

M. J. International Co., Ltd.and Subsidiaries

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

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

The Board of Directors and Shareholders
M. J. International Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of M.J. International Co., Ltd. and its subsidiaries (collectively referred to as the “M.J. Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the M.J. Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the M.J. Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the audit of the M.J. Group's consolidated financial statements for the year ended December 31, 2024 are stated below:

M.J. Group's consolidated revenue was \$3,861,337 thousand for the year of 2024. The occurrence of revenue from these customers is considered as a critical review in this year's consolidated financial statements. Please refer to Note 4(15) and Note 26 to the consolidated financial statements for the description of the revenue recognition policy.

Our audit procedures performed included the following :

1. Through understanding the design and implementation of the internal control over sales and collection cycle, we accordingly designed audit procedures on the internal control over sales and collection cycle, in order to confirm and evaluate the effectiveness of the M.J. Group's internal control over sales and collection cycle.
2. We selected appropriate samples from the sales transactions with the above-mentioned customer; reviewed shipment orders, invoices, bill of lading, and other customs documents; and verified remittance counterparties and cash receipts process, in order to confirm the occurrence of sales.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the M.J. Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the M.J. Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the M.J. Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the M.J. Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the M.J. Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chiang-Shiun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 28, 2025

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 904,626	14	\$ 999,313	16
Financial assets at fair value through profit or loss (Notes 4 and 7)	133,456	2	85,837	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 10 and 35)	128,799	2	118,487	2
Financial assets at amortized cost - current (Notes 4,9,10 and 35)	13,032	-	64,459	1
Notes receivable (Notes 4, 11 and 26)	581	-	1,915	-
Notes receivable - related parties (Notes 4, 26 and 34)	275	-	474	-
Trade receivables (Notes 4, 11 and 26)	1,195,109	18	627,564	10
Trade receivables - related parties (Notes 4, 26 and 34)	20,002	-	27,548	1
Other receivables (Notes 4 and 11)	50,530	1	54,773	1
Current tax assets (Notes 4 and 28)	176	-	4,483	-
Non-current assets or disposal groups classified as held for sale (Notes 4 and 13)	13,864	-	-	-
Inventories (Notes 4 and 12)	498,511	8	430,481	7
Other current assets - others (Notes 20)	69,071	1	85,929	1
Total current assets	<u>3,028,032</u>	<u>46</u>	<u>2,501,263</u>	<u>40</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 10)	13,962	-	12,965	-
Property, plant, and equipment (Notes 4, 15 and 35)	3,120,052	47	3,246,611	52
Right-of-use assets (Notes 4 and 16)	123,844	2	157,754	3
Investment properties (Notes 4 and 17)	312,142	5	321,486	5
Goodwill (Notes 4,18)	-	-	-	-
Other intangible assets (Notes 4, 19)	2,325	-	2,204	-
Deferred tax assets (Notes 4 and 28)	8,727	-	17,025	-
Other non-current assets (Notes 4 and 20)	2,986	-	3,749	-
Total non- current assets	<u>3,584,038</u>	<u>54</u>	<u>3,761,794</u>	<u>60</u>
Total assets	<u>\$ 6,612,070</u>	<u>100</u>	<u>\$ 6,263,057</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term borrowings (Notes 4 and 21)	\$ 160,000	2	\$ 44,057	1
Financial liabilities at fair value through profit or loss- current (Notes 4 and 7)	1,760	-	2,600	-
Contract liabilities - current (Notes 4 and 26)	8,651	-	31,979	-
Trade payables	380,849	6	316,085	5
Other payables (Notes 23and 32)	312,615	5	247,747	4
Other payables- related parties (Notes 34)	-	-	6,449	-
Current tax liabilities (Notes 4 and 28)	62,153	1	50,895	1
Provisions - current (Notes 4 and 24)	28,848	-	17,844	-
Liabilities related to non-current assets or disposal groups classified as held for sale (Notes 4 and 13)	912	-	-	-
Lease liabilities - current (Notes 4 and 16)	-	-	6,505	-
Current portion of long-term borrowings (Notes 4, 21, 30 and 35)	38,357	1	346,895	6
Other current liabilities	1,857	-	1,310	-
Total current liabilities	<u>996,002</u>	<u>15</u>	<u>1,072,366</u>	<u>17</u>
Non-current liabilities				
Bonds payable (Notes 4 and 22)	297,863	4	470,831	8
Long-term borrowings (Notes 4, 21, 30 and 35)	2,227,089	34	1,994,270	32
Deferred tax liabilities (Notes 4 and 28)	7,939	-	17,861	-
Lease liabilities - non-current (Notes 4 and 16)	-	-	29,816	-
Deferred revenue - non-current (Notes 4,23 and 30)	201,151	3	229,469	4
Guarantee deposits	902	-	938	-
Total non-current liabilities	<u>2,734,944</u>	<u>41</u>	<u>2,743,185</u>	<u>44</u>
Total liabilities	<u>3,730,946</u>	<u>56</u>	<u>3,815,551</u>	<u>61</u>
Equity attributable to owners of the company (Notes 4 and 25)				
Share capital				
Ordinary shares	698,256	11	660,590	10
Capital surplus	1,404,401	21	1,259,321	20
Retained earnings				
Legal reserve	226,847	3	226,847	4
Special reserve	120,099	2	104,307	2
Unappropriated earnings	434,720	7	335,031	5
Total retained earnings	781,666	12	666,185	11
Other equity	18,251	-	(120,099)	(2)
Treasury shares	(21,450)	-	(21,450)	-
Total equity attributable to owners of the company	<u>2,881,124</u>	<u>44</u>	<u>2,444,547</u>	<u>39</u>
Non-controlling interests (Notes 4 and 25)	-	-	2,959	-
Total equity	<u>2,881,124</u>	<u>44</u>	<u>2,447,506</u>	<u>39</u>
Total liabilities and equity	<u>\$ 6,612,070</u>	<u>100</u>	<u>\$ 6,263,057</u>	<u>100</u>

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

M. J. International Co., Ltd. and subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023(Restatement)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 34)				
Sales	\$ 3,861,337	100	\$ 2,654,401	100
OPERATING COSTS (Notes 12 and 27)				
Cost of goods sold	(3,215,754)	(83)	(2,211,969)	(83)
GROSS PROFIT	<u>645,583</u>	<u>17</u>	<u>442,432</u>	<u>17</u>
OPERATING EXPENSES (Note 27)				
Selling and marketing expenses	(182,356)	(5)	(149,616)	(6)
General and administrative expenses	(209,302)	(5)	(195,634)	(7)
Research and development expenses	(56,468)	(2)	(48,547)	(2)
Expected credit loss (reversal gain)				
(Notes 4,10 and 11)	<u>136</u>	<u>-</u>	(<u>16,903</u>)	(<u>1</u>)
Total operating expenses	(<u>447,990</u>)	(<u>12</u>)	(<u>410,700</u>)	(<u>16</u>)
PROFIT FROM OPERATIONS	<u>197,593</u>	<u>5</u>	<u>31,732</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	38,022	1	44,846	2
Other income	15,836	-	8,828	-
Other gains and losses	46,939	1	35,885	2
Financial costs (Notes 22 and 34)	(<u>59,674</u>)	(<u>1</u>)	(<u>73,506</u>)	(<u>3</u>)
Total non-operating income and expenses	<u>41,123</u>	<u>1</u>	<u>16,053</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	238,716	6	47,785	2
INCOME TAX EXPENSE (Notes 4 and 28)	(<u>98,968</u>)	(<u>3</u>)	(<u>104,149</u>)	(<u>4</u>)
Profit (loss) from discontinued operations (Notes 13)	(<u>7,605</u>)	<u>-</u>	(<u>39,259</u>)	(<u>2</u>)
NET PROFIT FOR THE YEAR	<u>132,143</u>	<u>3</u>	(<u>95,623</u>)	(<u>4</u>)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss (Notes 4 and 25)				
Exchange differences on translating foreign operations	135,724	4	(22,433)	(1)
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	<u>2,670</u>	<u>-</u>	<u>7,129</u>	<u>1</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>138,394</u>	<u>4</u>	(<u>15,304</u>)	<u>-</u>
TOTAL COMPREHENSIVE INCOME/ FOR THE YEAR				
	<u>\$ 270,537</u>	<u>7</u>	(<u>\$ 110,927</u>)	(<u>4</u>)
NET PROFIT/(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 135,185	3	(\$ 64,313)	(3)
Non-controlling interests	(<u>3,042</u>)	<u>-</u>	(<u>31,310</u>)	(<u>1</u>)
	<u>\$ 132,143</u>	<u>3</u>	(<u>\$ 95,623</u>)	(<u>4</u>)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
TO:				
Owners of the Company	\$ 273,535	7	(\$ 80,105)	(3)
Non-controlling interests	(<u>2,998</u>)	<u>-</u>	(<u>30,822</u>)	(<u>1</u>)
	<u>\$ 270,537</u>	<u>7</u>	(<u>\$ 110,927</u>)	(<u>4</u>)
EARNINGS PER SHARE (Note 29)				
From continuing and discontinued operations				
Basic	<u>\$ 2.02</u>		(<u>\$ 0.98</u>)	
Diluted	<u>\$ 1.97</u>		(<u>\$ 0.98</u>)	
From continuing operations				
Basic	<u>\$ 2.08</u>		(<u>\$ 0.62</u>)	
Diluted	<u>\$ 2.03</u>		(<u>\$ 0.62</u>)	

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

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the company										
	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total equity
						Exchange differences translating the financial statements of foreign operations	Unrealized gains (loss) on financial assets at fair value through other comprehensive income				
	Share capital	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings						
BALANCE AT JANUARY 1, 2023	\$ 660,590	\$ 1,229,455	\$ 212,498	\$ 167,314	\$ 449,205	(\$ 89,024)	(\$ 15,283)	(\$ 21,450)	\$ 2,593,305	\$ 32,905	\$ 2,626,210
Appropriation of 2022 earnings (Note 25)											
Legal reserve	-	-	14,349	-	(14,349)	-	-	-	-	-	-
Special reserve	-	-	-	(63,007)	63,007	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(98,519)	-	-	-	(98,519)	-	(98,519)
Equity component of convertible bonds issued by the Company (Note 22)		29,866	-	-	-	-	-	-	29,866	-	29,866
Net loss for the year ended December 31, 2023	-	-	-	-	(64,313)	-	-	-	(64,313)	(31,310)	(95,623)
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 25)	-	-	-	-	-	(22,921)	7,129	-	(15,792)	488	(15,304)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(64,313)	(22,921)	7,129	-	(80,105)	(30,822)	(110,927)
Disposal of its subsidiaries (Note 25 and 31)	-	-	-	-	-	-	-	-	-	876	876
BALANCE AT DECEMBER 31, 2024	660,590	1,259,321	226,847	104,307	335,031	(111,945)	(8,154)	(21,450)	2,444,547	2,959	2,447,506
Appropriation of 2023 earnings (Note 25)											
Special reserve	-	-	-	15,792	(15,792)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(19,704)	-	-	-	(19,704)	-	(19,704)
Net profit for the year ended December 31, 2024	-	-	-	-	135,185	-	-	-	135,185	(3,042)	132,143
Other comprehensive income (loss) for the year ended December 31, 2024 (Note 25)	-	-	-	-	-	135,680	2,670	-	138,350	44	138,394
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	135,185	135,680	2,670	-	273,535	(2,998)	270,537
Convertible bonds issued by the Company conversion (Note 22)	37,666	145,080	-	-	-	-	-	-	182,746	-	182,746
Disposal of its subsidiaries (Note 25 and 31)	-	-	-	-	-	-	-	-	-	39	39
BALANCE AT DECEMBER 31, 2024	\$ 698,256	\$ 1,404,401	\$ 226,847	\$ 120,099	\$ 434,720	\$ 23,735	(\$ 5,484)	(\$ 21,450)	\$ 2,881,124	\$ -	\$ 2,881,124

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

M. J. International Co., Ltd. and subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 231,111	\$ 6,294
Adjustments for:		
Depreciation expenses	275,951	253,236
Amortization expenses	1,328	9,532
Expected credit loss(gain) recognized on trade receivables	(136)	16,428
Finance costs	60,201	75,123
Interest income	(38,022)	(44,846)
Impairment loss on non-financial assets	17,097	55,884
Loss on disposal of property, plant, and equipment	6,201	1,931
Net (gain) on fair value changes of financial assets at fair value through profit or loss	(1,897)	(861)
Net loss on disposal of financial assets	-	3,906
Net (gain)/loss on foreign currency exchange	(48,291)	3,834
Loss on bond redemption	-	4,500
Gains from disposal of its subsidiaries	(8,792)	(724)
Deferred revenue recognized as other income	(8,243)	(6,089)
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	1,334	(55)
Decrease (increase) in notes receivable due from related parties	199	(46)
Decrease (increase) in trade receivable	(527,753)	(69,381)
Decrease (increase) in trade receivable due from related parties	6,468	12,392
Decrease (increase) in other receivable	7,313	(28,629)
Decrease (increase) in inventories	(112,142)	4,202
Decrease (increase) in other current assets	19,122	112,893
Increase (decrease) in contract liabilities	(21,000)	8,068
Increase (decrease) in accounts payable	67,212	108,733
Increase (decrease) in other payable	74,136	(6,597)
Increase (decrease) in other payable – related parties	(52)	52
Increase (decrease) in provisions	9,595	(3,145)
Increase (decrease) in other current liabilities	1,457	(10,407)
Net cash flows from (used in) operating activities	12,397	506,228

	2024	2023
Interest received	\$ 30,294	\$ 36,731
Interest paid	(50,694)	(65,193)
Income tax paid	(84,986)	(88,979)
Net cash (used in) generated from operating activities	(92,989)	388,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,408
Purchase of financial assets at amortized cost	-	(26,721)
Proceeds from disposal of financial assets at amortized cost	52,006	-
Purchase of financial assets at fair value through profit or loss	(94,708)	(87,595)
Proceeds from sale of financial assets at fair value through profit or loss	53,217	6,415
Payments for property, plant, and equipment	(119,068)	(280,004)
Proceeds from disposal of property, plant, and equipment	1,776	-
Increase in refundable deposits	(193)	(28)
Decrease in refundable deposits	15	10
Payments for intangible assets	(1,412)	(245)
Increase in other non-current assets	(2,767)	-
Increase in other non-current liabilities	-	4,438
Net cash inflow (outflow) from disposal of its subsidiaries	9,652	(553)
Interest received	7,407	10,373
Net cash used in investing activities	(94,075)	(372,502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	395,099	870,360
Repayments of short-term borrowings	(265,099)	(1,033,450)
Proceeds from issuance of bonds payable	-	499,410
Repayments of bonds payable	-	(604,500)
Proceeds from long-term borrowings	-	359,900
Repayments of long-term borrowings	(117,677)	(120,966)
Increase in guarantee deposits	-	656
Decrease in guarantee deposits	(77)	(3,557)
Proceeds from other payable - related parties	-	786
Repayment of the principal portion of lease liabilities	(1,074)	(3,821)
Cash dividends paid	(19,704)	(98,519)
Net cash flows from (used in) financing activities	(8,532)	(133,701)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	100,909	27,302
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(94,687)	(90,114)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	999,313	1,089,427
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 904,626	\$ 999,313

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

M. J. International Co., Ltd. and subsidiaries

Notes To Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. GENERAL INFORMATION

M. J. International Co., Ltd. (hereinafter referred to as the “Company”) was incorporated in the Cayman Islands on October 8, 2010. The Company is the holding company that has reorganized the organizational structure for the listing of stocks on the Taiwan Stock Exchange. After the reorganization, the company became the holding company of all the merged entities. The Company’s shares have been listed on the Taiwan Stock Exchange since November 1, 2016. The Company and its subsidiaries (hereinafter referred to as the “M.J. Group”) are primarily engaged in the business of developing, manufacturing, and selling for LVT and SPC floors.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 12, 2025.

