

Shinkong Textile Co., Ltd. and  
Subsidiaries

Consolidated Financial Statements and  
Independent Auditors' Review Report  
First 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 (hereinafter referred to as the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows from January 1 to March 31, 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows from January 1 to March 31, 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

May 14, 2024

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

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6, 30 and 31)	\$ 1,094,888	6	\$ 1,610,707	9	\$ 1,280,487	8
1110	Financial assets at fair value through profit or loss - current (Notes 7, 30 and 31)	482,795	3	451,193	2	591,162	4
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	1,053,091	5	1,054,662	6	1,658,280	10
1150	Notes receivable (Notes 10, 24 and 30)	4,645	-	11,024	-	2,366	-
1160	Notes receivable - related parties, net (Notes 10, 24, 30 and 31)	6	-	7	-	43	-
1170	Accounts receivable (Notes 10, 24 and 30)	361,007	2	360,350	2	297,302	2
1180	Accounts receivable - related parties (Notes 10, 24, 30 and 31)	62,701	-	67,074	-	47,902	-
1200	Other receivables (Notes 10 and 30)	12,732	-	15,168	-	7,156	-
1210	Other receivables - related parties (Notes 10, 30 and 31)	4	-	-	-	-	-
1220	Current tax assets (Note 26)	2,100	-	2,100	-	198	-
130X	Inventories (Note 11)	985,276	5	1,007,469	5	1,067,879	6
1410	Prepayments (Notes 18 and 31)	133,100	1	95,417	1	77,335	-
1470	Other current assets (Note 18)	3,346	-	3,011	-	3,023	-
11XX	Total current assets	<u>4,195,691</u>	<u>22</u>	<u>4,678,182</u>	<u>25</u>	<u>5,033,133</u>	<u>30</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 30 and 32)	7,057,180	37	6,141,485	33	4,986,742	30
1535	Financial assets at amortized cost - non-current (Notes 9, 30, 31 and 32)	12,700	-	12,700	-	1,800	-
1550	Investments accounted for using the equity method (Note 13)	1,372,360	7	1,384,974	8	746,631	5
1600	Property, plant and equipment (Notes 14 and 28)	341,482	2	353,929	2	364,398	2
1755	Right-of-use assets (Note 15)	157,576	1	153,864	1	169,030	1
1760	Investment properties (Notes 16 and 32)	5,671,388	30	5,585,247	30	5,345,610	32
1780	Other intangible assets (Note 17)	5,512	-	4,958	-	3,209	-
1840	Deferred tax assets (Note 26)	39,081	-	36,755	-	30,171	-
1990	Other non-current assets (Notes 18 and 31)	202,665	1	192,083	1	40,489	-
15XX	Total non-current assets	<u>14,859,944</u>	<u>78</u>	<u>13,865,995</u>	<u>75</u>	<u>11,688,080</u>	<u>70</u>
1XXX	Total Assets	<u>\$ 19,055,635</u>	<u>100</u>	<u>\$ 18,544,177</u>	<u>100</u>	<u>\$ 16,721,213</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19, 30 and 32)	\$ 2,226,000	12	\$ 3,046,000	16	\$ 2,740,000	16
2110	Short-term notes payable (Notes 19 and 30)	389,582	2	99,931	1	309,811	2
2130	Contract liabilities - current (Notes 24, 30 and 31)	26,304	-	22,346	-	38,430	-
2150	Notes payable (Notes 20 and 30)	114,230	1	165,424	1	79,466	1
2160	Notes payable - related parties (Notes 20, 30 and 31)	14,153	-	39,540	-	8,039	-
2170	Accounts payable (Notes 20 and 30)	182,181	1	125,717	1	118,392	1
2180	Accounts payable - related parties (Notes 20, 30 and 31)	22,496	-	10,339	-	6,232	-
2200	Other payables (Notes 21 and 30)	511,283	3	185,964	1	148,410	1
2220	Other payables - related parties (Notes 21, 30 and 31)	2,371	-	2,302	-	2,048	-
2230	Current tax liabilities (Note 26)	151,397	1	131,975	1	75,299	-
2280	Lease liabilities - current (Notes 15, 28 and 31)	49,105	-	48,632	-	45,462	-
2399	Other current liabilities (Note 21)	6,383	-	3,881	-	25,474	-
21XX	Total current liabilities	<u>3,695,485</u>	<u>20</u>	<u>3,882,051</u>	<u>21</u>	<u>3,597,063</u>	<u>21</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 19, 30 and 32)	460,721	2	402,780	2	166,170	1
2570	Deferred tax liabilities (Note 26)	768,151	4	759,323	4	759,738	4
2580	Lease liabilities - non-current (Notes 15, 28 and 31)	111,179	1	110,156	1	128,591	1
2600	Other non-current liabilities (Notes 21 and 31)	249,824	1	242,806	1	107,435	1
25XX	Total non-current liabilities	<u>1,589,875</u>	<u>8</u>	<u>1,515,065</u>	<u>8</u>	<u>1,161,934</u>	<u>7</u>
2XXX	Total liabilities	<u>5,285,360</u>	<u>28</u>	<u>5,397,116</u>	<u>29</u>	<u>4,758,997</u>	<u>28</u>
	Equity attributable to owners of the Company (Note 23)						
	Share capital						
3110	Common shares	<u>3,000,413</u>	<u>16</u>	<u>3,000,413</u>	<u>16</u>	<u>3,000,413</u>	<u>18</u>
3200	Capital surplus	<u>13,385</u>	<u>-</u>	<u>13,385</u>	<u>-</u>	<u>10,010</u>	<u>-</u>
	Retained earnings						
3310	Legal surplus reserve	748,625	4	748,625	4	542,270	4
3320	Special reserve	1,006,356	5	1,006,356	5	1,006,548	6
3350	Unappropriated earnings	2,593,869	14	2,864,193	16	2,868,577	17
3300	Total retained earnings	<u>4,348,850</u>	<u>23</u>	<u>4,619,174</u>	<u>25</u>	<u>4,417,395</u>	<u>27</u>
	Other equity items						
3410	Exchange differences on translating the financial statements of foreign operations	( 2,718 )	-	( 2,773 )	-	( 1,227 )	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>6,423,519</u>	<u>33</u>	<u>5,530,036</u>	<u>30</u>	<u>4,548,799</u>	<u>27</u>
3400	Total other equity	<u>6,420,801</u>	<u>33</u>	<u>5,527,263</u>	<u>30</u>	<u>4,547,572</u>	<u>27</u>
3500	Treasury share	( 13,174 )	-	( 13,174 )	-	( 13,174 )	-
31XX	Total equity attributable to owners of the Company	<u>13,770,275</u>	<u>72</u>	<u>13,147,061</u>	<u>71</u>	<u>11,962,216</u>	<u>72</u>
3XXX	Total equity	<u>13,770,275</u>	<u>72</u>	<u>13,147,061</u>	<u>71</u>	<u>11,962,216</u>	<u>72</u>
	Total Liabilities and Equity	<u>\$ 19,055,635</u>	<u>100</u>	<u>\$ 18,544,177</u>	<u>100</u>	<u>\$ 16,721,213</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

January 1 to March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
	Operating revenue (Notes 24 and 31)				
4100	Sales revenue	\$ 766,384	89	\$ 738,358	89
4300	Rental revenue	95,241	11	90,544	11
4000	Total operating revenue	<u>861,625</u>	<u>100</u>	<u>828,902</u>	<u>100</u>
	Operating costs (Notes 11, 25 and 31)				
5110	Cost of goods sold	( 611,205 )	( 71 )	( 571,209 )	( 69 )
5300	Rental costs	( 23,708 )	( 3 )	( 24,196 )	( 3 )
5000	Total operating costs	<u>( 634,913 )</u>	<u>( 74 )</u>	<u>( 595,405 )</u>	<u>( 72 )</u>
5900	Gross profit	<u>226,712</u>	<u>26</u>	<u>233,497</u>	<u>28</u>
	Operating expenses (Notes 25 and 31)				
6100	Selling and marketing	( 127,673 )	( 15 )	( 108,325 )	( 13 )
6200	General and administrative	( 36,862 )	( 4 )	( 31,203 )	( 4 )
6300	R&D expenses	( 8,261 )	( 1 )	( 8,744 )	( 1 )
6450	Expected credit loss	-	-	( 1 )	-
6000	Total operating expenses	<u>( 172,796 )</u>	<u>( 20 )</u>	<u>( 148,273 )</u>	<u>( 18 )</u>
6500	Other income and expenses, net	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Net operating income	<u>53,917</u>	<u>6</u>	<u>85,224</u>	<u>10</u>
	Non-operating income and expenses (Notes 25 and 31)				
7100	Interest income	4,179	1	3,862	1
7010	Other income	7,156	1	4,639	1
7020	Other gains and losses	53,751	6	9,872	1
7050	Finance costs	( 13,241 )	( 2 )	( 13,048 )	( 2 )
7060	Share of profit or loss of associates accounted for using the equity method	<u>11,046</u>	<u>1</u>	<u>14,872</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>62,891</u>	<u>7</u>	<u>20,197</u>	<u>3</u>
7900	Net income before tax		13	\$ 105,421	13
7950	Income tax expense (Note 26)	<u>( 27,082 )</u>	<u>( 3 )</u>	<u>( 15,038 )</u>	<u>( 2 )</u>
8200	Net income in the period	<u>89,726</u>	<u>10</u>	<u>90,383</u>	<u>11</u>

