,928	-	-
Vietnam	105,120	63,821	-	-
Korea	43,528	72,984	-	-
Others	4,803	6,996	-	-
	$ 1,314,593	$ 1,203,763	$ 2,159,374	$ 2,253,173

Non-current assets on December 31, 2024 and 2023 do not include financial assets at amortized cost and deferred income tax assets measured at fair value through other consolidated profit and loss.

The income from a single customer accounts for more than 10% of the total income of the merged company as follows:

	2024	2023
Customer A	$ 367,870	$ 209,072
Customer B	206,937	312,826

LAN FA Textile Co., Ltd. and Its Subsidiaries

Loan Funds to Others

January 1, 2024 to December 31, 2024

Table 1

Unit: NT$ thousands or USD thousands

No.	Company that lends funds	Loan Object	Exchange Items	Whether the related person or not	Current Maximum Balance	Final Balance	Actual Expenditure Amount	Interest Rate Range	Loan Nature	Amount of Business Transactions	Reasons why short-term financing is necessary	Provision for Amount of Bad debts	Guarantee		Loan to individual object and quota	Capital Loan and Total Limit
													Name	Value		
0	LAN FA Textile Co., Ltd.	Hangzhou LAN FA	Other receivables - related parties	Yes	$ 114,734 (USD 3,500) (Note 3)	$ 49,172 (USD1,500) (Note 3)	$ 49,172 (USD 1,500) (Note 3, 4 and 5)	2.0%	Short-term Financing Funds	$ -	Financing required for operating turnover	NA	NA	NA	$ 945,682 (Note 2)	$ 1,260,909 (Note 2)

Note 1: The investee company is numbered according to the order of the company.

Note 2: The amount of capital loan of the parent company is limited to 40% of the net value of the parent company, and the entity loan amount is limited to 30% of the net value of the parent company.

Note 3: Converted at the exchange rate of December 31, 2024.

Note 4: The amount of funds actually used for financing is NT$ 304 thousand as of December 31, 2024. The interest income from January 1 to December 31, 2024 was NT$ 859 thousand.

Note 5: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Endorsement in Security for Others

January 1, 2024 to December 31, 2024

Table 2

Unit: NT$ thousands

No (Note 1)	Endorser Company Name	Guaranteed Object by Endorsement		Endorsement limit for the single enterprise (Note 3)	Current Maximum endorsement guarantee balance	Endorse at the end of the term and guarantee the balance	Actual expenditure amount	Amount guaranteed by endorsement of property guarantee	Ratio of cumulative endorsement guarantee to the net value of the latest financial statements (%)	Endorsement guarantee Maximum limit (Note 3)	Endorsement guarantees from parent company to subsidiary company	Endorsement guarantees from parent company to subsidiary company	Guarantee the endorsement of the area of the big land.	Remarks
		Company Name	Relationship (Note 2)											
0	The Company	LIAN HSIN Company	2	$ 1,793,145	$ 50,000	$ 50,000	$ -	$ -	1.59%	Paid-in capital of 3,586,289 thousand yuan for the parent company	Y	N	N	
0	〃	LAN TSE Company	2	1,793,145	90,000	90,000	-	-	2.86%		Y	N	N	
0	〃	LAN CHING Company	2	1,793,145	100,000	100,000	24,000	-	3.17%		Y	N	N	
0	〃	LAN JIE Company	2	1,793,145	90,000	90,000	-	-	2.86%		Y	N	N	
0	〃	Hangzhou LAN FA Company	2	1,793,145	995,320	845,096	475,735	-	26.81%		Y	N	Y	

Note 1: The parent company fills in 0.

Note 2: There are seven kinds of relationship between the endorsement guarantee object and the parent company, the comparison is as follows:

(1) A company that does business.

(2) The company that directly or indirectly holds more than 50% of the voting shares.

(3) The company that directly or indirectly holds more than 50% of the voting shares.

(4) Companies that directly or indirectly hold more than 90% of the voting shares.

(5) Based on the needs of contracting projects, the same industry or co-founded companies that guarantee each other in accordance with the provisions of the contract.

(6) The company that is guaranteed by endorsement through all the contributing shareholders according to the shareholding ratio because of the joint investment relationship.

(7) The performance bond and joint guarantee of pre-sale house sales contracts are carried out among the industry in accordance with the norms of the Consumer Protection Law.