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

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

The application of the amended IFRSs recognized by the FSC and published as effective will not result in *significant changes in the Consolidated Company's accounting policies*.

- b. Applicable FSC-approved IFRS Accounting Standards in 2025

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 21 - Lack of Exchangeability	Jan. 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 – “Amendments to the Classification and Measurement of Financial Instruments” -the amendments to the application guidance of classification of financial assets	Jan. 1, 2026 (Note 2)

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

translation differences in equity as well as affected assets or liabilities.

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRS Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 – “Amendments to the Classification and Measurement of Financial Instruments” -the amendments to the application guidance of classification of financial liabilities	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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above 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 supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- 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 Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the M.J. Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. The terms of a liability that may be settled by transferring an equity instrument of the Consolidated Company at the option of the counterparty do not affect the classification of the liability as current or noncurrent if the Consolidated Company classifies the option as an equity instrument.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between

- (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and
- (ii) (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 14 and Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of its foreign operations (including subsidiaries, associates that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

The goodwill arising from the acquisition of foreign operations and the fair value adjustments to the carrying amounts of assets and liabilities resulting from such acquisitions are considered part of the assets and liabilities of the foreign operations. These are translated using the closing exchange rate at each balance sheet date, and the resulting exchange differences are recognized in other comprehensive income.

When the Group disposes of its entire interest in a foreign operation, or disposes of part of its interest in a subsidiary that includes a foreign operation and loses control, or when the retained interest in a joint arrangement or associate that is a foreign operation becomes a financial asset accounted for in accordance with the accounting policies for financial instruments, the cumulative exchange differences related to that foreign operation and attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

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

g. Property, plant, and equipment

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

Property, plant, and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant, and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the M.J. Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the M.J. Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the M.J. Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale (or disposal groups)

The carrying amount of a noncurrent asset is classified as held for sale when it is expected to be recovered principally through a sale transaction rather than through continuing use. Non-current

assets that qualify for this classification must be available for immediate sale in their present condition and their sale must be highly probable. A sale is classified as highly probable when management at the appropriate level is committed to a plan to sell the asset and the sale transaction is expected to be completed within one year from the classification date.

If control over a subsidiary is to be lost upon disposal, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether a noncontrolling interest in the former subsidiary is retained after the disposal.

Non-current assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation of such assets is discontinued.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note33: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss., except for cases where the interest recognition of short-term receivables is not significant, Exchange differences are recognized in profit or loss.

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

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

Credit-impaired financial assets refer to those for which the issuer or debtor is experiencing significant financial difficulty, has defaulted, is highly likely to file for bankruptcy or undergo other financial restructuring, or for which the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition. These are held to meet short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets

The M.J. Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI,

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

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

For internal credit risk management purposes, the M.J. Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the M.J. Group):

- i) Internal or external information show that the debtor is unlikely to pay its creditors.
- ii) When a financial asset is more than 120 days past due unless the M.J. Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the M.J. Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus -others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The M.J. Group enters derivative financial instruments are foreign exchange forward contracts, dual currency Investment and foreign exchange option to manage its exposure to foreign exchange rate risks.

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the M.J. Group's obligations.

o. Revenue recognition

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

Revenue from the sale of goods comes from sales of LVT floors are recognized as revenue when the goods are shipped or the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Advance receipts are recognized as contract liabilities before the goods are shipped.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize provisions, which is classified under other payables.

p. Leases

At the inception of a contract, the M.J. Group assesses whether the contract is, or contains, a lease.

1) The M.J. Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially

all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The M.J. Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the M.J. Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is the M.J. Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

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

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

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

r. Government grants

Government grants are not recognized until there is reasonable assurance that the M.J. Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the M.J. Group recognizes as the grants intend to compensate. Specifically, government grants whose primary condition is that the M.J. Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the M.J. Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Pension contributions under defined contribution plans are recognized as an expense when the employees have rendered service entitling them to the contributions.

t. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

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

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

extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of climate change and relevant government policies and regulations on the relevant material estimates such as cash flow projections, growth rates, discount rates, and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies, estimates and underlying assumptions adopted by the merging company are not subject to material uncertainty in accounting judgments, estimates and assumptions after being assessed by the management of the merging

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 1,335	\$ 1,287
Checking accounts and demand deposits	818,714	625,686
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>84,577</u>	<u>372,340</u>
	<u>\$ 904,626</u>	<u>\$ 999,313</u>

The market rate intervals of cash in the bank at the end of the year were as follows

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank balance	0.002%~4.34%	0.001%~5.75%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
— Structured deposits (c)	<u>\$ 133,456</u>	<u>\$ 85,837</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative		
—Options of convertible bonds (Note 22)	<u>\$ 1,760</u>	<u>\$ 2,600</u>

The M.J. Group entered into a structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMEInvestments in debt instruments at FVTOCI

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Foreign investments		
Overseas bond investment	\$ 128,799	\$ 118,487
<u>Non-current</u>		
Foreign investments		
Overseas bond investment	<u>13,962</u>	<u>12,965</u>
	<u>\$ 142,761</u>	<u>\$ 131,452</u>

- 1) Refer to Note 10 for information relating to their credit risk management and impairment.
- 2) Refer to Note 35 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investments		
Restricted deposit -time deposits	<u>\$ 13,032</u>	<u>\$ 64,459</u>

- 1) Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- 2) Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

December 31, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 165,249	\$ 13,032
Less: Allowance for impairment loss	(13,077)	-
Amortized cost	152,172	<u>\$ 13,032</u>
Adjustment to fair value	(5,484)	
Effect of exchange rate changes	(3,927)	
	<u>\$ 142,761</u>	

December 31, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 155,102	\$ 64,459
Less: Allowance for impairment loss	(12,285)	-
Amortized cost	142,817	<u>\$ 64,459</u>
Adjustment to fair value	(8,154)	
Effect of exchange rate changes	(3,211)	
	<u>\$ 131,452</u>	

The M.J. Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The M.J. Group's exposure and the external credit ratings are continuously monitored. The M.J. Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the M.J. Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The M.J. Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition, or the debtor has a higher credit risk but still has a strong capacity to meet contractual cash flows	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the M.J. Group has no realistic prospect of recovery	Amount is written off

December 31, 2024

Category	Expected Loss Rate	Gross Carrying Amount Gross	
		At FVTOCI	At Amortized Cost
Performing	0%	\$ 138,378	\$ 13,032
Doubtful	0.5%~37.1%	13,745	-
In default	37.1%~100%	13,126	-
Write-off	100%	-	-
		<u>\$ 165,249</u>	<u>\$ 13,032</u>

December 31, 2023

Category	Expected Loss Rate	Gross Carrying Amount Gross	
		At FVTOCI	At Amortized Cost
Performing	0%	\$ 129,921	\$ 64,459
Doubtful	0.49%~36.8%	12,873	-
In default	36.8%~100%	12,308	-
Write-off	100%	-	-
		<u>\$ 155,102</u>	<u>\$ 64,459</u>

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	In default (Lifetime ECLs - Credit-impaired)
Balance at January 1,2024	\$ -	\$ 3,144	\$ 9,141
Change in model or risk parameters (a)	-	(23)	(16)
Change in exchange rates or others	-	213	618
Balance at December 31,2024	<u>\$ -</u>	<u>\$ 3,334</u>	<u>\$ 9,743</u>
Balance at January 1,2023	\$ -	\$ 1,024	\$ 10,098
Derecognition (b)	-	-	(917)
Change in model or risk parameters (a)	-	2,152	(55)
Change in exchange rates or others	-	(32)	15
Balance at December 31,2023	<u>\$ -</u>	<u>\$ 3,144</u>	<u>\$ 9,141</u>

(a) Changes in external credit ratings provided by third party pricing services.

(b) Investments in government bonds rated as doubtful at FVTOCI of \$1,408 thousand were sold during 2023, respectively, with a consequential reduction in the loss allowance for investments rated as doubtful of \$917 thousand, respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount- operating	\$ 581	\$ 1,915
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>

	\$ 581	\$ 1,915
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,023,296	\$ 557,593
Less: Allowance for impairment loss	(1,779)	(10,572)
	1,021,517	547,021
At FVTOCI receivables	173,592	80,543
	<u>\$ 1,195,109</u>	<u>\$ 627,564</u>
<u>Other receivables</u>		
Retention for sale of receivables	\$ -	\$ 28,966
Tax refund receivable	40,501	16,149
Interest receivable	9,517	8,844
Others	2,478	2,683
Less: Allowance for impairment loss	(1,966)	(1,869)
	<u>\$ 50,530</u>	<u>\$ 54,773</u>

(a) Notes receivable and trade receivable

1) Notes and accounts receivable measured at amortized cost

The average cashing days of notes receivables was 30 to 60 days. The average credit period of sales of goods was 30 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the M.J. Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the M.J. Group's credit risk was significantly reduced.

The M.J. Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the M.J. Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the group's different customer base.

The M.J. Group writes off notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes and accounts receivable that have been written off, the M.J. Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables based on the M.J. Group's provision matrix.

December 31, 2024

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 581

Loss allowance (Lifetime ECLs)	-
Amortized cost	<u>\$ 581</u>

December 31, 2023

	<u>Not Past Due</u>
Expected credit loss rate	0%
Gross carrying amount	\$ 1,915
Loss allowance (Lifetime ECLs)	-
Amortized cost	<u>\$ 1,915</u>

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

December 31, 2024

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	-	-	-	-	100%	
Gross carrying amount	\$ 1,003,569	\$ 17,948	\$ -	\$ -	\$ 1,779	\$ 1,023,296
Loss allowance (Lifetime ECLs)	-	-	-	-	(1,779)	(1,779)
Amortized cost	<u>\$ 1,003,569</u>	<u>\$ 17,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,021,517</u>

December 31, 2023

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Individual assessment</u>	<u>Total</u>
Expected credit loss rate	0%~0.29%	0%~0.83%	0%~2.73%	0%~4.25%	12.71%~100%	100%	
Gross carrying amount	\$ 506,259	\$ 39,451	\$ 14	\$ 1,209	\$ 1,938	\$ 8,722	\$ 557,593
Loss allowance (Lifetime ECLs)	(2)	(8)	-	(6)	(1,834)	(8,722)	(10,572)
Amortized cost	<u>\$ 506,257</u>	<u>\$ 39,443</u>	<u>\$ 14</u>	<u>\$ 1,203</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ 547,021</u>

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

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 10,572	\$ 1,006
Add:		
Provision (reversal) for expected credit losses	(97)	12,424
Less:		
Amounts written off	(9,122)	(2,704)
Disposition of subsidiaries (Note31)	(68)	-
Effect of exchange rate changes	<u>494</u>	(154)
Balance at December 31	<u>\$ 1,779</u>	<u>\$ 10,572</u>

2) Accounts receivable measured at fair value through other comprehensive income (FVOCI)

For certain customers' accounts receivable, the M.J. Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of At FVTOCI receivables based on the M.J. Group's provision matrix.

December 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	-	-	100%	
Gross carrying amount	\$ 173,592	\$ -	\$ -	\$ -	\$ -	\$ 173,592
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 173,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,592</u>

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	-	-	100%	
Gross carrying amount	\$ 80,543	\$ -	\$ -	\$ -	\$ -	\$ 80,543
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 80,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,543</u>

Accounts receivable that have been sold without recourse are classified as other receivables in the retention account, please refer to Note 33.

(b) Other receivables

The accounts stated by the M.J. Group as other receivables are primarily the Retention for sale of receivables, tax refund receivable and interest receivable. According to the M.J. Group's policy, it only trades with the counterparts with fair credit ratings. The M.J. Group would continue to follow up and consider the trading counterparts' past payment record and analyze their current financial position to assess whether there has been a significant increase in credit risk on the other receivables since initial recognition and to measure the expected credit loss. M.J. Group's analysis by reference to the past default experience of the debtor and analysis of the debtor's current financial position, as well as the forecasted direction of economic conditions, the estimated percentages of expected credit loss of other receivables are based the credit rating receiver.

The following table details the loss allowance of other receivables based on the M.J. Group's provision matrix.

December 31, 2024

	Group A	Group B	Total
Expected credit loss rate	-	100%	
Gross carrying amount	\$ 50,530	\$ 1,966	\$ 52,496
Loss allowance (Lifetime ECLs)	-	(1,966)	(1,966)
Amortized cost	<u>\$ 50,530</u>	<u>\$ -</u>	<u>\$ 50,530</u>

December 31, 2023

	Group A	Group B	Total
Expected credit loss rate	-	100%	
Gross carrying amount	\$ 54,773	\$ 1,869	\$ 56,642
Loss allowance (Lifetime ECLs)	-	(1,869)	(1,869)
Amortized cost	<u>\$ 54,773</u>	<u>\$ -</u>	<u>\$ 54,773</u>

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

	2024	2023
Balance at January 1	\$ 1,869	\$ -
Add:		
Provision for expected credit losses	-	1,907
Effect of exchange rate changes	97	(38)
Balance at December 31	<u>\$ 1,966</u>	<u>\$ 1,869</u>

12. INVENTORIES

	December 31, 2024	December 31, 2023
Commodity	\$ 7,692	\$ 47,421
Finished goods	229,073	183,198
Work in process	130,466	79,222
Raw materials and supplies	131,280	120,640
	<u>\$ 498,511</u>	<u>\$ 430,481</u>

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	\$ 3,165,022	\$ 2,140,638
Inventory write-downs	17,097	11,494
Unallocated production overhead	33,635	59,837
	<u>\$ 3,215,754</u>	<u>\$ 2,211,969</u>

13. Closed units / Non-current assets held for sale

1) Closed units

Due to operational planning, the consolidated company's Board of Directors resolved on May 9, 2024, to dispose of a 60% equity interest in its subsidiary, Green Touch Floors Inc. A share purchase agreement was subsequently signed on August 1, 2024, and control over the subsidiary will be transferred to the acquirer.

