

Shinkong Textile Co., Ltd. and  
Subsidiaries

Consolidated Financial Statements and  
Independent Auditors' Review Report  
Third quarter of 2024 and 2023

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Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail

## **Independent Auditors' Review Report**

To Shinkong Textile Co., Ltd.:

### **Foreword**

We have audited the consolidated balance sheets of Shinkong Textile Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, and its consolidated statements of changes in equity, and consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023, and notes to consolidated financial statements (including a summary on significant accounting policies). It is the responsibility of the management to prepare fair presentation consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission. The responsibility of the CPAs is to draw conclusions on the consolidated financial statements based on the results of their review.

### **Scope**

We conducted our reviews in accordance with SRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusions**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Shinkong Textile Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated financial cash flows for the nine months ended September 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touché

CPA Li-Huang Li

CPA Weng Po-Jen

Securities and Futures Commission Approval  
No.

Tai-Cai-Zheng-6-0930128050

Financial Supervisory Commission Approval  
No.

Jin-Guan-Zheng-Shen-1010028123

November 12, 2024

Shinkong Textile Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
September 30, 2024 and December 31, and September 30, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6, 30 and 31)	\$ 839,206	4	\$ 1,610,707	9	\$ 1,334,217	8
1110	Financial assets at fair value through profit or loss (Notes 7, 30 and 31)	479,971	2	451,193	2	549,749	3
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	1,121,187	6	1,054,662	6	1,041,009	6
1150	Notes receivable (Notes 10, 24 and 30)	5,825	-	11,024	-	4,655	-
1160	Notes receivable - related parties, net (Notes 10, 24, 30 and 31)	10	-	7	-	9	-
1170	Accounts receivable (Notes 10, 24 and 30)	480,022	2	360,350	2	361,359	2
1180	Accounts receivable - related parties (Notes 10, 24, 30 and 31)	61,703	-	67,074	-	42,892	-
1200	Other receivables (Notes 10, 24 and 30)	80,933	1	15,168	-	11,966	-
1210	Other receivables - related parties (Notes 10, 24, 30 and 31)	-	-	-	-	12,350	-
1220	Current tax assets	2,552	-	2,100	-	-	-
130X	Inventories (Note 11)	1,189,577	6	1,007,469	5	1,133,815	7
1410	Prepayments (Notes 18 and 31)	143,950	1	95,417	1	77,898	-
1470	Other current assets (Note 18)	14	-	3,011	-	2,975	-
11XX	Total current assets	<u>4,404,950</u>	<u>22</u>	<u>4,678,182</u>	<u>25</u>	<u>4,572,894</u>	<u>26</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 30 and 32)	7,515,416	37	6,141,485	33	5,504,946	31
1535	Financial assets at amortized cost - non-current (Notes 9, 30, 31 and 32)	12,700	-	12,700	-	700	-
1550	Investments accounted for using the equity method (Note 13)	1,419,267	7	1,384,974	8	1,314,753	8
1600	Property, plant and equipment (Note 14)	336,714	2	353,929	2	348,436	2
1755	Right-of-use assets (Note 15)	144,370	1	153,864	1	149,291	1
1760	Investment properties (Notes 16 and 32)	5,768,976	28	5,585,247	30	5,517,927	32
1780	Other intangible assets (Note 17)	13,010	-	4,958	-	3,581	-
1840	Deferred tax assets	44,720	-	36,755	-	33,867	-
1990	Other non-current assets (Notes 18 and 31)	609,711	3	192,083	1	41,524	-
15XX	Total non-current assets	<u>15,864,884</u>	<u>78</u>	<u>13,865,995</u>	<u>75</u>	<u>12,915,025</u>	<u>74</u>
1XXX	Total Assets	<u>\$ 20,269,834</u>	<u>100</u>	<u>\$ 18,544,177</u>	<u>100</u>	<u>\$ 17,487,919</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19, 30 and 32)	\$ 2,714,000	13	\$ 3,046,000	16	\$ 2,906,000	16
2110	Short-term notes payable (Note 19)	99,931	1	99,931	1	129,897	1
2130	Contract liabilities - current (Notes 24, 30 and 31)	21,970	-	22,346	-	23,514	-
2150	Notes payable (Notes 20 and 30)	119,601	1	165,424	1	147,322	1
2160	Notes payable - related parties (Notes 20, 30 and 31)	18,439	-	39,540	-	8,286	-
2170	Accounts payable (Notes 20 and 30)	201,707	1	125,717	1	124,728	1
2180	Accounts payable - related parties (Notes 20, 30 and 31)	13,219	-	10,339	-	14,658	-
2200	Other payables (Notes 21 and 30)	179,568	1	185,964	1	209,493	1
2220	Other payables - related parties (Notes 21, 30 and 31)	2,136	-	2,302	-	1,899	-
2230	Current tax liabilities	50,801	-	131,975	1	111,872	1
2280	Lease liabilities - current (Notes 15, 28 and 31)	51,765	-	48,632	-	45,648	-
2320	Long-term borrowings due within one year (Notes 19 and 30)	2,700	-	-	-	-	-
2399	Other current liabilities (Note 21)	6,599	-	3,881	-	4,627	-
21XX	Total current liabilities	<u>3,482,436</u>	<u>17</u>	<u>3,882,051</u>	<u>21</u>	<u>3,727,944</u>	<u>21</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 19, 30 and 32)	841,178	4	402,780	2	330,609	2
2570	Deferred tax liabilities	761,522	4	759,323	4	770,590	4
2580	Lease liabilities - non-current (Notes 15, 28 and 31)	96,330	-	110,156	1	108,463	1
2600	Other current liabilities (Note 31)	308,192	2	242,806	1	106,139	1
25XX	Total non-current liabilities	<u>2,007,222</u>	<u>10</u>	<u>1,515,065</u>	<u>8</u>	<u>1,315,801</u>	<u>8</u>
2XXX	Total liabilities	<u>5,489,658</u>	<u>27</u>	<u>5,397,116</u>	<u>29</u>	<u>5,043,745</u>	<u>29</u>
	Equity attributable to owners of the Company (Note 23)						
	Share capital						
3110	Common shares	<u>3,000,413</u>	<u>15</u>	<u>3,000,413</u>	<u>16</u>	<u>3,000,413</u>	<u>17</u>
3200	Capital surplus	<u>14,849</u>	<u>-</u>	<u>13,385</u>	<u>-</u>	<u>11,215</u>	<u>-</u>
	Retained earnings						
3310	Legal surplus reserve	822,889	4	748,625	4	748,625	4
3320	Special reserve	1,006,356	5	1,006,356	5	1,006,548	6
3350	Unappropriated earnings	<u>2,972,679</u>	<u>15</u>	<u>2,864,193</u>	<u>16</u>	<u>2,763,460</u>	<u>16</u>
3300	Total retained earnings	<u>4,801,924</u>	<u>24</u>	<u>4,619,174</u>	<u>25</u>	<u>4,518,633</u>	<u>26</u>
	Other equity items						
3410	Exchange differences on translating the financial statements of foreign operations	( 2,299 )	-	( 2,773 )	-	( 2,181 )	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>6,978,463</u>	<u>34</u>	<u>5,530,036</u>	<u>30</u>	<u>4,929,268</u>	<u>28</u>
3400	Total other equity	<u>6,976,164</u>	<u>34</u>	<u>5,527,263</u>	<u>30</u>	<u>4,927,087</u>	<u>28</u>
3500	Treasury share	( 13,174 )	-	( 13,174 )	-	( 13,174 )	-
31XX	Total equity attributable to owners of the Company	<u>14,780,176</u>	<u>73</u>	<u>13,147,061</u>	<u>71</u>	<u>12,444,174</u>	<u>71</u>
3XXX	Total equity	<u>14,780,176</u>	<u>73</u>	<u>13,147,061</u>	<u>71</u>	<u>12,444,174</u>	<u>71</u>
	Total Liabilities and Equity	<u>\$ 20,269,834</u>	<u>100</u>	<u>\$ 18,544,177</u>	<u>100</u>	<u>\$ 17,487,919</u>	<u>100</u>

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

Shinkong Textile Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
July 1 to September 30, 2024 and 2023 and January 1 to September 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars, except for EPS which are in New Taiwan Dollars

Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 24 and 31)								
4100	Sales revenue	\$ 1,037,180	91	\$ 722,903	89	\$ 2,594,461	90	\$ 2,048,724	88
4300	Rental revenue	98,553	9	93,652	11	290,761	10	279,093	12
4800	Other operating revenue	16	-	-	-	323	-	640	-
4000	Total operating revenue	<u>1,135,749</u>	<u>100</u>	<u>816,555</u>	<u>100</u>	<u>2,885,545</u>	<u>100</u>	<u>2,328,457</u>	<u>100</u>
	Operating costs (Notes 11, 25 and 31)								
5110	Cost of goods sold	( 780,873 )	( 69 )	( 562,000 )	( 68 )	( 1,978,380 )	( 69 )	( 1,584,801 )	( 68 )
5300	Rental costs	( 24,083 )	( 2 )	( 23,667 )	( 3 )	( 72,054 )	( 2 )	( 70,782 )	( 3 )
5000	Total operating costs	<u>( 804,956 )</u>	<u>( 71 )</u>	<u>( 585,667 )</u>	<u>( 71 )</u>	<u>( 2,050,434 )</u>	<u>( 71 )</u>	<u>( 1,655,583 )</u>	<u>( 71 )</u>
5900	Gross profit	<u>330,793</u>	<u>29</u>	<u>230,888</u>	<u>29</u>	<u>835,111</u>	<u>29</u>	<u>672,874</u>	<u>29</u>
	Operating expenses (Notes 25 and 31)								
6100	Selling and marketing	( 131,414 )	( 11 )	( 105,426 )	( 13 )	( 403,932 )	( 14 )	( 320,381 )	( 14 )
6200	General and administrative	( 41,016 )	( 4 )	( 39,776 )	( 5 )	( 120,288 )	( 4 )	( 107,443 )	( 5 )
6300	R&D expenses	( 8,859 )	( 1 )	( 8,485 )	( 1 )	( 25,885 )	( 1 )	( 25,034 )	( 1 )
6450	Expected credit loss and gain	( 46 )	-	-	-	( 46 )	-	5	-
6000	Total operating expenses	<u>( 181,335 )</u>	<u>( 16 )</u>	<u>( 153,687 )</u>	<u>( 19 )</u>	<u>( 550,151 )</u>	<u>( 19 )</u>	<u>( 452,853 )</u>	<u>( 20 )</u>
6500	Other income and expenses, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Net operating income	<u>149,458</u>	<u>13</u>	<u>77,201</u>	<u>10</u>	<u>284,994</u>	<u>10</u>	<u>220,021</u>	<u>9</u>
	Non-operating income and expenses (Notes 25 and 31)								
7100	Interest income	3,749	-	5,101	1	15,626	-	15,891	1
7010	Other income	151,723	13	198,109	24	424,296	15	350,919	15
7020	Other gains and losses	( 46,734 )	( 4 )	22,151	3	20,865	1	60,214	3
7050	Finance costs	( 12,661 )	( 1 )	( 13,072 )	( 2 )	( 37,964 )	( 1 )	( 39,512 )	( 2 )
7060	Share of profit or loss of associates accounted for using the equity method	<u>15,981</u>	<u>2</u>	<u>26,979</u>	<u>3</u>	<u>44,717</u>	<u>1</u>	<u>58,777</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>112,058</u>	<u>10</u>	<u>239,268</u>	<u>29</u>	<u>467,540</u>	<u>16</u>	<u>446,289</u>	<u>19</u>
7900	Net income before tax	261,516	23	316,469	39	752,534	26	666,310	28
7950	Income tax expense (Note 26)	<u>( 21,888 )</u>	<u>( 2 )</u>	<u>( 26,437 )</u>	<u>( 3 )</u>	<u>( 209,734 )</u>	<u>( 7 )</u>	<u>( 118,217 )</u>	<u>( 5 )</u>
8200	Net income in the period	<u>239,628</u>	<u>21</u>	<u>290,032</u>	<u>36</u>	<u>542,800</u>	<u>19</u>	<u>548,093</u>	<u>23</u>
	Other comprehensive income								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	( 176,191 )	( 16 )	303,110	37	1,438,048	50	570,712	25
8320	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	( 4,651 )	-	( 5,470 )	( 1 )	10,379	-	32,204	1
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	( 940 )	-	128	-	( 1,031 )	-	( 39 )	-
8370	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	( 498 )	-	1	-	1,623	-	( 1,111 )	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>288</u>	<u>-</u>	<u>( 26 )</u>	<u>-</u>	<u>( 118 )</u>	<u>-</u>	<u>230</u>	<u>-</u>
8300	Total other comprehensive income, net of tax	<u>( 181,992 )</u>	<u>( 16 )</u>	<u>297,743</u>	<u>36</u>	<u>1,448,901</u>	<u>50</u>	<u>601,996</u>	<u>26</u>
8500	Total comprehensive income	<u>\$ 57,636</u>	<u>5</u>	<u>\$ 587,775</u>	<u>72</u>	<u>\$ 1,991,701</u>	<u>69</u>	<u>\$ 1,150,089</u>	<u>49</u>
	Net income attributable to:								
8610	Owners of the Company	\$ 239,628	21	\$ 290,032	36	\$ 542,800	19	\$ 548,093	23
8620	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 239,628</u>	<u>21</u>	<u>\$ 290,032</u>	<u>36</u>	<u>\$ 542,800</u>	<u>19</u>	<u>\$ 548,093</u>	<u>23</u>
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 57,636	5	\$ 587,775	72	\$ 1,991,701	69	\$ 1,150,089	49
8720	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 57,636</u>	<u>5</u>	<u>\$ 587,775</u>	<u>72</u>	<u>\$ 1,991,701</u>	<u>69</u>	<u>\$ 1,150,089</u>	<u>49</u>
	Earnings per share (Note 27)								
	From continuing operations								
9710	Basic	<u>\$ 0.80</u>		<u>\$ 0.97</u>		<u>\$ 1.81</u>		<u>\$ 1.83</u>	
9810	Diluted	<u>\$ 0.80</u>		<u>\$ 0.97</u>		<u>\$ 1.81</u>		<u>\$ 1.83</u>	

