

Shinkong Textile Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years ended December 31, 2023 and
2022

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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' Report

To Shinkong Textile Co., Ltd For general information:

Audit opinion

We have audited the parent company only balance sheets of Sinkong Textile Co., Ltd.(hereinafter referred to as the "Company") as of December 31, 2023 and 2022; and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023 based on our professional judgment. These matters have been covered during the audit of the overall parent

company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of Sinkong Textile Co., Ltd. for the year ended December 31, 2023 are as follows:

Authenticity of sales revenue from specific customers

The Company's principal source of income is the sale of various types of fabrics and finished clothing, apparel agency and property leasing. Significant risk is presumed in revenue recognition in view of significance and auditing standards. In our opinion, the authenticity on revenue from customers with specific trading terms has significant impact on the financial statements. Thus, we identified the authenticity of sales revenue from specific customers as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note IV (XIII) of the notes to parent company only financial statements.

Our corresponding audit procedures were as follows:

1. We understood and tested the design and implementation of internal controls in relation to the recognition of sales revenue from specific customers.
2. From the sales details of specific customers above, we selected proper samples to inspect the relevant supporting documents and tested the collection conditions to confirm the authenticity of sales transactions.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls associated with the preparation in order to ensure the parent company only financial statements are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Amounts of misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023. We describe these matters in our independent auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touché
CPALi-Huang Li