The breakdown of profit or loss and cash flow information of the discontinued operations is as follows

	January 1, 2024 to August 1	January 1, 2023 to December 31
Operating revenue	\$ 14,991	\$ 48,033
Operating costs	(18,621)	(72,389)
Gross operating loss	(3,630)	(24,356)
Selling and marketing expenses	(2,793)	(16,298)
General and administrative expenses	-	(846)
Expected credit loss	-	475
Loss from operations	(6,423)	(41,025)
Other gains and losses	(655)	1,151
Financial costs	(527)	(1,617)
Loss from discontinued operations	(7,605)	(41,491)
Income Tax Benefit	-	2,232
Loss from Discontinued Operations	<u>(\$ 7,605)</u>	<u>(\$ 39,259)</u>

	January 1, 2024 to August 1	January 1, 2023 to December 31
Losses of discontinued units are attributable to		
Owners of the Company	(\$ 4,563)	(\$ 23,555)
Non-controlling interests	(3,042)	(15,704)
	(\$ 7,605)	(\$ 39,259)
Cash flow		
Operating activities	\$ 200	\$ 2,505
Financing activities	(173)	1,012
Effects of exchange rate changes	4	31
Net Cash Inflows / Outflows	<u>\$ 31</u>	(<u>\$ 1,462</u>)

There were no income tax losses or benefits resulting from the discontinued operations. Supplemental information on other gains and losses of discontinued operations is summarized below:

Depreciation and Amortization

	January 1, 2024 to August 1	January 1, 2023 to December 31
Depreciation expense by function		
Operating expense	<u>\$ 1,264</u>	<u>\$ 4,313</u>
Amortization expense by function		
General and administrative expenses	<u>\$ -</u>	<u>\$ 8,322</u>

2) Non-current assets held for sale

	December 31, 2024	December 31, 2023
Properties for Sale	<u>\$ 13,864</u>	<u>\$ -</u>
Liabilities directly related to non-current assets held for sale	<u>\$ 912</u>	<u>\$ -</u>

On December 23, 2024, the Consolidated Company entered into a purchase and sale agreement with an agreed price of RMB6,000 thousand and a prepayment of RMB200 thousand, but as of December 31, 2024, the transfer had not yet been completed. Upon classification of this investment property as a non-current asset held for sale, no impairment loss should be recognized because the expected selling price exceeds the carrying amount.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main business	% of ownership	
			December 31, 2024	December 31, 2023
M.J. International Co., Ltd. ("M.J. Group")	Prolong International Co., Limited. ("Prolong HK")	Investment holding	100%	100%
	M.J. International Flooring And Interior Products Inc. ("M.J. Taiwan")	Sale and processing of LVT and SPC floors	100%	100% (Remark1)
	Opulent International Group Limited ("Opulent")	International trade	100%	100%
	Fullhouse Investments Limited.	Investment holding	100%	100%

Investor	Investee	Main business	% of ownership	
			December 31,2024	December 31,2023
Fullhouse Investments Limited.	MJ Group US INC.	Processing of LVT and SPC floors	100% (Remark3)	-
	M.J.TECHNOLOGIES (THAILAND) CO.,LTD	Sale and processing of LVT and SPC floors and After-sales service	99% (Remark5)	-
	Green Touch Floors Inc.	Sale of engineered wood , LVT and floors decoration materials and construction materials.	- (Remark4)	-
	M.J.TECHNOLOGIES (THAILAND) CO.,LTD	Sale and processing of LVT and SPC floors and After-sales service	1% (Remark5)	
M.J. International Flooring And Interior Products Inc.(“M.J. Taiwan”)				
Prolong HK	Dongguan MeiJer Plastic Products Co., Ltd.(“M.J. Dongguan”)	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100%
M.J. Dongguan	Dongguan Prolong Plastic Products Co., Ltd.(“Prolong Dongguan”)	Production and sale of tiles, decoration materials and construction materials, and investment holding.	100%	100%
	Chongqing M.J. Architecture & Decoration Materials Co., Ltd.(“M.J. Chongqing”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Guangzhou Promax Architecture & Decoration Materials Co., Ltd.(“M.J. Guangzhou”)	Sale of plastic tiles, decoration materials and construction materials.	- (Remark2)	100%
	Beijing M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Beijing”)	Sale of plastic tiles, decoration materials and construction materials.	62% (Remark3)	62%
Prolong Dongguan	Shanghai M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Shanghai”)	Sale of plastic tiles, decoration materials and construction materials.	36%	36%
	Wuhan M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Wuhan”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Shanghai M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Shanghai”)	Sale of plastic tiles, decoration materials and construction materials.	64%	64%
	Xian M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Xian”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Shenyang M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Shenyang”)	Sale of plastic tiles, decoration materials and construction materials.	100%	100%
	Beijing M.J. Architecture & Decoration Materials Co., Ltd. (“M.J. Beijing”)	Sale of plastic tiles, decoration materials and construction materials.	38%	38%

Remark :

- 1) On August 24, 2023, the Company resolved to increase the cash capital of its subsidiary, M.J. Taiwan in the amount of NT\$300,000 thousand.
- 2) Guangzhou Promax Architecture & Decoration Materials Co. has completed tax deregistration and business deregistration in February and March 2024 respectively and the liquidation remittance was completed.
- 3) Due to business requirements, on March 7, 2024, the Company's Board of Directors resolved to establish a 100%-owned MJ GROUP US INC with an investment amount of US\$250 thousand.
- 4) The Board of Directors of the Consolidated Company resolved on May 9, 2024 to approve the sale of Green Touch Floors Inc. and to complete the closing on August 1, 2024. (Note31)
- 5) For business needs, the Company established M.J.TECHNOLOGIES(THAILAND) CO.,LTD which is jointly owned by the Company and its subsidiary, M.J. Taiwan.

15. Property, Plant and Equipment- Assets used by the M.J. Group

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Equipment under Installation and Construction in Progress	Total
Cost									
Balance at January 1, 2024	\$ 456,595	\$ 1,773,496	\$ 1,780,150	\$ 36,790	\$ 37,758	\$ 19,060	\$ 231,881	\$ 104,167	\$ 4,439,897
Additions	-	29,889	27,180	1,887	1,190	1,114	5,139	48,288	114,687
Disposals	-	(1,670)	(10,236)	(747)	(2,995)	(1,035)	(30,859)	(5,810)	(53,352)
Reclassified (Remark)	-	39,877	56,026	-	-	-	65	(90,975)	4,993
Disposals subsidiary (Note31)	-	-	-	-	-	(534)	(245)	-	(779)
Effect of exchange rate changes	-	20,148	43,934	1,927	1,240	710	8,177	-	76,136
Balance at December 31, 2024	\$ 456,595	\$ 1,861,740	\$ 1,897,054	\$ 39,857	\$ 37,193	\$ 19,315	\$ 214,158	\$ 55,670	\$ 4,581,582
Accumulated depreciation									
Balance at January 1, 2024	\$ -	\$ 283,134	\$ 696,290	\$ 34,194	\$ 28,718	\$ 14,466	\$ 136,484	\$ -	\$ 1,193,286
Disposals	-	(1,670)	(8,269)	(571)	(2,995)	(1,011)	(30,859)	-	(45,375)
Depreciation expenses	-	59,674	164,167	1,340	2,371	1,704	29,289	-	258,545
Disposals subsidiary (Note31)	-	-	-	-	-	(351)	(224)	-	(575)
Effect of exchange rate changes	-	12,587	32,704	1,788	1,192	646	6,732	-	55,649
Balance at December 31, 2024	\$ -	\$ 353,725	\$ 884,892	\$ 36,751	\$ 29,286	\$ 15,454	\$ 141,422	\$ -	\$ 1,461,530
Carrying amounts at December 31, 2024	\$ 456,595	\$ 1,508,015	\$ 1,012,162	\$ 3,106	\$ 7,907	\$ 3,861	\$ 72,736	\$ 55,670	\$ 3,120,052
Cost									
Balance at January 1, 2023	\$ 456,595	\$ 1,793,914	\$ 1,150,564	\$ 36,772	\$ 38,551	\$ 19,784	\$ 195,759	\$ 990,217	\$ 4,682,156
Additions	-	60,659	104,117	650	422	358	13,198	20,109	199,513
Disposals	-	(5,645)	(8,959)	-	(384)	(131)	(21,945)	-	(37,064)
Reclassified (Remark)	-	265,885	589,821	-	-	-	50,297	(906,159)	(156)
Transfers to investment properties (Note17)	-	(335,812)	-	-	-	-	-	-	(335,812)
Disposals subsidiary (Note31)	-	-	(40,016)	-	(404)	(796)	(2,632)	-	(43,848)
Effect of exchange rate changes	-	(5,505)	(15,377)	(632)	(427)	(155)	(2,796)	-	(24,892)
Balance at December 31, 2023	\$ 456,595	\$ 1,773,496	\$ 1,780,150	\$ 36,790	\$ 37,758	\$ 19,060	\$ 231,881	\$ 104,167	\$ 4,439,897
Accumulated depreciation									
Balance at January 1, 2023	\$ -	\$ 295,386	\$ 595,483	\$ 32,525	\$ 26,631	\$ 13,260	\$ 124,850	\$ -	\$ 1,088,135
Disposals	-	(4,086)	(8,959)	-	(73)	(131)	(21,884)	-	(35,133)
Depreciation expenses	-	55,464	125,988	2,261	2,703	1,988	36,592	-	224,996
Transfers to investment properties (Note17)	-	(59,703)	-	-	-	-	-	-	(59,703)
Disposals subsidiary (Note31)	-	-	(5,353)	-	(137)	(496)	(789)	-	(6,775)
Effect of exchange rate changes	-	(3,927)	(10,869)	(592)	(406)	(155)	(2,285)	-	(18,234)
Balance at December 31, 2023	\$ -	\$ 283,134	\$ 696,290	\$ 34,194	\$ 28,718	\$ 14,466	\$ 136,484	\$ -	\$ 1,193,286
Accumulated impairment									
Balance at January 1, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment losses recognized	-	-	5,628	-	-	-	-	-	5,628
Disposals subsidiary (Note31)	-	-	(5,498)	-	-	-	-	-	(5,498)
Effect of exchange rate changes	-	-	(130)	-	-	-	-	-	(130)
Balance at December 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carrying amounts at December 31, 2023	\$ 456,595	\$ 1,490,362	\$ 1,083,860	\$ 2,596	\$ 9,040	\$ 4,594	\$ 95,397	\$ 104,167	\$ 3,246,611

Remark: Reclassified from construction in progress, equipment pending inspection, or other non-current assets – prepaid equipment to the respective categories under property, plant and equipment.

The consolidated company assessed that there was no impairment of property, plant, and equipment in 2024. However, due to the poor sales performance of its subsidiary, Changchun MH., in 2023, the consolidated company expected a decrease in future cash inflows from the subsidiary's machinery and equipment. As a result, the recoverable amount was lower than the carrying amount, and an impairment loss of \$5,628 thousand was recognized in 2023. This impairment loss was included under other gains and losses in the consolidated statements of comprehensive income.

The Group determined the recoverable amount of the relevant assets on the basis of their fair values less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using the market value method.

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

Buildings	
Main buildings	15~ 55Years
Others	3~20Years
Machinery and equipment	3~20Years
Molding equipment	3~8Years
Transportation equipment	2.5~10Years

Office equipment
Other equipment

3~10Years
2~20Years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 35.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2024	December 31, 2023
<u>Carrying amounts</u>		
Land (Remark)	\$ 123,844	\$ 121,629
Buildings	<u>-</u>	<u>36,125</u>
	<u>\$ 123,844</u>	<u>\$ 157,754</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 115,072</u>
Disposal to right-of-use assets (Note31)	<u>(\$ 35,675)</u>	<u>(\$ 44,606)</u>
Depreciation expense		
Land	\$ 4,067	\$ 3,773
Buildings	<u>1,264</u>	<u>10,941</u>
	<u>\$ 5,331</u>	<u>\$ 14,714</u>

Remark : The land use rights pertain to properties located in Mainland China, for which the consolidated entity has obtained state-owned land use rights. Except for the disposals of subsidiaries, additions, and recognition of depreciation expenses, there were no significant subleases or impairment of right-of-use assets recognized by the consolidated entity in 2024 and 2023.

b. Lease liabilities

	December 31, 2024	December 31, 2023
<u>Carrying amounts</u>		
Current	<u>\$ -</u>	<u>\$ 6,505</u>
Non-Current	<u>\$ -</u>	<u>\$ 29,816</u>

Range of discount rate for lease liabilities was as follows

	December 31, 2024	December 31, 2023
Buildings	-	5%

c. Material lease-in activities and terms

The right-of-use assets include land use rights in mainland China. The lease term is 50 years. The M.J. Group has obtained the land use rights certificates issued by the government.

The M.J. Group also leases 1 buildings for the use of offices and dormitory with lease terms of 5 years. The M.J. Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 6,636</u>	<u>\$ 7,210</u>
Expenses relating to low-value asset leases	<u>\$ 555</u>	<u>\$ 196</u>
Total cash outflow for leases	<u>(\$ 8,565)</u>	<u>(\$ 12,217)</u>

17. INVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 425,292
Reclassified to be sold (Note13)	(25,005)
Effects of foreign currency exchange differences	<u>22,133</u>
Balance at December 31, 2024	<u>\$ 422,420</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 103,806
Depreciation expenses	12,075
Reclassified to be sold (Note13)	(11,141)
Effects of foreign currency exchange differences	<u>5,538</u>
Balance at December 31, 2024	<u>\$ 110,278</u>
Carrying amounts at December 31, 2024	<u>\$ 312,142</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 97,866
Transfers from property, plant, and equipment	335,812
Effects of foreign currency exchange differences	(8,386)
Balance at December 31, 2023	<u>\$ 425,292</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 32,595
Transfers from property, plant, and equipment	59,703
Depreciation expenses	13,526
Effects of foreign currency exchange differences	(2,018)
Balance at December 31, 2023	<u>\$ 103,806</u>
Carrying amounts at December 31, 2023	<u>\$ 321,486</u>

- (a)The lease term of investment real estate is 2~4 years. The lessee does not have the right of preferential purchase at the end of the lease period.
- (b)The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2024 was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Year1	\$ 6,697	\$ 5,412
Year2	3,859	4,904
Year3	3,180	3,839
Year4	<u>-</u>	<u>2,920</u>
	<u>\$ 13,736</u>	<u>\$ 17,075</u>

- (c)The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Building	20~35 Years
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(d)The fair value of the owned investment properties was not determined by independent appraisers but was measured by the management of the consolidated entity using valuation models commonly adopted by market participants, applying Level 3 inputs. The valuation was based on market evidence, such as recent transaction prices of comparable properties. The resulting fair values are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value	<u>\$ 355,887</u>	<u>\$336,170</u>

(e)There was no indication of impairment for the year ended December 31, 2024 and 2023.