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Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
	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	914,122	106	113,550	13
8320	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	( 20,639 )	( 2 )	15,307	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	69	-	43	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 14 )	-	( 9 )	-
8300	Total other comprehensive income, net of tax	<u>893,538</u>	<u>104</u>	<u>128,891</u>	<u>15</u>
8500	Total comprehensive income	<u>\$ 983,264</u>	<u>114</u>	<u>\$ 219,274</u>	<u>26</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 89,726	10	\$ 90,383	11
8620	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 89,726</u>	<u>10</u>	<u>\$ 90,383</u>	<u>11</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 983,264	114	\$ 219,274	26
8720	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 983,264</u>	<u>114</u>	<u>\$ 219,274</u>	<u>26</u>
	Earnings per share (Note 27)				
9710	Basic	<u>\$ 0.30</u>		<u>\$ 0.30</u>	
9810	Diluted	<u>\$ 0.30</u>		<u>\$ 0.30</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 March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company									
								Other equity items			
Code		Share capital		Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) at fair value through other comprehensive profit and loss	Treasury share	Total Equity
		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
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	220	-	( 220 )	-	-
D1	Net income from January 1, 2023 to March 31, 2023	-	-	-	-	-	90,383	-	-	-	90,383
D3	Other comprehensive income from January 1, 2023 to March 31, 2023, net of tax	-	-	-	-	-	-	34	128,857	-	128,891
D5	Total comprehensive income from January 1, 2023 to March 31, 2023	-	-	-	-	-	90,383	34	128,857	-	219,274
Z1	Balance at March 31, 2023	300,041	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,868,577	( \$ 1,227 )	\$ 4,548,799	( \$ 13,174 )	\$ 11,962,216
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
B5	Appropriation and distribution of surplus in 2023 Cash dividends to shareholders of the Company	-	-	-	-	-	( 360,050 )	-	-	-	( 360,050 )
D1	Net income from January 1, 2024 to March 31, 2024	-	-	-	-	-	89,726	-	-	-	89,726
D3	Other comprehensive income from January 1, 2024 to March 31, 2024, net of tax	-	-	-	-	-	-	55	893,483	-	893,538
D5	Total comprehensive income from January 1, 2024 to March 31, 2024	-	-	-	-	-	89,726	55	893,483	-	983,264
Z1	Balance at March 31, 2024	300,041	\$ 3,000,413	\$ 13,385	\$ 748,625	\$ 1,006,356	\$ 2,593,869	( \$ 2,718 )	\$ 6,423,519	( \$ 13,174 )	\$ 13,770,275

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 March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		January 1 to March 31, 2024	January 1 to March 31, 2023
	Cash flows from operating activities		
A10000	Income before income tax for the current period	\$ 116,808	\$ 105,421
A20010	Income and expense items		
A20100	Depreciation	40,086	36,473
A20200	Amortization	846	775
A20300	Expected credit loss	-	1
A20400	Net gains on financial assets at fair value through profit or loss	( 23,698 )	( 15,407 )
A20900	Finance costs	13,241	13,048
A21200	Interest income	( 4,179 )	( 3,862 )
A21300	Dividend income	( 6,831 )	( 4,290 )
A22300	Share of profit or loss of associates accounted for using the equity method	( 11,046 )	( 14,872 )
A23700	Write-downs of inventories	43,413	2,446
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	6,380	7,506
A31150	Accounts receivable	3,716	( 6,053 )
A31180	Other receivables	7,855	9,447
A31200	Inventories	( 21,220 )	( 12,158 )
A31230	Prepayments	( 37,683 )	( 14,964 )
A31240	Other current assets	( 335 )	( 50 )
A31990	Other non-current assets	2,691	302
A32125	Contract liabilities	3,958	8,625
A32130	Notes payable	( 76,581 )	( 172,035 )
A32150	Accounts payable	68,621	13,707
A32180	Other payables	( 39,235 )	( 45,909 )
A32230	Other current liabilities	2,438	1,562
A32240	Net defined benefit assets	( 210 )	( 293 )
A33000	Cash generated from operations	89,035	( 90,580 )
A33300	Interest paid	( 14,129 )	( 13,660 )
A33500	Income tax paid	( 1,172 )	( 929 )
AAAA	Net cash generated by operating activities	<u>73,734</u>	<u>( 105,169 )</u>

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Code		January 1 to March 31, 2024	January 1 to March 31, 2023
	Cash flows from investing activities		
B00020	Sales of financial assets at fair value through other comprehensive profit and loss	\$ -	\$ 979
B00050	Disposal of financial assets at amortized cost	-	500,000
B00100	Acquisition of financial assets at fair value through profit or loss	( 7,904 )	( 17,248 )
B00200	Proceeds from financial assets at fair value through profit or loss	-	10,350
B02700	Acquisition of property, plant, and equipment	( 5,933 )	( 12,165 )
B04500	Acquisition of intangible assets	( 1,400 )	( 714 )
B05400	Acquisition of investment properties	( 80,719 )	( 8,912 )
B03700	Increase in refundable deposits	( 1,444 )	-
B03800	Decrease in refundable deposits	-	40,900
B07100	Increase in prepayments for equipment	( 9,067 )	( 3,794 )
B07300	Increase in other prepaid expenses	( 4,147 )	-
B07500	Interest received	4,179	3,862
B07600	Dividends received	1,408	4,290
B09900	Dividends received from associates	3,019	2,476
BBBB	Net cash used in investing activities	( 102,008 )	520,024
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	( 820,000 )	( 330,000 )
C00500	Increase in short-term notes and bills payable	290,000	310,000
C01600	Proceeds from long-term borrowings	57,941	7,088
C03000	Proceeds from guarantee deposits received	-	741
C04020	Repayment of the principal portion of lease liabilities	( 15,555 )	( 12,023 )
CCCC	Net cash used in financing activities	( 487,614 )	( 24,194 )
DDDD	Effects of exchange rate changes on cash and cash equivalent	69	43
EEEE	Net increase (decrease) in cash and cash equivalents	( 515,819 )	390,704
E00100	Cash and cash equivalents at beginning of year	1,610,707	889,783
E00200	Cash and cash equivalents at beginning of the period	\$ 1,094,888	\$ 1,280,487

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 March 31, 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 May 14, 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)

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendment to IAS 21: 'Lack of Exchangeability'	January 1, 2025 (Note 2)

Note 1: Unless otherwise specified, the aforementioned new/revised/amended standards and interpretations shall be effective from annual reporting periods after the specified dates.

Note 2: 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.

As of the date of authorization of the consolidated financial statements, the Group has continued to assess the effects of amendments to other 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 liabilities 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 5 and 6.

### 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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and working capital	\$ 1,492	\$ 1,167	\$ 1,338
Checks and demand deposits in banks	750,196	966,406	442,186
Cash equivalent (investments bank time deposits with original maturities within three months)	<u>343,200</u>	<u>643,134</u>	<u>836,963</u>
	<u>\$ 1,094,888</u>	<u>\$ 1,610,707</u>	<u>\$ 1,280,487</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	0.001%~5.52%	0.001%~5.6%	0.001%~4.98%

7. Financial Instruments at Fair Value through Profit or Loss

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Designated as at fair value through profit or loss			
— Domestic stocks listed or emerging stocks	\$ 23,493	\$ 23,960	\$ 35,492
Mandatorily measured at fair value through profit or loss			
— Fund beneficiary certificates	<u>459,302</u>	<u>427,233</u>	<u>555,670</u>
	<u>\$ 482,795</u>	<u>\$ 451,193</u>	<u>\$ 591,162</u>

8. Financial assets at fair value through other comprehensive income

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Investments in equity instruments</u>			
<u>Current</u>			
Domestic investment			
Stocks listed on TWSE or TPEX	<u>\$ 1,053,091</u>	<u>\$ 1,054,662</u>	<u>\$ 1,658,280</u>
<u>Non-current</u>			
Domestic investment			
Stocks listed on TWSE or TPEX	\$ 4,925,487	\$ 4,052,225	\$ 3,095,110
Stocks unlisted on TWSE or TPEX	<u>2,131,693</u>	<u>2,089,260</u>	<u>1,891,632</u>
Total	<u>\$ 7,057,180</u>	<u>\$ 6,141,485</u>	<u>\$ 4,986,742</u>

The consolidated Company invested in afore-mentioned 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 XXXII for details of equity instruments at fair value through other comprehensive income pledged.