Note 3: According to the measures for the implementation of the endorsement guarantee of the parent company, the total amount of the endorsement guarantee shall not exceed the paid-in capital of the parent company, and the endorsement guarantee of a single enterprise shall not exceed 1/2 of the paid-in capital of the parent company.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Holding a List of Marketable Securities at the End of the Period (Excluding Investment Subsidiaries)

December 31, 2024

Table 3 — Unit: NT$ thousands, thousand shares

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Company	Stocks							
	Quanta Computer lnc.	NA	Financial assets measured at FVTPL	1,800	$ 516,600	0.05	$ 516,600	
	TSMC	〃	〃	50	53,750	-	53,750	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	1,250	281,250	0.06	281,250	
	Fubon Financial Holding Co., Ltd.	〃	〃	1,581	142,785	0.01	142,785	
	Subtotal	〃	〃		$ 994,385			
	Evertex Fabrinology Limited	The chairman of the company is its director	Financial assets measured at FVTOCI	1,560	$34,631	1.82	34,631	
	Formosa Technical Co., Ltd.	NA	〃	4,723	133,189	1.07	133,189	
	Formosa Taffeta Co., Ltd.	〃	〃	5,000	91,750	0.30	91,750	
	Yang Ming Marine Transport Corporation	〃	〃	585	44,285	0.02	44,285	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.		Financial assets measured at FVTOCI	500	112,500	0.02	112,500	
	JIH SUN MONEY MARKET FUND	〃	〃	780	24,804	2.00	24,804	
	TUNTEX PETROCHEMICALS, INC.	〃	〃	51	336	0.03	336	
	CHU SING INDUSTRIAL CO., LTD.	〃	〃	29	1,515	3.32	1,515	
	YI TONG FIBER CO., LTD.	〃	〃	671	53,848	1.52	53,848	
	CC&C TECHNOLOGIES, INC.	〃	〃	336	3,365	0.99	3,365	
	Subtotal				$ 500,223			
	BOND							
	Apple Inc. corperation bonds	〃	Financial Assets Measured at Amortized cost	-	$ 43,366	-	27,929	
	International Bonds of the Government of Saudi Arabia	〃	〃	-	40,494	-	26,267	
	Subtotal				$ 83,860			
Subsidiaries-KING LAN FA	Stocks LAN FA TEXTILE CO., LTD.	The Company	Financial assets measured at FVTOCI	4,176	41,763	1.16	41,763	Note2
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	NA	〃	40	9,000	-	9,000	
	Subtotal				$50,763			

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Subsidiaries-LAN TSE	Stock							
	Senao International Co., Ltd.	NA	Financial assets measured at FVTPL	40	$1,290	0.02	1,290	
	LAN FA TEXTILE CO., LTD.	The Company	Financial assets measured at FVTOCI	19,511	$ 195,118	5.44	195,118	Note2
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	1,904	18,178	7.46	18,178	Including 1,410 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	NA	〃	1,963	23,050	5.36	23,050	Including 1,599 thousand special shares
	Subtotal				$ 236,346			
Subsidiaries-LAN JIE	Stock							
	TSMC	NA	Financial assets measured at FVTPL	50	$53,750	-	$53,750	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	200	45,000	0.01	45,000	
	Subtotal				$ 98,750			
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	NA	Financial assets measured at FVTOCI	200	$ 45,000	0.01	45,000	
	LAN DER DEVELOPMENT CO., LTD.	〃	〃	2,138	20,418	8.88	20,418	Including 1,551 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	2,424	28,459	12.12	28,459	Including 1,599, thousand special shares
	Subtotal				$ 93,877			

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Subsidiaries-LAN CHING	Stock							
	LAN FA TEXTILE CO., LTD.	The Company	Financial assets measured at FVTOCI	5,922	$59,216	1.65	59,216	Note2
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	423	4,040	2.99	4,040	Including 226 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	191	2,244	1.79	2,244	Including 70 thousand special shares
	Subtotal				$ 65,500			
Subsidiaries-LAN HSIN	Stocks							
	LAN FA TEXTILE CO., LTD.	The Company	Financial assets measured at FVTOCI	11,535	$ 115,348	3.22	$115,348	Note2
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	75	720	0.07	720	Including 71 thousand special shares
	YEH YING Investment Co., LTD.	〃	〃	1,365	12,517	10.26	12,517	
	SHENQ-TZER DEVELOPMENT CO., LTD.	NA	〃	74	873	0.07	873	Including 70 thousand special shares
	LUNG CHIU Investment Co., LTD.	〃	〃	401	4,362	3.25	4,362	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	300	67,500	0.01	67,500	
	Subtotal				$201,320			

Note 1: Listed and OTC stocks shall follow the closing price of December 31, 2024.