18. GOODWILL

	<u>2024</u>	<u>2023</u>
<u>Cost</u>		
Balance at January 1	\$ 9,008	\$ 9,009
Disposals subsidiary (Note31)	(9,633)	
Effect of foreign currency exchange differences	<u>625</u>	(<u>1</u>)
Balance at December 31	<u>\$ -</u>	<u>\$ 9,008</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	(\$ 9,008)	\$ -
Disposals subsidiary (Note31)	(9,633)	-
Impairment losses recognized	-	9,140
Effect of foreign currency exchange differences	<u>625</u>	(<u>132</u>)
Balance at December 31	<u>\$ -</u>	<u>\$ 9,008</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

In October 2019, the Group acquired its former subsidiary, Green Touch Floors Inc. The acquisition resulted in the recognition of goodwill, as the consideration transferred exceeded the fair value of identifiable assets acquired and liabilities assumed at the acquisition date.

The recoverable amount of the goodwill was determined based on value in use, calculated using cash flow projections from the Group's management-approved financial budgets covering a five-year period. A discount rate of 15.53% was applied in the 2023 assessment.

As the recoverable amount was lower than the carrying amount, an impairment loss of NT\$9,140 thousand was recognized and recorded under other gains and losses.

19. OTHER INTANGIBLE ASSETS

	<u>Software</u>	<u>Customer Relationship</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1,2024	\$ 4,015	\$ 41,007	\$ 45,002
Additions	1,412	-	1,412
Disposals subsidiary (Note31)	-	(43,852)	(43,852)
Effect of foreign currency exchange differences	<u>46</u>	<u>2,845</u>	<u>2,891</u>
Balance at December 31,2024	<u>\$ 5,473</u>	<u>\$ -</u>	<u>\$ 5,473</u>
<u>Accumulated amortization</u>			
Balance at January 1,2024	\$ 1,811	\$ 41,007	\$ 42,818
Amortization expenses	1,328	-	1,328

Disposals subsidiary (Note31)	-	(43,852)	(43,852)
Effect of foreign currency exchange differences	<u>9</u>	<u>2,845</u>	<u>2,854</u>
Balance at December 31,2024	<u>\$ 3,148</u>	<u>\$ -</u>	<u>\$ 3,148</u>
Carrying amounts at December 31,2024	<u>\$ 2,325</u>	<u>\$ -</u>	<u>\$ 2,325</u>
<u>Cost</u>			
Balance at January 1,2023	\$ 4,340	\$ 41,014	\$ 45,354
Additions	245	-	245
Disposals	(463)	-	(463)
Disposals subsidiary (Note31)	(101)	-	(101)
Effect of foreign currency exchange differences	(<u>6</u>)	(<u>7</u>)	(<u>13</u>)
Balance at December 31,2023	<u>\$ 4,015</u>	<u>\$ 41,007</u>	<u>\$ 45,022</u>
<u>Accumulated amortization</u>			
Balance at January 1,2023	\$ 1,127	\$ 26,659	\$ 27,786
Amortization expenses	1,210	8,322	9,532
Disposals	(463)	-	(463)
Impairment losses recognized	-	6,241	6,241
Disposals subsidiary (Note31)	(59)	-	(59)
Effect of foreign currency exchange differences	(<u>4</u>)	(<u>215</u>)	(<u>219</u>)
Balance at December 31,2023	<u>\$ 1,811</u>	<u>\$ 41,007</u>	<u>\$ 42,818</u>
Carrying amounts at December 31,2023	<u>\$ 2,204</u>	<u>\$ -</u>	<u>\$ 2,204</u>

The consolidated entity's customer relationship intangible asset arose from the acquisition of a former subsidiary, Green Touch Floors Inc., in 2019. The recoverable amount of the customer relationship was determined based on its value in use, calculated using cash flow projections from the consolidated entity's management-approved financial budgets for the next five years, discounted at an annual rate of 15.53% in 2023. As the recoverable amount was lower than its carrying amount, an impairment loss of NT\$6,241 thousand was recognized and recorded under other gains and losses.

The consolidated entity assessed other intangible assets in 2024 and did not identify any significant impairment.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	3-5 Years	
An analysis of amortization by function :	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 85	\$ 85
Selling and marketing expenses	29	-
General and administrative expenses	1,214	9,447
Research and development expenses	-	-
	<u>\$ 1,328</u>	<u>\$ 9,532</u>

20. OTHER ASSETS

	December 31, 2024	December 31, 2023
<u>Current</u>		
Offset Against Business Tax Payable	\$ 46,706	\$ 70,962
Prepayments	925	1,187
Others	21,440	13,780
	<u>\$ 69,071</u>	<u>\$ 85,929</u>
<u>Non-Current</u>		
Prepayments for equipment	\$ -	\$ 557
Refundable deposit	2,986	3,192
	<u>\$ 2,986</u>	<u>\$ 3,749</u>

21. BORROWINGS

(a) Short-term borrowings

	December 31, 2024	December 31, 2023
<u>Unsecured borrowings</u>		
Bank overdraft (1)	\$ -	\$ 9,388
Line of credit borrowings (1)	160,000	30,029
Other borrowings (2)	-	4,640
Total	<u>\$ 160,000</u>	<u>\$ 44,057</u>

1. As of December 31, 2024 and 2023, the interest rates on the unsecured borrowings were 2.07%~2.11% and 1.88%~8.10%, respectively.
2. As of December 31, 2023, the interest rates on the other borrowings were 5%

(b) Long-term borrowings

	December 31, 2024	December 31, 2023
<u>Secured borrowings (Note 35)</u>		
Bank loans A (Note1)	\$ 311,504	\$ 324,133
Bank loans B (Note2)	1,460,000	1,517,429
Bank loans C (Note3)	350,000	350,000
Less: Discounts on government grant (Note30)	(45,311)	(85,971)
	2,076,193	2,105,591
<u>Unsecured borrowings</u>		
Bank loans D (Note4)	152,381	200,000
Bank loans E (Note5)	40,900	40,900
Less: Discounts on government grant (Note30)	(4,028)	(5,326)
	189,253	235,574
Less: Current portion of long-term borrowings	(38,357)	(346,895)
	<u>\$ 2,227,089</u>	<u>\$ 1,994,270</u>

Note 1: The combined company obtained a new bank borrowing of NT\$353,600 thousand on June 4, 2020, with an interest rate set at a floating rate of 2.18%. The original loan term was 10 years, commencing from the drawdown date (June 4, 2020), including a 3-year grace period from June 2020 to May 2023. The combined company extended the loan agreement in April 2024, lengthening the loan term by 2 years. After the extension, the loan term is 12 years, with an additional 2-year grace period from April 2024 to March 2026. Following the expiration of the grace period, the principal will

be repaid in 84 equal monthly installments. The loan is secured by land owned by the combined company. Please refer to Note 35 for further details.

Note 2: The combined company obtained a government-subsidized loan under the " Project Loan for Returning Overseas Taiwanese Businesses " managed by the National Development Fund Administration of the Republic of China. The loan is intended for the construction of factory buildings and the purchase of machinery and equipment. For further details, please refer to Note 30. The loan drawdown is secured by the combined company's factory buildings and equipment (including buildings, machinery and equipment, construction in progress, and equipment pending inspection), as detailed in Note 35. The loan carries a floating interest rate of 0.98%. The original loan term ranged from 7 to 10 years, including a grace period of 1 to 3 years (from July 2020 to May 2023 and from December 2022 to November 2023). In April 2024, the combined company extended part of the loan agreement by 2 years. After the extension, the loan term ranges from 7 to 12 years, with an additional 2-year grace period from April 2024 to March 2026. Following the expiration of the grace period, principal repayment will be made in equal monthly installments.

Note 3: The combined company drew down a secured government-subsidized loan used for the purchase of machinery and equipment as well as raw material procurement. For further details, please refer to Note 30. The loan is secured by the combined company's factory buildings and equipment (including buildings, machinery and equipment, construction in progress, and equipment pending inspection), as detailed in Note 35. The loan carries a floating interest rate of 0.98%. The original loan term ranged from 6 to 7 years, including a grace period of 2 to 3 years (from June 2022 to May 2025 and from October 2023 to May 2025). In April 2024, the combined company extended the loan agreement, lengthening the grace period by 2 years. After the extension, the grace period ranges from 4 to 5 years (from June 2022 to May 2027 and from October 2023 to May 2027). Following the expiration of the grace period, principal repayments will be made in equal monthly installments.

Note 4: The combined company drew down an unsecured government-subsidized loan used for the purchase of machinery and equipment as well as raw material procurement. For further details, please refer to Note 30. The loan carries a floating interest rate of 0.98%. The original loan term ranged from 3 to 5 years, including a grace period of 1 to 2 years (from January 2022 to December 2023 and from January 2023 to December 2023). In May 2024, the combined company extended the loan agreement, lengthening the loan term by 2 years. After the extension, the loan term ranges from 5 to 7 years. Following the expiration of the grace period, principal repayments will be made in equal monthly installments.

Note 5: The combined company obtained a new unsecured bank loan of NT\$40,900 thousand on November 20, 2023, with an interest rate set at a floating rate of 2.11%. The loan term is 15 years, commencing from the drawdown date (November 20, 2023), including a 2-year grace period from December 2023 to November 2025. Following the expiration of the grace period, principal repayment will be made in 156 equal monthly installments.

22. Bonds payable

	December 31,2024	December 31,2023
Unsecured domestic convertible bonds	\$ 297,863	\$ 470,831
Less : Current portion	-	-
	<u>\$ 297,863</u>	<u>\$ 470,831</u>

Unsecured domestic convertible bonds-1st

At August 12, 2020, the Company issued 6 thousand, interest rate 0% and 101% of the par value NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$600,000 thousand. The issuance period from August 12, 2020 to August 12, 2023.

Except for the holders of the converted corporate bonds applying for conversion into ordinary shares of the Company, the company's early redemption of corporate bonds, or the company's purchase and cancellation by the securities firm's business premises, When the converted bonds expire, the company will pay 100.75% of the bond's face value to the bondholders in one lump sum.

Bondholders may request conversion of the bonds into common shares at any time from the day following the three-month period after the issuance date (i.e., from November 13, 2020) until the maturity date (August 12, 2023), except during the following periods:

- (1) the statutory book closure period for common shares;
- (2) the 15 business days prior to the book closure date for stock dividends, cash dividends, or cash capital increases through the record date;
- (3) from the capital reduction record date until the day before the trading commencement date of the new shares; and
- (4) from the start date of suspension of conversion due to par value changes until the day before the new shares begin trading.

Bondholders must submit conversion requests through their securities brokers, who will notify the Taiwan Depository & Clearing Corporation (TDCC). The request will then be processed by the Company's stock affairs agent.

At August 4, 2020 is used as the reference date for the determination of the conversion price. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$76. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Since the Company applied for ex-dividend on July 28 2021, the conversion price of bonds was adjusted to \$67.7 per share. Since the Company applied for ex-dividend on August 28 2022, the conversion price of bonds was adjusted to \$66.6 per share.

The convertible bonds contain assets, liability, and equity components. The assets component was presented in financial assets at fair value through profit or loss. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 1.29% per annum on initial recognition. On August 26, 2023, the convertible bonds will expire and \$600,000 thousand of convertible bonds will be repaid at par value.

Proceeds from issuance (less transaction costs of \$5,460 thousand)	\$ 600,540
Redemption component at the date of issue	120
Equity component	(23,488)
Liability component at the date of issue	577,172
Interest charged at an effective interest rate of 1.29%	18,086
Liability component at January 1,2023	595,258
Interest charged at an effective interest rate of 1.29%	4,472
Redeemed convertible bonds	(600,000)
Liability component at December 31,2023	\$ -

Unsecured domestic convertible bonds-2nd

At July 26, 2023, the Company issued 5 thousand, interest rate 0% and 101% of the par value NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$500,000 thousand. The issuance period from July 26, 2023 to July 26, 2026.

In accordance with Article 5 of the Regulations, the coupon rate of the convertible bonds is 0%, so there is no need to set the date and method of interest payment. Unless the bondholder converts the bonds to common shares of the Company in accordance with Article 13 of the Regulations, exercises the right of sale in accordance with Article 22 of the Regulations, or the Company redeems the bonds in advance in accordance with Article 21 of the Regulations, or the bonds are purchased and canceled by the Company from a brokerage firm, the bonds will be repaid in cash in a lump sum at face value within ten (10) business days from the next day after maturity, and the foregoing will be postponed to the following business day if the centralized stock market in Taipei City is closed. In the event that the centralized trading market in Taipei City is closed for business, the aforementioned date will be postponed to the next business day.

Bondholders may request conversion of the bonds into common shares at any time from the day following the three-month period after the issuance date (i.e., from October 27, 2023) until the maturity date (July 26, 2026), except during the following periods:

- (1) the statutory book closure period for common shares;
- (2) the 15 business days prior to the book closure date for stock dividends, cash dividends, or cash capital increases through the record date;
- (3) from the capital reduction record date until the day before the trading commencement date of the new shares; and
- (4) from the start date of suspension of conversion due to par value changes until the day before the new shares begin trading.

Conversion requests shall be submitted through securities brokers, who shall notify the Taiwan Depository & Clearing Corporation (TDCC). The request will then be processed by the Company's stock affairs agent.

At July 18, 2023 is used as the reference date for the determination of the conversion price. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$52.8. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. Since the Company applied for ex-dividend on September 8 2023, the conversion price of bonds was adjusted to \$51 per share. Starting from August 16, 2024, the conversion price was adjusted due to the distribution of cash dividends, resulting in a new conversion price of NT\$50.7 per share. Furthermore, starting from March 21, 2025, the conversion price was adjusted again due to a capital increase through the issuance of new shares, with the adjusted conversion price set at NT\$50.4 per share.

The convertible bonds contain assets, liability, and equity components. The assets component was presented in financial assets at fair value through profit or loss. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 2.34% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,590 thousand)	\$ 499,410
Redemption component at the date of issue	(3,461)
Equity component	(29,866)
Liability component at the date of issue	466,083
Interest charged at an effective interest rate of 2.34%	4,748
Liability component at December 31, 2023	<u>\$ 470,831</u>
Liability component at January 1, 2024	470,831
Interest charged at an effective interest rate of 2.34%	9,656
Conversion of Bonds Payable to Common Stock	(182,624)
Liability component at December 31, 2024	<u>\$ 297,863</u>

As of December 31, 2024, convertible bonds with a total principal amount of NT\$191,300 thousand had been converted into ordinary shares, resulting in an increase of NT\$37,666 thousand in common

stock. Due to the exercise of conversion rights, the originally recognized capital surplus—stock options from convertible bonds decreased by NT\$11,426 thousand, the discount on bonds payable decreased by NT\$8,676 thousand, and financial liabilities at fair value through profit or loss decreased by NT\$122 thousand. The excess of the conversion proceeds over the par value of the ordinary shares, amounting to NT\$156,506 thousand, was reclassified to capital surplus—premium arising from bond conversion.