9. Financial assets at amortized cost

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities over one year (I)	<u>\$ 12,700</u>	<u>\$ 12,700</u>	<u>\$ 1,800</u>

- 1) As of March 31, 2024, and December 31, 2023 and March 31, 2023, the interest rate ranges of time deposits with original maturities over one year were 1.34%-1.575%, 1.34%-1.575% and 1.015%-1.33%, 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 Receivables, Accounts Receivables, and Other Receivables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 4,645	\$ 11,024	\$ 2,366
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,645</u>	<u>\$ 11,024</u>	<u>\$ 2,366</u>
 Notes receivable - related parties (Note 31)	 <u>\$ 6</u>	 <u>\$ 7</u>	 <u>\$ 43</u>
 <u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 361,007	\$ 360,350	\$ 297,308
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>( 6)</u>
	<u>\$ 361,007</u>	<u>\$ 360,350</u>	<u>\$ 297,302</u>

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	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable - related parties (Note 31)	<u>\$ 62,701</u>	<u>\$ 67,074</u>	<u>\$ 47,902</u>
<u>Other receivables</u>			
Tax refunds receivable	\$ 6,537	\$ 14,382	\$ 6,367
Other	<u>6,195</u>	<u>786</u>	<u>789</u>
	<u>\$ 12,732</u>	<u>\$ 15,168</u>	<u>\$ 7,156</u>
Other receivables - related parties (Note XXXI)	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</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 as well as GDP forecasts. 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:

March 31, 2024

	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	\$ 422,116	\$ 6,060	\$ 132	\$ 51	\$ 428,359
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 422,116</u>	<u>\$ 6,060</u>	<u>\$ 132</u>	<u>\$ 51</u>	<u>\$ 428,359</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)	-	-	-	-	-
Amortized cost	<u>\$ 383,902</u>	<u>\$ 54,028</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 438,455</u>

March 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%	5.26%~100%	
Total carrying amount	\$ 344,583	\$ 2,746	\$ 145	\$ 145	\$ 347,619
Loss allowance (lifetime ECL)	-	-	-	( 6 )	( 6 )
Amortized cost	<u>\$ 344,583</u>	<u>\$ 2,746</u>	<u>\$ 145</u>	<u>\$ 139</u>	<u>\$ 347,613</u>

Changes in loss allowances for receivables are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Beginning balance	\$ -	\$ 5
Add: Impairment loss provided for in the period	-	1
Balance at the End of the Period	<u>\$ -</u>	<u>\$ 6</u>

11. Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 412,085	\$ 477,295	\$ 550,152
Work in progress	138,780	136,578	155,642
Raw materials	64,327	61,443	79,258
Merchandise inventories	<u>370,084</u>	<u>332,153</u>	<u>282,827</u>
	<u>\$ 985,276</u>	<u>\$ 1,007,469</u>	<u>\$ 1,067,879</u>

The cost of goods sold related to inventories from January 1 to March 31, 2024 and 2023 was NT\$611,205 thousand and NT\$571,209 thousand, respectively.

The cost of goods sold from January 1 to March 31, 2024 and 2023 included inventory write-down of NT\$43,413 thousand and NT\$2,446 thousand, respectively.



## 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
			March 31, 2024	December 31, 2023	March 31, 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.	-	-	-	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%	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 (Samoa) 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, People's Republic of China in July 2012 as a wholly foreign-owned enterprise. It is a 100%-owned subsidiary of SK INNOVATION (Samoa) 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 Company and its wholly-owned subsidiary, Shinkong Asset Management Co., have acquired 99% and 1% equity interests, respectively. The subsidiary company completed its registration on March 26, 2024. As of May 13, 2024, our company has invested IDR 7,215,349 thousand (US\$449,975).

13. Investments using equity method

Investment in associates

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Associates that are individually material</u>			
Listed companies			
Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 563,813	\$ 567,086	\$ -

Unlisted companies

Lian Quan Investment Co.,  
Ltd.  
Shang De Motor Co., Ltd.

440,619	461,590	378,490
<u>319,980</u>	<u>305,330</u>	<u>315,285</u>
<u>1,324,412</u>	<u>1,334,006</u>	<u>693,775</u>

Associates that are not  
individually material

Unlisted companies

WPI-High Street,LLC

47,948	50,968	52,856
<u>\$ 1,372,360</u>	<u>\$ 1,384,974</u>	<u>\$ 746,631</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	March 31, 2024	December 31, 2023	March 31, 2023
Chyang Sheng Dyeing & Finishing Co., Ltd.	20.54%	20.54%	-
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 the shares of Chyang Sheng Dyeing & Finishing Co., Ltd. on the centralized trading market, which had a significant impact on the Company. As a result, it is now classified as an associate.

Please refer to Table 5 “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	-	-	2,398	-	-	1,402	1,683	335	5,818
Reclassifications	-	-	898	-	-	497	200	-	1,595
Disposals	-	-	-	-	-	( 202 )	( 11,095 )	-	( 11,297 )
Net exchange difference	-	-	-	-	-	2	-	-	2
Balance at March 31, 2024	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 599,857</u>	<u>\$ 12,115</u>	<u>\$ 132,418</u>	<u>\$ 173,290</u>	<u>\$ 49,221</u>	<u>\$ 335</u>	<u>\$ 1,346,628</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	-	483	8,129	247	1,204	3,683	6,114	-	19,860
Disposals	-	-	-	-	-	( 202 )	( 11,095 )	-	( 11,297 )
Net exchange difference	-	-	-	-	-	2	-	-	2
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 247,149</u>	<u>\$ 520,862</u>	<u>\$ 7,789</u>	<u>\$ 92,699</u>	<u>\$ 116,036</u>	<u>\$ 20,611</u>	<u>\$ -</u>	<u>\$ 1,005,146</u>

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	Land	Buildings	Machinery equipment	Transportation equipment	Hydropower equipment	Miscellaneous equipment	Lease Improvement	Construction in progress	Total
Net at March 31, 2024	<u>\$ 99,458</u>	<u>\$ 32,785</u>	<u>\$ 78,995</u>	<u>\$ 4,326</u>	<u>\$ 39,719</u>	<u>\$ 57,254</u>	<u>\$ 28,610</u>	<u>\$ 335</u>	<u>\$ 341,482</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	1,573	-	-	884	6,005	1,389	11,120
Reclassifications	-	252	109	-	-	-	-	( 259,818 )	( 259,457 )
Disposals	-	-	( 1,062 )	-	-	( 30 )	( 470 )	-	( 1,562 )
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 588,329</u>	<u>\$ 11,135</u>	<u>\$ 132,418</u>	<u>\$ 157,833</u>	<u>\$ 49,906</u>	<u>\$ 1,464</u>	<u>\$ 1,320,477</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	-	503	8,388	264	1,324	2,642	4,618	-	17,739
Disposals	-	-	( 1,062 )	-	-	( 30 )	( 470 )	-	( 1,562 )
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 245,101</u>	<u>\$ 487,658</u>	<u>\$ 6,777</u>	<u>\$ 87,674</u>	<u>\$ 104,107</u>	<u>\$ 24,762</u>	<u>\$ -</u>	<u>\$ 956,079</u>
Net at March 31, 2023	<u>\$ 99,458</u>	<u>\$ 34,833</u>	<u>\$ 100,671</u>	<u>\$ 4,358</u>	<u>\$ 44,744</u>	<u>\$ 53,726</u>	<u>\$ 25,144</u>	<u>\$ 1,464</u>	<u>\$ 364,398</u>

Unrecognized or reversal on impairment loss from January 1 to March 31, 2024 and 2023.