CPAJui-Chuan Chih

Securities and Futures Commission
Approval No.
Tai-Cai-Zheng-6-0930128050

Financial Supervisory Commission Approval
No.
Jin-Guan-Zheng-Shen-1060023872

March 8, 2024

Shinkong Textile Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 6, 29 and 30)	\$ 951,439	6	\$ 663,597	4
1110	Financial assets at fair value through profit or loss - current (Notes 7, 29 and 30)	451,193	3	559,120	4
1120	Financial assets at fair value through other comprehensive income - current (Notes 8, 29 and 30)	1,054,662	6	1,619,189	10
1150	Notes receivable (Notes 10, 23 and 29)	11,024	-	9,907	-
1160	Notes receivable - related parties, net (Notes 10, 29 and 30)	7	-	8	-
1170	Accounts receivable (Notes 10, 23 and 29)	359,151	2	290,228	2
1180	Accounts receivable - related parties, net (Notes 10, 23, 29 and 30)	63,275	-	48,071	-
1200	Other receivables (Note 10 and 29)	14,409	-	15,799	-
1210	Other receivables - related parties (Notes 10 and 30)	11,590	-	819	-
130X	Inventories (Note 11)	982,039	6	1,030,855	7
1410	Prepayments (Note 17 and 30)	86,796	-	57,754	-
1470	Other current assets (Note 17)	52	-	9	-
11XX	Total current assets	<u>3,985,637</u>	<u>23</u>	<u>4,295,356</u>	<u>27</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 29 and 31)	6,089,744	35	4,860,144	30
1535	Financial assets at amortized cost - non-current (Notes 9, 29, 30 and 31)	12,700	-	1,800	-
1550	Investments accounted for using the equity method (Note 12)	3,931,883	23	3,768,277	24
1600	Property, plant and equipment (Notes 13 and 27)	349,399	2	367,646	2
1755	Right-of-use assets (Note 14)	147,636	1	172,050	1
1760	Investment properties (Notes 15 and 31)	2,593,314	15	2,614,101	16
1780	Other intangible assets (Note 16)	4,886	-	3,181	-
1840	Deferred tax assets (Note 25)	36,755	-	29,691	-
1990	Other non-current assets (Note 17)	77,394	1	24,817	-
15XX	Total non-current assets	<u>13,243,711</u>	<u>77</u>	<u>11,841,707</u>	<u>73</u>
1XXX	Total Assets	<u>\$ 17,229,348</u>	<u>100</u>	<u>\$ 16,137,063</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 18 and 31)	\$ 2,600,000	15	\$ 3,010,000	19
2110	Short-term bills payable (Note 18)	99,931	1	-	-
2130	Contract liabilities - current (Notes 23 and 30)	22,057	-	29,641	-
2150	Notes payable (Note 19)	165,424	1	222,899	2
2160	Notes payable - related parties (Notes 19 and 30)	39,160	-	36,260	-
2170	Accounts payable (Note 19)	125,570	1	103,099	1
2180	Accounts payable - related parties (Notes 19 and 30)	10,383	-	6,612	-
2219	Other payables (Note 20)	157,791	1	163,174	1
2220	Other payables - related parties (Notes 20 and 30)	2,286	-	1,705	-
2230	Current tax liabilities (Note 25)	131,492	1	45,164	-
2280	Lease liabilities - current (Note 14)	44,618	-	42,564	-
2399	Other current liabilities (Note 20)	3,166	-	23,475	-
21XX	Total current liabilities	<u>3,401,878</u>	<u>20</u>	<u>3,684,593</u>	<u>23</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note 25)	531,543	3	533,901	3
2580	Lease liabilities - non-current (Note 14)	107,889	1	134,581	1
2645	Guarantee deposits received (Note 30)	40,977	-	41,046	-
25XX	Total non-current liabilities	<u>680,409</u>	<u>4</u>	<u>709,528</u>	<u>4</u>
2XXX	Total liabilities	<u>4,082,287</u>	<u>24</u>	<u>4,394,121</u>	<u>27</u>
	Equity (Note 22)				
	Share capital				
3110	Common shares	3,000,413	17	3,000,413	19
3200	Capital surplus	13,385	-	10,010	-
	Retained earnings				
3310	Legal reserve	748,625	4	542,270	4
3320	Special reserve	1,006,356	6	1,006,548	6
3350	Unappropriated earnings	2,864,193	17	2,777,974	17
3300	Total retained earnings	<u>4,619,174</u>	<u>27</u>	<u>4,326,792</u>	<u>27</u>
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(2,773)	-	(1,261)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	5,530,036	32	4,420,162	27
3400	Total other equity	<u>5,527,263</u>	<u>32</u>	<u>4,418,901</u>	<u>27</u>
3500	Treasury share	(13,174)	-	(13,174)	-
3XXX	Total equity	<u>13,147,061</u>	<u>76</u>	<u>11,742,942</u>	<u>73</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 17,229,348</u>	<u>100</u>	<u>\$ 16,137,063</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022
Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 23 and 30)				
4100	Sales revenue	\$ 3,002,924	95	\$ 2,980,355	95
4300	Rental revenue	157,518	5	157,222	5
4800	Other operating revenue	<u>748</u>	<u>-</u>	<u>603</u>	<u>-</u>
4000	Total operating revenue	<u>3,161,190</u>	<u>100</u>	<u>3,138,180</u>	<u>100</u>
	Operating costs (Notes 11, 24 and 30)				
5110	Cost of goods sold	(2,290,417)	(73)	(2,325,933)	(74)
5300	Rental costs	(<u>40,625</u>)	(<u>1</u>)	(<u>41,851</u>)	(<u>1</u>)
5000	Total operating costs	(<u>2,331,042</u>)	(<u>74</u>)	(<u>2,367,784</u>)	(<u>75</u>)
5900	Gross Profit	<u>830,148</u>	<u>26</u>	<u>770,396</u>	<u>25</u>
	Operating expenses (Notes 24 and 30)				
6100	Selling and marketing	(401,319)	(13)	(393,416)	(12)
6200	General and administrative	(141,799)	(4)	(145,508)	(5)
6300	R&D expenses	(34,949)	(1)	(29,688)	(1)
6400	Expected Credit Loss and Gain	<u>5</u>	<u>-</u>	<u>1,294</u>	<u>-</u>
6000	Total operating expenses	(<u>578,062</u>)	(<u>18</u>)	(<u>567,318</u>)	(<u>18</u>)
6500	Other income and expenses, net	<u>-</u>	<u>-</u>	<u>342</u>	<u>-</u>
6900	Net operating income	<u>252,086</u>	<u>8</u>	<u>203,420</u>	<u>7</u>
	NON-OPERATING INCOME and EXPENSES (Notes 24 and 30)				
7100	Interest income	14,608	1	4,772	-
7010	Other income	367,597	12	361,974	11
7020	Other gains and losses	(1,052)	-	112,549	4

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Code		2023		2022	
		Amount	%	Amount	%
7050	Finance costs	(\$ 50,464)	(2)	(\$ 34,704)	(1)
7060	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>172,511</u>	<u>5</u>	<u>1,480,685</u>	<u>47</u>
7000	Total non-operating income and expenses	<u>503,200</u>	<u>16</u>	<u>1,925,276</u>	<u>61</u>
7900	Net income before tax	755,286	24	2,128,696	68
7950	Income tax expense (Note 25)	(<u>106,338</u>)	(<u>3</u>)	(<u>57,710</u>)	(<u>2</u>)
8200	Net income	<u>648,948</u>	<u>21</u>	<u>2,070,986</u>	<u>66</u>
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(314)	-	4,920	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,119,044	35	(16,257)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	84,640	3	(34,243)	(1)