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

Shinkong Textile Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to September 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company							Other equity items		
		Share capital			Retained earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss	Treasury share	Total Equity
Code		Number of Shares (in Thousands Shares)	Amount	Capital surplus	Legal surplus reserve	Special reserve	Unappropriated earnings				
A1	Balance at January 1, 2023	300,041	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,777,974	( \$ 1,261 )	\$ 4,420,162	( \$ 13,174 )	\$ 11,742,942
	Appropriation and distribution of surplus in 2022										
B1	Legal surplus reserve	-	-	-	206,355	-	( 206,355 )	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 450,062 )	-	-	-	( 450,062 )
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	93,810	-	( 93,810 )	-	-
M1	Other changes in capital surplus: Changes in capital surplus from dividends paid to subsidiaries	-	-	1,205	-	-	-	-	-	-	1,205
D1	Net income for the period from January 1 to September 30, 2023	-	-	-	-	-	548,093	-	-	-	548,093
D3	Other comprehensive income for the period from January 1 to September 30, 2023, net of tax	-	-	-	-	-	-	( 920 )	602,916	-	601,996
D5	Total comprehensive income for the period from January 1 to September 30, 2023	-	-	-	-	-	548,093	( 920 )	602,916	-	1,150,089
Z1	Balance at September 30, 2023	300,041	\$ 3,000,413	\$ 11,215	\$ 748,625	\$ 1,006,548	\$ 2,763,460	( \$ 2,181 )	\$ 4,929,268	( \$ 13,174 )	\$ 12,444,174
A1	Balance at January 1, 2024	300,041	\$ 3,000,413	\$ 13,385	\$ 748,625	\$ 1,006,356	\$ 2,864,193	( \$ 2,773 )	\$ 5,530,036	( \$ 13,174 )	\$ 13,147,061
	Appropriation and distribution of surplus in 2023										
B1	Legal surplus reserve	-	-	-	74,264	-	( 74,264 )	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	( 360,050 )	-	-	-	( 360,050 )
M1	Other changes in capital surplus: Changes in capital surplus from dividends paid to subsidiaries	-	-	965	-	-	-	-	-	-	965
T1	Dividends on stocks that have not been collected before the designated date	-	-	499	-	-	-	-	-	-	499
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
D1	Net income for the period from January 1 to September 30, 2024	-	-	-	-	-	542,800	-	-	-	542,800
D3	Other comprehensive income for the period from January 1 to September 30, 2024, net of tax	-	-	-	-	-	-	474	1,448,427	-	1,448,901
D5	Total comprehensive income for the period from January 1 to September 30, 2024	-	-	-	-	-	542,800	474	1,448,427	-	1,991,701
Z1	Balance at September 30, 2024	300,041	\$ 3,000,413	\$ 14,849	\$ 822,889	\$ 1,006,356	\$ 2,972,679	( \$ 2,299 )	\$ 6,978,463	( \$ 13,174 )	\$ 14,780,176

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

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flows from operating activities		
A10000	Income before income tax for the current period	\$ 752,534	\$ 666,310
A20010	Income and expense items		
A20100	Depreciation	118,022	110,021
A20200	Amortization expense	19,552	1,850
A20300	Expected credit loss/(gain)	46	( 5 )
A20400	Net gains on financial assets at fair value through profit or loss	( 3,719 )	( 41,946 )
A20900	Finance costs	37,964	39,512
A21200	Interest income	( 15,626 )	( 15,891 )
A21300	Dividend income	( 421,823 )	( 347,393 )
A22300	Share of profit or loss of associates accounted for using the equity method	( 44,717 )	( 58,777 )
A22500	(Profit) Loss on disposal of property, plant and equipment	( 327 )	( 10 )
A22800	Loss (gain) on disposal of intangible asset	-	360
A23700	Loss for market price decline and obsolete and slow-moving inventories	70,314	19,732
A24500	Capital surplus from dividends on dividends that have not been collected	499	-
A29900	Gains on lease modification	( 34 )	-
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	5,196	5,251
A31150	Accounts receivable	( 114,347 )	( 65,094 )
A31180	Other receivables	( 60,224 )	4,637
A31200	Inventories	( 252,555 )	( 95,570 )
A31230	Prepayments	( 48,533 )	( 15,527 )
A31240	Other current assets	2,997	( 2 )
A31990	Other non-current assets	1,875	907
A32125	Contract liabilities	( 376 )	( 6,291 )
A32130	Notes payable	( 66,924 )	( 103,932 )
A32150	Accounts payable	78,870	28,469
A32180	Other payables	( 5,284 )	10,087
A32230	Other current liabilities	2,718	( 19,285 )

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Code		January 1 to September 30, 2024	January 1 to September 30, 2023
A32240	Net defined benefit assets	\$ 344	( \$ 725 )
A32990	Other non-current liabilities	<u>49</u>	<u>-</u>
A33000	Cash generated from operations	56,491	116,688
A33300	Interest paid	( 38,039 )	( 39,969 )
A33500	Income tax paid	( <u>297,244</u> )	( <u>59,942</u> )
AAAA	Cash inflow (outflow) from operating activities	( <u>278,792</u> )	<u>16,777</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 3,035 )	( 7,848 )
B00020	Sales of financial assets at fair value through other comprehensive profit and loss	-	27,685
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	628	-
B00050	Disposal of financial assets at amortized cost	-	501,100
B00100	Acquisition of financial assets at fair value through profit or loss	( 83,746 )	( 29,594 )
B00200	Proceeds from financial assets at fair value through profit or loss	58,687	89,183
B01800	Acquisition of long-term equity investments using equity method	-	( 11,980 )
B02700	Acquisition of property, plant, and equipment	( 38,224 )	( 32,658 )
B02800	Proceeds from disposal of property, plant and equipment	1,168	10
B03700	Increase in refundable deposits	( 1,224 )	-
B03800	Decrease in refundable deposits	-	43,272
B04500	Acquisition of intangible assets	( 27,604 )	( 2,521 )
B05400	Acquisition of investment properties	( 188,672 )	( 189,018 )
B07100	Increase in prepayments for equipment	( 24,944 )	( 7,374 )
B07300	Increase in prepayments for land	( 395,993 )	-
B07500	Interest received	15,626	15,891
B07600	Dividends received	416,282	335,043
B09900	Dividends received from associates	<u>22,426</u>	<u>43,959</u>
BBBB	Net cash used in investing activities	( <u>248,625</u> )	<u>775,150</u>
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	( 332,000 )	( 164,000 )
C00500	Increase in short-term notes and bills payable	-	130,000
C01600	Proceeds from long-term borrowings	441,098	171,527
C03000	Increase in guarantee deposits received	48,812	-

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<u>Code</u>		<u>January 1, 2024</u> <u>September 30</u>	<u>January 1, 2023</u> <u>September 30</u>
C03100	Refund of guarantee deposits received	\$ -	( \$ 555 )
C04020	Repayment of the principal portion of lease liabilities	( 41,878 )	( 35,569 )
C04500	Distribution of dividends to the shareholders of the Company	( <u>359,085</u> )	( <u>448,857</u> )
CCCC	Net cash used in financing activities	( <u>243,053</u> )	( <u>347,454</u> )
DDDD	Effects of exchange rate changes on cash and cash equivalent	( <u>1,031</u> )	( <u>39</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	( 771,501 )	444,434
E00100	Cash and cash equivalents at beginning of year	<u>1,610,707</u>	<u>889,783</u>
E00200	Cash and cash equivalents at beginning of the period	<u>\$ 839,206</u>	<u>\$ 1,334,217</u>

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



Shinkong Textile Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements  
January 1 to September 30, 2024 and 2023  
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Shinkong Textile Co., Ltd. (the "Company") was founded in Taipei in June 1955. The Company's principal businesses are the production and sale of a variety of synthetic fibers, fabrics, and finished fabrics; agency for the import and sale of garments, and the leasing and sale of buildings and public housing units constructed by builders commissioned by the Company.

The Company's shares have been listed on the Taiwan Stock Exchange since March 1977.

The consolidated financial statements are presented in NT\$, which is the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved and authorized for issue in the Board of Directors' meeting on November 12, 2024.

3. Application of New and Amended Standards and Interpretations

- 1) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs" International Financial Reporting Standards) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except as described below, the application of the amended IFRSs endorsed and issued into effect by the FSC shall not result in significant changes in the accounting policies of the consolidated company.

- 2) Adoption of IFRSs accounting standards endorsed by the FSC from 2025 onwards

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board (IASB)</u>
Amendment to IAS 21: 'Lack of Exchangeability'	January 1, 2025 (Note 1)

Note 1: The amendments applied prospectively to annual reporting periods beginning on or after January 1, 2025. When applying the amendment for the first time, the comparative period should not be restated. Instead, the impact amount should be recognized under retained earnings or equity of the foreign operating entity on the initial application date, along with any exchange differences (if applicable), and the associated affected assets and liabilities.

3) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements to IFRSs Accounting Standards - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17: Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17: "First 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 otherwise specified, the aforementioned new/revised/amended standards and interpretations shall be effective from annual reporting periods after the specified dates.

As of the date of authorization of the consolidated financial statements, the Group has continued to assess the other effects of amendments to each standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

a. IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 'Presentation of Financial Statements'. The main changes in this standard are as follows:

- The income statement should classify revenue and expense items into categories of operating, investing, financing, income tax, and discontinued operations.

- The income statement should report operating profit and loss, financing and pre-tax profit and loss, as well as subtotals and totals of profit and loss.
  - Provide guidance to enhance aggregation and disaggregation rules: The consolidated Company must identify assets, liabilities, equity, revenue, expenses, and cash flows from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item reported in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The consolidated Company will label such items as 'other' only when a more informative name cannot be found.
  - Increased disclosure of management-defined performance measures: When the consolidated Company engages in public communication outside of financial statements and communicates with users of financial statements about management's perspective on a certain aspect of the Company's overall financial performance, it should disclose information related to management-defined performance measures in a single note in the financial statements. This includes a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.
- b. Amendments to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments"

This amendment primarily modifies the classification rules for financial assets. If a financial asset includes a contingent event that can change the timing or amount of contractual cash flows, and the nature of the contingent event is not directly related to changes in basic lending risks and costs (such as whether the debtor achieves a specific carbon emission reduction), the contractual cash flows of such financial assets will still be considered solely payments of principal and interest on the outstanding principal amount if the following two conditions are met:

- All contractual cash flows that arise in all possible scenarios (before or after the contingent event occurs) are solely payments of principal and interest on the outstanding principal amount; and
- The contractual cash flows that arise in all possible scenarios do not differ significantly from the cash flows of a financial instrument with the same contractual terms but without the contingent feature.

This amendment also stipulates that when a company uses an electronic payment system to settle a financial liability in cash, it may choose to derecognize the financial liability before the settlement date, provided that the following conditions are met:

- The company does not have the actual ability to withdraw, stop, or cancel the payment instruction;
- The company does not have the actual ability to access the cash that will be used for settlement due to the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

Except for the above effects, as of the date of authorization of the consolidated financial statements, the consolidated Company has continued to assess the other effects of amendments to each standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

#### 4. Summary of Significant Accounting Policies

##### 1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed by FSC. This consolidated financial report does not include all disclosures required by IFRSs for a complete annual financial report.

##### 2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit assets recognized at the present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified Level 1 to Level 3 based on the observability and importance of related input:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- b. 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., prices) or indirectly (i.e., deduced from prices).
- c. Level 3 inputs are unobservable inputs for the asset or liability.

### 3) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated statements of comprehensive income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition or up to the date of disposal in the current period. The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the consolidated Company. All transactions, balances, income and expenses between entities within the Group are eliminated in full upon consolidation. A subsidiary's total comprehensive profit and loss is attributed to the owners of the Company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the consolidated Company's ownership interests in subsidiaries that do not result in the consolidated Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the consolidated Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjusted amount of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details on subsidiaries, including the percentages of ownership and principal business activities, please refer to Note 12 and Tables 6 and 7.

### 4) Other Significant Accounting Policies

In addition to the following explanations, please refer to the Summary of Significant Accounting Policies in the 2023 Annual Consolidated Financial Report.

#### a. Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for trading purposes;
  - b) Assets expected to be realized within 12 months after the balance sheet date;
- and

- c) Cash or cash equivalents (excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date).

Current liabilities include:

- a) Liabilities held primarily for trading purposes;
- b) Liabilities due to settle within 12 months after the balance sheet date; and
- c) Liabilities that do not have significant rights to postpone the repayment period for at least 12 months after the balance sheet date.

All other assets or liabilities that are not specified above are classified as non-current.

- b. Defined benefits under the post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

- c. Income tax expense

Income tax expenses are the sum of current income tax and deferred income tax. Income tax for an interim period is assessed on an annual basis, calculated by applying, to an interim period's pre-tax income, the tax rate that would be applicable to expected total annual earnings.

## 5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the consolidated Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The consolidated Company, during developing significant accounting estimate values, will take climate change and governmental policies and its possible impact on regulations into consideration of significant accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. Management will continue to review the estimations and basic assumptions. Please refer to the explanations of the Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions in the consolidated financial statements for 2023.

6. Cash and cash equivalent

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and working capital	\$ 1,407	\$ 1,167	\$ 1,126
Checks and demand deposits in banks	457,710	966,406	732,049
Cash equivalent (investments with original maturities within three months)			
Time deposits in banks	<u>380,089</u>	<u>643,134</u>	<u>601,042</u>
	<u>\$ 839,206</u>	<u>\$ 1,610,707</u>	<u>\$ 1,334,217</u>

Interest rate ranges at the balance sheet date were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Bank deposits	0.001% ~ 4.96%	0.001% ~ 5.6%	0.001% ~ 5.6%

7. Financial Instruments at Fair Value through Profit or Loss

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets - current</u>			
Designated as at fair value through profit or loss			
— Domestic stocks listed or emerging stocks	\$ 20,244	\$ 23,960	\$ 24,256
Mandatorily measured at fair value through profit or loss			
— Fund beneficiary certificates	<u>459,727</u>	<u>427,233</u>	<u>525,493</u>
	<u>\$ 479,971</u>	<u>\$ 451,193</u>	<u>\$ 549,749</u>

8. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Investments in equity instruments</u>			
<u>Current</u>			
Listed stocks	<u>\$ 1,121,187</u>	<u>\$ 1,054,662</u>	<u>\$ 1,041,009</u>
<u>Non-current</u>			
Domestic investment			
Stocks listed on TWSE or TPEX	\$ 5,372,312	\$ 4,052,225	\$ 3,648,719
Unlisted stocks	<u>2,143,104</u>	<u>2,089,260</u>	<u>1,856,227</u>
Total	<u>\$ 7,515,416</u>	<u>\$ 6,141,485</u>	<u>\$ 5,504,946</u>

The consolidated Company invested in aforementioned items pursuant to its medium-term and long-term strategies for the purpose of making a profit through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive profit and loss as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the consolidated Company's strategy of holding these investments for long-term purposes.

Please refer to Note 32 for details of investments in equity instruments at fair value through other comprehensive income pledged.

9. Financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities over one year (II)	\$ <u>12,700</u>	\$ <u>12,700</u>	\$ <u>700</u>

- 1) As of September 30, 2024, and December 31, 2023 and September 30, 2023, the interest rate ranges of time deposits with original maturities over one year were 1.465%-1.7%, 1.34%-1.575% and 1.455%-1.575%, respectively.
- 2) Financial assets at amortized cost are classified as current or non-current pursuant to the maturity dates on the contracts or the pledged periods.
- 3) Please refer to Note 32 for details of financial assets at amortized cost pledged.

10. Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 5,825	\$ 11,024	\$ 4,655
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>5,825</u>	\$ <u>11,024</u>	\$ <u>4,655</u>
Notes receivable - related parties (Note 31)	\$ <u>10</u>	\$ <u>7</u>	\$ <u>9</u>

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	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 480,068	\$ 360,350	\$ 361,359
Less: Loss allowance	( <u>46</u> )	<u>-</u>	<u>-</u>
	<u>\$ 480,022</u>	<u>\$ 360,350</u>	<u>\$ 361,359</u>
 Accounts receivable - related parties (Note 31)	 <u>\$ 61,703</u>	 <u>\$ 67,074</u>	 <u>\$ 42,892</u>
 <u>Other receivables</u>			
Tax refunds receivable	\$ 14,819	\$ 14,382	\$ 10,207
Investment receivable	58,687	-	-
Other	<u>7,427</u>	<u>786</u>	<u>1,759</u>
	<u>\$ 80,933</u>	<u>\$ 15,168</u>	<u>\$ 11,966</u>
 Other receivables - related parties (Note 31)	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 12,350</u>

#### Notes and accounts receivable

The consolidated Company allows an average credit period of 60 days for the sale of goods with non-interest-bearing accounts receivables. It assesses credit risk based on contracts with positive fair value as of the balance sheet date. Counterparties of the consolidated Company are financial institutions and companies with sound credit ratings. The consolidated Company reviews recoverable amounts of receivables one by one on the balance sheet date to ensure impairment loss is provided for unrecoverable receivables. Thus, no significant credit risk is expected.

The consolidated Company recognizes loss allowance for accounts receivables based on lifetime ECL. The lifetime ECL is calculated based on a provision matrix that takes into account the default history and current financial position of customers, industry economics well as GDP forecasts and industry prospective. The consolidated Company's experience in credit loss shows that there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the ECL rate based on the overdue days of accounts receivable.

The consolidated Company writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. The consolidated Company continues to engage in enforcement activity to recover the receivables after the write-off.

The consolidated Company's loss allowances for notes and accounts receivables based on the provision matrix are as follows:

September 30, 2024

	Billed for 1- 60 Days	Billed for 61- 120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0.0019%~ 0.0048%	0.0301%~ 0.0434%	0%	3.6856%~ 100%	
Total carrying amount	\$ 543,246	\$ 4,276	\$ -	\$ 84	\$ 547,606
Loss allowance (lifetime ECL)	( <u>13</u> )	( <u>1</u> )	<u>-</u>	( <u>32</u> )	( <u>46</u> )
Amortized cost	<u>\$ 543,233</u>	<u>\$ 4,275</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ 547,560</u>

December 31, 2023

	Billed for 1- 60 Days	Billed for 61- 120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	0%~100%	
Total carrying amount	\$ 383,902	\$ 54,028	\$ 525	\$ -	\$ 438,455
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 383,902</u>	<u>\$ 54,028</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 438,455</u>

September 30, 2023

	Billed for 1- 60 Days	Billed for 61- 120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	0%~100%	
Total carrying amount	\$ 399,611	\$ 5,207	\$ 3,997	\$ 100	\$ 408,915
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 399,611</u>	<u>\$ 5,207</u>	<u>\$ 3,997</u>	<u>\$ 100</u>	<u>\$ 408,915</u>

Changes in loss allowances for receivables are as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Beginning balance	\$ -	\$ 5
Add: Impairment loss provided for in the period	46	-
Less: Impairment loss reversed in the period	<u>-</u>	( <u>5</u> )
Balance at the End of the Period	<u>\$ 46</u>	<u>\$ -</u>

## 11. Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 484,126	\$ 477,295	\$ 597,974
Work in progress	173,981	136,578	139,519
Raw materials	65,931	61,443	64,249
Merchandise inventories	<u>465,539</u>	<u>332,153</u>	<u>332,073</u>
	<u>\$ 1,189,577</u>	<u>\$ 1,007,469</u>	<u>\$ 1,133,815</u>

The cost of goods sold related to inventories for the period from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023 was NT\$780,873 thousand, NT\$562,000 thousand, NT\$1,978,380 thousand and NT\$1,584,801 thousand, respectively. The cost of goods sold includes inventory write-down losses of NT\$21,234 thousand, NT\$15,572 thousand, NT\$70,314 thousand, and NT\$19,732 thousand.

## 12. Subsidiary

### Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are listed as follows:

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	100%	100%	100%	1
Shinkong Textile Co., Ltd.	SK INNOVATION CO., LTD.	General investment business.	100%	100%	100%	2, 7
Shinkong Textile Co., Ltd.	PT. SHINKONG TEXTILE INDONESIA	Various commodities for large-scale trade.	100%	-	-	7, 9
SK INNOVATION CO., LTD.	Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	100%	100%	100%	3, 7
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Development and rental of housing, building and industrial factory, and development of specific areas	100%	100%	100%	4, 7
Shinkong Asset Management Co., Ltd.	Hua Yang Motor Co., Ltd.	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	100%	100%	100%	5, 7
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade, warehousing, distribution and packaging.	-	100%	100%	6, 7, 8

Note:

1. Shinkong Asset Management Co., Ltd. (hereinafter referred to as "Shinkong Asset") was established on September 6, 1990. It is a 100%-owned subsidiary of the Company.
2. SK INNOVATION Co., Ltd. (hereinafter referred to as "SK") was registered for its establishment in Samoa on March 15, 2012. It is a 100%-owned subsidiary of the Company and mainly engages in investment.

3. Shanghai Xin Ying Trading Co., Ltd. (hereinafter referred to as "Shanghai Xin Ying") was approved for establishment in Shanghai in July 2012 as a wholly foreign-owned enterprise. It is a 100%-owned subsidiary of SK INNOVATION Co., Ltd with the ultimate parent company being the Company.
4. Xin Fu Development Co., Ltd. (hereinafter referred to as "Xin Fu Development") was established on February 9, 2015. It is a 100%-owned subsidiary of Shinkong Assets with the ultimate parent company being the Company.
5. Hua Yang Motor Co., Ltd. (hereinafter referred to as "Hua Yang Motor") was established on February 10, 2015. Due to equity restructure within the Group, the Company disposed 55% of its holdings in Hua Yang Motor to Shinkong Assets in January 2019. Shinkong Assets acquired interests in Hua Yang Motor on January 20, 2020 and the total holdings increased from 55% to 100%.
6. One Full Co., Ltd. (hereinafter referred to as "One Full") was established on September 29, 2020. It is a 100%-owned subsidiary of Hua Yang Motor with the ultimate parent company being the Company.
7. It is insignificant subsidiaries whose financial statements have not been reviewed by CPAs.
8. In an effort to streamline our investment structure, accelerate organizational adjustments, and enhance overall operational efficiency, our company resolved in a board meeting on March 8, 2024, to merge with One Full Co., Ltd., a wholly-owned subsidiary through indirect investment. The merger was conducted in accordance with the Company Act, the Business Mergers and Acquisitions Act, and other relevant laws and regulations. Following the merger, our company remains as the surviving entity, retaining the name "Shinkong Textile Co., Ltd." One Full Co., Ltd., as the extinguished company, has its assets, liabilities, rights, and obligations wholly assumed by the surviving company without liquidation. The base date for the merger is set as May 1, 2024. Since the extinguished company is a wholly-owned subsidiary of the surviving company through indirect investment, the merger consideration was paid in cash without issuing new shares. The merger price was based on the net value per share of One Full Co., Ltd. on the day before the merger base date. All assets and liabilities of One Full Co., Ltd. will be incorporated into our company at book net value on the merger base date. The capital of the surviving company remains unchanged after the merger.

9. To expand our international business, our company has decided, at the board meeting on March 8, 2024, to establish a subsidiary in Indonesia called PT. SHINKONG TEXTILE INDONESIA. The initial capital is planned to be 10 billion Indonesian Rupiah. The subsidiary company completed its registration on March 26, 2024. As of September 30, 2024, our company has invested IDR 67,933,884 thousand (US\$4,744 thousand).

13. Investments using equity method

Investment in associates

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Associates that are individually material</u>			
Listed companies			
Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	\$ 546,607	\$ 567,086	\$ 552,381
Unlisted companies			
Lian Quan Investment Co., Ltd.	486,077	461,590	410,331
Shang De Motor Co., Ltd.	336,307	305,330	297,692
	<u>1,368,991</u>	<u>1,334,006</u>	<u>1,260,404</u>
<u>Associates that are not individually material</u>			
Unlisted companies			
WPI-High Street,LLC	50,276	50,968	54,349
	<u>\$ 1,419,267</u>	<u>\$ 1,384,974</u>	<u>\$ 1,314,753</u>

The percentage of ownership interest and voting rights of the consolidated Company in associates on the balance sheet date are as follows:

Name of Company	September 30, 2024	December 31, 2023	September 30, 2023
Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	20.54%	20.54%	20.41%
Lian Quan Investment Co., Ltd.	48.89%	48.89%	48.89%
Shang De Motor Co., Ltd.	33.50%	33.50%	33.50%
WPI-High Street,LLC	35.71%	35.71%	35.71%

In August 2023, the consolidated Company acquired more than 20% of this company's shares on the centralized trading market, gaining significant impact, it is now classified as an associate.

Please refer to Table 6 “Names, locations, and other information of investees” for the aforementioned associates’ nature of business, main business premises, and countries of registration.

The associates accounted for using the equity method and the Company’s share of profit or loss and other comprehensive profit and loss of these associates are calculated based on the associates’ financial statements recognition unreviewed by the CPAs for the same periods. However, the management of the consolidated Company believes that the financial reports of the above investees were unreviewed by the CPA and it would cause no significant impact.

#### 14. Property, plant and equipment (PP&E)

	Land	Buildings	Machinery equipment	Transportation equipment	Hydropower equipment	Miscellaneous equipment	Lease Improvement	Construction in progress	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 99,458	\$ 279,934	\$ 596,561	\$ 12,115	\$ 132,418	\$ 171,591	\$ 58,433	\$ -	\$ 1,350,510
Additions	-	152	11,605	1,950	772	7,868	14,322	1,351	38,020
Reclassifications	-	-	1,031	-	-	1,157	259	-	2,447
Disposals	-	-	( 2,923)	( 3,440)	-	( 1,301)	( 13,926)	-	( 21,590)
Net exchange difference	-	-	-	-	-	4	-	-	4
Balance at September 30, 2024	<u>\$ 99,458</u>	<u>\$ 280,086</u>	<u>\$ 606,274</u>	<u>\$ 10,625</u>	<u>\$ 133,190</u>	<u>\$ 179,319</u>	<u>\$ 59,088</u>	<u>\$ 1,351</u>	<u>\$ 1,369,391</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ -	\$ 246,666	\$ 512,733	\$ 7,542	\$ 91,495	\$ 112,553	\$ 25,592	\$ -	\$ 996,581
Depreciation	-	1,465	24,160	790	3,632	10,444	16,350	-	56,841
Disposals	-	-	( 2,250)	( 3,272)	-	( 1,301)	( 13,926)	-	( 20,749)
Net exchange difference	-	-	-	-	-	4	-	-	4
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 248,131</u>	<u>\$ 534,643</u>	<u>\$ 5,060</u>	<u>\$ 95,127</u>	<u>\$ 121,700</u>	<u>\$ 28,016</u>	<u>\$ -</u>	<u>\$ 1,032,677</u>
Net at September 30, 2024	<u>\$ 99,458</u>	<u>\$ 31,955</u>	<u>\$ 71,631</u>	<u>\$ 5,565</u>	<u>\$ 38,063</u>	<u>\$ 57,619</u>	<u>\$ 31,072</u>	<u>\$ 1,351</u>	<u>\$ 336,714</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 99,458</u>	<u>\$ 33,268</u>	<u>\$ 83,828</u>	<u>\$ 4,573</u>	<u>\$ 40,923</u>	<u>\$ 59,038</u>	<u>\$ 32,841</u>	<u>\$ -</u>	<u>\$ 353,929</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 99,458	\$ 278,413	\$ 587,709	\$ 11,135	\$ 132,418	\$ 156,979	\$ 44,371	\$ 259,893	\$ 1,570,376
Additions	-	1,269	2,258	980	-	8,237	17,882	946	31,572
Reclassifications	-	252	299	-	-	-	6	( 259,824)	( 259,267)
Disposals	-	-	( 1,062)	-	-	( 270)	( 15,860)	-	( 17,192)
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at September 30, 2023	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 589,204</u>	<u>\$ 12,115</u>	<u>\$ 132,418</u>	<u>\$ 164,946</u>	<u>\$ 46,399</u>	<u>\$ 1,015</u>	<u>\$ 1,325,489</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 244,598	\$ 480,332	\$ 6,513	\$ 86,350	\$ 101,495	\$ 20,614	\$ -	\$ 939,902
Depreciation	-	1,585	25,495	781	3,933	8,220	14,329	-	54,343
Disposals	-	-	( 1,062)	-	-	( 270)	( 15,860)	-	( 17,192)
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 246,183</u>	<u>\$ 504,765</u>	<u>\$ 7,294</u>	<u>\$ 90,283</u>	<u>\$ 109,445</u>	<u>\$ 19,083</u>	<u>\$ -</u>	<u>\$ 977,053</u>
Net at September 30, 2023	<u>\$ 99,458</u>	<u>\$ 33,751</u>	<u>\$ 84,439</u>	<u>\$ 4,821</u>	<u>\$ 42,135</u>	<u>\$ 55,501</u>	<u>\$ 27,316</u>	<u>\$ 1,015</u>	<u>\$ 348,436</u>

The consolidated Company did not conduct any impairment assessment for the periods from January 1 to September 30, 2024 and 2023, as there were no indications of impairment.

Depreciation expense on a straight-line basis is calculated according to the following useful lives:

Buildings	
Main building of the plant	15 to 50 years
Others	3 to 25 years
Machinery equipment	2 to 20 years
Transportation equipment	5 to 15 years
Hydropower equipment	5 to 40 years
Miscellaneous equipment	2 to 40 years
Lease improvement	2 to 6 years

# 15. Lease agreements

## 1) Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 7,637	\$ 4,306	\$ 5,066
Buildings	123,603	138,793	138,191
Office equipment	898	1,211	1,316
Transportation equipment	10,906	7,895	2,885
Other equipment	<u>1,327</u>	<u>1,659</u>	<u>1,833</u>
	<u>\$ 144,370</u>	<u>\$ 153,864</u>	<u>\$ 149,291</u>

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Additions to right-of-use assets	<u>\$ 7,922</u>	<u>\$ 939</u>	<u>\$ 31,739</u>	<u>\$ 2,083</u>
Depreciation expense of right-of-use assets				
Land	\$ 1,094	\$ 760	\$ 3,281	\$ 2,280
Buildings	11,222	9,941	33,400	30,126
Office equipment	104	104	313	313
Transportation equipment	1,045	760	3,168	2,319
Other equipment	<u>190</u>	<u>136</u>	<u>550</u>	<u>250</u>
	<u>\$ 13,655</u>	<u>\$ 11,701</u>	<u>\$ 40,712</u>	<u>\$ 35,288</u>

2) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities			
Current	\$ 51,765	\$ 48,632	\$ 45,648
Non-current	\$ 96,330	\$ 110,156	\$ 108,463

Discount rate ranges for lease liabilities are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	1.6914%~1.7210%	1.6914%	1.6914%
Buildings	0.9460%~1.7210%	0.9460%~1.7210%	0.9460%~1.4570%
Office equipment	0.9000%~0.9810%	0.9000%~0.9810%	0.9000%~0.9810%
Transportation equipment	0.9150%~2.3377%	0.9150%~2.3205%	0.9150%~2.3205%
Other equipment	1.7660%~2.3205%	1.9436%~2.3205%	1.9436%~2.3205%

3) Major lease activities and terms

The consolidated Company leases buildings, office equipment, transportation equipment and other equipment to be used as factories, employee dormitories, business outlets, business vehicles, and equipment provided for employees all with lease terms of 2 to 6 years. At the end of the lease period, the consolidated Company has no bargain purchase option for the leased building.