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	0.75 to 40 years
Lease improvement	1.83 to 6 years

## 15. Lease agreements

### 1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Land	\$ 9,824	\$ 4,306	\$ 6,585
Buildings	135,480	138,793	156,213
Office equipment	1,107	1,211	1,525
Transportation Equipment	9,681	7,895	3,619
Other equipment	<u>1,484</u>	<u>1,659</u>	<u>1,088</u>
	<u>\$ 157,576</u>	<u>\$ 153,864</u>	<u>\$ 169,030</u>

	January 1 to March 31, 2024	January 1, 2023 Until March 31
Additions to right-of-use assets	<u>\$ 17,341</u>	<u>\$ 1,144</u>
Depreciation expense of right-of-use assets		
Land	\$ 1,094	\$ 760
Buildings	11,008	10,244
Office equipment	104	105
Transportation Equipment	1,023	780
Other equipment	<u>174</u>	<u>56</u>
	<u>\$ 13,403</u>	<u>\$ 11,945</u>

Except for the recognition of depreciation expense, the consolidated Company's right-of-use assets did not experience significant sub-lease or impairments from January 1 to March 31, 2024 and 2023.

2) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 49,105</u>	<u>\$ 48,632</u>	<u>\$ 45,462</u>
Non-current	<u>\$ 111,179</u>	<u>\$ 110,156</u>	<u>\$ 128,591</u>

Discount rate ranges for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.6914%~1.721%	1.6914%	1.6914%
Buildings	0.946%~1.721%	0.946%~1.721%	0.946%~1.457%
Office equipment	0.9%~0.981%	0.9%~0.981%	0.9%~0.981%
Transportation equipment	0.915%~2.3377%	0.915%~2.3205%	0.915%~1.6623%
Other equipment	1.9436%~2.3205%	1.9436%~2.3205%	1.9436%

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.

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term lease expenses	<u>\$ 2,307</u>	<u>\$ 2,745</u>
Total cash (outflow) for leases	<u>(\$ 18,363)</u>	<u>(\$ 15,249)</u>

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>-</u>	<u>92,964</u>	<u>92,964</u>
Balance at March 31, 2024	<u>\$ 4,503,062</u>	<u>\$ 1,337,970</u>	<u>\$ 626,470</u>	<u>\$ 6,467,502</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2024	\$ -	\$ 789,291	\$ -	\$ 789,291
Depreciation	<u>-</u>	<u>6,823</u>	<u>-</u>	<u>6,823</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 796,114</u>	<u>\$ -</u>	<u>\$ 796,114</u>
Net at March 31, 2024	<u>\$ 4,503,062</u>	<u>\$ 541,856</u>	<u>\$ 626,470</u>	<u>\$ 5,671,388</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	-	169	15,831	16,000
Reclassifications	<u>-</u>	<u>-</u>	<u>259,818</u>	<u>259,818</u>
Balance at March 31, 2023	<u>\$ 4,503,359</u>	<u>\$ 1,335,468</u>	<u>\$ 275,649</u>	<u>\$ 6,114,476</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 762,077	\$ -	\$ 762,077
Depreciation	<u>-</u>	<u>6,789</u>	<u>-</u>	<u>6,789</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 768,866</u>	<u>\$ -</u>	<u>\$ 768,866</u>
Net at March 31, 2023	<u>\$ 4,503,359</u>	<u>\$ 566,602</u>	<u>\$ 275,649</u>	<u>\$ 5,345,610</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:

	March 31, 2024	December 31, 2023	March 31, 2023
The first year	\$ 316,426	\$ 308,025	\$ 304,060
The second year	275,755	275,877	252,289
The third year	209,477	202,123	224,396
The fourth year	179,604	184,619	187,776
The fifth year	162,359	164,762	176,506
Over 5 years	<u>1,169,299</u>	<u>1,208,270</u>	<u>1,328,952</u>
	<u>\$ 2,312,920</u>	<u>\$ 2,343,676</u>	<u>\$ 2,473,979</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
Renovation	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 March 31, 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:

	March 31, 2024	December 31, 2023	March 31, 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

	Cost of Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 7,438
Addition	<u>1,400</u>
Balance at March 31, 2024	<u>\$ 8,838</u>

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	<u>Cost of Computer Software</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 2,480
Amortization	<u>846</u>
Balance at March 31, 2024	<u>\$ 3,326</u>
Net at March 31, 2024	<u>\$ 5,512</u>
Net at December 31, 2023 and January 1, 2024	<u>\$ 4,958</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,948
Addition	714
Derecognition	( <u>1,430</u> )
Balance at March 31, 2023	<u>\$ 6,232</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,678
Amortization	775
Derecognition	( <u>1,430</u> )
Balance at March 31, 2023	<u>\$ 3,023</u>
Net at March 31, 2023	<u>\$ 3,209</u>

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

Cost of Computer Software	1-3 years
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18. Other Assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 24,508	\$ 19,334	\$ 23,318
Prepayments to suppliers	93,807	67,560	43,304
Overpaid sales tax	<u>14,785</u>	<u>8,523</u>	<u>10,713</u>
	<u>\$ 133,100</u>	<u>\$ 95,417</u>	<u>\$ 77,335</u>
Other Assets			
Other	<u>\$ 3,346</u>	<u>\$ 3,011</u>	<u>\$ 3,023</u>

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	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Refundable deposits	\$ 75,153	\$ 73,709	\$ 23,210
Net defined benefit assets (Note 22)	6,186	5,976	8,858
Prepayments for equipment	11,202	3,730	4,823
Prepaid land payments (Note 33)	110,124	105,977	-
Other	-	2,691	3,598
	<u>\$ 202,665</u>	<u>\$ 192,083</u>	<u>\$ 40,489</u>

The prepaid land payments refers to the co-development of the land in Neihu Dist., Taipei City by the consolidated Company and Chong Hong Construction Co., Ltd. The consolidated Company also purchases land from an unrelated third party for the purpose of building the factory floor space.

#### 19. Borrowings

##### 1) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u> (Note 32)			
Bank borrowings	\$ 1,626,000	\$ 2,746,000	\$ 2,490,000
<u>Unsecured borrowings</u>			
Line of credit loans	600,000	300,000	250,000
	<u>\$ 2,226,000</u>	<u>\$ 3,046,000</u>	<u>\$ 2,740,000</u>

The ranges of interest rates on bank borrowings were 1.7%~2.2794%, 1.7%~2.1473%, and 1.65%~2.1473% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

##### 2) Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper payable	\$ 390,000	\$ 100,000	\$ 310,000
Less: Discounts on short-term bills payable	( 418)	( 69)	( 189)
	<u>\$ 389,582</u>	<u>\$ 99,931</u>	<u>\$ 309,811</u>

The interest rates on commercial paper payable were 1.34%-1.55%, 1.45% and 1.34%-1.56% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The outstanding short-term bills payable as of the balance sheet date are as follows:

March 31, 2024

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate	Name of Collateral	Carrying Amount of Collateral
International Bills Finance Corporation (I)	\$ 100,000	( \$ 113 )	\$ 99,887	1.55%	None	None
China Bills Finance Corporation (II)	200,000	( 204 )	199,796	1.34%	None	None
Taiwan Finance Corporation (III)	90,000	( 101 )	89,899	1.45%	None	None
	<u>\$ 390,000</u>	<u>( \$ 418 )</u>	<u>\$ 389,582</u>			

December 31, 2023

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate	Name of Collateral	Carrying Amount of Collateral
Taiwan Finance Cooperation (I)	<u>\$ 100,000</u>	<u>( \$ 69 )</u>	<u>\$ 99,931</u>	1.45%	None	None

March 31, 2023

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate	Name of Collateral	Carrying Amount of Collateral
International Bills Finance Corporation (I)	\$ 110,000	( \$ 67 )	\$ 109,933	1.47%	None	None
Taiwan Finance Corporation (II)	100,000	( 61 )	99,939	1.34%	None	None
Taiwan Cooperative Bills Finance Corporation (III)	100,000	( 61 )	99,939	1.56%	None	None
	<u>\$ 310,000</u>	<u>( \$ 189 )</u>	<u>\$ 309,811</u>			

3) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 32)</u>			
Bank borrowings	\$ 460,721	\$ 402,780	\$ 166,170
Less: Listed as part due within 1 year	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 460,721</u>	<u>\$ 402,780</u>	<u>\$ 166,170</u>

- a. The above long-term loan is a project loan provided by Shinkong Asset Company for the construction of the factory building. As of March 31, 2024, December 31, 2023, and March 31, 2023, the effective annual interest rates were 2.2443% -

2.5051%, 2.2437% - 2.3718%, and 2.1137% - 2.3691%, respectively. The principal will be repaid in accordance with the loan agreement, starting on April 12, 2025.