Note 2: When preparing the consolidated financial statements, the consolidated write-off.

Note 3: For information about investment in subsidiaries, please refer to Table 6 and 7.

LAN FA Textile Co., Ltd. and Its Subsidiaries

The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital

January 1, 2024, to December 31, 2024

Table 4 — Unit: NT$ thousands, thousand shares

Buying and selling company	Types and names of marketable securities	Account Items	Transaction Objects (note 1)	Relationship (note 1)	Beginning of the Period		Buy		Sell				Other adjustment items		End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Book value	Punishment Profit and Loss	Number of Shares	Amount	Number of Shares	Amount
The Company	Stock															
	TSMC	Financial assets measured at FVTPL	-	-	-	$ -	450	$391,727	400	$397,234	$345,392	$ 51,842	50	$53,750	-	-
	Quanta Computer lnc.	〃	-	-	300	67,350	2,450	675,008	950	270,324	246,550	23,774	1,800	516,600	-	-
	Fubon Financial Holding Co., Ltd.	〃	-	-	4,232	274,226	3,491	239,108	6,352	556,277	375,560	180,717	1,581 (note 2)	142,785	-	-
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	-	-	-	-	1,250	254,662	-	-	-	-	1,250	281,250	-	-
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	Financial assets measured at FVTOCI	-	-	-	-	500	106,602	-	-	-	-	500	112,500	-	-

Note 1: Investors who use the equity method to account for securities must fill in these two columns, and the rest may be omitted.

Note 2: Includes stock dividends of 210,000 shares.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Business Relations and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries

January 1, 2024, to December 31, 2024

Table 5 | Unit: Unless otherwise noted, it is NT$ thousands.

No. (Note 1)	Name of trader	Transaction objects	Relationship with the trader (Note 2)	Transaction situation			
				Projects	Amount (Note 3)	Transaction condition (Note 4)	Ratio to total consolidated income or assets(Note 5)
0	LAN FA Textile Co., Ltd.	Hangzhou LAN FA Textile Co., Ltd.	1	Other receivables-related parties	$ 49,476	-	1%
				Interest income	859	-	-

Note 1: The business information between the parent company and the subsidiaries shall be indicated in the serial number column respectively, and the numbering method is as follows:

(1) Fill in 0 for the parent company.

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

Note 2: There are three kinds of relationship with the trader, which can be marked:

(1) The parent company to subsidiaries.

(2) Subsidiaries to the parent company.

(3) Subsidiaries to subsidiaries.

Note 3: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

Note 4: The relevant transaction conditions shall be agreed by both parties.

Note 5: Calculation of the ratio of transaction amount to total consolidated income or total assets, in the case of asset-liability items, it shall be calculated according to the balance at the end of the period to the total consolidated assets; in the case of profit and loss items, it shall be calculated according to the accumulated amount in the period to the total consolidated income.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Information, Region and Other Relevant Information of the Invested Company (Excluding Invested Companies in China)

January 1, 2024, to December 31, 2024

Table 6

Unit: NT$ thousands, thousand shares

Name of investment company	Name of invested company	Region	Main business items	Original investment amount		Hold at the end of the period			Current profit and loss of invested company(note3)	Investment profit and loss recognized for the current period(note3)	Remarks
				End of current period	End of last period	Number of Shares	Ratio %	Carrying Amount(note3)			
The Company	KING LAN FA Industrial Co., Ltd.	Taipei	1. Trading of cloth and textiles, etc. 2. Entrusting builders to build residential rental and sale business	$ 202,946	$ 202,946	8,800	100.00	$ 90,373	$ 804	$ 804	(Note 1)
	LAN TSE Investment Co., Ltd.	〃	General Investment	299,947	299,947	41,342	100.00	86,828	1,747	1,747	(Note 1)
	LAN JIE Development Co., Ltd.	〃	〃	100,080	100,080	24,078	100.00	335,237	26,872	26,872	
	LAN HSIN Investment Co., Ltd.	〃	〃	211,256	211,256	25,214	100.00	117,607	3,340	3,340	(Note 1)
	LAN CHING Development Co., Ltd.	〃	〃	129,902	129,902	13,150	100.00	(16,731)	(568)	(568)	(Note 1)
	LAN FA HOLDING LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	International Investment Industry	1,589,570	1,589,570	48,587	100.00	147,084	(133,157)	(133,157)	
LAN FA HOLDING LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	1,589,570	1,589,570	48,587	89.83	147,886	(134,548)	(133,177)	Subsidiaries (Note 2)
LAN TSE Investment Co., Ltd.	SPRING INVESTMENT LIMITED	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	〃	52,262	52,262	1,500	100.00	33,863	1,786	1,786	Subsidiaries (Note 2)
SPRING INVESTMENT LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	115,047	16,917	3,500	6.47	10,653	(134,548)	(1,371)	Subsidiaries (Note 2)