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Code		2023		2022	
		Amount	%	Amount	%
8360	Items that may be reclassified subsequently to profit or loss:				
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(1,890)	-	6,720	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>378</u>	<u>-</u>	(<u>1,343</u>)	<u>-</u>
8300	Total other comprehensive income, net of tax	<u>1,201,858</u>	<u>38</u>	(<u>40,203</u>)	(<u>1</u>)
8500	Total comprehensive income	<u>\$ 1,850,806</u>	<u>59</u>	<u>\$ 2,030,783</u>	<u>65</u>
	Earnings per share (Note 26)				
	From continuing operations				
9710	Basic	<u>\$ 2.17</u>		<u>\$ 6.92</u>	
9810	Diluted	<u>\$ 2.17</u>		<u>\$ 6.91</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Other equity									
		Share capital		Retained earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury share	Total Equity	
Code		Number of Shares (in Thousands Shares)	Amount	Capital surplus	Legal reserve	Special reserve					Unappropriated earnings
A1	Balance at January 1, 2022	300,041	\$ 3,000,413	\$ 8,928	\$ 497,780	\$ 1,006,548	\$ 1,058,957	(\$ 6,638)	\$ 4,458,304	(\$ 13,174)	\$ 10,011,118
	Appropriation and distribution of surplus in 2021										
B1	Legal reserve	-	-	-	44,490	-	(44,490)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(300,041)	-	-	-	(300,041)
	Other changes in capital surplus:										
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804
T1	Dividends not collected before the designated date	-	-	278	-	-	-	-	-	-	278
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(12,358)	-	12,358	-	-
D1	Net income in 2022	-	-	-	-	-	2,070,986	-	-	-	2,070,986
D3	Other comprehensive income in 2022, net of tax	-	-	-	-	-	4,920	5,377	(50,500)	-	(40,203)
D5	Total comprehensive income in 2022	-	-	-	-	-	2,075,906	5,377	(50,500)	-	2,030,783
Z1	Balance at December 31, 2022	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
B17	In compliance with the law, the initial implementation of the IFRS accounting standards pertains to special surplus reserves.	-	-	-	-	(192)	192	-	-	-	-
	Appropriation and distribution of surplus in 2022										
B1	Legal reserve	-	-	-	206,355	-	(206,355)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(450,062)	-	-	-	(450,062)
	Other changes in capital surplus:										
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	1,205	-	-	-	-	-	-	1,205
T1	Dividends not collected before the designated date	-	-	2,170	-	-	-	-	-	-	2,170
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	93,810	-	(93,810)	-	-
D1	Net income in 2023	-	-	-	-	-	648,948	-	-	-	648,948
D3	Other comprehensive income in 2023, net of tax	-	-	-	-	-	(314)	(1,512)	1,203,684	-	1,201,858
D5	Total comprehensive income in 2023	-	-	-	-	-	648,634	(1,512)	1,203,684	-	1,850,806
Z1	Balance at December 31, 2023	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

The accompanying notes are an integral part of the parent company only financial statements.

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before income tax	\$ 755,286	\$ 2,128,696
A20010	Adjustments:		
A20100	Depreciation	139,251	135,534
A20200	Amortization	2,071	2,120
A20300	Expected credit return gains	(5)	(1,294)
A20400	Net gains on financial assets and liabilities at fair value through profit or loss	(23,093)	(50,156)
A20900	Finance costs	50,464	34,704
A21200	Interest income	(14,608)	(4,772)
A21300	Dividend income	(351,873)	(360,509)
A22300	Share of profit or loss of subsidiaries and associates accounted for using the equity method	(172,511)	(1,480,685)
A22500	Loss (gain) on disposal of property, plant and equipment	25	(14)
A22700	Gain from disposal of investment properties	(3,377)	-
A23700	Write-downs of inventories	22,659	19,031
A23800	Gain from price recovery of inventory	-	-
A24500	Capital surplus from dividends on stocks that have not been collected	2,170	278
A29900	Construction in progress transferred to miscellaneous purchases	-	29
A29900	Gains on lease modification	-	(341)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	(1,116)	19,769
A31150	Accounts receivable	(84,122)	63,465
A31180	Other receivables	2,208	85,921
A31200	Inventories	25,723	(293,060)
A31230	Prepayments	(29,042)	(2,155)
A31240	Other current assets	(43)	3
A32125	Contract liabilities	(7,584)	3,681
A32130	Notes payable	(54,575)	(36,586)
A32150	Accounts payable	26,242	4,720