- 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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Tax payable	\$ 17,260	\$ 4,975	\$ 17,598
Employee compensation payable	20,562	30,319	27,343
Director compensation payable	17,220	15,600	23,866
Salaries and bonus payable	25,253	63,649	17,187
Pension payable	3,047	2,899	2,724
Services expense payable	1,415	1,415	1,426
Electricity and fuels payable	7,596	7,889	8,089
Interest payable	1,935	2,474	2,161
Dividends payable	360,050	-	-
Other	56,945	56,744	48,016
	<u>\$ 511,283</u>	<u>\$ 185,964</u>	<u>\$ 148,410</u>
Other payables - related parties (Note 31)	<u>\$ 2,371</u>	<u>\$ 2,302</u>	<u>\$ 2,048</u>
Other liabilities			
Temporary credits	\$ 158	\$ 221	\$ 20,863
Receipts under custody	5,834	3,257	4,407
Other	391	403	204
	<u>\$ 6,383</u>	<u>\$ 3,881</u>	<u>\$ 25,474</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received (1)	\$ 206,075	\$ 206,075	\$ 107,421
Accounts payable (2)	43,735	36,717	-
Other	14	14	14
	<u>\$ 249,824</u>	<u>\$ 242,806</u>	<u>\$ 107,435</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 from January 1 to March 31, 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 and NT\$6 thousand, respectively.

23. Equity

1) Share capital

Common shares

	March 31, 2024	December 31, 2023	March 31, 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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May not be used for any purpose</u>			
Treasury share transactions	\$ 9,549	\$ 9,549	\$ 8,344
Dividends on stocks that have not been collected before the designated date	<u>3,836</u>	<u>3,836</u>	<u>1,666</u>
	<u>\$ 13,385</u>	<u>\$ 13,385</u>	<u>\$ 10,010</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 Incorporation, 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 Directors would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. 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(VII) 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 Company distribution of earnings for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
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

The above distribution of cash dividends was approved by the Board of Directors on March 8, 2024 and April 7, 2023 respectively. And the distribution item of the remaining earnings of 2022 was subject to the resolution of the annual shareholders' meeting on May 26, 2023. The Company's distribution item of remaining earnings of 2023 is subject to the resolution of the annual shareholders' meeting on May 28, 2024.

4) Other equity items

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Beginning balance	<u>\$ 5,530,036</u>	<u>\$ 4,420,162</u>
Accrued in the current period		
Unrealized gains (losses)		

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	January 1 to March 31, 2024	January 1 to March 31, 2023
Equity instruments	914,122	113,550
Share of associates accounted for using the equity method	( 20,639 )	15,307
Other comprehensive income for the period	893,483	128,857
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	-	( 220 )
Balance at the End of the Period	<u>\$ 6,423,519</u>	<u>\$ 4,548,799</u>

5) Treasury share

Reason for repurchase	Shares of parent company held by subsidiaries (in thousands)
Number of shares on January 1, 2024	804
Number of shares on March 31, 2024	804
Number of shares on January 1, 2023	804
Number of shares on March 31, 2023	804

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

March 31, 2024

Name of subsidiary	No. of Shareholding (in thousands)	Carrying Amount	Market value
Shinkong Asset Management Co., Ltd.	804	\$ 13,174	\$ 36,655

December 31, 2023

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

March 31, 2023

<u>Name of subsidiary</u>	<u>No. of Shareholding (in thousands)</u>	<u>Carrying Amount</u>	<u>Market value</u>
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 33,279</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

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Revenue from contracts with customers		
Revenue from the sale of textiles	\$ 549,381	\$ 546,152
Retail sale/Revenue from sale of garment	217,003	192,206
Rental revenue	<u>95,241</u>	<u>90,544</u>
	<u>\$ 861,625</u>	<u>\$ 828,902</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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Notes receivable (Note 10)	\$ 4,651	\$ 11,031	\$ 2,409	\$ 9,915
Accounts receivable (Note 10)	<u>423,708</u>	<u>427,424</u>	<u>345,204</u>	<u>339,152</u>
	<u>\$ 428,359</u>	<u>\$ 438,455</u>	<u>\$ 347,613</u>	<u>\$ 349,067</u>
Contract liabilities				
Sale of goods	\$ 17,692	\$ 13,273	\$ 28,242	\$ 19,177
Rental revenue of investment property	<u>8,612</u>	<u>9,073</u>	<u>10,188</u>	<u>10,628</u>
Contract liabilities - current	<u>\$ 26,304</u>	<u>\$ 22,346</u>	<u>\$ 38,430</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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank deposits	\$ 4,146	\$ 3,845
Other	<u>33</u>	<u>17</u>
	<u>\$ 4,179</u>	<u>\$ 3,862</u>

2) Other income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Dividend income	\$ 6,831	\$ 4,290
Other	<u>325</u>	<u>349</u>
	<u>\$ 7,156</u>	<u>\$ 4,639</u>

3) Other gains and losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Gains on financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	(\$ 467)	\$ 6,794
Financial assets mandatorily measured at fair value through profit or loss	24,165	8,613
Net foreign exchange gain (losses)	34,289	( 5,277)
Other expenses	( <u>4,236</u> )	( <u>258</u> )
	<u>\$ 53,751</u>	<u>\$ 9,872</u>

4) Finance costs

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interest on bank borrowings	\$ 14,714	\$ 13,073
Interest on short-term bills	503	327
Interest on lease liabilities	502	479
Less: Amount that meets the demand of asset cost is listed	( <u>2,478</u> )	( <u>831</u> )
	<u>\$ 13,241</u>	<u>\$ 13,048</u>



Interest capitalization information is as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Amount of interest capitalization	\$ 2,478	\$ 831
Interest of interest capitalization	2.2437%~2.5051%	1.8448%~2.3691%

5) Depreciation and amortization

	January 1 to March 31, 2024	January 1 to March 31, 2023
Depreciation expense is summarized by function		
Operating costs	\$ 24,275	\$ 23,958
Operating expenses	<u>15,811</u>	<u>12,515</u>
	<u>\$ 40,086</u>	<u>\$ 36,473</u>
Amortization expense is summarized by function		
Operating costs	\$ 62	\$ 107
Operating expenses	<u>784</u>	<u>668</u>
	<u>\$ 846</u>	<u>\$ 775</u>

6) Employee benefit expense

	January 1 to March 31, 2024	January 1 to March 31, 2023
Post-employment benefits		
Defined contribution plans	\$ 4,728	\$ 4,191
Defined benefit plans (Note 22)	<u>104</u>	<u>6</u>
	<u>4,832</u>	<u>4,197</u>
Other employee benefits	<u>134,066</u>	<u>124,600</u>
Total employee benefit expense	<u>\$ 138,898</u>	<u>\$ 128,797</u>
Summarized by functions		
Operating costs	\$ 49,110	\$ 47,649
Operating expenses	<u>89,788</u>	<u>81,148</u>
	<u>\$ 138,898</u>	<u>\$ 128,797</u>

7) Compensation to employees and compensation to directors

According to the Company's Articles of Incorporation, the company shall allocate no less than 1% of the pretax profit to employees' compensation and no more than 5% to directors' remuneration.