4) Other lease information

Please refer to Note 16 for agreements on investment property leased under operating leases.

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term lease expenses	\$ 2,469	\$ 1,842	\$ 7,072	\$ 6,370
Total cash (outflow) for leases	( \$ 16,128 )	( \$ 14,084 )	( \$ 50,442 )	( \$ 43,296 )

The consolidated Company elects to apply the recognition exemption on certain other equipment and leases which meet the criteria for short-term leases and thus, does not recognize right-of-use assets and lease liabilities for these leases.



16. Investment properties

	Land	Buildings	Investment properties under progress	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 4,503,062	\$ 1,337,970	\$ 533,506	\$ 6,374,538
Addition	<u>-</u>	<u>17</u>	<u>204,181</u>	<u>204,198</u>
Balance at September 30, 2024	<u>\$ 4,503,062</u>	<u>\$ 1,337,987</u>	<u>\$ 737,687</u>	<u>\$ 6,578,736</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2024	\$ -	\$ 789,291	\$ -	\$ 789,291
Depreciation	<u>-</u>	<u>20,469</u>	<u>-</u>	<u>20,469</u>
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 809,760</u>	<u>\$ -</u>	<u>\$ 809,760</u>
Net at September 30, 2024	<u>\$ 4,503,062</u>	<u>\$ 528,227</u>	<u>\$ 737,687</u>	<u>\$ 5,768,976</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 4,503,062</u>	<u>\$ 548,679</u>	<u>\$ 533,506</u>	<u>\$ 5,585,247</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 4,503,359	\$ 1,335,299	\$ -	\$ 5,838,658
Addition	-	2,670	199,248	201,918
Reclassifications	<u>-</u>	<u>-</u>	<u>259,818</u>	<u>259,818</u>
Balance at September 30, 2023	<u>\$ 4,503,359</u>	<u>\$ 1,337,969</u>	<u>\$ 459,066</u>	<u>\$ 6,300,394</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 762,077	\$ -	\$ 762,077
Depreciation	<u>-</u>	<u>20,390</u>	<u>-</u>	<u>20,390</u>
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 782,467</u>	<u>\$ -</u>	<u>\$ 782,467</u>
Net at September 30, 2023	<u>\$ 4,503,359</u>	<u>\$ 555,502</u>	<u>\$ 459,066</u>	<u>\$ 5,517,927</u>

The investment property is subject to lease terms of 1 to 20 years. All operating lease agreements contain a provision whereby the lessee, in exercising the right to renew the lease, adjusts the rent in accordance with 3% to 5% of the prevailing market rent rate. Lessees do not have the bargain purchase option to acquire the property at the end of the lease term.

The total amount of future lease payments to be collected for investment property on operating lease is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
The first year	\$ 319,625	\$ 308,025	\$ 276,272
The second year	254,984	275,877	242,178
The third year	210,797	202,123	206,726
The fourth year	175,772	184,619	185,064
The fifth year	156,569	164,762	169,420
Over 5 years	<u>1,117,823</u>	<u>1,208,270</u>	<u>1,247,496</u>
	<u>\$ 2,235,570</u>	<u>\$ 2,343,676</u>	<u>\$ 2,327,156</u>

Investment property on a straight-line basis is calculated according to the following useful lives:

Buildings	
Main building of the plant	4 to 50 years
Others	2 to 20 years

The fair value of investment properties as of December 31, 2023 is evaluated by the independent appraisers Chen-Hsing Lin and Yu-Hua Lo of Taiwan Dawa Real Estate Appraiser & Associates on the balance sheet date. The fair value of investment properties as of September 30, 2024 and 2023 has not been evaluated by the independent appraisers, only the management of the consolidated Company adopts the evaluation model commonly used by market participants to measure with the Level 3 inputs. The evaluation refers to the market evidence of similar property transaction prices, which fair value obtained from the evaluation is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value	<u>\$ 36,527,202</u>	<u>\$ 36,527,202</u>	<u>\$ 32,018,500</u>

The consolidated Company held freehold interests in all of its investment properties. Please refer to Note 32 for the amount of investment property pledged as collateral for borrowings.

17. Other Intangible Assets

	<u>Cost of Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 7,438
Acquisition	27,604
Disposals	( <u>699</u> )
Balance at September 30, 2024	<u>\$ 34,343</u>
 <u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 2,480
Amortization expense	19,552
Disposals	( <u>699</u> )
Balance at September 30, 2024	<u>\$ 21,333</u>
 Net at September 30, 2024	 <u>\$ 13,010</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 4,958</u>
 <u>Cost</u>	
Balance at January 1, 2023	\$ 6,948
Acquisition	2,521
Disposals	( <u>2,144</u> )
Balance at September 30, 2023	<u>\$ 7,325</u>
 <u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,678
Amortization expense	1,850
Disposals	( <u>1,784</u> )
Balance at September 30, 2023	<u>\$ 3,744</u>
 Net at September 30, 2023	 <u>\$ 3,581</u>

Amortization expense is calculated on a straight-line basis over the following useful lives:

Cost of Computer Software	1 to 4 years
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18. Other Assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 29,667	\$ 19,334	\$ 21,006
Prepayments to suppliers	96,864	67,560	41,495
Overpaid sales tax	17,419	8,523	15,397
	<u>\$ 143,950</u>	<u>\$ 95,417</u>	<u>\$ 77,898</u>
Other Assets			
Other	<u>\$ 14</u>	<u>\$ 3,011</u>	<u>\$ 2,975</u>
<u>Non-current</u>			
Refundable deposits	\$ 74,933	\$ 73,709	\$ 20,838
Net defined benefit assets (Note 22)	6,448	5,976	9,290
Prepayments for equipment	26,360	3,730	8,403
Prepaid land payments (Note 33)	501,970	105,977	-
Other	-	2,691	2,993
	<u>\$ 609,711</u>	<u>\$ 192,083</u>	<u>\$ 41,524</u>

The prepaid for land refers to the purchase of land in Shilin Dist., Wanhua Dist., Xinyi Dist., Songshan Dist., Beitou Dist., Nangang Dist., Zhongshan Dist., and Datong Dist. by the consolidated Company from an unrelated third party to construct factory offices for its Indonesian subsidiary and to develop the land in Shilin Dist., Taipei City, for the purpose of building factory floor space.

19. Borrowings

1) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u> (Note 32)			
Bank borrowings	\$ 2,514,000	\$ 2,746,000	\$ 2,436,000
<u>Unsecured borrowings</u>			
Line of credit loans	200,000	300,000	470,000
	<u>\$ 2,714,000</u>	<u>\$ 3,046,000</u>	<u>\$ 2,906,000</u>

The ranges of interest rates on bank borrowings were 1.82% ~ 1.86%, 1.7% ~ 2.1473%, and 1.7% ~ 2.1473% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

2) Short-term bills payable

	September 30, 2024	December 31, 2023	September 30, 2023
Commercial paper payable	\$ 100,000	\$ 100,000	\$ 130,000
Less: Discounts on short-term bills payable	( <u>69</u> )	( <u>69</u> )	( <u>103</u> )
	<u>\$ 99,931</u>	<u>\$ 99,931</u>	<u>\$ 129,897</u>

The interest rates on commercial paper payable were 1.6%-1.68%, 1.45% and 1.40%-1.66% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

3) Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u> (Note 32)			
Bank borrowings	\$ 843,878	\$ 402,780	\$ 330,609
Less: Listed as part due within 1 year	( <u>2,700</u> )	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 841,178</u>	<u>\$ 402,780</u>	<u>\$ 330,609</u>

a. The above long-term borrowings are the project borrowings of Shinkong Asset Management Co., LTD to build the plant. As of September 30, 2024, December 31, 2023, and September 30, 2023, the effective annual interest rate is 2.5058% to 2.5441%, 2.2437% to 2.3718%, and 2.2431% to 2.3718% respectively. The interest is monthly paid, and the principal is repaid in accordance with the borrowing contract.

b. The above long-term borrowings were secured by the pledge of the consolidated Company's investment property (Please refer to Note 32).

20. Notes and Accounts Payable

The consolidated Company has financial risk management policies to ensure that all payables are paid within the pre-agreed payment terms.

21. Other liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Tax payable	\$ 34,115	\$ 4,975	\$ 35,715
Employee compensation payable	13,208	30,319	27,534
Director compensation payable	12,700	15,600	13,450
Salaries and bonus payable	50,891	63,649	41,672
Pension payable	3,271	2,899	2,675
Services expense payable	750	1,415	799
Electricity and fuels payable	9,858	7,889	8,165
Interest payable	2,399	2,474	2,230
Other	<u>52,376</u>	<u>56,744</u>	<u>77,253</u>
	<u>\$ 179,568</u>	<u>\$ 185,964</u>	<u>\$ 209,493</u>
Other payables - related parties (Note 31)	<u>\$ 2,136</u>	<u>\$ 2,302</u>	<u>\$ 1,899</u>
Other liabilities			
Temporary credits	\$ 946	\$ 221	\$ 91
Receipts under custody	5,261	3,257	4,536
Other	<u>392</u>	<u>403</u>	<u>-</u>
	<u>\$ 6,599</u>	<u>\$ 3,881</u>	<u>\$ 4,627</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received (1)	\$ 254,887	\$ 206,075	\$ 106,125
Accounts payable (2)	53,241	36,717	-
Other	<u>64</u>	<u>14</u>	<u>14</u>
	<u>\$ 308,192</u>	<u>\$ 242,806</u>	<u>\$ 106,139</u>

- 1) The consolidated Company has entered into a construction contract with Chang Hong Construction Co., Ltd. for engaging others to build on its own land. As part of the agreement, a deposit of NT\$100,000 thousand was provided.
- 2) This refers to the construction project retention fund of the consolidated Company, which is for engaging others to build on its own land in the Shilin District, Taipei City.

22. Post-employment benefit plans

The pension expenses related to the defined benefit plan recognized for the period from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023 were calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022, and the amounts were NT\$104 thousand, NT\$6 thousand, NT\$311 thousand and NT\$17 thousand respectively.

23. Equity

1) Share capital

Common shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Share capital authorized	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Number of shares issued and fully paid (in thousands)	<u>300,041</u>	<u>300,041</u>	<u>300,041</u>
Share capital issued	<u>\$ 3,000,413</u>	<u>\$ 3,000,413</u>	<u>\$ 3,000,413</u>

Common stocks issued have a par value of NT\$10. Each share is entitled to one voting right as well as the right to dividends.

2) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May not be used for any purpose</u>			
Treasury share transactions	\$ 10,514	\$ 9,549	\$ 9,549
Dividends on stocks that have not been collected before the designated date	<u>4,335</u>	<u>3,836</u>	<u>1,666</u>
	<u>\$ 14,849</u>	<u>\$ 13,385</u>	<u>\$ 11,215</u>

Capital surplus - treasury shares represent dividends received from the holding of the parent company's shares by the 100%-owned subsidiary.

3) Retained earnings and dividend policy

Based on the earnings distribution policy stated in the amended Articles of Association, the annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earnings to the legal reserve (not applicable where accumulated legal reserve has equaled the Company's paid-in capital). A special reserve is then appropriated or reversed pursuant to applicable laws and regulations. The Board of Director would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. When recognizing special surplus reserves in compliance with the law, if there is an insufficient provision for the "net increase amount in fair value of investment properties accumulated in the previous period" and the "net amount of less items in other equity items accumulated in the previous period", an equal amount should be provisioned from the unappropriated profits of the previous period as special surplus reserves before appropriating profits. If the insufficient amount still remains, it should be provisioned from the current unappropriated profits by including the current post-tax net income as well as other items not included in the current post-tax net income. Where the earnings are distributed in the form of cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed in the form of stock dividends, the distribution shall be resolved at the shareholders' meeting. For the policies on distribution of compensation to employees and contribution to directors in the Group's Articles of Incorporation, please refer to Note 25(7) Compensation to employees and remuneration to directors.

The Company shall set aside a legal reserve until its balance equals the Company's paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.



The distribution of earnings for years 2023 and 2022 approved in the shareholders' meetings on May 28, 2024 and May 26, 2023, respectively, was as follows:

	<u>2023</u>	<u>2022</u>
Legal surplus reserve	<u>\$ 74,264</u>	<u>\$ 206,355</u>
Cash dividends	<u>\$ 360,050</u>	<u>\$ 450,062</u>
Earnings per share (NT\$)	\$ 1.2	\$ 1.5

4) Other equity items

Unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss

	<u>January 1 to September 30, 2024</u>	<u>January 1 to September 30, 2023</u>
Beginning balance	<u>\$ 5,530,036</u>	<u>\$ 4,420,162</u>
Accrued in the current period		
Unrealized gains (losses)		
Equity instruments	1,438,048	570,712
Share of associates		
accounted for using the		
equity method	<u>10,379</u>	<u>32,204</u>
Other comprehensive income for		
the period	<u>1,448,427</u>	<u>602,916</u>
Accumulated gains (losses) on		
disposal of equity instruments		
transferred to retained earnings	<u>-</u>	<u>( 93,810 )</u>
Balance at the End of the Period	<u>\$ 6,978,463</u>	<u>\$ 4,929,268</u>

5) Treasury share

<u>Reason for repurchase</u>	<u>Shares of parent company held by subsidiaries (in thousands)</u>
Number of shares on January 1, 2023	<u>804</u>
Number of shares on September 30, 2023	<u>804</u>
Number of shares on January 1, 2024	<u>804</u>
Number of shares on September 30, 2024	<u>804</u>

Information on subsidiaries holding the Company's shares on the balance sheet date is as follows:

September 30, 2024

Name of subsidiary	No. of Shareholding (in thousands)	Carrying Amount	Market value
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 39,106</u>

December 31, 2023

Name of subsidiary	No. of Shareholding (in thousands)	Carrying Amount	Market value
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 38,503</u>

September 30, 2023

Name of subsidiary	No. of Shareholding (in thousands)	Carrying Amount	Market value
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 34,404</u>

Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend distribution and voting rights in accordance with the Securities and Exchange Act. Subsidiaries holding the Company's shares, which are considered treasury shares, are bestowed shareholders' rights, except for the rights to participate in any share issuance for cash and to vote.

24. Revenue

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Revenue from contracts with customers				
Revenue from the sale of textiles	\$ 738,157	\$ 557,677	\$ 1,812,463	\$ 1,499,699
Retail sale/Revenue from sale of garment	299,023	165,226	781,998	549,025
Rental revenue	98,553	93,652	290,761	279,093
Other	<u>16</u>	<u>-</u>	<u>323</u>	<u>640</u>
	<u>\$ 1,135,749</u>	<u>\$ 816,555</u>	<u>\$ 2,885,545</u>	<u>\$ 2,328,457</u>

1) Details on contracts with customers

The prices of fabrics sold by the textile business unit of the Marketing Department to garment manufacturers and products sold by the Retail Department were fixed by mutual agreements.