23. OTHER LIABILITIES

	<u>December 31,2024</u>	<u>December 31,2023</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses (including remuneration to employees and directors)	\$ 85,472	\$ 49,768
Payables for purchase of equipment (Note32)	43,327	47,708
Payables for employee benefits	44,190	43,034
Payable for utility fees	21,214	15,206
Payable for repairs maintenance	19,523	14,576
Payable for royalty	21,458	9,721
Payable for compensation	18,073	-
Payable for freight	6,526	9,105
Payable for service fees	12,075	3,174
Payable for fuel	6,130	18,518
Tax payable	2,289	2,856
Others	<u>32,338</u>	<u>34,081</u>
	<u>\$ 312,615</u>	<u>\$ 247,747</u>
<u>Non-current</u>		
Deferred revenue		
Government Grants (Note30)	\$ 118,977	\$ 148,553
Others (Note)	<u>82,174</u>	<u>80,916</u>
	<u>\$ 201,151</u>	<u>\$ 229,469</u>

The refund of land use fees paid in prior years by Dongguan Shije Town Orange Island Joint Stock Economic Association was amortized to other income over the remaining land use period of 32 years.

24. PROVISIONS

	<u>December 31,2024</u>	<u>December 31,2023</u>
<u>Current</u>		
Warranties	<u>\$ 28,848</u>	<u>\$ 17,844</u>
		<u>Warranties</u>
Balance at January 1,2024		\$ 17,844
Additions		29,874
Amount used		(20,279)
Effect of foreign currency exchange differences		<u>1409</u>
Balance at December 31,2024		<u>\$ 28,848</u>
Balance at January 1,2023		\$ 20,946
Additions		11,483
Amount used		(14,628)

Effect of foreign currency exchange differences	43
Balance at December 31,2023	<u>\$ 17,844</u>

The reserve for liability of warranty represents the present value of the best estimate by the M.J. Group's management of the future outflow of economic benefits on the M.J. Group's warranty obligation. The estimate is based on historical experience in warranty and may vary because of the entry of new materials, altered manufacturing processes or other events affecting product quality.

25. EQUITY

a. Share capital

<u>Ordinary shares</u>	<u>December 31,2024</u>	<u>December 31,2023</u>
Shares authorized (in thousands of shares)	150,000	150,000
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	69,825	66,059
Issued capital	<u>\$ 698,256</u>	<u>\$ 660,590</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31,2024</u>	<u>December 31,2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 1,212,591	\$ 1,212,591
Premium on Convertible Bonds	156,506	-
Employee share bonus- additional paid-in capital	9,599	9,599
<u>May be used to offset a deficit only (2)</u>		
Employee share bonus- additional paid-in capital	7,265	7,265
<u>May not be used for any purpose</u>		
Share warrants (Note 22)	18,440	29,866
	<u>\$ 1,404,401</u>	<u>\$ 1,259,321</u>

1)Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2)Such capital surplus doesn't have cash inflow and, therefore, may only be used to offset a deficit.

c. Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts of the Company during the listing period, 10% of the Company's undistributed earnings for that year shall be set aside as legal reserve after paying taxes and making up for accumulated losses, plus any items other than net income for that year, provided that if the legal reserve has reached the amount of the Company's paid-in capital, no further provision shall be

made and the remainder shall be set aside or reversed to special reserve in accordance with the law. The Company may, based on financial, business, and operational considerations, set aside not less than 10% of the current year's distributable earnings plus all or a portion of the prior year's undistributed earnings as determined by an ordinary resolution of the shareholders' meeting to distribute dividends to shareholders in proportion to their shareholdings, and report the same to the shareholders' meeting. The distribution of dividends to shareholders may be made in cash or in shares, of which cash dividends shall not be less than 10% of the total dividends to shareholders for the year. Dividends and bonuses may be distributed to shareholders in whole or in part through the issuance of new shares by special resolution of the shareholders' meeting.

For the policy for distribution of remuneration to employees and directors under the Company's Articles, please see Note 27(8) for the remuneration to employees and directors.

The Company appropriates to or reverses from a special reserve in accordance with Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The above appropriations for cash dividends were resolved by the Company's board of directors on March 12 2024 and March 23 2023, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 25 2024 and June 21 2023, respectively.

	For the Year Ended, December 31	
	2023	2022
Legal reserve	\$ -	\$ 14,349
Special reserve	\$ 15,792	(\$ 63,007)
Cash dividends	\$ 19,704	\$ 98,519
Cash dividends per share (NT\$)	\$ 0.3	\$ 1.5

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 12, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 13,518
Special reserve	(\$ 120,099)
Cash dividends	\$ -
Cash dividends per share (NT\$)	\$ -

On March 12, 2025, the Board of Directors of the Company proposed a cash dividend distribution of NT\$93,535 thousand out of capital surplus.

The distribution of cash dividends had been resolved by the Company's board of directors, the appropriation of earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 25, 2025.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations.

	2024	2023
Balance at January 1	(\$ 111,945)	(\$ 89,024)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	135,680	(22,921)
Other comprehensive income	135,680	(22,921)
Balance at December 31	<u>\$ 23,735</u>	<u>(\$ 111,945)</u>

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

	2024	2023
Balance at January 1	(\$ 8,154)	(\$ 15,283)
Recognized for the year		
Unrealized gain/(loss) - debt instruments	2,709	1,126
Net remeasurement of loss allowance	(39)	2,097
	2,670	3,223
Reclassification adjustments		
Disposal of investments in debt instruments	-	3,906
Other comprehensive income	2,670	7,129
Balance at December 31	<u>(\$ 5,484)</u>	<u>(\$ 8,154)</u>

e. Non-controlling interests

	2024	2023
Balance at January 1	\$ 2,959	\$ 32,905
Net loss	(3,042)	(31,310)
Other comprehensive income/(loss)		
Exchange differences on translating the financial statements of foreign entities	44	488
	(2,998)	(30,822)
Partial disposal of subsidiaries	39	876
Balance at December 31	<u>\$ -</u>	<u>\$ 2,959</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2024	380
Increase during the year	-
Number of shares at December 31, 2024	<u>380</u>
Number of shares at January 1, 2023	380
Increase during the year	-
Number of shares at December 31, 2023	<u>380</u>

To motivate employees and enhance cohesion, the Company has established the “Regulations Governing the Repurchase and Transfer of Shares to Employees” in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act, and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission. The repurchase and transfer of treasury shares to employees shall be conducted in compliance with relevant laws and the regulations.

As of December 31, 2024 and 2023, the Company had repurchased 380 thousand shares for transfer to employees under the treasury stock program, with a total repurchase amount of NT\$21,450 thousand.

In accordance with the Securities and Exchange Act, treasury shares held by the Company may not be pledged, nor are they entitled to dividends or voting rights.

26. REVENUE

a. Contract information- Revenue from the sale of goods

The M.J. Group engages in production and sale of LVT and SPC floors. In consideration of the products keeping innovative and drastic price fluctuation in the market, the discounts offered to few products are estimated based on the expected value within the range of discount offered in the past, while the other products are sold at the fixed price as agreed by contract.

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Note receivable (including related party) (Notes 11 and 34)	<u>\$ 856</u>	<u>\$ 2,389</u>	<u>\$ 2,288</u>
Trade receivable (including related party) (Notes 11 and 34)	<u>\$ 1,215,111</u>	<u>\$ 655,112</u>	<u>\$ 612,949</u>
Contract liabilities			
Sale of goods	<u>\$ 8,651</u>	<u>\$ 31,979</u>	<u>\$ 23,911</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	2024	2023
<u>From contract liabilities at the start of the year</u>		
Sale of goods	<u>\$ 17,213</u>	<u>\$ 22,336</u>

c. Contract balances

Refer to Note 40 for information about the disaggregation of revenue.

27. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 30,293	\$ 36,731
Financial assets at FVTPL	566	1,053
Investments in debt instruments at FVTOCI	7,163	7,062
	<u>\$ 38,022</u>	<u>\$ 44,846</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income		
Investment properties	\$ 7,208	\$ 2,095
Government grants	8,628	5,301
Others	-	1,432
	<u>\$ 15,836</u>	<u>\$ 8,828</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Impairment of property, plant, and equipment	\$ -	(\$ 5,628)
Impairment of Goodwill	-	(9,140)
Impairment of intangible assets	-	(6,241)
Losses on redemption of bonds payable	-	(4,500)
Gain/(loss) on disposal of financial assets		-
Investments in debt instruments at FVTOCI	-	(3,906)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	1,179	-
Financial Liabilities Held for Trading	718	861
Loss Compensation	(18,073)	
Loss on disposal of property, plant, and equipment	(6,201)	(1,931)
Gain on disposal of subsidiaries (Note31)	8,792	724
Net foreign exchange gains (Note9)	46,381	21,194
Others	14,143	44,452
	<u>\$ 46,939</u>	<u>\$ 35,885</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 50,018	\$ 64,016
Interest on convertible bonds (Note 22)	9,656	9,490
	<u>\$ 59,674</u>	<u>\$ 73,506</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 231,461	\$ 204,519
Operating expenses	<u>43,226</u>	<u>44,404</u>
	<u>\$ 274,687</u>	<u>\$ 248,923</u>
An analysis of amortization by function		
Operating costs	\$ 85	\$ 85
Operating expenses	<u>1,243</u>	<u>1,125</u>
	<u>\$ 1,328</u>	<u>\$ 1,210</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2024	2023
Investment properties generating rental income		
Depreciation	\$ 12,075	\$ 13,526
Others	<u>1,574</u>	<u>807</u>
	<u>\$ 13,649</u>	<u>\$ 14,333</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plan (see Note)	\$ 28,520	\$ 26,069
Other employee benefits	<u>532,743</u>	<u>463,341</u>
Total employee benefits expense	<u>\$ 561,263</u>	<u>\$ 489,410</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 386,202	\$ 320,680
Operating expenses	<u>175,061</u>	<u>168,730</u>
	<u>\$ 561,263</u>	<u>\$ 489,410</u>

M. J. Taiwan and Opulent Taiwan Branch of the M.J. Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the M.J. Group's subsidiary in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the M.J. Group with respect to the retirement benefit plan is to make the specified contributions.

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at rates of 1% to 6% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. In 2023, the Company did not estimate employee compensation and directors' compensation due to a loss before income taxes. The employees' compensation and the remuneration of directors for the years ended December 31, 2024, which were approved by the Company's board of directors on March 12, 2025 are as follows:

Accrual rate

	For the Year Ended December 31
	2024
Employees' compensation	5.96%
Remuneration of directors	4.96%

Amount

	For the Year Ended December 31
	2024
	cash
Employees' compensation	\$ 9,045
Remuneration of directors	7,535

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

As the Company incurred a loss before tax for the year 2023, no provision was made for employee compensation and directors' remuneration.

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

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 119,384	\$ 120,661
Foreign exchange loss	(73,003)	(99,467)
Net gain	<u>\$ 46,381</u>	<u>\$ 21,194</u>

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 103,188	\$ 96,030
Adjustments for prior year	(2,636)	8,402
	100,552	104,432
Deferred tax		
In respect of the current year	(1,584)	(283)
Income tax expense recognized in profit or loss	<u>\$ 98,968</u>	<u>\$ 104,149</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	<u>\$ 238,716</u>	<u>\$ 47,785</u>
Income tax expense calculated at the statutory rate	\$ 52,568	\$ 20,719
Nondeductible expenses in determining taxable income	1,827	-
Unrecognized Loss carryforward tax credits /deductible temporary differences	47,209	33,071
Deferred tax effect of earnings of subsidiaries	-	41,957
Adjustments for prior years' tax	(2,636)	8,402
Effect of tax rate changes	<u>\$ 98,968</u>	<u>\$ 104,149</u>

Except M.J. Dongguan and M.J. Guangzhou, the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities in the M.J. Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

M.J. Dongguan. is held qualified as a high and new tech enterprise pursuant to the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations thereof, and allowed to apply the preferential tax rate until 2025. Any company that is held qualified as a high and new tech enterprise pursuant to said Regulations and related tax revenue requirements is entitled to the preferential tax rate of 15%.

M.J. Guangzhou, in accordance with the Enterprise Income Tax Law of the People's Republic of China and Implementation Regulations meets the tax incentives for small and profit-making enterprises. The taxable income does not exceed RMB 1,000 thousand, and is reduced by 25% to the taxable income corporate income tax is paid at a tax rate of 20%; for annual taxable income exceeding RMB 1,000 thousand but not exceeding RMB 3,000 thousand, 50% is deducted from the taxable income and corporate income tax is paid at a rate of 20%.

b. Current tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax assets		
Tax refund receivable	<u>\$ 176</u>	<u>\$ 4,483</u>
Current tax liabilities		
Income tax payable	<u>\$ 62,153</u>	<u>\$ 50,895</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Disposals subsidiary</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred Tax Assets</u>					
Temporary differences					
Inventory obsolescence and valuation loss	\$ 3,728	(\$ 954)	\$ -	\$ 183	\$ 2,957
Unrealized loss on exchange	84	(84)	-	-	-
Provisions	3,569	1,919	-	282	5,770
Refund liabilities	71	(74)	-	3	-
Lease liabilities	<u>9,573</u>	<u>(335)</u>	<u>(9,454)</u>	<u>216</u>	<u>-</u>
	<u>\$ 17,025</u>	<u>\$ 472</u>	<u>(\$ 9,454)</u>	<u>\$ 684</u>	<u>\$ 8,727</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unrealized gain on exchange	\$ 823	(\$ 777)	\$ -	\$ 40	\$ 86
Right-of-use assets	9,573	(335)	(9,454)	216	-
Others	<u>7,465</u>	<u>-</u>	<u>-</u>	<u>388</u>	<u>7,853</u>
	<u>\$ 17,861</u>	<u>(\$ 1,112)</u>	<u>(\$ 9,454)</u>	<u>\$ 644</u>	<u>\$ 7,939</u>

For the year ended December 31, 2023

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Disposals subsidiary</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred Tax Assets</u>					
Temporary differences					
Inventory obsolescence and valuation loss	\$ 6,920	(\$ 3,136)	\$ -	(\$ 56)	\$ 3,728
Unrealized loss on exchange	-	84	-	-	84
Provisions	4,189	(629)	-	9	3,569
Refund liabilities	136	(66)	-	1	71
Lease liabilities	<u>13,860</u>	<u>7,061</u>	<u>(11,152)</u>	<u>(196)</u>	<u>9,573</u>
	<u>\$ 25,105</u>	<u>\$ 3,314</u>	<u>(\$ 11,152)</u>	<u>(242)</u>	<u>\$ 17,025</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					

	Opening Balance	Recognized in Profit or Loss	Disposals subsidiary	Exchange Differences	Closing Balance
Unrealized gain on exchange	\$ 3,852	(\$ 3,057)	\$ -	\$ 28	\$ 823
Right-of-use assets	13,860	7,061	(11,152)	(196)	9,573
Others	<u>8,562</u>	(<u>973</u>)	<u>-</u>	(<u>124</u>)	<u>7,465</u>
	<u>\$ 26,274</u>	<u>\$ 3,031</u>	(<u>\$ 11,152</u>)	(<u>\$ 292</u>)	<u>\$ 17,861</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2024	December 31, 2023
Loss carryforward tax credits		
Expiry in 2026	\$ 9,401	\$ 12,632
Expiry in 2031	8,091	8,091
Expiry in 2032	100,713	100,713
Expiry in 2033	208,266	211,449
Expiry in 2034	<u>276,631</u>	<u>-</u>
	<u>\$ 603,102</u>	<u>\$ 332,885</u>

- e. Income tax assessments

As of December 31, 2024, the M.J. Group had no pending tax litigation cases. The subsidiary companies of the M.J. Group, M.J. Taiwan and the Taiwan branch of Opulent, the income tax returns through 2022, have been assessed by the tax authorities.

29. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2024	2023
Basic earnings per share		
From continuing operations	\$ 2.08	(\$ 0.62)
From discontinued operations	(<u>0.06</u>)	(<u>0.36</u>)
Basic earnings per share	<u>\$ 2.02</u>	(<u>\$ 0.98</u>)
Diluted earnings per share		
From continuing operations	\$ 2.03	(\$ 0.62)
From discontinued operations	(<u>0.06</u>)	(<u>0.36</u>)
Diluted earnings per share	<u>\$ 1.97</u>	(<u>\$ 0.98</u>)

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Profit for the year attributable to owners of the Company	<u>\$ 135,185</u>	(<u>\$ 64,313</u>)
Earnings used in the computation of basic earnings per share	\$ 135,185	(\$ 64,313)

	For the Year Ended December 31	
	2024	2023
Effect of potentially dilutive ordinary shares :		
Convertible bonds	<u>8,938</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 144,123</u>	<u>(\$ 64,313)</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	67,068	65,679
Effect of potentially dilutive ordinary shares		
Convertible bonds	6,053	-
Compensation of employees	<u>221</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>73,342</u>	<u>65,679</u>

If the M.J. Group offered to settle the compensation or bonuses paid to employees in cash or shares, the M.J. Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The M.J. Group net loss after tax for 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share.

30. GOVERNMENT GRANTS

Except as disclosed in other notes, the government grants obtained by the M.J. Group are as follows.

As of December 31, 2024 and December 31, 2023, the M.J. Group has obtained a government preferential interest rate loan of \$1,460,000 and \$1,517,429 thousand from the National Development Fund (NDF), Executive Yuan " the Action Plan for Returning Overseas Taiwanese Businesses" for construction of factory buildings and purchase of machinery and equipment, respectively. The loan will be amortized by instalments within 7~10 years from the date of first use (including a grace period of 1~3 years). The M.J. Group has obtained a newly government preferential interest rate loan of \$502,381 and \$550,000 thousand from the National Development Fund (NDF), Executive Yuan " the Action Plan for Returning Overseas Taiwanese Businesses" for purchase of machinery and equipment and raw materials on 2024 and December 31, 2023. The loan will be amortized by instalments within 3~7 years from the date of first use (including a grace period of 1~3 years). The fair value of the loans was estimated by using the prevailing market interest rate of 1.45% to 1.65% and the interest rate used to estimate the fair value was changed to 2.84% to 3.09% on July 1, 2022, considering the increase in market interest rate. Based on the estimate market interest rate of 2.84% to 3.09%, the difference

between the loan amount and the fair value of the borrowing is \$118,977 and \$148,553 thousand, respectively as the preferential interest rate of the government grant, and it is recognized as deferred income-non-current. The deferred income will be transferred to other income in accordance with its service life when the plant is completed and the inspection and acceptance of the machinery and equipment are completed.

If the M.J. Group fails to meet the key points of the project loan identification during the loan period, and the NDF suspends or stops the loan interest grant, the M.J. Group will change to the original agreed interest rate and return all the fees paid by the NDF for the case.

31. Disposition of subsidiaries

On August 1, 2024 and June 26, 2023, respectively, the consolidated group entered into agreements to dispose of its equity interests in Green Touch Floors Inc. and Changchun Meihua WPC Products Co., Ltd. Green Touch Floors Inc. was engaged in the sale of engineered wood flooring, vinyl tiles, decorative materials, and construction materials. Changchun Meihua WPC Products Co., Ltd. was engaged in the production and sale of vinyl tiles, decorative materials, and construction materials. The disposal was completed on August 1, 2024 and June 26, 2023, respectively, and the group lost control over the subsidiaries on the respective dates.

a. Consideration received

	Green Touch Floors Inc.	C h a n g c h u n M H
Cash and cash equivalents	<u>\$ 9,851</u>	<u>\$ 61</u>

b. Analysis of assets and liabilities that have lost control

	Green Touch Floors Inc.	C h a n g c h u n M H
Current assets		
Cash and cash equivalents	\$ 199	\$ 614
Accounts receivables	2,289	-
Other receivables	302	102
Inventories	28,087	-
Prepayments	14	-
Other current assets	30	1,199
NON-CURRENT ASSETS		
Property, plant, and equipment	204	31,575
Right-of-use assets	35,675	44,606
Intangible assets	-	42
Deferred tax assets	9,454	11,152
Other non-current assets	474	-
Current liabilities		
Short-term borrowings	(15,256)	-
Contract liabilities	(2,296)	-
Payables	(2,443)	(719)
Other payables	(4,684)	(7,787)
Other payables – related parties	(6,597)	-
Lease liabilities	(6,728)	(42,568)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	(9,454)	(11,152)
Lease liabilities	(29,338)	(29,983)
Other non-current liabilities	(32)	-
Net assets disposed of	<u>(\$ 100)</u>	<u>(\$ 2,919)</u>

Owners of the Company	(\$ 61)	(\$ 2,043)
Non-controlling interests	(39)	(876)
	<u>(\$ 100)</u>	<u>(\$ 2,919)</u>

c. Disposition of the interests of the subsidiary

	Green Touch Floors Inc.	C h a n g c h u n M H
Consideration received	\$ 9,851	\$ 61
Net liabilities disposed of	61	2,043
Unrealized losses turn realized	-	(1,430)
Exchange differences on translating foreign operations reclassified to profit or loss	(898)	-
Net Exchange Difference	(222)	50
Disposition of interests	<u>\$ 8,792</u>	<u>\$ 724</u>

d. Net cash outflow from the disposal of subsidiaries

	Green Touch Floors Inc.	C h a n g c h u n M H
Consideration received in cash and approximately in cash	\$ 9,851	\$ 61
Cash and cash balances disposed of	(199)	(614)
	<u>\$ 9,652</u>	<u>(\$ 553)</u>

32. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2024 and 20223 the M.J. Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2024 and 2023, the M.J. Group purchased property, plant and equipment amounting to 43,327 thousand and 47,708 thousand have not been paid, presented in other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

	N o n - c a s h C h a n g e s									
	Opening Balance	C a s h F l o w s	Financial costs	Disposition of subsidiaries	New Leases	Fair Value Adjustments	Conversion of convertible bonds	Exchange Rate C h a n g e	O t h e r s	Closing Balance
Short-term borrowings	\$ 44,057	\$ 130,000	\$ -	(\$ 15,256)	\$ -	\$ -	\$ -	\$ 1,199	\$ -	\$ 160,000
Lease liabilities	36,321	(1,074)	300	(36,066)	-	-	-	819	(300)	-
Bonds payable	470,831	-	9,656	-	-	-	(182,624)	-	-	297,863
Long-term borrowings	2,341,165	(117,677)	17,706	-	-	24,252	-	-	-	2,265,446
Other payables-related parties	6,397	-	-	(6,597)	-	-	-	200	-	-
Guarantee deposits received	938	(77)	-	-	-	-	-	41	-	902
	<u>\$ 2,899,709</u>	<u>\$ 11,172</u>	<u>\$ 27,662</u>	<u>(\$ 57,919)</u>	<u>\$ -</u>	<u>\$ 24,252</u>	<u>(\$ 182,624)</u>	<u>\$ 2,259</u>	<u>(\$ 300)</u>	<u>\$ 2,724,211</u>

For the year ended December 31, 2023

	N o n - c a s h C h a n g e s									
	Opening Balance	C a s h F l o w s	Financial costs	Disposition of subsidiaries	New Leases	Fair Value Adjustments	Disposal of losses	Exchange Rate C h a n g e	O t h e r s	Closing Balance
Short-term borrowings	\$ 206,944	(\$ 163,090)	\$ -	(\$ 72,551)	\$ 37,191	\$ -	\$ -	\$ 203	\$ -	\$ 44,057
Lease liabilities	76,949	(3,821)	990	(72,551)	-	-	-	(1,447)	(990)	36,321
Bonds payable	595,258	(105,090)	9,490	-	-	-	4,500	-	(33,327)	470,831
Long-term borrowings	2,097,314	238,934	32,559	-	-	(27,663)	-	21	-	2,341,165
Other payables-related parties	5,479	786	-	-	-	-	-	132	-	6,397
Guarantee deposits received	3,843	(2,901)	-	-	-	-	-	(4)	-	938
	<u>\$ 2,985,782</u>	<u>(\$ 35,182)</u>	<u>\$ 43,039</u>	<u>(\$ 72,551)</u>	<u>\$ 37,191</u>	<u>(\$ 27,663)</u>	<u>\$ 4,500</u>	<u>(\$ 1,095)</u>	<u>(\$ 34,317)</u>	<u>\$ 2,899,709</u>

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 297,863	\$ 305,736	\$ -	\$ -	\$ 305,736

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 470,831	\$ 493,200	\$ -	\$ -	\$ 493,200

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets Structured deposits	\$ -	\$ 133,456	\$ -	\$ 133,456

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Foreign debt instruments	\$ -	\$ 142,761	\$ -	\$ 142,761
Account receivables	-	-	173,592	173,592
	\$ -	\$ 142,761	\$ 173,592	\$ 316,353

<u>Financial liabilities at FVTPL</u>				
Convertible corporate bond Option	\$ -	\$ -	\$ 1,760	\$ 1,760

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Hybrid financial assets Structured deposits	\$ -	\$ 85,837	\$ -	\$ 85,837

<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Foreign debt instruments	\$ -	\$ 131,452	\$ -	\$ 131,452
Account receivables	-	-	80,543	80,543
	\$ -	\$ 131,452	\$ 80,543	\$ 211,995

<u>Financial liabilities at FVTPL</u>				
Convertible corporate bond Option	\$ -	\$ -	\$ 2,600	\$ 2,600

The M.J. Group assesses the bid-ask spread and trading volume of fixed-income securities to determine whether they are quoted prices in active markets. Therefore, the Company categorizes the measurement of fair value of investment in foreign debt instruments as Level 2. There were no transfers between Levels 1 and 2 in 2024 and 2023.

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

For the year ended December 31, 2024

Financial Assets		Financial Assets at FVTOCI
		Sale of debt Instruments receivables
Balance at January 1, 2024		\$ 80,543
Net increase		85,794
Effects of foreign currency exchange differences		7,255
Balance at December 31, 2024		<u>\$ 173,592</u>
Financial Liabilities		Financial Liabilities at FVTOCI
		Derivatives – Convertible Bond Embedded Options
Balance at January 1, 2024		\$ 2,600
Recognized in profit or loss (Unrealized Gain (Loss) on FVTPL Financial Assets)		(718)
Exercise of conversion rights on convertible bonds		(122)
Balance at December 31, 2024		<u>\$ 1,760</u>

For the year ended December 31, 2023

Financial Assets		Financial Assets at FVTOCI
		Sale of debt Instruments receivables
Balance at January 1, 2023		\$ 78,603
Net increase		1,895
Effects of foreign currency exchange differences		45
Balance at December 31, 2023		<u>\$ 80,543</u>
Financial Liabilities		Financial Liabilities at FVTOCI
		Derivatives – Convertible Bond Embedded Options
Balance at January 1, 2023		\$ -
Additions		3,461
Recognized in profit or loss (Unrealized Gain (Loss) on FVTPL Financial Assets)		(861)
Balance at December 31, 2023		<u>\$ 2,600</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Hybrid financial assets - structured deposits	Discounted cash flow: Future cash flows are estimated based on the contractual rate of return.
Investment in foreign debt instruments	Measured by market quotes provided by third-party pricing services.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Sale of debt Instruments receivables	The fair value was measured at the original invoice amount because the effect of discounting was immaterial.
Conversion Options of Convertible Bonds	Valuation model of binomial tree of convertible bond: consider factors such as the duration of the bond, the stock price of the convertible bond and its fluctuation, the conversion price, the risk-free interest rate, the risk discount rate, and the liquidity risk of the convertible bond.

c. Categories of financial instruments

	December 31,2024	December 31,2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 133,456	\$ 85,837
Financial assets at amortized cost (1)	1,973,048	1,682,546
Financial assets at FVTOCI		
Investments in debt instruments at FVTOCI		
-Foreign Bond Investments	142,761	131,452
-Accounts Receivable Factoring	173,592	80,543
<u>Financial liabilities</u>		
FVTPL		
Financial assets at fair value through profit or loss (held for trading)	1,760	2,600
Measured at amortized cost (2)	3,285,724	3,331,614

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable notes (including related parties), trade receivable (including related parties), other receivables (exclusive of receivable income tax refund), other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, payable accounts, and other payables (including related parties, exclusive of payable salary and bonus, payable accrued tax, payable pension and insurance premium) long-term borrowings, bonds payable.

d. Financial risk management objectives and policies

The M.J. Group's major financial instruments include cash and cash equivalents, investment in debt instruments, structured deposits, notes receivable (including related parties), trade receivable (including related parties), refundable deposits, trade payables, short-term borrowings, lease liabilities and bonds payable.

The financial risks over said financial instruments relating to operations include market risk (including foreign exchange rate risk and interest rate risk), credit risk and liquidity risk.

The M.J. Group's financial department reports to the management periodically. The management monitors risks and implement policies ex officio to mitigate risk exposures.

1) Market risk

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

a) Foreign currency risk

The M.J. Group engages in foreign currency-denominated sales and purchases, which expose the Company to the risk of foreign exchange rate changes. To manage the foreign exchange rate risk, insofar as it is permitted by policies, the Company primarily engages in net foreign exchange positions to produce the effect of natural hedging, and utilizes foreign exchange financial derivative instruments to help manage the risk.

The carrying amounts of the M.J. Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year, please see Note38.

Sensitivity analysis

The M.J. Group is mainly exposed to the Currency USD and Currency NTD.