Compensation to employees and compensation to directors and supervisors from January 1 to March 31, 2024 and 2023 is as follows:

Accrual rate

	January 1 to March 31, 2024	January 1 to March 31, 2023
Compensation to employees	1.43%	2%
Compensation to directors	1.43%	2%

Amount

	January 1 to March 31, 2024	January 1 to March 31, 2023
Compensation to employees	<u>\$ 1,620</u>	<u>\$ 2,066</u>
Compensation to directors	<u>\$ 1,620</u>	<u>\$ 2,066</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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Total foreign exchange gains	\$ 34,289	\$ 962
Total foreign exchange (losses)	-	( 6,239)
Net profits (losses)	<u>\$ 34,289</u>	<u>( \$ 5,277)</u>

26. Income tax

1) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Current income tax		
Incurred in this period	\$ 20,461	\$ 17,471
Adjustments for previous years	<u>134</u>	<u>-</u>
	<u>20,595</u>	<u>17,471</u>
Deferred income tax		
Incurred in this period	<u>6,487</u>	( <u>2,433</u> )
Income tax expense recognized in profit or loss	<u>\$ 27,082</u>	<u>\$ 15,038</u>

2) Income tax recognized in other comprehensive profit and loss

	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Deferred income tax</u>		
Incurred in this year		
— Translating the financial statements of foreign operations	( <u>\$ 14</u> )	( <u>\$ 9</u> )

3) Income tax assessment

The business income tax returns of the Company and the subsidiary, Shinkong Asset, through 2021 have been assessed by the tax authorities. The business income tax returns of the subsidiaries, Xin Fu Development and One Full, through 2021 have been assessed by the tax authorities. The business income tax returns of the subsidiaries, Hua Yang Motor, through 2022 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	
	January 1 to March 31, 2024	January 1 to March 31, 2023
Basic EPS	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Diluted EPS	<u>\$ 0.30</u>	<u>\$ 0.30</u>

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

Net income in the period

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net income for the calculation of basic EPS	<u>\$ 89,726</u>	<u>\$ 90,383</u>
Net income for the calculation of diluted EPS	<u>\$ 89,726</u>	<u>\$ 90,383</u>

Number of shares

	Unit: In Thousands of Shares	
	January 1 to March 31, 2024	January 1 to March 31, 2023
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237
Effect of potentially dilutive common shares:		
Compensation to employees	<u>291</u>	<u>435</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,528</u>	<u>299,672</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 March 31, 2024 and 2023:

- a. The distribution of cash dividends was approved by the Board of Directors, but has not distributed yet on March 31, 2024 and 2023 (please refer to Notes 21 and 23 for details)
- b. The consolidated Company reclassified prepaid equipment expenses of NT\$1,595 thousand and NT\$361 thousand respectively to property, plant, and equipment from January 1 to March 31, 2024 and 2023 (please refer to Note 14 for details);
- c. Reconcile payable in cash of the acquisition of property, plant, equipment, and investment properties are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Additions in the year	\$ 98,782	\$ 27,120
Equipment payable and changes in project expense	( 12,130 )	( 6,043 )
Payable in cash of the acquisition of property, plant, and equipment	<u>\$ 86,652</u>	<u>\$ 21,077</u>

## 2) January 1 to March 31, 2024

	January 1, 2024	Cash Flows	Non-cash Changes				Number of Interest Paid	March 31, 2024
			Additional Leases	Interest Expenses	Remeasureme nt on Termination	Other		
Lease liabilities (Note 16)	<u>\$ 158,788</u>	<u>( \$ 15,555 )</u>	<u>\$ 17,341</u>	<u>\$ 502</u>	<u>( \$ 227 )</u>	<u>( \$ 63 )</u>	<u>( \$ 502 )</u>	<u>\$ 160,284</u>

## January 1 to March 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes				Number of Interest Paid	March 31, 2023
			Additional Leases	Interest Expenses	Adjust Remeasureme nts			
Lease liabilities (Note 16)	<u>\$ 184,794</u>	<u>( \$ 12,023 )</u>	<u>\$ 1,144</u>	<u>\$ 479</u>	<u>\$ 138</u>		<u>( \$ 479 )</u>	<u>\$ 174,053</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 remuneration 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 annually. 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

##### March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 23,493	\$ -	\$ -	\$ 23,493
Fund beneficiary certificates	459,302	-	-	459,302
Total	<u>\$ 482,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,795</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 5,978,578	\$ -	\$ -	\$ 5,978,578
— Domestic stocks not listed	-	-	2,131,693	2,131,693
Total	<u>\$ 5,978,578</u>	<u>\$ -</u>	<u>\$ 2,131,693</u>	<u>\$ 8,110,271</u>

##### December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 23,960	\$ -	\$ -	\$ 23,960
Fund beneficiary certificates	427,233	-	-	427,233
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	-	-	2,089,260	2,089,260
Total	<u>\$ 5,106,887</u>	<u>\$ -</u>	<u>\$ 2,089,260</u>	<u>\$ 7,196,147</u>

### March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 35,492	\$ -	\$ -	\$ 35,492
Fund beneficiary certificates	<u>555,670</u>	<u>-</u>	<u>-</u>	<u>555,670</u>
Total	<u>\$ 591,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,162</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 4,753,390	\$ -	\$ -	\$ 4,753,390
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,891,632</u>	<u>1,891,632</u>
Total	<u>\$ 4,753,390</u>	<u>\$ -</u>	<u>\$ 1,891,632</u>	<u>\$ 6,645,022</u>

There was no transfer between Level 1 and Level 2 fair value measurements from January 1 to March 31, 2024 and 2023.

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

##### January 1 to March 31, 2024

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ 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)	<u>42,433</u>
Balance at the End of the Period	<u>\$ 2,131,693</u>

##### January 1 to March 31, 2023

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ 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)	<u>3,614</u>
Liquidation	( <u>980</u> )
Balance at the End of the Period	<u>\$ 1,891,632</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% - 30%.

3) Category of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 459,302	\$ 427,233	\$ 555,670
Designated as at fair value through profit or loss	23,493	23,960	35,492
Financial assets at amortized cost (Note 1)	1,623,836	2,150,739	1,660,266
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	8,110,271	7,196,147	6,645,022
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	4,129,092	4,284,073	3,685,989

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.

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

a. Market risk

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

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 U.S. dollar fluctuations.

The following table details the consolidated Company's sensitivity to a 1% increase and decrease in NT\$ (the functional currency) against the U.S. dollar. 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 year 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% appreciation of NT\$ against USD. A 1% depreciation 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 March 31, 2024	January 1 to March 31, 2023
Profit or loss	\$ 9,636 (i)	\$ 8,152 (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 decrease in the sensitivity to exchange rate of the consolidated Company in the year was mainly due to an decrease in sales denominated in USD which resulted in an decreased 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
— Financial assets	\$ 355,900	\$ 655,834	\$ 838,763
— Financial liabilities	160,284	158,789	174,053
Cash flow interest rate risk			
— Financial assets	750,196	966,406	442,186
— Financial liabilities	3,076,303	3,548,711	3,215,981

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 increase/decrease by NT\$4,652 thousand and NT\$5,548 thousand from January 1 to March 31, 2024 and 2023, respectively. This was mainly due to the consolidated Company's interest rate exposure from borrowings at floating interest rates.

The decrease in the sensitivity to interest rate of the consolidated Company in the current year was mainly due to an decrease 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 fund beneficial certificates and 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.

From January 1 to March 31, 2024 and 2023, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease

by NT\$235 thousand and NT\$355 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\$81,103 thousand and NT\$66,450 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.

### March 31, 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%~2.337%	\$ 4,036	\$ 8,073	\$ 34,930	\$ 110,065	\$ -
Short-term borrowings	1.7%~2.2794%	600,000	1,626,000	-	-	-
Long-term borrowings	2.2443%~ 2.5051%	-	-	-	92,301	368,420
Short-term bills payable	1.34%~1.55%	389,582	-	-	-	-
		<u>\$ 993,618</u>	<u>\$ 1,634,073</u>	<u>\$ 34,930</u>	<u>\$ 202,366</u>	<u>\$ 368,420</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>

### 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>

### March 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	0.9~1.9436	\$ 4,004	\$ 8,007	\$ 35,055	\$ 130,805	\$ -
Short-term borrowings	1.65~2.1473	560,000	2,180,000	-	-	-
Long-term borrowings	2.1137~2.3691	-	-	-	25,464	140,706
Short-term bills payable	1.34~1.56	309,811	-	-	-	-
		<u>\$ 873,815</u>	<u>\$ 2,188,007</u>	<u>\$ 35,055</u>	<u>\$ 156,269</u>	<u>\$ 140,706</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>\$ 47,066</u>	<u>\$ 130,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The above amounts of non-derivative financial liabilities with floating interest rates are subject to changes due to differences between the floating interest rates and the interest rates estimated as of the balance sheet date.

b) Line of credit

	March 31, 2024	December 31, 2023	March 31, 2023
Credit facilities			
— Amount used	\$ 2,686,721	\$ 3,448,780	\$ 2,906,170
— Unused amount	<u>9,393,279</u>	<u>8,631,220</u>	<u>9,073,830</u>
	<u>\$ 12,080,000</u>	<u>\$ 12,080,000</u>	<u>\$ 11,980,000</u>
Credit from commercial papers			
— Amount used	\$ 390,000	\$ 100,000	\$ 310,000
— Unused amount	<u>960,000</u>	<u>1,250,000</u>	<u>1,040,000</u>
	<u>\$ 1,350,000</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 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