For investment properties leased under operating leases by the Real Estate Department, the consolidated Company negotiated the lease contracts with reference to market rentals.

2) Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Notes receivable (Note 10)	\$ 5,835	\$ 11,031	\$ 4,664	\$ 9,915
Accounts receivable (Note 10)	<u>541,725</u>	<u>427,424</u>	<u>404,251</u>	<u>339,152</u>
	<u>\$ 547,560</u>	<u>\$ 438,455</u>	<u>\$ 408,915</u>	<u>\$ 349,067</u>
Contract liabilities				
Sale of goods	\$ 14,057	\$ 13,273	\$ 13,923	\$ 19,177
Rental revenue of investment property	<u>7,913</u>	<u>9,073</u>	<u>9,591</u>	<u>10,628</u>
Contract liabilities - current	<u>\$ 21,970</u>	<u>\$ 22,346</u>	<u>\$ 23,514</u>	<u>\$ 29,805</u>

3) Breakdown of revenue from contracts with customers

Please refer to Note 36 for the breakdown of revenue from contracts with customers.

25. Net income in the period

1) Interest income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Bank deposits	\$ 3,715	\$ 5,080	\$ 15,526	\$ 15,832
Other	<u>34</u>	<u>21</u>	<u>100</u>	<u>59</u>
	<u>\$ 3,749</u>	<u>\$ 5,101</u>	<u>\$ 15,626</u>	<u>\$ 15,891</u>

2) Other income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Dividend income	\$ 151,371	\$ 196,290	\$ 421,823	\$ 347,393
Other	<u>352</u>	<u>1,819</u>	<u>2,473</u>	<u>3,526</u>
	<u>\$ 151,723</u>	<u>\$ 198,109</u>	<u>\$ 424,296</u>	<u>\$ 350,919</u>

3) Other gains and (losses)

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Gains (Losses) on financial assets and financial liabilities				
Financial assets designated as at fair value through profit or loss	( \$ 1,626 )	( \$ 9,451 )	( \$ 3,715 )	( \$ 4,442 )
Financial assets mandatorily measured at fair value through profit or loss	( 23,505 )	9,949	7,434	46,388
Gain on disposal of property, plant and equipment	380	-	327	10
Loss on disposal of intangible asset	-	( 360 )	-	( 360 )
Net foreign exchange gain (losses)	( 20,710 )	23,429	24,089	30,752
Other expenses	( 1,273 )	( 1,416 )	( 7,270 )	( 12,134 )
	( \$ 46,734 )	\$ 22,151	\$ 20,865	\$ 60,214

4) Finance costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest on bank borrowings	\$ 17,052	\$ 13,984	\$ 45,597	\$ 40,080
Interest on short-term bills	151	291	1,545	1,592
Interest on lease liabilities	460	426	1,448	1,357
Less: Amount that meets the demand of asset cost is listed	( 5,002 )	( 1,629 )	( 10,626 )	( 3,517 )
	\$ 12,661	\$ 13,072	\$ 37,964	\$ 39,512

Interest capitalization information is as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Amount of interest capitalization	\$ 5,002	\$ 1,629	\$ 10,626	\$ 3,517
Interest of interest capitalization	2.37% ~ 2.5441%	2.2424% ~ 2.3718%	2.2437% ~ 2.5441%	1.8448% ~ 2.3718%

5) Depreciation and amortization

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Depreciation expense is summarized by function				
Operating costs	\$ 24,256	\$ 24,401	\$ 72,886	\$ 72,453
Operating expenses	<u>14,853</u>	<u>12,726</u>	<u>45,136</u>	<u>37,568</u>
	<u>\$ 39,109</u>	<u>\$ 37,127</u>	<u>\$ 118,022</u>	<u>\$ 110,021</u>
Amortization expense is summarized by function				
Operating costs	\$ 70	\$ 107	\$ 210	\$ 321
Operating expenses	<u>5,910</u>	<u>424</u>	<u>19,342</u>	<u>1,529</u>
	<u>\$ 5,980</u>	<u>\$ 531</u>	<u>\$ 19,552</u>	<u>\$ 1,850</u>

6) Employee benefit expense

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Post-employment benefits				
Defined contribution plans	\$ 4,935	\$ 4,184	\$ 14,408	\$ 12,594
Defined benefit plans (Note 22)	<u>104</u>	<u>6</u>	<u>311</u>	<u>17</u>
	<u>5,039</u>	<u>4,190</u>	<u>14,719</u>	<u>12,611</u>
Other employee benefits	<u>145,343</u>	<u>131,443</u>	<u>424,260</u>	<u>384,485</u>
Total employee benefit expense	<u>\$ 150,382</u>	<u>\$ 135,633</u>	<u>\$ 438,979</u>	<u>\$ 397,096</u>
Summarized by functions				
Operating costs	\$ 51,255	\$ 48,276	\$ 150,336	\$ 142,795
Operating expenses	<u>99,127</u>	<u>87,357</u>	<u>288,643</u>	<u>254,301</u>
	<u>\$ 150,382</u>	<u>\$ 135,633</u>	<u>\$ 438,979</u>	<u>\$ 397,096</u>

7) Compensation to employees and compensation to directors

According to the Company's Articles of Incorporation, the compensation to employees shall not be lower than 1% and the compensation to directors shall not be higher than 5% of the income before income tax, compensation to employees and compensation to directors.

Compensation to employees and compensation to directors for the period from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023 is as follows:

Accrual rate

	January 1 to September 30, 2024	January 1 to September 30, 2023
Compensation to employees	2%	2%
Compensation to directors	2%	2%

Amount

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Compensation to employees	<u>\$ 5,360</u>	<u>\$ 6,450</u>	<u>\$ 12,700</u>	<u>\$ 13,450</u>
Compensation to directors	<u>\$ 5,360</u>	<u>\$ 6,450</u>	<u>\$ 12,700</u>	<u>\$ 13,450</u>

If the amount changed after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

Compensation to employees and compensation to directors for the years of 2023 and 2022 resolved in the Board of Directors meetings on March 8, 2024 and March 9, 2023, respectively, were as follows:

Amount

	2023 Cash	2022 Cash
Compensation to employees	<u>\$ 15,600</u>	<u>\$ 21,800</u>
Compensation to directors	<u>\$ 15,600</u>	<u>\$ 21,800</u>

There was no difference between the amounts actually allocated for compensations to employees and directors for 2023 and 2022 and those recognized in the consolidated financial reports for 2023 and 2022.

For information on the compensation to employees and directors of the company, please visit the “Market Observation Post System” of Taiwan Stock Exchange.

8) Net gain (loss) on foreign exchange

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Total foreign exchange gains	( \$ 17,073 )	\$ 23,949	\$ 27,746	\$ 36,755
Total foreign exchange (losses)	( <u>3,637</u> )	( <u>520</u> )	( <u>3,657</u> )	( <u>6,003</u> )
Net profits (losses)	( <u>\$ 20,710</u> )	<u>\$ 23,429</u>	<u>\$ 24,089</u>	<u>\$ 30,752</u>

## 26. Income tax

### 1) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Current income tax				
Incurred in this period	\$ 29,876	\$ 18,636	\$ 73,888	\$ 51,022
Additional tax levied on the unappropriated earnings	-	-	15,416	70,357
Adjustments for previous years	323	-	1,393	( 8,124 )
Land value increment tax	<u>-</u>	<u>-</u>	<u>124,921</u>	<u>-</u>
	<u>30,199</u>	<u>18,636</u>	<u>215,618</u>	<u>113,255</u>
Deferred income tax				
Incurred in this period	( <u>8,311</u> )	<u>7,801</u>	( <u>5,884</u> )	<u>4,962</u>
Income tax expense recognized in profit or loss	<u>\$ 21,888</u>	<u>\$ 26,437</u>	<u>\$ 209,734</u>	<u>\$ 118,217</u>

### 2) Income tax recognized in other comprehensive profit and loss

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Deferred income tax				
Incurred in this period				
— Translating the financial statements of foreign operations	( \$ 189 )	\$ 26	( \$ 207 )	( \$ 8 )
— Share of other comprehensive profit and loss of associates accounted for using the equity method	( <u>99</u> )	<u>-</u>	<u>325</u>	( <u>222</u> )
	( <u>\$ 288</u> )	<u>\$ 26</u>	<u>\$ 118</u>	( <u>\$ 230</u> )

### 3) Income tax assessment

The business income tax returns of the Company and the subsidiary, Shinkong Asset, through 2020 have been assessed by the tax authorities. The business income tax returns of the subsidiaries, Xin Fu Development, Hua Yang Motor, and One Full, through 111 have been assessed by the tax authorities. As SK is registered in Samoa, it does not have to file business income tax returns. Thus, the income tax assessment is not applicable. Shanghai Xin Ying had applied to local regulations, they had accrued tax payable and income tax expense.

Pursuant to Article 40 of the Business Mergers and Acquisitions Act, the consolidated Company is elected to be the tax payer to file a final business income tax return as well as combined declare the unappropriated earnings with an additional business income tax with the 100%-owned Shinkong Assets.

### 27. Earnings per share (EPS)

	Unit: NT\$ per share			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Basic EPS	<u>\$ 0.80</u>	<u>\$ 0.97</u>	<u>\$ 1.81</u>	<u>\$ 1.83</u>
Diluted EPS	<u>\$ 0.80</u>	<u>\$ 0.97</u>	<u>\$ 1.81</u>	<u>\$ 1.83</u>

Earnings and weighted average number of common stocks used for the calculation of EPS are as follows:

#### Net income in the period

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net income for the calculation of basic EPS	<u>\$ 239,628</u>	<u>\$ 290,032</u>	<u>\$ 542,800</u>	<u>\$ 548,093</u>
Net income for the calculation of diluted EPS	<u>\$ 239,628</u>	<u>\$ 290,032</u>	<u>\$ 542,800</u>	<u>\$ 548,093</u>



## Number of shares

	Unit: In Thousands of Shares			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237	299,237	299,237
Effect of potentially dilutive common shares:				
Compensation to employees	<u>261</u>	<u>314</u>	<u>346</u>	<u>441</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,498</u>	<u>299,551</u>	<u>299,583</u>	<u>299,678</u>

If the consolidated Company may choose to offer employee compensation in the form of cash or stock, while calculating the diluted earnings per share, it shall assume the compensation is to be paid in the form of stock, and include the potentially dilutive common shares in the weighted average number of outstanding shares for the calculation of diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating the diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

## 28. Cash Flow Information

### 1) Non-cash transactions

Besides disclosures in other notes, the consolidated Company engaged in the following non-cash investing activities from January 1 to September 30, 2024 and 2023:

- a. The consolidated Company reclassified prepaid equipment expenses of NT\$2,314 thousand and NT\$361 thousand respectively to PP&E for the period from January 1 to September 30, 2024 and 2023 (please refer to Note 14 for details);
- b. The consolidated Company respectively reclassified unfinished construction projects amounting to NT\$0 and NT\$259,818 thousand to investment properties for the periods from January 1 to September 30, 2024 and 2023 (please refer to Notes 14 and 16 for details);

- c. Reconcile payable in cash of the acquisition of property, plant, equipment, and investment properties are as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Additions in the year	\$ 242,218	\$ 233,490
Equipment payable and changes in project expense	( 15,322)	( 11,814)
Payment in cash for the acquisition of property, plant, equipment, and investment properties	<u>\$ 226,896</u>	<u>\$ 221,676</u>

- d. The consolidated Company respectively reclassified materials of NT\$133 thousand and NT\$190 thousand to PP&E for the period from January 1 to September 30, 2024 and 2023.

2) Changes in liabilities from financing activities

January 1 to September 30, 2024

	January 1, 2024	Cash Flows	Non-cash Changes				Number of Interest Paid	September 30, 2024
			Additional Leases	Interest Expenses	Remeasurement on Lease Termination	Other		
Lease liabilities (Note 15)	<u>\$ 158,788</u>	<u>(\$ 41,878)</u>	<u>\$ 31,739</u>	<u>\$ 1,448</u>	<u>(\$ 541)</u>	<u>(\$ 13)</u>	<u>(\$ 1,448)</u>	<u>\$ 148,095</u>

January 1 to September 30, 2023

	January 1, 2023	Cash Flows	Non-cash Changes				Number of Interest Paid	September 30, 2023
			Additional Leases	Interest Expenses	Remeasurement on Lease Modifications	Remeasurement on Termination		
Lease liabilities (Note 15)	<u>\$ 184,794</u>	<u>(\$ 35,569)</u>	<u>\$ 2,083</u>	<u>\$ 1,357</u>	<u>\$ 2,803</u>	<u>\$ -</u>	<u>(\$ 1,357)</u>	<u>\$ 154,111</u>

29. Capital Risk Management

The consolidated Company carries out capital management to ensure that entities within the consolidated Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The consolidated Company's capital structure consists of net debts (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings, other equity and non-controlling interests item).

The consolidated Company is not subject to any other external capital requirements.

The consolidated Company's key management reassesses the capital structure quarterly. The review includes assessment of various costs of capital and related risks. According to the key management's recommendations, the consolidated Company balances its overall capital structure through the payment of dividends, issuance of shares, repurchase of shares, issuance of new debts, repayment of old debts, etc.

### 30. Financial instruments

#### 1) Information on fair value - financial instruments not measured at fair value

The consolidated Company's management thinks that the carrying amounts of financial assets not at fair value are close to their fair values due to short maturity terms or a future consideration receivable/payable approximating the carrying amount.

#### 2) Information on fair value - financial instruments measured at fair value on a recurring basis

##### a. Fair value hierarchy

##### September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 20,244	\$ -	\$ -	\$ 20,244
Fund beneficiary certificates	<u>459,727</u>	<u>-</u>	<u>-</u>	<u>459,727</u>
Total	<u>\$ 479,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,971</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 6,493,499	\$ -	\$ -	\$ 6,493,499
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>2,143,104</u>	<u>2,143,104</u>
Total	<u>\$ 6,493,499</u>	<u>\$ -</u>	<u>\$ 2,143,104</u>	<u>\$ 8,636,603</u>

##### December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic stocks listed on TWSE or TPEX or emerging stocks	\$ 23,960	\$ -	\$ -	\$ 23,960
Fund beneficiary certificates	<u>427,233</u>	<u>-</u>	<u>-</u>	<u>427,233</u>
Total	<u>\$ 451,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,193</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 5,106,887	\$ -	\$ -	\$ 5,106,887
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>2,089,260</u>	<u>2,089,260</u>
Total	<u>\$ 5,106,887</u>	<u>\$ -</u>	<u>\$ 2,089,260</u>	<u>\$ 7,196,147</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through</u>				
<u>profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 24,256	\$ -	\$ -	\$ 24,256
Fund beneficiary certificates	<u>525,493</u>	<u>-</u>	<u>-</u>	<u>525,493</u>
Total	<u>\$ 549,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,749</u>
<u>Financial assets at fair value through</u>				
<u>other comprehensive income</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 4,689,728	\$ -	\$ -	\$ 4,689,728
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,856,227</u>	<u>1,856,227</u>
Total	<u>\$ 4,689,728</u>	<u>\$ -</u>	<u>\$ 1,856,227</u>	<u>\$ 6,545,955</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the period from January 1 to September 30, 2024 and 2023.

b. Reconciliation of Level 3 fair value measurement of financial instruments

January 1 to September 30, 2024

Financial assets	Financial assets at fair value through other comprehensive income
<u>Beginning balance</u>	<u>Equity instruments</u>
	\$ 2,089,260
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	54,472
Proceeds from capital reduction	( 628 )
Balance at the End of the Period	<u>\$ 2,143,104</u>

January 1 to September 30, 2023

Financial assets	Financial assets at fair value through other comprehensive income
<u>Beginning balance</u>	<u>Equity instruments</u>
	\$ 1,888,998
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	( 31,791 )
Liquidation	( 980 )
Balance at the End of the Period	<u>\$ 1,856,227</u>

c. Valuation techniques and inputs of Level 3 fair value measurement

The fair value of investments in unlisted stocks without active market is estimated using the market approach.