Note 1: The parent company treats the shares held by its subsidiaries as treasury shares, so the investment book amount under the equity method is deducted as the net amount of treasury shares.

Note 2: Investment profits and losses recognized by subsidiaries directly or indirectly.

Note 3: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Investment Information in China

January 1, 2024, to December 31, 2024

Table 7 Unit: NT$ thousands or USD thousand dollars

(1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China:

Name of the invested company in Chinese xdt&	Main business item	Paid-in capital	Investment method (Note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of current period	Remit or recover the amount of investment in the current period		The amount of accumulated investment remitted from Taiwan at the beginning of current period	Profit and loss of the invested company for the current period (Note 5)	The proportion of shares directly or indirectly invested by the Company	Investment profits and losses recognized for the current period (Note 5)	Method of recognition (Note 2)	Book value of investment at the end of the period (Note 5)	Investment income remitted back to Taiwan as of the current period
					Remit	Recover							
Hangzhou LAN FA Textile Co., Ltd.	Stretch yarn, polyester textured yarn	$1,760,011 (USD 54,230)	(2)	$1,589,570 (USD 48,587)	$98,130 (USD3,000) (Note3)	$ -	$1,687,700 (USD 51,587)	($ 134,549)	96.30%	($134,549)	(2)；2	$164,348 (USD 5,014)	$ -

(2) Limit for investment in China:

The cumulative amount of investment remitted from Taiwan to China at the end of current period	The Investment Review Board of the Ministry of Economic Affairs approved the amount of investment.	According to the quota of investment in China as stipulated by the Investment Review Board of the Ministry of Economic Affairs
USD 51,587	USD 51,730	Note 4

Note 1: The investment methods can be divided into the following four types, which can be marked as follows:

(1) To invest companies in China through remittances from the third region.

(2) To set up a company through investment in the third region and re-invest companies in China.

(3) Re-invest companies in China by investing existing companies in the third region.

(4) Other ways of EX: entrusting investment.

Note 2: In the column of investment profit and loss recognized in current period:

(1) If there is no investment profit or loss in preparation, it should be noted.

(2) The basis for the recognition of investment profit and loss is divided into the following three types, which shall be noted.

1) The financial statements audited by the international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

2) The financial statements audited by accountants of the parent company in Taiwan.

3) Others.

Note 3: The investment of USD 3,000,000 with the self-owned funds of the subsidiary SPRING INVESTMENT LIMITED has been approved by the Investment Commission of the Ministry of Economic Affairs on November 28, 2024. The investment should be reported to the Investment Commission of the Ministry of Economic Affairs for record within 6 months of the start of the investment.

Note 4: According to the revised "Principles for the Examination of Investment or Technical Cooperation in China" on August 29, 2008, since the parent company obtained letter No. 11351000720 issued by the Bureau of Industry of the Ministry of Economic Affairs on January 11, 2024, it is in line with the operating scope of the operating headquarters, so there is no need to set up an investment limit.

Note 5: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

(3) Re-invest companies in China through MARYLAND INVESTMENT LIMITED, a subsidiary of the third region company LAN FA HOLDING LIMITED.

LAN FA Textile Co., Ltd.

Major Shareholder Information

December 31, 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held (shares)	Shareholding ratio
ZEXIN Investment Co., Ltd.	34,998,156	9.75%
LAN CHI Investment Co., Ltd.	30,571,673	8.52%
YEH FA Investment Co., Ltd.	22,205,398	6.19%
CHUAN FA Investment Co., Ltd.	20,211,668	5.63%
LAN TSE Investment Co., Ltd.	19,511,764	5.44%

Note: The information of major shareholders in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, calculating that the total amount of common shares and special shares held by shareholders who have completed non-physical login delivery (including treasury shares) reached more than 5%.