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Name of related party	Relationship with the consolidated Company
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	January 1 to March 31, 2024	January 1 to March 31, 2023
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 82,866	\$ 68,796
	Shinkong Insurance Co., Ltd.	1,660	2,709
	De facto related party	<u>1,899</u>	<u>4,502</u>
		<u>\$ 86,425</u>	<u>\$ 76,007</u>
Rental revenue	Yi Guang International Apartments Maintenance and Management Co., Ltd.	\$ 13,733	\$ 6,487
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	9,773	9,773
	Taishin International Bank Co., Ltd.	6,929	6,737
	UBright Optronics Corp.	5,643	5,452
	De facto related party	<u>2,672</u>	<u>2,682</u>
		<u>\$ 38,750</u>	<u>\$ 31,131</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	January 1 to March 31, 2024	January 1 to March 31, 2023
Purchases	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 16,841	\$ 34,118
	Shinkong Synthetic Fibers Corporation	27,445	3,029
	De facto related party	<u>43</u>	<u>-</u>
		<u>\$ 44,329</u>	<u>\$ 37,147</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	March 31, 2024	December 31, 2023	March 31, 2023
De facto related party	<u>\$ 6,001</u>	<u>\$ 5,833</u>	<u>\$ 5,979</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	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	De facto related party	<u>\$ 6</u>	<u>\$ 7</u>	<u>\$ 43</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 57,446	\$ 60,837	\$ 43,934
	De facto related party	<u>5,255</u>	<u>6,237</u>	<u>3,968</u>
		<u>\$ 62,701</u>	<u>\$ 67,074</u>	<u>\$ 47,902</u>
Other receivables	De facto related party	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</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 from January 1 to March 31, 2024 and 2023.



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

Financial Statement Account	Type of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	Chyang Sheng Dyeing & Finishing Co., Ltd. De facto related party	\$ 13,465 <u>688</u> <u>\$ 14,153</u>	\$ 38,884 <u>656</u> <u>\$ 39,540</u>	\$ - <u>8,039</u> <u>\$ 8,039</u>
Accounts payable	Chyang Sheng Dyeing & Finishing Co., Ltd. Shinkong Synthetic Fibers Corporation	\$ 3,787 <u>18,709</u> <u>\$ 22,496</u>	\$ 2,366 <u>7,973</u> <u>\$ 10,339</u>	\$ 4,891 <u>1,341</u> <u>\$ 6,232</u>
Other payables	De facto related party	<u>\$ 2,371</u>	<u>\$ 2,302</u>	<u>\$ 2,048</u>

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

7) Prepayments

Type of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
Shinkong Insurance Co., Ltd. De facto related party	\$ 3,874 <u>75</u> <u>\$ 3,949</u>	\$ 393 <u>-</u> <u>\$ 393</u>	\$ 3,090 <u>67</u> <u>\$ 3,157</u>

8) Lease in agreements

Financial Statement Account	Type/Name of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 40,744</u>	<u>\$ 43,842</u>	<u>\$ 53,090</u>

  

Type/Name of Related Party	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Interest Expenses</u> Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 110</u>	<u>\$ 142</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	March 31, 2024	December 31, 2023	March 31, 2023
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 65,156	\$ 74,929	\$ 26,062
UBright Optronics Corp.	68,379	73,953	90,627
Taishin International Bank Co., Ltd.	50,824	56,436	76,811
De facto related party	<u>19,795</u>	<u>20,954</u>	<u>28,980</u>
	<u>\$ 204,154</u>	<u>\$ 226,272</u>	<u>\$ 222,480</u>

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

10) Disposal of financial assets

January 1 to March 31, 2023

Unit: In Thousands of Shares					
Name of Related Party	Financial Statement Account	No. of stock exchange	Object of transaction	Disposal of the price	Gains and Losses on disposal
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	1,000	Shin Kong Taiwan High Dividend Fund	<u>\$ 10,350</u>	<u>\$ 350</u>

11) Endorsements and guarantees

Endorsements and Guarantees Provided to Others

Name of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
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) Other

Financial Statement Account	Type of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
Cash and cash equivalent	Shin Kong Commercial Bank Co., Ltd.	\$ 305,349	\$ 653,695	\$ 777,098
	Taishin International Bank Co., Ltd.	78,108	104,816	35,277
	De facto related party	<u>78</u>	<u>78</u>	<u>78</u>
		<u>\$ 383,535</u>	<u>\$ 758,589</u>	<u>\$ 812,453</u>
Refundable deposits	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 3,874	\$ 3,874	\$ 3,874
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	<u>20</u>	<u>20</u>	<u>3,862</u>
		<u>\$ 3,894</u>	<u>\$ 3,894</u>	<u>\$ 7,736</u>
Guarantee deposits received	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 16,289	\$ 16,289	\$ 16,289
	Related party in substance	<u>12,569</u>	<u>12,569</u>	<u>12,569</u>
		<u>\$ 28,858</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>\$ 1,800</u>

  

Financial Statement Account	Type of Related Party	January 1 to March 31, 2024	January 1 to March 31, 2023
Operating expenses	De facto related party	<u>\$ 6,572</u>	<u>\$ 5,685</u>
Non-operating income	De facto related party	<u>\$ 1,322</u>	<u>\$ 1,697</u>
Non-operating expenses	De facto related party	<u>\$ 14</u>	<u>\$ 13</u>

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

Name of Related Party	Details	March 31, 2024	December 31, 2023	March 31, 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

13) Remuneration to key management personnel

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits	\$ 6,291	\$ 6,324
Post-employment benefits	<u>154</u>	<u>154</u>
	<u>\$ 6,445</u>	<u>\$ 6,478</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 financial institutes borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 2,881,840	\$ 2,517,520	\$ 2,083,760
Investment properties	3,697,776	2,838,570	2,851,934
Pledged time deposits (recognized as financial assets at amortized cost)	<u>12,700</u>	<u>12,700</u>	<u>1,800</u>
	<u>\$ 6,592,316</u>	<u>\$ 5,368,790</u>	<u>\$ 4,937,494</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 March 31, 2024, December 31, 2023 and March 31, 2023, the guaranteed notes submitted by the Group for import credits and other businesses amounted to NT\$5,182 thousand, NT\$5,682 thousand, and NT\$29,706 thousand, respectively.
- 2) Due to the construction of plant office buildings, the consolidated Company signed the following agreements:
  - a. The contract for work of building project in Shilin Dist., Taipei City was NT\$1,038,033 thousand. As of March 31, 2024, NT\$393,618 thousand of the construction cost has been paid.
  - b. The contract for the construction of the Neihu District project in Taipei City was awarded for a total of NT\$3,177,024 thousand. As of March 31, 2024, NT\$110,337 thousand has been paid for land transfer fees, and NT\$23,640 thousand has been paid for architectural design and supervision fees.

- 3) 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:

March 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 37,933	32	\$ 1,213,862
Euro	317	34.46	10,917
GBP	54	40.39	2,176
Japanese Yen	44,670	0.2115	9,448
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	292	32	9,328
Euro	27	34.46	919

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

March 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 33,631	30.45	\$ 1,024,072
Euro	349	33.15	11,565
GBP	85	37.67	3,197
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	167	30.45	5,076

The consolidated Company's (realized and unrealized) foreign exchange gains and losses from January 1 to March 31, 2024 and 2023 amounted to a gain of NT\$34,289 thousand and a loss of NT\$5,277 thousand and, 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) 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. (None)
- 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 5)
- 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 6)
  - 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 7)

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:

Sales 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 continuing operations by reportable segments are analyzed as follows:

	January 1 to March 31, 2024			
	Sales Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 549,381	\$ 217,142	\$ 95,102	\$ 861,625
Intersegment revenue	<u>386</u>	<u>1,792</u>	<u>1,903</u>	<u>4,081</u>
Segment revenue	<u>\$ 549,767</u>	<u>\$ 218,934</u>	<u>\$ 97,005</u>	865,706
Internal elimination				( <u>4,081</u> )
Consolidated revenue				<u>\$ 861,625</u>
Segment profit or loss	<u>\$ 59,376</u>	( <u>\$ 34,458</u> )	<u>\$ 62,261</u>	\$ 87,179
Indirect expenses				( 33,262 )
Interest income				4,179
Other income				7,156
Other gains and losses				53,751
Finance costs				( 13,241 )
Share of profit (loss) of associates and joint ventures accounted for using the equity method				<u>11,046</u>
Net income before tax				<u>\$ 116,808</u>