The market approach estimates the fair value with reference to valuation multiples of comparable companies using a liquidity discount rate. The material unobservable inputs used are with liquidity discount rates of 10% to 30%.

3) Category of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Measured at fair value			
through profit or loss			
Mandatorily measured			
at fair value through			
profit or loss	\$ 459,727	\$ 427,233	\$ 525,493
Designated as at fair			
value through profit			
or loss	20,244	23,960	24,256
Financial assets at amortized			
cost (Note 1)	1,555,332	2,150,739	1,788,986
Financial assets at fair value			
through other			
comprehensive profit and			
loss			
Investments in equity			
instruments	8,636,603	7,196,147	6,545,955
<u>Financial liabilities</u>			
Measured at amortized cost			
(Note 2)	4,447,366	4,284,073	3,979,017

Note 1: The balance includes financial assets at amortized costs such as cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at amortized cost, and refundable deposits.

Note 2: The balance includes financial liabilities at amortized costs such as short-term borrowings, long-term borrowings, short-term bills payable, notes and accounts payable, other payables, and guarantee deposits received.

4) Financial risk management objectives and policies

Major financial instruments of the consolidated Company include cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive profit and loss, accounts receivable, other financial assets, short-term borrowing, short-term bills payable, and accounts payable. The financial management department of the consolidated Company provides services for the business units, coordinates access to the domestic and overseas financial market, and supervises and manages financial risks related to the operation of the consolidated Company through internal risk reports which analyze risk exposures by the degree and magnitude of risks. Such risks include market risk (including foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

a. Market risk

The consolidated Company's business activities exposed itself primarily to the financial risks of foreign exchange rate risk (refer to (1) below), interest rate risk (refer to (2) below) and other price risk (refer to (3) below):

Risk exposure in relation to the consolidated Company's financial instruments and its management and measurement approaches remain unchanged.

a) Foreign exchange risk

The consolidated Company undertakes product sales and purchases in foreign currencies; thus, the consolidated Company is exposed to risks of exchange rate fluctuations. The consolidated Company manages its exposure to foreign exchange risk by dynamically adjusting the overall position of assets and liabilities denominated in currencies other than the functional currency in calculating its foreign exchange risk.

For the carrying amount of the consolidated Company's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 34.

### Sensitivity analysis

The consolidated Company is mainly exposed to USD fluctuations.

The following table details the consolidated Company's sensitivity to a 1% increase and decrease in NT\$ (the functional currency) against the USD. The 1% sensitivity rate is used for Group's internal reporting of foreign exchange risk to key management and it also represents management's assessment of the reasonably possible changes in exchange rates. The sensitivity analysis included only outstanding monetary items denominated in foreign currencies, and the translation of these items at the end of the period was adjusted for a 1% change in exchange rates. A positive number below indicates an increase in net profit after tax in the period for a 1% depreciation of NT\$ against USD. A 1% appreciation of NT\$ against USD will have an equal but opposite impact on net profit after tax in the period.

Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	January 1 to September 30, 2024	January 1 to September 30, 2023
Profit or loss	\$ 9,876 (i)	\$ 8,874 (i)

- (i) The amount was mainly from the consolidated Company's receivables and payables denominated in USD that were outstanding as of the balance sheet date and were not covered by cash flow hedges.

The increase in the sensitivity to exchange rate of the consolidated Company in the year was mainly due to an increase in sales denominated in USD which resulted in an increased balance of accounts receivables denominated in USD.

b) Interest rate risk

The consolidated Company was exposed to interest rate risk because entities within the consolidated Company borrowed funds at both fixed and floating interest rates. The consolidated Company does not engage in interest rate hedging instruments at present. The management constantly monitors interest rate exposure and will adopt necessary measures to manage the risk arising from significant changes in market interest rates shall the need arises.

The carrying amounts of the consolidated Company's financial assets and financial liabilities exposed to interest rate risk on the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 392,789	\$ 655,834	\$ 601,742
Financial liabilities	148,095	158,789	154,111
Cash flow interest rate risk			
Financial assets	457,710	966,406	732,049
Financial liabilities	3,657,809	3,548,711	3,366,506

The consolidated Company is exposed to cash flow interest rate risk for bank borrowings at floating interest rate. The situation is in compliance with the consolidated Company's policy to keep its borrowings at floating interest rates in order to minimize the fair value interest rate risk. The consolidated Company's cash flow interest rate risk is mainly caused by the fluctuation of benchmark interest rate in relation to the borrowings denominated in foreign currencies.

#### Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates on the balance sheet date. For liabilities at floating interest rates, the analysis assumes they are outstanding throughout the reporting period if they are outstanding on the balance sheet date. The 1% change in interest rate is used for internal reporting on interest rate to key management and it also represents management's assessment of the reasonably possible changes in interest rates.

If the interest rate increased/decreased by 1%, the consolidated Company's net profit after tax would decrease/increase by NT\$19,201 thousand and NT\$15,807 thousand for the period from January 1 to September 30, 2024 and 2023, respectively. This was mainly due to the consolidated Company's interest rate exposure from borrowings at floating interest rates.

The increase in the sensitivity to interest rate of the consolidated Company in the current year was mainly due to an increase in borrowings at floating interest rates.



c) Other price risk

The consolidated Company is exposed to equity price risk due to its investments in equity securities. Equity price risk mostly comes from investments in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive profit and loss (mainly investments in listed stocks in Taiwan.) The consolidated Company's management maintains a portfolio of investments with different risks for risk management purpose. Also, investments in equity instruments are all subject to the approval of the management.

Sensitivity analysis

The sensitivity analysis below is carried out based on the exposure to equity price risk on the balance sheet date.

For the period ended September 30, 2024 and 2023, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease by NT\$202 thousand and NT\$243 thousand, respectively, due to the increase/decrease in fair value of financial assets at fair value through profit or loss and the other comprehensive profit and loss after tax would increase/decrease by NT\$86,366 thousand and NT\$65,460 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive profit and loss.

b. Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations, resulting in a financial loss to the consolidated Company. As of the balance sheet date, the consolidated Company's maximum exposure to credit risk due to financial losses from counterparty's unfulfillment of obligations and financial guarantees provided by the consolidated Company (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools) was the carrying amounts of financial assets recognized in the consolidated balance sheets.

As the consolidated Company has a broad customer base and customer are unrelated to each other, the concentration of credit risk is low.

c. Liquidity risk

The consolidated Company maintains a level of cash and cash equivalents deemed adequate to finance the consolidated Company's operations and mitigate the effects of cash flow fluctuations. The consolidated Company's management supervises the use of credit lines and ensures the compliance with the terms of the loan contracts.

Bank borrowings are a major source of liquidity for the consolidated Company. Please refer to (2) Line of credit below for unused credit facilities of the consolidated Company.

a) Table of liquidity of non-derivative financial liabilities and interest rate risk

The maturity profile of the consolidated Company's non-derivative financial liabilities is prepared based on the earliest repayment dates and contractual undiscounted cash flows. Thus, the consolidated Company's bank borrowings subject to repayments on demand are included in the earliest time intervals regardless of the probability of the banks choosing to exercise their rights immediately. The maturity analysis of other non-derivative financial liabilities is based on the agreed repayment dates.

September 30, 2024

	Effective Interest Rate (%)	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
<u>Current liabilities</u>						
Lease liabilities	0.9%~2.3377%	\$ 4,575	\$ 9,135	\$ 39,542	\$ 97,610	\$ -
Short-term borrowings	1.82%~1.86%	524,000	2,190,000	-	-	-
Long-term borrowings	2.5058%~2.5441%	-	-	2,700	122,960	718,218
Short-term bills payable	1.6%~1.68%	99,931	-	-	-	-
		<u>\$ 628,506</u>	<u>\$ 2,199,135</u>	<u>\$ 42,242</u>	<u>\$ 220,570</u>	<u>\$ 718,218</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	20 years and above
Lease liabilities	<u>\$ 53,252</u>	<u>\$ 97,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Effective Interest Rate (%)	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
<u>Current liabilities</u>						
Lease liabilities	0.9%~2.3205%	\$ 4,417	\$ 8,834	\$ 36,889	\$ 111,817	\$ -
Short-term borrowings	1.7%~2.1473%	880,000	2,166,000	-	-	-
Long-term borrowings	2.2437%~2.3718%	-	-	-	80,945	321,835
Short-term bills payable	1.45%	99,931	-	-	-	-
		<u>\$ 984,348</u>	<u>\$ 2,174,834</u>	<u>\$ 36,889</u>	<u>\$ 192,762</u>	<u>\$ 321,835</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	20 years and above
Lease liabilities	<u>\$ 50,140</u>	<u>\$ 111,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### September 30, 2023

	Effective Interest Rate (%)	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
<u>Current liabilities</u>						
Lease liabilities	0.9%~2.3205%	\$ 4,036	\$ 8,073	\$ 34,930	\$ 110,065	\$ -
Short-term borrowings	1.7%~2.1473%	1,100,000	1,806,000	-	-	-
Long-term borrowings	2.2431%~2.3718%	-	-	-	57,642	272,967
Short-term bills payable	1.4%~1.66%	129,897	-	-	-	-
		<u>\$ 1,233,933</u>	<u>\$ 1,814,073</u>	<u>\$ 34,930</u>	<u>\$ 167,707</u>	<u>\$ 272,967</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	20 years and above
Lease liabilities	<u>\$ 47,039</u>	<u>\$ 110,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### b) Line of credit

	September 30, 2024	December 31, 2023	September 30, 2023
Credit facilities			
— Amount used	\$ 3,557,878	\$ 3,448,780	\$ 3,236,609
— Unused amount	<u>11,772,122</u>	<u>8,631,220</u>	<u>8,743,391</u>
	<u>\$ 15,330,000</u>	<u>\$ 12,080,000</u>	<u>\$ 11,980,000</u>
Credit from commercial papers			
— Amount used	\$ 100,000	\$ 100,000	\$ 130,000
— Unused amount	<u>950,000</u>	<u>1,250,000</u>	<u>1,220,000</u>
	<u>\$ 1,050,000</u>	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>

### 31. Related Party Transactions

All transactions between the Company and its subsidiaries (i.e., related parties of the Company), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in the note. Besides disclosures in other notes, the consolidated Company engaged in the following transactions with other related parties:

1) Names and relations of related parties

Name of related party	Relationship with the consolidated Company
Shang De Motor Co., Ltd.	Associate
Lian Quan Investment Co., Ltd.	Associate
WPI-High Street, LLC	Associate
Chyang Sheng Texting Dyeing & Finishing Co., Ltd.	Associates (de facto related party prior to August 2023)
Shin Kong Life Insurance Co., Ltd.	De facto related party
Taishin International Bank Co., Ltd.	De facto related party
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	De facto related party
Shin Kong Investment Trust Co., Ltd.	De facto related party
Shin Kong Commercial Bank Co., Ltd.	De facto related party
The Great Taipei Gas Corporation	De facto related party
UBright Optronics Corp.	De facto related party
Taishin D.A. Finance Co., Ltd.	De facto related party
Taiwan Security Co., Ltd.	De facto related party
Taiwan Shin Kong Security Co., Ltd.	De facto related party
Waibel Enterprise Inc.	De facto related party
Shinkong Mitsukoshi Department Store Co., Ltd.	De facto related party
Shinkong Synthetic Fibers Corporation	De facto related party
Shinkong Insurance Co., Ltd.	De facto related party
Shinkong Materials Technology Co., Ltd.	De facto related party
Shin-Kong Life Real Estate Service Co., Ltd.	De facto related party
Cheng Cheng Co., Ltd.	De facto related party
Cheng Qian Co., Ltd.	De facto related party
ShinKong Co., Ltd.	De facto related party
Yi Kong Security Co., Ltd.	De facto related party
Yi Guang International Apartments Maintenance and Management Co., Ltd.	De facto related party
Shin Kong Recreation Co., Ltd.	De facto related party
Pan Asian Plastics Corp.	De facto related party
Taipei Star Bank Co., Ltd.	De facto related party
Chichen Co., Ltd.	De facto related party
Taishin Financial Holding Co., Ltd.	De facto related party
Shin Kong Education Foundation	De facto related party
Si Si Co., Ltd.	De facto related party
Shin-Kong Communication Co., Ltd.	De facto related party
Taishin Securities Co., Ltd.	De facto related party
Commander Engineering Co., Ltd.	De facto related party

2) Operating transactions

Financial Statement Account	Type/Name of Related Party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 77,286	\$ 59,338	\$ 248,214	\$ 200,912
	Shinkong Insurance Co., Ltd.	873	801	3,256	7,178
	De facto related party	<u>7,892</u>	<u>2,439</u>	<u>14,167</u>	<u>11,524</u>
		<u>\$ 86,051</u>	<u>\$ 62,578</u>	<u>\$ 265,637</u>	<u>\$ 219,614</u>
Rental revenue	Yi Guang International Apartments Maintenance and Management Co., Ltd.	\$ 15,847	\$ 9,793	\$ 44,227	\$ 20,054
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	9,773	9,773	29,320	29,320
	Taishin International Bank Co., Ltd.	6,932	6,755	20,793	20,229
	UBright Optronics Corp.	5,688	5,599	17,002	16,582
	De facto related party	<u>2,716</u>	<u>2,672</u>	<u>8,064</u>	<u>8,031</u>
		<u>\$ 40,956</u>	<u>\$ 34,592</u>	<u>\$ 119,406</u>	<u>\$ 94,216</u>

The Company's transaction terms for sales to related parties above are not significantly different from those of the unrelated parties.

Rents were negotiated between the consolidated Company and each of the above related party, and collected by the parties on monthly bills.

3) Purchases

Financial Statement Account	Type/Name of Related Party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Purchases	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	\$ 33,977	\$ 21,102	\$ 88,403	\$ 72,678
	Shinkong Synthetic Fibers Corporation	25,732	15,540	76,361	28,542
	De facto related party	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
		<u>\$ 59,709</u>	<u>\$ 36,642</u>	<u>\$ 164,807</u>	<u>\$ 101,220</u>

The Company's transaction terms for purchases from related parties above are not significantly different from those of the unrelated parties.