The following table details the M.J. Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. [The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Impact on USD	
	For the Year Ended December 31	
	2024	2023
Profit or (loss)	\$ 8,043	\$ 7,589

Primarily because of the Company's cash equivalents, receivables, payables and short-term borrowing denominated in USD or NTD which are still outstanding on the balance sheet date.

The M.J. Group's sensitivity to the U.S. dollar exchange rate during the year was not significant compared with the previous period, and the decrease in sensitivity to the exchange rate of the New Taiwan dollar during the year was mainly due to the decrease in net liabilities denominated in New Taiwan dollar.

b) Interest rate risk

The M.J. Group is exposed to the risk of interest rate changes because of the M.J. Group's bank deposits, investment in debt instruments, structured deposits, bank borrowings, lease liabilities and bonds payable bearing interest accruing at fixed interest rate and floating interest rate.

The carrying amounts of the M.J. Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	\$ 220,792	\$ 558,602
Financial liabilities	457,863	548,271
Cash flow interest rate risk		
Financial assets	971,748	721,116
Financial liabilities	2,265,446	2,350,500

Sensitivity analysis

The sensitivity analysis below was determined based on the M.J. Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the M.J. Group's pre-tax profit for the years ended December 31, 2024 and 2023 would decrease/increase by \$(12,937) thousand and \$(16,294) thousand, respectively, which was mainly a result of M.J. Group's exposure to the risk of interest rate changes on its bank deposits, structured deposits, investment in debt instruments and bank loan at the floating interest rate.

The M.J. Group's sensitivity to interest rates increased during the current year,

mainly due to the increase in net debt because of the increase in bank loans with floating interest rates.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the M.J. Group. At the end of the year, the M.J. Group's maximum exposure to credit risk, which would cause a financial loss to the M.J. Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the M.J. Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

According to the M.J. Group's policy, the M.J. Group only trades with the counterparts with renowned goodwill, and would secure sufficient guarantee to mitigate the risk of financial loss to be caused by delinquent payment, if necessary. The M.J. Group rates its key customers based on the customers' credit data files created by it pursuant to the regulations governing customers' credit management, and other financial information accessible to the public and both parties past trading record. The M.J. Group continues to monitor the exposure to credit risk and trading counterparts' credit ratings, and control the exposure to credit risk by the responsible supervisors' double check and the credit limit granted to the trading counterparts.

To minimize credit risk, the M.J. Group's management appoints the dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Meanwhile, the M.J. Group reviews the recoverable amount of each individual receivable account on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. Given this, the M.J. Group's management believes that the M.J. Group's credit risk should have been significantly reduced.

The M.J. Group's credit risk is concentrated on the key customers from which the annual sales revenue amounts to more than 10% of the M.J. Group's total revenue. Until December 31, 2024 and 2023, the total receivable accounts from said customers have accounted for 89% and 79% of the M.J. Group's total revenue.

3) Liquidity risk

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

The M.J. Group relies on bank borrowings as a significant source of liquidity. As December 31, 2024 and 2023 the M.J. Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the M.J. Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the M.J. Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 546,875	\$ 14,638	\$ 902	\$ -
Variable interest rate liabilities	16,117	48,867	1,751,932	621,759
Fixed interest rate liabilities	<u>160,619</u>	<u>-</u>	<u>311,795</u>	<u>-</u>
	<u>\$ 723,611</u>	<u>\$ 63,505</u>	<u>\$2,064,629</u>	<u>\$ 621,759</u>

December 31, 2023

	1-3 Months	3 Months to 1 Year	1-5 Years	5+years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 407,381	\$ 60,845	\$ 938	\$ -
Lease liabilities	2,030	6,109	32,732	-
Variable interest rate liabilities	99,218	269,056	1,622,302	515,849
Fixed interest rate liabilities	<u>30,128</u>	<u>11,321</u>	<u>505,013</u>	<u>-</u>
	<u>\$ 538,757</u>	<u>\$ 347,331</u>	<u>\$2,160,985</u>	<u>\$ 515,849</u>

b) Financing facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank overdraft facilities		
Amount used	\$ 353,281	\$ 284,957
Amount unused	<u>953,925</u>	<u>1,183,496</u>
	<u>\$ 1,307,206</u>	<u>\$ 1,468,453</u>
Secured bank overdraft facilities		
Amount used	\$ 2,121,504	\$ 2,191,562
Amount unused	<u>391,965</u>	<u>370,285</u>
	<u>\$ 2,513,469</u>	<u>\$ 2,561,847</u>

e. Transfers of financial assets

The M.J. Group's factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2024

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to [Other Receivables]	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
KGI bank	\$ -	\$ -	\$ -	\$ -	-

December 31, 2023

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to [Other Receivables]	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
KGI bank	\$ 123,865	\$ 28,966	\$ -	\$ 94,899	1.88%~1.89%

Pursuant to the M.J. Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the M.J. Group, while losses from credit risk are borne by the banks. As of December 31, 2024 and 2023, the M.J. Group issued promissory notes with aggregate amounts of \$10,000 thousand to the banks.

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the M.J. Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Sing Cheng Lin Co., Ltd. ("Sing Cheng")	Related party in substance
Fu Ming Corporate ("Fu Ming")	Related party in substance
G.T Floor Co., LTD. ("G.T Floor")	Related party in substance
Zeng Xu	Related party in substance (1)
I-HSIU CHEN	Related party in substance

(1) An influential shareholder of the M.J. Group's subsidiary, Green Touch Floors Inc, no longer a related party of the Company as of August 1, 2024.

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
sales	Related party in substance	<u>\$ 120,547</u>	<u>\$ 156,404</u>

Since no identical transactions for the sale price are available for comparison, the price and terms were determined in accordance with mutual agreements. The payment terms were O/A 90 days.

c. Receivables from related parties

Line Item	Related Party Category	December 31,2024	December 31,2023
Notes receivable	Related party in substance		
	Sing Cheng	<u>\$ 275</u>	<u>\$ 474</u>
Trade receivable	Related party in substance		
	Sing Cheng	\$ 8,865	\$ 13,167
	G.T Floor	10,507	2,260
	Fu Ming	<u>630</u>	<u>12,121</u>
		<u>\$ 20,002</u>	<u>\$ 27,548</u>

The outstanding receivables from related parties were unsecured. No allowance for loss/bad debt was provided for the receivables from related parties in 2024 and 2023.

d. Payable to related parties

Line Item	Related Party Category	December 31,2024	December 31,2023
Other payables	Related party in substance		
	Sing Cheng	<u>\$ -</u>	<u>\$ 52</u>

e. Loans from related parties

Related Party Category/Name		December 31,2024	December 31,2023
Related party in substance			
Zeng Xu		<u>\$ -</u>	<u>\$ 6,397</u>
<u>Interest expense</u>			
Related Party Category/Name		December 31,2024	December 31,2023
Related party in substance			
Zeng Xu		<u>\$ -</u>	<u>\$ 314</u>

The M.J. Group's borrowings from related parties bear interest rates comparable to market rates and are unsecured.

f. Disposal of financial assets

2024					
Related Party Category /Name	Item	Subject of share	Subject of transaction	Disposal of price	Disposal of gain
Zeng Xu	Investments accounted for using the equity method (Note 31)	60	Green Touch Floors Inc	\$ 9,581	\$ 8,792

g. Compensation to key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 36,776	\$ 22,744
Post-employment benefits	832	592
	<u>\$ 37,608</u>	<u>\$ 23,336</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings,

	December 31, 2024	December 31, 2023
Financial assets at fair value through other comprehensive income	\$ 128,799	\$ 118,281
Land	456,595	456,595
Equipment under installation and construction in progress	1,767,253	2,433,181
Financial assets at amortized cost - Restricted Assets	13,032	64,459
	<u>\$2,365,679</u>	<u>\$3,072,516</u>

36. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

To meet business development needs and expand into the Thai market, the Board of Directors of the merged company approved a capital increase plan for its Thai subsidiary on March 12, 2025. The proposed capital injection amounts to THB 337,500 thousand, bringing the total capital to THB 350,000 thousand after the increase.

In addition, the Company conducted a cash capital increase by issuing 10,000 thousand common shares at a par value of NT\$10 per share, with a subscription price of NT\$38.7 per share. The total proceeds amounted to NT\$387,000 thousand. The Chairman designated March 21, 2025, as the record date for the cash capital increase.

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the M.J. Group at December 31, 2024 and 2023 were as follows:

Unrecognized commitments were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment		
In Thousands of USD	\$ 56	\$ 98
In Thousands of RMB	\$ 6,271	\$ 6,630
In Thousands of NTD	\$ 30,279	\$ 31,088
In Thousands of EUR	\$ 199	\$ 199

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The M.J. Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the M.J. Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
<u>Foreign assets</u>			
<u>Monetary items</u>			
USD	\$ 4,719	32.7850 (USD : NTD)	\$ 154,705
USD	22,357	7.1884 (USD : RMB)	732,983
NTD	2,401	0.0305 (NTD : USD)	2,401
RMB	4,436	0.1391 (RMB : USD)	20,231
RMB	1,584	4.5608 (RMB : NTD)	7,223
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	\$ 2,515	32.7850 (USD : NTD)	\$ 82,465
USD	29	7.1884 (USD : RMB)	958
NTD	13,310	0.0305 (NTD : USD)	13,310
RMB	608	0.1391 (RMB : USD)	2,773
RMB	19,862	4.5608 (RMB : NTD)	90,586

December 31, 2023

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
<u>Foreign assets</u>			
<u>Monetary items</u>			
USD	\$ 3,893	30.7050 (USD : NTD)	\$ 119,541
USD	22,317	7.0827 (USD : RMB)	685,254
NTD	5,750	0.0326 (NTD : USD)	5,750
RMB	3,394	0.1412 (RMB : USD)	14,714
 <u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	1,423	30.7050(USD : NTD)	43,702
USD	73	7.0827(USD : RMB)	2,229
NTD	35,740	0.0326(NTD : USD)	35,740
RMB	576	0.1412(RMB : USD)	2,499

The significant gains or losses on foreign exchange are stated as following:

For the years ended December 31, 2024 and 2023, net foreign exchange gains (losses) were 46,381 thousand and 21,194 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the M.J. Group.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)

8)Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)

9)Trading in derivative instruments (Table 7)

10)Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders (Table 9)

40. SEGMENT INFORMATION

a. Information about significant transactions and investees:

The units engaged in production and sale of LVT and SPC floors in various districts, each of which is considered a separate operating segment by the chief operating decision maker. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a) The nature of the products and production processes are similar.
- b) The product pricing strategies are similar.
- c) The methods used to distribute the products to the customers are the same.

b. Revenue from major products

The following is an analysis of the M.J. Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2024	2023
LVT and SPC floors	<u>\$ 3,861,337</u>	<u>\$ 2,654,401</u>

c. Geographical information

The M.J. Group operates in two principal geographical areas - Mainland China and Taiwan.

The M.J. Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2024	2023
Europe	\$ 1,929,833	\$ 1,666,555
North America	1,461,032	524,958
Taiwan	164,296	178,023
Mainland China	111,930	104,500
Others	<u>194,246</u>	<u>180,365</u>
	<u>\$ 3,861,337</u>	<u>\$ 2,654,401</u>

	Non-current Assets	
	December 31, 2024	December 31, 2023
Mainland China and Hong Kong	\$ 774,610	\$ 856,765
Taiwan	2,783,753	2,835,523
Others	<u>-</u>	<u>36,324</u>
	<u>\$ 3,558,363</u>	<u>\$ 3,728,612</u>

Non-current assets above exclude deferred tax assets and financial instruments.

d. Information about major customers

Single customers contributing 10% or more to the M.J. Group's revenue were as follows:

	For the Year Ended December 31	
	2024	2023
Group P	\$ 2,084,867	\$ 1,762,147
Customer M	<u>1,031,052</u>	<u>152,626</u>
	<u>\$ 3,115,919</u>	<u>\$ 1,914,773</u>

TABLE1

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount (3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (2)	Aggregate Financing Limit (2)
													Item	Value		
0	M.J. Group	M.J. Taiwan	Other receivable	Yes	\$ 200,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	\$ 288,112	\$ 1,152,450
1	M.J. Dongguan	Prolong	-related party	Yes	91,216	91,216	-	3%	Short-term financing	-	Operating capital	-	-	-	1,259,925	1,259,925
		Dongguan	Other receivable	Yes	(RMB 20,000)	(RMB 20,000)	-	3%	Short-term financing	-	Operating capital	-	-	-	1,259,925	1,259,925
		M.J. Beijing	-related party	Yes	12,770	12,770	11,539	3%	Short-term financing	-	Operating capital	-	-	-	1,259,925	1,259,925
			-related party		(RMB 2,800)	(RMB 2,800)	(RMB 2,530)									
2	Opulent	M.J.	Other receivable	Yes	145,946	145,946	144,805	2.8%	Short-term financing	-	Operating capital	-	-	-	1,259,925	1,259,925
		Shanghai	-related party	Yes	(RMB 32,000)	(RMB 32,000)	(RMB 31,750)									
							(5)									
		M.J. Taiwan	Other receivable	Yes	200,000	200,000	-	2%	Short-term financing	-	Operating capital	-	-	-	100,958	1,009,581
			-related party			(3)									(3)	

Note 1 : The number column is organized as follows :

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 :

- (1) For loans granted to a single entity that has business transactions with the Company, the individual loan amount shall not exceed the higher of the total purchase or sales amount between the Company and the entity for the most recent fiscal year or the year-to-date as of the lending date, or 10% of the Company's net worth, whichever is lower.
For entities with short-term financing needs, the individual loan amount shall not exceed 10% of the Company's net worth as per the most recent financial statements.
- (2) In the case of foreign companies (not incorporated in Taiwan) in which the Company directly and indirectly holds 100% of the voting shares, the total amount of loans granted among such entities shall not exceed 100% of the lender's net worth based on its most recent financial statements.
- (3) The aggregate amount of funds lent by the Company shall not exceed 40% of the Company's net worth as per its most recent financial statements.
The total amount of loans granted by each subsidiary shall not exceed 100% of its net worth based on its most recent financial statements.

Note 3 : This line of credit was canceled by resolution of the Board of Directors on March 12, 2025.

Note 4 : Intercompany balances and transactions were eliminated upon consolidation.

Note 5 : The interest income of financing provided M.J. Dongguan NT\$4,105 thousand.