	January 1 to March 31, 2023			
	Sales Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 546,152	\$ 192,344	\$ 90,406	\$ 828,902
Intersegment revenue	( <u>2,181</u> )	<u>138</u>	<u>1,846</u>	( <u>197</u> )
Segment revenue	<u>\$ 543,971</u>	<u>\$ 192,482</u>	<u>\$ 92,252</u>	828,705
Internal elimination				<u>197</u>
Consolidated revenue				<u>\$ 828,902</u>
Segment profit or loss	<u>\$ 52,373</u>	<u>\$ 5,315</u>	<u>\$ 56,928</u>	\$ 114,616
Indirect expenses				( 29,392 )
Interest income				3,862
Other income				4,639
Other gains and losses				9,872
Finance costs				( 13,048 )
Share of profit (loss) of associates and joint ventures accounted for using the equity method				<u>14,872</u>
Net income before tax				<u>\$ 105,421</u>



Shinkong Textile Co., Ltd. and Subsidiaries  
Lending Funds to Others  
January 1 to March 31, 2024

Table 1Unit: 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	\$ 400,000	\$ -	1.7%	Necessity of short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 1,033,418	\$ 9,639,193	Note 2
1	Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	Receivables from related parties	Yes	5,000	5,000	-	1.895%	Necessity of short-term financing	-	Operating turnover	-	-	-	134,151	134,151	Note 3

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\$13,770,275 thousand x 70% = NT\$9,639,193 thousand  
Maximum amount permitted to a single borrower: NT\$13,770,275 x 20% = NT\$2,754,055; NT\$2,583,545 x 40% = NT\$1,033,418

Note 3: Hua Yang Motor Co., Ltd. funds lending:  
For financing provided to a company or firm that needs short-term financing, the total financing amount shall be limited to 40% of the Company's net worth; the total financing provided to a single party shall be limited to 40% of the Company's net worth.  
Maximum amount of financing to companies or firms requiring short-term financing: NT\$335,378 thousand x 40% = NT\$134,151 thousand  
Maximum individual loan amount limit: NT\$335,378 thousand x 40% = NT\$134,151 thousand

Shinkong Textile Co., Ltd. and Subsidiaries  
Endorsements and Guarantees Provided to Others  
January 1 to March 31, 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 (%)	Maximum amount for endorsements and guarantees (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	\$ 2,754,055	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.5%	\$ 6,885,138	N	N	N	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	13,770,275	1,800,000	1,800,000	1,800,000	1,800,000	13.1%	13,770,275	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	13,770,275	810,000	810,000	810,000	810,000	5.9%	13,770,275	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	13,770,275	810,000	810,000	810,000	810,000	5.9%	13,770,275	N	Y	N	Note 3

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: The relationships between endorsers and guarantors and endorseees 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 3: 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\$13,770,275 thousand  $\times$  50% = NT\$6,885,138 thousand and the maximum endorsement and guarantee for a single entity was the net worth of NT\$13,770,275 thousand  $\times$  20% = NT\$2,754,055 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 4: 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  
March 31, 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 (thousand shares/thousand units)	Carrying Amount	Shareholding (%)	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	GSO Fund	None	Financial assets at fair value through profit or loss - current	18	\$ 60,407	-	\$ 60,407	
	COTTONWOOD Fund	None	"	9	383,409	-	383,409	
	MIH Climate Fund	None	"	-	15,486	-	15,486	
	Stocks - listed on TWSE or TPEx							
	Far EasTone Telecommunications Co., Ltd.	None	"	49	3,993	-	3,993	
Shinkong Textile Co., Ltd.	TacBright Optronics Corporation	(5)	"	5,000	19,500	1.08	19,500	
					<u>\$ 482,795</u>		<u>\$ 482,795</u>	
	Stocks - listed on TWSE or TPEx							
	Shinkong Synthetic Fibers Corporation	(3)	Financial assets at fair value through other comprehensive profit and loss - current	56,104	\$ 875,227	3.47	\$ 875,227	
	Taishin Financial Holding Co., Ltd.	(5)	"	7,815	140,671	0.06	140,671	
	Shin Kong Financial Holding	(5)	"	4,609	37,193	0.03	37,193	
Shinkong Textile Co., Ltd.					<u>\$ 1,053,091</u>		<u>\$ 1,053,091</u>	
	Stocks - listed on TWSE or TPEx							
	Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 17,484	0.05	\$ 17,484	
	O-Bank Co., Ltd.	None	"	10,385	104,367	0.34	104,367	
	The Great Taipei Gas Corporation	(5)	"	10,738	347,375	2.08	347,375	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	228	11,792	0.03	11,792	

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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 (thousand shares/thousand units)	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	\$ 4,386,014	16.31	\$ 4,386,014	10,000 thousands of shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT\$1,702,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	137	6,251	0.05	6,251	
	Unlisted companies							
	Taian Insurance Co., Ltd.	None	"	2,049	79,978	0.69	79,978	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of NT\$1,179,840 thousand
	Shin Kong Chao Feng Co., Ltd.	(5)	"	200	31,199	2.22	31,199	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	"	41,275	1,521,825	3.31	1,521,825	
	Shin Kong Recreation Co., Ltd.	(2)	"	650	236,178	3.32	236,178	
	Eastern International Ad.	None	"	-	280	0.90	280	
	Li Yu Venture Capital Co., Ltd.	None	"	209	3,325	1.79	3,325	
	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	35,458	2.98	35,458	
	Mega Solar Energy Co., Ltd.	None	"	1,000	10,000	1.25	10,000	
	CYS Investment Co., Ltd.	None	"	10,000	93,485	18.18	93,485	
	Meihao Youjing Investment Co., Ltd.	None	"	10,000	100,000	15.63	100,000	
	Stocks - listed on TWSE or TPEx							
	Taishin Financial Holding Co., Ltd.	(5)	"	999	17,986	0.01	17,986	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	29	1,507	-	1,507	
	Taiwan Shin Kong Security Co., Ltd.	(5)	"	777	31,912	0.20	31,912	
	Shinkong Textile Co., Ltd.	Parent company	"	804	36,655	0.27	36,655	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	17	799	-	799	
	Less: Shares of the parent company held by subsidiary				( 36,655 )		( 36,655 )	
					<u>\$ 7,057,180</u>		<u>\$ 7,057,180</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 5.

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 March 31, 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.	Housing and Construction	2022/4/8	\$ 1,038,033	\$ 393,618	Feng Yu United Engineering Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-constructed assets	Improving operational efficiency and revitalizing assets	None
Xin Fu Development Co., Ltd.	Housing and Construction	2023/6/6 (Note 1)	3,177,024	133,977	Chong Hong Construction Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-constructed assets	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  
Names, Locations, and Other Information of Investees  
January 1 to March 31, 2024

Table 5

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	\$ 2,546,891	( \$ 3,355 )	( \$ 3,355 )	Note 1, Subsidiary
"	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	440,619	( 679 )	( 332 )	
"	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	General investment	21,424	21,424	700	100.00	3,693	( 88 )	( 88 )	Subsidiary
"	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	319,980	43,734	14,651	
"	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment	74,656	74,656	-	35.71	47,948	( 158 )	-	
"	Chyang Sheng 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	557,276	( 15,889 )	( 3,225 )	
"	PT.SHINKONG TEXTILE INDONESIA	Jalan Genuk Karanglo 1 RT 02 RW 01, Desa/Kelurahan Tegalsari, Kec. Candisari, Kota Semarang, Provinsi Jawa Tengah Kode Pos: 50614	Various commodities for large-scale trade.	-	-	-	-	-	-	-	Note 2, Subsidiary

(Continued on the next page)

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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.	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	\$ 1,072,064	( \$ 3,048 )	( \$ 3,048 )	Second-tier subsidiary
"	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	335,378	( 12,590 )	( 12,590 )	Second-tier subsidiary
"	Chyang Sheng Dyeing & Finishing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Outsourcing of Dyeing and Finishing	6,426	6,426	413	0.24	6,537	( 15,889 )	( 48 )	
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.	44,000	44,000	4,400	100.00	7,283	( 25,560 )	( 25,560 )	Second-tier subsidiary

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

Note 2: Established on March 26, 2024, with capital injection on April 30, 2024.

Note 3: Please refer to Table 6 for information on investments in mainland China.



Shinkong Textile Co., Ltd. and Subsidiaries  
Information on Investments in Mainland China  
January 1 to March 31, 2024

Table 6

Unit: 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 gain (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	( \$ 88 )	100	( \$ 88 ) (2)–C	\$ 3,689	\$ -	-

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 32,000TWD	\$ 8,262,165

Shinkong Textile Co., Ltd.  
Information on Major Shareholders  
March 31, 2024

Table 7

Name of Major Shareholders	Shareholding	
	No. of shares held (in thousands)	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.