4) Contract liabilities

Type of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
De facto related party	<u>\$ 5,957</u>	<u>\$ 5,833</u>	<u>\$ 5,920</u>

The contract liabilities above include advance receipts for sales of goods and leasing of investment properties.

5) Receivables from related parties (excluding loans and contract assets to related parties)

Financial Statement Account	Type/Name of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	De facto related party	<u>\$ 10</u>	<u>\$ 7</u>	<u>\$ 9</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 52,076	\$ 60,837	\$ 37,085
	De facto related party	<u>9,627</u>	<u>6,237</u>	<u>5,807</u>
		<u>\$ 61,703</u>	<u>\$ 67,074</u>	<u>\$ 42,892</u>
Other receivables	Shin Kong Recreation Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,350</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the period from January 1 to September 30, 2024 and 2023.

Other accounts receivables of the consolidated company toward Shin Kong Recreation Co., Ltd. are dividends receivable.

6) Payables to related parties (excluding borrowings from related parties)

Financial Statement Account	Type of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Notes payable	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	\$ 18,210	\$ 38,884	\$ -
	De facto related party	<u>229</u>	<u>656</u>	<u>8,286</u>
		<u>\$ 18,439</u>	<u>\$ 39,540</u>	<u>\$ 8,286</u>
Accounts payable	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	\$ 4,585	\$ 2,366	\$ 6,654
	Shinkong Synthetic Fibers Corporation	<u>8,634</u>	<u>7,973</u>	<u>8,004</u>
		<u>\$ 13,219</u>	<u>\$ 10,339</u>	<u>\$ 14,658</u>
Other payables	De facto related party	<u>\$ 2,136</u>	<u>\$ 2,302</u>	<u>\$ 1,899</u>

No collateral is provided for the outstanding amount of payables to related parties.

7) Prepayments

Type of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Shinkong Insurance Co., Ltd.	\$ 1,586	\$ 393	\$ 1,109
De facto related party	<u>66</u>	<u>-</u>	<u>63</u>
	<u>\$ 1,652</u>	<u>\$ 393</u>	<u>\$ 1,172</u>

8) Lease in agreements

Financial Statement Account	Type of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	<u>\$ 34,521</u>	<u>\$ 43,842</u>	<u>\$ 46,933</u>

  

Name of Related Party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Interest Expenses</u>				
Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	<u>\$ 93</u>	<u>\$ 126</u>	<u>\$ 304</u>	<u>\$ 402</u>

Rents were negotiated between the consolidated Company and each of the above related party, and fixed rental payments were made monthly according to the lease agreements.

9) Lease out agreements

Operating lease

The total amount of future lease payments to be collected is as follows:

Type/Name of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Shin-Kong Life Real Estate Service Co., Ltd.	\$ 12,906	\$ 14,376	\$ 14,969
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	45,609	74,929	-
UBright Optronics Corp.	58,918	73,953	79,566
Taishin International Bank Co., Ltd.	39,271	56,436	63,319
De facto related party	<u>15,306</u>	<u>6,578</u>	<u>15,125</u>
	<u>\$ 172,010</u>	<u>\$ 226,272</u>	<u>\$ 172,979</u>

Please refer to Note 31(2) Operating Revenue for information on rental revenue.

10) Acquisition of financial assets

Unit: In Thousands of Shares / Unit: In Thousands of New Taiwan Dollars

July 1 to September 30, 2023

<u>Name of Related Party</u>	<u>Financial Statement Account</u>	<u>No. of Transaction Unit</u>	<u>Object of transaction</u>	<u>Proceeds acquired</u>
Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	552	Chyang Sheng Texing Dyeing & Finishing Co., Ltd. - common stocks	<u>\$ 8,411</u>

January 1 to September 30, 2023

Unit: In Thousands of Shares

<u>Name of Related Party</u>	<u>Financial Statement Account</u>	<u>No. of Transaction Unit</u>	<u>Object of transaction</u>	<u>Proceeds acquired</u>
Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	552	Chyang Sheng Texing Dyeing & Finishing Co., Ltd. - common stocks	<u>\$ 8,411</u>

11) Endorsements and guarantees

Endorsements and Guarantees Provided to Others

<u>Name of Related Party</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Shang De Motor Co., Ltd.			
Guarantee Amount	<u>\$ 50,000</u>	<u>\$ 72,360</u>	<u>\$ 72,360</u>
Amount Actually Drawn	<u>\$ 50,000</u>	<u>\$ 72,360</u>	<u>\$ 72,360</u>

12) Disposal of financial assets

January 1 to September 30, 2023

Unit: In Thousands of Shares

<u>Name of Related Party</u>	<u>Financial Statement Account</u>	<u>No. of stock exchange</u>	<u>Object of transaction</u>	<u>Disposal of the price</u>	<u>Gains and Losses on disposal</u>
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	-	Shin Kong Taiwan High Dividend Fund	<u>\$ 10,350</u>	<u>\$ 350</u>



13) Other

Financial Statement Account	Type of Related Party	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalent	Shin Kong Commercial Bank Co., Ltd.	\$ 284,540	\$ 653,695	\$ 735,416
	Taishin International Bank Co., Ltd.	63,600	104,816	52,295
	De facto related party	<u>78</u>	<u>78</u>	<u>78</u>
		<u>\$ 348,218</u>	<u>\$ 758,589</u>	<u>\$ 787,789</u>
Refundable deposits	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	\$ 3,874	\$ 3,874	\$ 3,874
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	-	20	20
	De facto related party	<u>-</u>	<u>-</u>	<u>100</u>
		<u>\$ 3,874</u>	<u>\$ 3,894</u>	<u>\$ 3,994</u>
Guarantee deposits received	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 66,089	\$ 16,289	\$ 16,289
	Related party in substance	<u>12,569</u>	<u>12,569</u>	<u>12,569</u>
		<u>\$ 78,658</u>	<u>\$ 28,858</u>	<u>\$ 28,858</u>
Financial assets at amortized cost	Shin Kong Commercial Bank Co., Ltd.	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 700</u>

  

Financial Statement Account	Type of Related Party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Operating expenses	De facto related party	<u>\$ 6,801</u>	<u>\$ 2,953</u>	<u>\$ 20,351</u>	<u>\$ 16,503</u>
Non-operating income	De facto related party	<u>\$ 831</u>	<u>\$ 3,082</u>	<u>\$ 3,763</u>	<u>\$ 8,074</u>
Non-operating expenses	De facto related party	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 15</u>

The consolidated Company provided shares as collateral to secure financing facilities from related parties. Details are as follows:

Name of Related Party	Details	September 30, 2024	December 31, 2023	September 30, 2023
Shin Kong Commercial Bank Co., Ltd.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares	10,000 thousand shares
Taishin International Bank Co., Ltd.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares	10,000 thousand shares

14) Remuneration to key management personnel

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 7,631	\$ 7,064	\$ 22,617	\$ 20,241
Post-employment benefits	<u>183</u>	<u>155</u>	<u>546</u>	<u>463</u>
	<u>\$ 7,814</u>	<u>\$ 7,219</u>	<u>\$ 23,163</u>	<u>\$ 20,704</u>

Remuneration to director and key management personnel is determined by the Remuneration Committee based on personal performances and market trends.

32. Pledged Assets

The following assets have been provided as collateral for borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 3,049,520	\$ 2,517,520	\$ 2,285,440
Investment properties	3,687,368	2,838,570	2,844,070
Pledged time deposits (recognized as financial assets at amortized cost)	<u>12,700</u>	<u>12,700</u>	<u>700</u>
	<u>\$ 6,749,588</u>	<u>\$ 5,368,790</u>	<u>\$ 5,130,210</u>

33. Significant Contingent Liabilities and Unrecognized Contract Commitments

Besides disclosures in other notes, the consolidated Company's significant commitments and contingencies on the balance sheet dates were as follows:

Significant commitments

- 1) As of September 30, 2024, December 31, and September 30, 2023 the guaranteed notes submitted by the consolidated company for other businesses amounted to NT\$7,705 thousand, NT\$5,682 thousand, and NT\$7,713 thousand, respectively.
- 2) As of September 30, 2024, the consolidated Company had opened import letters of credit totaling EUR 2,530 thousand for other businesses.
- 3) Due to the construction of plant office buildings, the consolidated Company signed the following agreements:
  - a. The service contract of architectural planning, design and supervision was about NT\$1,038,033 thousand. As of September 30, 2024, NT\$479,171 thousand of architectural design and supervision has been paid.

- b. The contract for the construction of the Neihu District project in Taipei City was awarded for a total of NT\$3,184,403 thousand. As of September 30, 2024, NT\$361,714 thousand has been paid for land transfer fees, and NT\$28,438 thousand has been paid for architectural design and supervision fees.
- 4) The consolidated Company intends to acquire CWRE Special Situations Fund and will make installment payments totaling no more than US\$10,000 thousand starting in 2024.
34. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following information is aggregated by foreign currencies other than functional currency of entities within the consolidated Company and the exchange rates used to translate foreign currencies into the functional currency are disclosed. Foreign currency-denominated assets and liabilities of significant influence are as follows:

September 30, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Assets denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	\$ 39,335	31.65	\$ 1,244,956
Euro	106	35.38	3,737
GBP	53	42.43	2,265
Japanese Yen	12,023	0.2223	2,673
Swiss Franc	304	37.545	11,422
<u>Liabilities denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	332	31.65	10,518
Euro	20	35.38	707

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 42,191	30.705	\$ 1,295,461
Euro	317	33.98	10,763
GBP	94	39.15	3,698
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	118	30.705	3,628
Euro	22	33.98	762
GBP	3	39.15	117

September 30, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 34,669	32.27	\$ 1,118,756
Euro	300	33.91	10,167
GBP	158	39.23	6,216
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	284	32.27	9,166
Euro	77	33.91	2,626

The consolidated Company's (realized and unrealized) foreign exchange gains and (losses) for the period from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023 were NT\$(20,710) thousand, NT\$23,429 thousand, NT\$24,089 thousand and NT\$30,752 thousand, respectively. Since the Company transacts in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

35. Additional Disclosures in the following Note

- 1) Related Information on Significant Transactions:
  - a. Financing provided to others. (Table 1)
  - b. Endorsements and guarantees provided to others. (Table 2)

- c. Marketable securities held at the end of this period (excluding investments in subsidiaries, associates and controlled joint ventures). (Table 3)
  - d. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital. (None)
  - e. Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
  - f. Disposal of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (None)
  - g. Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital. (Table 5)
  - h. Accounts receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
  - i. Derivative financial instrument transactions. (None)
  - j. Others: Intercompany relationships and significant intercompany transactions. (None)
- 2) Related Information on Investees. (Table 6)
- 3) Information on Investments in Mainland China:
- a. For investees in mainland China, please show the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 7)
  - b. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
    - a) Purchase amount and percentage, and the closing balance and percentage of the related payables.
    - b) Sales amount and percentage, and the closing balance and percentage of the related receivables.
    - c) Property transaction amount and the resulting gain or loss.
    - d) Ending balances and purposes of endorsements/guarantees or collateral provided.
    - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current period.

- f) Other transactions having a significant influence on profit or loss or financial status of the current period, such as providing or receiving services.
- 4) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. (Table 8)
36. Segment Information

The information provided to the Group's chief operating decision-maker for resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The consolidated Company's reportable segments are as follows:

Marketing Department (domestic and overseas sale of finished fabrics, market extension and export-related businesses)

Retail Department (domestic directly operated stores and channels expansion as well as counter sales and management)

Real Estate Department (land development and real estate leasing)

Department revenue and operation performance

The revenue and operation performance of the consolidated Company by reportable segments are analyzed as follows:

	January 1 to September 30, 2024			
	Sales Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 1,812,463	\$ 782,742	\$ 290,340	\$ 2,885,545
Intersegment revenue	395	2,028	5,708	8,131
Segment revenue	<u>\$ 1,812,858</u>	<u>\$ 784,770</u>	<u>\$ 296,048</u>	2,893,676
Internal elimination				( 8,131 )
Consolidated revenue				<u>\$ 2,885,545</u>
Segment profit or loss	<u>\$ 221,022</u>	( <u>\$ 12,198</u> )	<u>\$ 192,403</u>	\$ 401,227
Indirect expenses				( 116,233 )
Interest income				15,626
Other income				424,296
Other gains and losses				20,865
Finance costs				( 37,964 )
Share of profit (loss) of associates and joint ventures accounted for using the equity method				<u>44,717</u>
Net income before tax				<u>\$ 752,534</u>

	January 1 to September 30, 2023			
	Sales Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 1,499,699	\$ 550,082	\$ 278,676	\$ 2,328,457
Intersegment revenue	( <u>1,099</u> )	<u>345</u>	<u>5,537</u>	<u>4,783</u>
Segment revenue	<u>\$ 1,498,600</u>	<u>\$ 550,427</u>	<u>\$ 284,213</u>	2,333,240
Internal elimination				( <u>4,783</u> )
Consolidated revenue				<u>\$ 2,328,457</u>
Segment profit or loss	<u>\$ 136,804</u>	<u>\$ 6,459</u>	<u>\$ 179,912</u>	\$ 323,175
Indirect expenses				( 103,514 )
Interest income				15,891
Other income				350,919
Other gains and losses				60,574
Finance costs				( 39,512 )
Share of profit (loss) of associates and joint ventures accounted for using the equity method				<u>58,777</u>
Net income before tax				<u>\$ 666,310</u>

Segment profit refers to the profit earned by each segment, excluding allocated headquarters management costs and directors' remuneration, share of profit or loss of associates accounted for using the equity method, interest income, gains or losses on disposal of property, plant, and equipment, gains or losses on disposal of investments, net foreign exchange gains (losses), gains or losses on financial instruments, finance costs, and income tax expenses. This amount of measurement is provided to the main operation decision makers, to be used for distribution of resources to the departments and assessing their performance.

Shinkong Textile Co., Ltd. and Subsidiaries  
Lending Funds to Others  
January 1 to September 30, 2024

Table 1

Unit: In Thousands of New Taiwan Dollars

No.	The Company providing funds to others	Counterparty	Item of Transaction	Whether a Related Party	Maximum Balance for the Period	Balance at the End of the Period	Amount Actually Drawn	Interest Rate	Nature of Financing Provided	Sales Transaction Amount	Reason for Short- term Financing	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Amount of Funds Being Lent	Note
													Item	Value			
1	Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Receivables from related parties	Yes	\$ 400,000	\$ -	\$ -	1.85%	Necessity of short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 971,940	\$10,346,123	Note 2

Note 1: The numbers to be filled are described as follows:

(1) For the issuer, fill in 0.

(2) Investees are numbered sequentially starting from 1 according to the company type.

Note 2: Financing provided to Shinkong Asset Management Co., Ltd.:

For financing provided to a company or firm that needs short-term financing, the total financing amount shall not exceed 70% of the parent company's net worth and each financing provided to a single party shall not exceed 20% of the parent company's net worth while the total financing provided to a single party shall be limited to 40% of the lender's net worth.