Note 6 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date (exchange rate on December 31, 2024 was USD/NTD:32.7850, RMB/NTD:4.5608, average rate was USD/NTD:32.1120, RMB/NTD:4.5099)

TABLE2

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (4)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (2)										
0	M.J. Group	Opulent	(2)	\$ 4,321,686	\$ 1,419,273	\$ 1,419,273	\$ -	N/A	49.26%	\$ 8,643,372	Yes	No	No
		M.J. Taiwan	(2)	4,321,686	3,346,482	3,046,482	2,474,786	N/A	105.74%	8,643,372	Yes	No	No
		M.J. Dongguan	(2)	4,321,686	228,040	228,040	-	N/A	7.91%	8,643,372	Yes	No	Yes
1	Opulent	M.J. Taiwan	(4)	1,514,372	180,000	180,000	-	N/A	17.83%	3,028,743	No	No	No

Note1: The number column is organized as follows :

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the endorsement/guarantee provider and the endorsed/guaranteed party may be categorized into the following 7 types:

- (1) A company with which the Company does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company holding more than 50 percent of the voting shares of the Company directly and indirectly.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company in which each contributing shareholder endorses and guarantees it according to its shareholding ratio due to a joint investment relationship.
- (7) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: (1) The total endorsement/guarantee provided by the Company for others shall be no more than 300% of the net worth of the Company's most recent financial statements. The total endorsement/guarantee provided by the Company and its subsidiaries for others shall be no more than 300% of the net worth of the Company's most recent financial statements.

(2) The total endorsement/guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed 40% of the net worth of the Company's most recent financial statements. Notwithstanding, the total endorsement/guarantee provided for the company's wholly holding the voting shares of the Company directly and indirectly, or among the companies in which the Company wholly hold the voting shares directly or indirectly shall be no more than 150% of the net worth of the Company's most recent financial statements.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note1)	Relationship with the Holding Company (2)	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount (3)	Percentage of Ownership (%)	Fair Value	
Opulent	Banco Santander S.A. 5.179%11/19/2025 DTD 11/19/2015	—	Financial assets at fair value through other comprehensive income – Current	-	\$ 32,755	-	\$ 32,755	Pledged borrowings
	Credit Agricole S.A. London Branch 4.125% 01/10/2027 DTD 01/10/2017	—	"	-	32,197	-	32,197	"
	Societe Generale S.A. 4%01/12/2027 DTD 01/12/2017	—	"	-	32,010	-	32,010	"
	Banque Ouset Africaine de Developpement 5.0%07/27/2027 DTD 07/27/2017	—	"	-	31,837	-	31,837	"
	Golden Legacy Pte. Ltd. 6.875%3/27/2024 DTD 3/27/2017	—	"	-	-	-	-	(4)
	Yuzhou Properties Company Limited 6.00% 1/25/2022 DTD 1/25/2017	—	"	-	-	-	-	"
					<u>\$ 128,799</u>		<u>\$ 128,799</u>	
	Softbank Group Corp 6.875%Perpetual DTD 7/19/2017	—	Financial assets at fair value through other comprehensive income – noncurrent	-	\$ 6,547	-	\$ 6,547	(4)
	RKP Overseas Finance 2016 (A) Limited 7.95%Perpetual DTD 2/17/2017	—	"	-	971	-	971	"
	HSBC Holdings PLC, 6%Perpetual DTD 5/22/2017	—	"	-	<u>6,444</u>	-	<u>6,444</u>	"
					<u>\$ 13,962</u>		<u>\$ 13,962</u>	

Note 1: The marketable securities referred to herein shall mean the stocks, bonds, beneficiary certificates and securities derivative from said instruments falling in the scope under IFRS 9 “Financial Instruments”.

Note 2: The securities issuer is not a related party.

Note 3: The balance of carrying amount at fair value upon adjustment.

Note 4: The securities as listed are not provided as security or pledge/mortgage for borrowings, or restricted according to any other agreements.

TABLE4

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payables)		Note
			Purchase/(sale)	Amount (Note1)	% to total purchase (sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note1)	% to Total (Note2)	
Opulent	M.J. Dongguan	Associate	Purchase	\$ 1,395,304	35%	120 days after monthly closing days	\$ -	-	(\$ 314,753)	(72%)	5
	Prolong Dongguan	Associate	Purchase	649,158	16%	120 days after monthly closing days	-	-	(115,523)	(27%)	5
M.J. Taiwan	Opulent	Associate	Purchase	102,270	10%	120 days after monthly closing days	-	-	(29,435)	(13%)	5
M.J. Dongguan	Opulent	Associate	(Sale)	(1,395,304)	(92%)	120 days after monthly closing days	-	-	314,753	95%	3 and 5
Prolong Dongguan	Opulent	Associate	(Sale)	(649,158)	(99%)	120 days after monthly closing days	-	-	115,523	96%	4 and 5
Opulent	M.J. Taiwan	Associate	(Sale)	(102,270)	(4%)	120 days after monthly closing days	-	-	29,453	3%	5

Note 1: Intercompany balances and transactions were eliminated upon consolidation.

Note 2: Computed based on the amount or balance of the transactions with each seller and purchaser.

Note 3: Unrealizes gain on transactions is 8,740 thousand.

Note 4: Unrealizes gain on transactions is 2,800 thousand.

Note 5: The transaction price is determined by the method of cost markup.

Note 6: If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date (exchange rate on December 31,2024 was USD/NTD:32.7850, RMB/NTD:4.5608, average rate was USD/NTD:32.1120, RMB/NTD:4.5099)

TABLE5

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note2)	Allowance for Impairment Loss
					Amount	Actions Taken		
M.J. Dongguan	Opulent	Associate	Trade Receivable \$314,753	4.86 次	-	—	\$204,963	-
	M.J. Shanghai	Invested subsidiary	Other receivables 145,819(3)				-	
Prolong Dongguan	Opulent	Associate	Trade Receivable 115,523	5.39 次	-	—	73,313	-

Note 1: Intercompany balances and transactions were eliminated upon consolidation.

Note 2: It is the amount recovered from February1 to February 28, 2025.

Note 3: This amount includes interest receivable of 1,014 thousand.

Note 4: For foreign currencies mentioned in this table, the exchange rate of USD 32.7850 and RMB exchange rate of RMB 4.5608 at the balance sheet date are used to convert NTD and the relevant amounts of profit and loss are USD 32.1120 and RMB exchange rate of RMB 4.5099 to NTD as at the balance sheet date.

TABLE6

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transactions Details			
				Financial Statements Account	Amount (Notes 4)	Payment Terms	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	M.J. Group	Opulent	(1)	Endorsement/guarantee	\$ 1,419,273	—	21%
		M.J. Taiwan	(1)	Endorsement/guarantee	3,046,482	—	46%
		M.J. Dongguan	(1)	Endorsement/guarantee	228,040	—	3%
		M.J. TECHNOLOGIES (THAILAND) CO., LTD.	(1)	Investment	11,908	—	-
1	Prolong Dongguan	Opulent	(3)	Sales	649,158	the selling price based on the cost,120 days after monthly closing days	17%
		Opulent	(3)	Trade receivable	115,523	—	2%
2	M.J. Dongguan	Opulent	(3)	Sales	1,395,304	the selling price based on the cost,120 days after monthly closing days	36%
		Opulent	(3)	Trade receivable	314,753	—	5%
		M.J. Shanghai	(3)	Other receivables	145,819	Financing (including interest receivable 1,014)	2%
		M.J. Beijing	(3)	Other receivables	11,625	Financing (including interest receivable 86)	-
3	Opulent	M.J. Taiwan	(3)	Sales	102,270	the selling price based on the cost,120 days after monthly closing days	3%
		M.J. Taiwan	(3)	Trade receivable	29,435	—	-
		M.J. Taiwan	(3)	Endorsement/guarantee	180,000	—	3%
		M.J. Dongguan	(3)	Sales	30,217	the selling price based on the cost,120 days after monthly closing days	1%
		Prolong Dongguan	(3)	Sales	12,869	the selling price based on the cost,120 days after monthly closing days	-
4	M.J. Taiwan	Opulent Taiwan	(3)	Other receivables	18,966	—	-

Note 1: The information about transactions between the parent and the subsidiaries shall be noted in the following manners:

(1) 0 stands for the parent company.

(2) The subsidiaries shall be numbered from 1 in Arabic numeral sequentially by the company.

Note 2: The relationship with the trader may be categorized into the following 3 types. The schedule only discloses the information about unilateral transactions, which were already consolidated and written off when the consolidated financial statements were preparing.

(1) Parent company vs. subsidiary

(2) Subsidiary vs. parent company

(3) Subsidiary vs. subsidiary

Note 3: The percentage of the amount of transaction to the consolidated total operating revenue or total assets shall be computed as the ending balance to the consolidated total assets, in the case of assets and liabilities, or as the interim accumulated amount to the consolidated total operating revenue, in the case of profit or loss.

Note 4 : Intercompany balances and transactions were eliminated upon consolidation.

Note 5 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date (exchange rate on December 31,2024 was USD/NTD:32.7850, RMB/NTD:4.5608, average rate was USD/NTD:32.1120, RMB/NTD:4.5099)

TABLE 7

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEs (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount			
M.J. Group	Prolong HK	Hong Kong	Investment holding	\$ 474,071 (USD 14,460)	\$ 443,994 (USD 14,460)	-	100	\$ 1,808,649	\$ 113,611	\$ 113,611	1 and 2
	Opulent	Hong Kong	International trading	285,230 (USD 8,700)	267,134 (USD 8,700)	8,700	100	1,009,581	336,183	336,183	1,2 and 5
	M.J. Taiwan	Taiwan	Sale and processing of plastic tiles, decoration materials and construction materials.	900,000	900,000	90	100	367,301	(290,292)	(290,292)	1 and 2
	Fullhouse Investments Limited.	Samoa	Investment holding	57,414 (USD 1,751)	53,772 (USD 1,751)	-	100	9,741	3,852	3,852	1 and 2
	MJ GROUP US INC	US	Trading of Decoration and Decoration Materials	8,196 (USD 250)	- (USD -)	250	100	5,405	(2,734)	(2,734)	1 and 2
	M.J. TECHNOLOGIES (THAILAND) CO., LTD.	Thailand	Manufacture and sale of plastic floor tiles, building materials and decorative materialsAfter-sales serviceDecorative and decorative materialsTrading	11,908 (THB 12,375)	- (THB -)	495	99	11,911	3	3	1 and 2
M.J. Taiwan	M.J. TECHNOLOGIES (THAILAND) CO., LTD.	Thailand	Manufacture and sale of plastic floor tiles, building materials and decorative materialsAfter-sales serviceDecorative and decorative materialsTrading	120 (THB 125)	- (THB -)	5	1	120	3	-	1 and 2
Fullhouse Investments Limited.	Green Touch Floors Inc.	Canada	Sale of engineered wood floors, LVT floors decoration materials and construction materials.	- (USD -)	53,002 (USD 1,726)	-	-	-	(7,629)	(4,577)	1,2 and 5

Note 1: The related investment income or loss is recognized based on the investee's audited financial statements for the same period.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

Note 3: Refer to Table 8 for information on investment in mainland China.

Note 4: In the case of investment denominated in foreign currency, it shall be translated based on the foreign exchange rate on the balance sheet date.

Note 5: The income or loss of investee includes the effect of unrealized gross profit on intercompany transactions, the amortization expenses of intangible assets arising from mergers and acquisitions.

TABLE 8

M. J. INTERNATIONAL CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital Note (6)(7)	Method of Investment Note (1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note(2)(b)(2)) and Note (3)	Carrying Amount as of December 31, 2024 Note (3) and (5)	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
M.J. Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	\$ 1,057,991 (USD 32,271)	(b) (1)	\$ -	\$ -	\$ -	\$ -	100	\$ 87,423	\$ 81,578	\$ 1,251,008	\$ -
Prolong Dongguan	Production and sale of tiles, decoration materials and construction materials, and investment holding.	331,588 (HKD 78,538)	(b) (1)	-	-	-	-	100	34,225	32,216	555,150	-
M.J. Chongqing	Sale of plastic tiles, decoration materials and construction materials.	36,486 (RMB 8,000)	(b) (2)	-	-	-	-	100	(922)	(922)	10,381	-
M.J. Beijing	Sale of plastic tiles, decoration materials and construction materials	66,132 (RMB 14,500)	(b) (2)	-	-	-	-	100	(1,113)	(1,113)	3,638	-
M. J. Shanghai	Sale of plastic tiles, decoration materials and construction materials	214,358 (RMB 47,000)	(b) (2)	-	-	-	-	100	(6,958)	(6,958)	105,024	-
M. J. Guangzhou	Sale of plastic tiles, decoration materials and construction materials	- RMB -	(b) (2)	-	-	-	-	100	4	4	-	-
M.J. Wuhan	Sale of plastic tiles, decoration materials and construction materials	41,047 (RMB 9,000)	(b) (2)	-	-	-	-	100	(205)	(205)	27,330	-
M.J. Xian	Sale of plastic tiles, decoration materials and construction materials	20,524 (RMB 4,500)	(b) (2)	-	-	-	-	100	(428)	(428)	13,011	-
M.J. Shenyang	Sale of plastic tiles, decoration materials and construction materials	21,859 (RMB 4,793)	(b) (2)	-	-	-	-	100	2,949	2,949	17,377	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Note (4)	Note (4)	Note (4)

Note 1: The mode of investment is categorized into the following three types:

- (a) Direct investment in companies in the territories of mainland China.
- (b) Through investing in an existing company in the third area, which then investing in the investee in Mainland China.
 - (1) Investment in companies in mainland China via the company in a third territory (Prolong International Company Limited).
 - (2) Investment in companies in mainland China via M.J. Dongguan and Prolong Dongguan reinvested by the company in a third territory (Prolong International Company Limited).
- (c) Other modes.

Note 2: In the recognized current investment income section:

- (a) To be noted, if it is under preparation and no investment income has generated therefor.
- (b) The basis for recognition of investment income may be categorized into the following three types. Please identify it.
 - (1) Financial statements audited by the international CPA firm which enters into cooperative relationship with any R.O.C. CPA firm.
 - (2) Financial statement audited by the independent external auditor of the parent company in Taiwan.
 - (3) Others.

Note 3: Intercompany balances and transactions were eliminated upon consolidation.

Note 4: Not applicable, as the Company is not a company incorporated in the R.O.C.

Note 5: Including the unrealized income from side-stream transactions.

Note 6: Translated based on the foreign exchange rate on the balance sheet date.

Note 7: Changes in paid-in capital are mainly due to capital increase and capital reduction. Please refer to Note 14.

Any significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 6.
2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 6.
3. The amount of property transactions and the amount of the resultant gains or losses: None.
4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please see Table 2.
5. The highest balance, balance at the end of period, interest rate range, and total current period interest with respect to financing of funds: Please see Table 1.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.: None.

TABLE 9

M. J. INTERNATIONAL CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares Percentage of	Number of Shares Percentage of
Yunta Bank as Trustee of Luckmore Investment Limited Account	7,779,000	11.14%
Ideal Compass Inter	4,881,600	6.99%
Black Dragon Assets Limited	4,478,400	6.41%
CROWN HARVEST COMPANY LIMITED	4,393,440	6.29%

Note 1:

The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2:

If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.