Maximum amount of financing to companies or firms requiring short-term financing: NT\$14,780,176 thousand x 70% = NT\$10,346,123 thousand

The maximum amount permitted to a single borrower: NT\$14,780,176 thousand x 20% = NT\$2,956,035 thousand; NT\$2,429,850 thousand x 40% = NT\$971,940 thousand



Shinkong Textile Co., Ltd. and Subsidiaries  
Endorsements and Guarantees Provided to Others  
January 1 to September 30, 2024

Table 2

Unit: In Thousands of New Taiwan Dollars

No.	Name of Endorsements and Guarantees Company	Endorsee and Guarantee		Limits on Endorsement and Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Endorsement and Guarantee Balance for the Period	Balance of endorsements and guarantees at the end of the period	Amount Actually Drawn	Amount of Endorsement and Guarantee Collateralized by Property	Ratio of Accumulated Endorsement and Guarantee to Net Equity per Latest Financial Statements (%)	Endorsements and guarantees Maximum limit (Note 3)	Endorsement and Guarantee Provided by Parent for Subsidiary	Endorsement and Guarantee Provided by Subsidiary for Parent	Endorsement and Guarantee Provided for Entities in Mainland China	Note
		Name of Company	Relationship											
0	Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	6	\$ 2,956,035	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.3%	\$ 7,390,088	N	N	N	Note 2
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	14,780,176	1,800,000	1,800,000	1,800,000	1,800,000	12.2%	14,780,176	N	Y	N	Note 2
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	14,780,176	810,000	810,000	810,000	810,000	5.5%	14,780,176	N	Y	N	Note 2
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	14,780,176	810,000	810,000	810,000	810,000	5.5%	14,780,176	N	Y	N	Note 2

Note 1: The relationships between endorsers and guarantors and endorsees and guarantees are categorized into the following seven types. Please specify the type:

- (1) Companies with which the Company conducts business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the Company's voting shares.
- (4) Between companies in which the Company directly and indirectly holds more than 90% of the voting shares.
- (5) A mutual insurance company in accordance with the contract requirements of the trade or joint contractors based on the needs of the contract works.
- (6) Shareholders making endorsements and guarantees for their mutually invested company in proportion to their shareholding ratio.
- (7) Joint and several securities between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 2: The limit calculated based on the Company's Procedures for Endorsement and Guarantee is as follows:

- (1) The Company and subsidiaries' aggregate amount of endorsement and guarantee for external entities shall not exceed 50% of the Company's net worth. The maximum endorsement and guarantee for a single entity shall not exceed 20% of the Company's net worth.
- (2) According to the rules above, the maximum amount of aggregate endorsement and guarantee provided by the Company and subsidiaries was the net worth of NT\$14,780,176 thousand  $\times$  50% = NT\$7,390,088 thousand and the maximum endorsement and guarantee for a single entity was the net worth of NT\$14,780,176 thousand  $\times$  20% = NT\$2,956,035 thousand for the year of 2024.

The limit calculated based on Shinkong Asset Management Co., Ltd.'s Procedures for Endorsement and Guarantee is as follows:

- (3) The amount of endorsement/guarantee provided by 100%-owned subsidiaries to the parent company shall be limited to the net worth of the parent company.

Note 3: Fill in Y if a listed parent company provides endorsement and guarantee for its subsidiary or if a subsidiary provides endorsement and guarantee for its listed parent company or if endorsement and guarantee involve mainland China.

Shinkong Textile Co., Ltd. and Subsidiaries  
Marketable Securities Held at the End of the Period  
September 30, 2024

Table 3

Unit: In Thousands of Shares / Unit: In Thousands of New Taiwan Dollars

Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of Shares (in thousand/shares)	Carrying Amount	Shareholding (%)	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	None	Financial assets at fair value through profit or loss - current	10	\$ 1,840	-	\$ 1,840	
	COTTONWOOD-REFF Fund	None	"	9	369,524	-	369,524	
	COTTONWOOD-RESSF Fund	None	"	-	73,046	-	73,046	
	MIH Climate Fund	None	"	-	15,317	-	15,317	
	Stocks - Listed Company							
	Far EasTone Telecommunications Co., Ltd.	None	"	49	4,444	-	4,444	
Shinkong Textile Co., Ltd.	TacBright Optronics Corporation	(5)	"	5,000	15,800	1.08	15,800	
					<u>\$ 479,971</u>		<u>\$ 479,971</u>	
	Stocks - Listed Company							
	Shinkong Synthetic Fibers Corporation	(3)	Financial assets at fair value through other comprehensive profit and loss - current	56,104	\$ 911,695	3.47	\$ 911,695	
	Taishin Financial Holding Co., Ltd.	(5)	"	8,128	149,549	0.06	149,549	
	Shin Kong Financial Holding	(5)	"	4,975	59,943	0.03	59,943	
					<u>\$ 1,121,187</u>		<u>\$ 1,121,187</u>	
Shinkong Textile Co., Ltd.	Stocks - listed on TWSE or TPEx							
	Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 28,975	0.05	\$ 28,975	
	O-Bank Co., Ltd.	None	"	10,385	104,367	0.34	104,367	
	The Great Taipei Gas Corporation	(5)	"	10,738	327,509	2.08	327,509	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	228	11,678	0.03	11,678	

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Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of Shares (in thousand/shares)	Carrying Amount	Shareholding (%)	Fair value	
Shinkong Asset Management Co., Ltd.	Shinkong Insurance Co., Ltd.	(1)	Financial assets at fair value through other comprehensive profit and loss - non-current	51,540	\$ 4,839,562	16.31	\$ 4,839,562	10,000 thousands of shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT\$1,878,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	137	6,306	0.05	6,306	
	Unlisted companies							
	Taian Insurance Co., Ltd.	None	"	2,049	89,525	0.69	89,525	
	Shin Kong Chao Feng Co., Ltd.	(5)	"	200	31,199	2.22	31,199	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	"	41,275	1,511,094	3.31	1,511,094	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of NT\$1,171,520 thousand
	Shin Kong Recreation Co., Ltd.	(2)	"	650	253,266	3.32	253,266	
	Eastern International Ad.	None	"	-	307	0.90	307	
	Li Yu Venture Capital Co., Ltd.	None	"	147	2,327	1.79	2,327	
	Taiwan Zeniya Interior Design Co., Ltd.	None	"	-	19,965	8.00	19,965	
	IRSO Precision Co., Ltd.	None	"	1,000	-	4.93	-	
	KHL IB Venture Capital	None	"	3,283	34,745	2.98	34,745	
	Mega Solar Energy Co., Ltd.	None	"	1,000	7,326	1.25	7,326	
	CYS Investment Co., Ltd.	None	"	10,000	94,776	18.18	94,776	
	Meihao Youjing Investment Co., Ltd.	None	"	10,000	98,574	15.63	98,574	
	Stocks - Listed Company							
	Taishin Financial Holding Co., Ltd.	(5)	"	1,039	19,121	0.01	19,121	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	29	1,493	-	1,493	
	Taiwan Shin Kong Security Co., Ltd.	(5)	"	777	32,495	0.20	32,495	
	Shinkong Textile Co., Ltd.	Parent company	"	804	39,106	0.27	39,106	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	17	806	-	806	
	Less: Shares of the parent company held by subsidiary				( 39,106)		( 39,106)	
					<u>\$ 7,515,416</u>		<u>\$ 7,515,416</u>	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities as promulgated in IFRS 9 "Financial Instruments".

Note 2:

- (1) The company's representative of corporate chairman and the Company's representative of corporate chairman are relatives within the second degree of kinship.
- (2) The company's representative of corporate director and the Company's representative of corporate chairman are relatives within the second degree of kinship.
- (3) The company's representative of corporate director is the same person as the Company's representative of corporate chairman.
- (4) The company's representative of corporate supervisor and the Company's representative of corporate chairman are relatives within the second degree of kinship.
- (5) Other related parties.

Note 3: Where marketable securities held are pledged as security or pledged for borrowings or with restrictions on their uses under some agreements, the numbers of shares and amount pledged as well as restrictions shall be stated in the Note column.

Note 4: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table 6.

Shinkong Textile Co., Ltd. and Subsidiaries  
Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital  
January 1 to September 30, 2024

Table 4

Unit: In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Company Which Acquired Real Estate	Property Name	Date of Transaction	Transaction Amount	Payment Status	Transaction Object	Relationship	Previous transfer data for transactions involving related parties must be provided.				Reference criteria for pricing	Objectives and usage for acquisition	Other matters agreed upon
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shinkong Asset Management Co., Ltd.	Self-constructed assets	2022/4/8	\$ 1,038,033	\$ 479,171	Feng Yu United Engineering Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Self-constructed assets Not applicable	Improving operational efficiency and revitalizing assets	None
Xin Fu Development Co., Ltd.	Self-constructed assets	2023/6/6 (Note 1)	3,184,403	390,152	Chong Hong Construction Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Self-constructed assets Not applicable	Investing in the construction of a building for sale or rental purposes	None

Note 1: On June 6, 2023, Xin Fu Development Co., Ltd. passed a resolution during the Board of Directors meeting to enter into a joint development contract with Chong Hong Construction Co., Ltd. on October 12, 2023.

Shinkong Textile Co., Ltd. and Subsidiaries  
Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital  
January 1 to September 30, 2024

Table 5

Unit: In Thousands of New Taiwan Dollars

Companies with purchase (sales) of goods	Transaction object	Relationship	Transaction circumstance				Circumstances where the transaction conditions are different from general transactions and the reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase (sales) of goods	Amount	Percentage of Total Purchases (Sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Shinkong Mitsukoshi Department Store Co., Ltd.	Shinkong Textile Co., Ltd.	De facto related party	Sale of goods	\$ 248,214	9.57%	No significant difference from general customers	—	—	\$ 52,076	9.59%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the differences and reasons should be stated in the unit price and credit period fields.

Note 2: If there is the circumstance of advance receipt (payment), the terms of the contract, the amount and the difference from the general transaction type shall be stated in the Notes column.

Note 3: Paid-in capital refers to paid-in capital of the parent company. If the issuer's shares have no par value or the par value of each share is not NT\$10, then the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity attributable to the owner of the parent company in the balance sheet.

Shinkong Textile Co., Ltd. and Subsidiaries  
Names, Locations, and Other Information of Investees  
January 1 to September 30, 2024

Table 6

Unit: In Thousands of Shares / New Taiwan Dollars

Investor	Name of investee company	Location	Principal Business Activities	Initial Investment Amount		Holding at the end of the period			Income (Loss) of the Investee	Investment Gain (Loss)	Note
				At the end of the current period	End of Last Year	Number of shares	%	Carrying Amount			
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	\$ 664,719	\$ 664,719	98,000	100.00	\$ 2,390,744	( \$ 68,513 )	( \$ 69,478 )	Note 1 and 2, Subsidiary
Shinkong Textile Co., Ltd.	Lian Quan Investment Co., Ltd.	6F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Reinvestment in a wide range of businesses, including manufacturing, banking, insurance, recreation, securities, trading, general merchandises, cultural undertakings and the construction of commercial buildings and public housing units.	83,113	83,113	11,192	48.89	486,077	24,886	12,167	
Shinkong Textile Co., Ltd.	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	General investment	21,424	21,424	700	100.00	3,580	( 294 )	( 294 )	Subsidiary
Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	No. 518, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	Trading and maintenance of motor vehicles and trading of auto parts.	269,699	269,699	9,715	33.50	336,307	92,470	30,977	
Shinkong Textile Co., Ltd.	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment	74,656	74,656	-	35.71	50,276	11,930	4,260	
Shinkong Textile Co., Ltd.	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Outsourcing of Dyeing and Finishing.	546,947	546,947	35,171	20.30	540,260	( 13,084 )	( 2,656 )	
Shinkong Textile Co., Ltd.	PT.SHINKONG INDONESIA			142,496	-	-	100.00	141,301	( 2 )	( 2 )	Subsidiary
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, and development of specific areas	1,072,650	1,072,650	106,500	100.00	949,397	( 125,716 )	( 125,716 )	Second-tier subsidiary

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Investor	Name of investee company	Location	Principal Business Activities	Initial Investment Amount		Holding at the end of the period			Income (Loss) of the Investee	Investment Gain (Loss)	Note
				At the end of the current period	End of Last Year	Number of shares	%	Carrying Amount			
Shinkong Asset Management Co., Ltd.	Hua Yang Motor Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	349,065	349,065	33,700	100.00	362,735	14,766	14,766	Second-tier subsidiary
Shinkong Asset Management Co., Ltd.	Chyang Sheng Texing Dyeing & Finishing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Outsourcing of Dyeing and Finishing.	6,426	6,426	413	0.24	6,347	( 13,084 )	( 31 )	
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	11F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade, warehousing, distribution and packaging.	-	44,000	-	100.00	-	( 24,741 )	( 24,741 )	Second-tier subsidiary

Note 1: The carrying amount has deducted the NT\$13,174 thousand reclassified as treasury shares.

Note 2: The investee company's profit (loss) for the current period includes cash dividends of NT\$965 thousand distributed by the investing company.

Note 3: Please refer to Table 7 for information on investments in mainland China.



Shinkong Textile Co., Ltd. and Subsidiaries  
Information on Investments in Mainland China  
January 1 to September 30, 2024

Table 7Unit: In Thousands of New Taiwan Dollars; Foreign Currencies

Name of mainland investee company	Principal Business Activities	Paid-in Capital	Method of Investments	Accumulated outward remittance for investment from Taiwan at the beginning of the current period	Amount of investment remitted or recovered during the Current period		Accumulated outward remittance for investment from Taiwan at the end of the current period	Net income (loss) of the investee in the current period	% Ownership of Direct or Indirect Investment	Investment profit or loss recognized in the current period (Note 2)	Investment carrying value at the end of the current period	Accumulated repatriation of investment income as of the current period	Note
					Outflow	Inflow							
Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	\$ 21,362	Note 1 (2)	\$ 21,362	\$ -	\$ -	\$ 21,362	( \$ 295 )	100	( \$ 295 ) (2)－C	\$ 3,577	\$ -	-

Note 1: Methods of investments are divided into the following three types. Please specify the type.

- (1) Direct investment in mainland China.
- (2) Reinvesting in companies in mainland China through SK INNOVATION CO., LTD., which is in a third location.
- (3) Other methods.

Note 2: For the Investment Gain (Loss) column:

- (1) Indicate if no investment gain (loss) is recognized as an investee is under preparation.
- (2) Indicate if investment gain (loss) is recognized on one of the following bases:
  - A. Financial statements reviewed by international accounting firms cooperating with accounting firms in the Republic of China.
  - B. Financial statements reviewed by the parent company's CPAs in Taiwan.
  - C. Others (financial statements for the same periods prepared by the aforementioned investees).

Accumulated outward remittance for investment in mainland China at the end of the current period	Investment amounts authorized by Investment Commission	Upper limit on the amount of investment stipulated by Investment Commission
\$ 21,362	\$ 1,000USD 31,650TWD	\$ 8,868,106

Shinkong Textile Co., Ltd.  
Information on Major Shareholders  
September 30, 2024

Table 8

Name of Major Shareholders	Shareholding	
	No. of shareholding	Shareholding ratio
Shinkong Synthetic Fibers Corporation	28,378,958	9.45%
Shin Kong Medical Foundation	20,979,735	6.99%
Chichen Co., Ltd.	19,650,000	6.54%

Note 1: The substantial shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of the current quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.