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Code		2023	2022
A32180	Other payables	792	45,462
A32230	Other current liabilities	(20,309)	(181)
A32240	Net defined benefit liabilities	<u>2,275</u>	(<u>771</u>)
A33000	Cash generated from operations	266,908	312,889
A33300	Interest paid	(\$ 54,689)	(\$ 31,699)
A33500	Income tax paid	(<u>39,972</u>)	(<u>17,506</u>)
AAAA	Net cash generated from operating activities	<u>172,247</u>	<u>263,684</u>
Cash flows from investing activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(108,410)	(32,159)
B00020	Disposal of the financial assets at fair value through other comprehensive income	27,685	326
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	(10,900)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(37,508)	(417,301)
B00200	Disposal of financial assets at fair value through profit or loss	167,090	80,779
B01800	Acquisition of long-term equity investments using equity method	(15,439)	(8,772)
B02700	Acquisition of property, plant, and equipment	(52,737)	(46,419)
B02800	Proceeds from disposal of property, plant and equipment	11	20
B03700	Increase in refundable deposits	(52,826)	-
B03800	Decrease in refundable deposits	-	1,960
B04300	Other receivables - related parties	(5)	(13)
B04500	Acquisition of intangible assets	(3,776)	(2,783)
B05400	Acquisition of investment properties	(2,561)	(627)
B05500	Proceeds from disposal of investment properties	3,674	-
B07100	Increase in prepayments for equipment	(3,734)	(13,420)
B07500	Interest received	14,608	4,772
B07600	Dividends received from subsidiaries/associates	642,329	68,843
B07600	Other dividends received	<u>351,873</u>	<u>360,509</u>
BBBB	Net cash used in investing activities	<u>919,374</u>	(<u>4,285</u>)

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Code		2023	2022
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	1,130,000
C00200	Decrease in short-term borrowings	(410,000)	-
C00500	Increase in short-term bills payable	100,000	-
C00600	Decrease in short-term bills payable	-	(1,130,000)
C03100	Refund of guarantee deposits received	(69)	(221)
C04020	Repayment of the principal portion of lease liabilities	(43,648)	(42,386)
C04500	Dividends paid	(<u>450,062</u>)	(<u>300,041</u>)
CCCC	Net cash used in financing activities	(<u>803,779</u>)	(<u>342,648</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	\$ 287,842	(\$ 83,249)
E00100	Cash and cash equivalents at beginning of year	<u>663,597</u>	<u>746,846</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 951,439</u>	<u>\$ 663,597</u>

The accompanying notes are an integral part of the parent company only financial statements.

Shinkong Textile Co., Ltd.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2023 and 2022
(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 Company's parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements of the Company were approved and authorized for issue in the Board of Directors' meeting on March 8, 2024.

3. Application of New and Amended Standards and Interpretations

- 1) The first-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") 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 Company.

- 2) Adoption of IFRSs accounting standards endorsed by the FSC from 2024 onwards

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IAS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contract terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangement"	January 1, 2024 (Note 3)

Note1: Unless otherwise specified, the aforementioned new/revised/amended standards and interpretations shall be effective from annual reporting periods after the specified dates.

Note2: The Seller and Lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the first application of IFRS 16.

Note3: Exemptions from disclosure requirements will apply upon initial adoption of this amendment.

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

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

Note1: Unless otherwise specified, the aforementioned new/revised/amended standards and interpretations shall be effective from annual reporting periods after the specified dates.

Note2: The amendments applied prospectively to annual reporting periods beginning on or after January 1, 2025. Upon the initial application of this amendment, the impact amount will be recognized in the retained earnings as of the date of initial application. If a merged entity uses a non-functional currency as its presentation currency, this will affect the adjustment of foreign currency translation differences for foreign operating entities in equity at the date of initial application.

Except for the above effects, as of the date of authorization of the parent company only financial statements, the Company 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 parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2) Basis of preparation

The parent company only 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) 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 with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

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

4) Foreign Currency

In the preparation of financial statements by each entity, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are

translated into the functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive profit and loss, where the resulting exchange difference is recognized in other comprehensive profit and loss.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the period. The exchange differences arising are recognized in other comprehensive profit and loss.

If the Company disposes of the entire interest in the foreign operation, the disposal of partial interest in foreign operation's subsidiary with a loss of control, or the disposal of foreign operation's joint arrangement or associate where the retained interests are financial assets and accounted for using the accounting policies for financial instruments, all of the accumulated exchange differences attributable to owners of the Company and associated with the foreign operation are reclassified to profit or loss.

In relation to a partial disposal of a foreign operation's subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary but is not recognized in profit or loss. For all other partial disposals of a foreign operation, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

5) Inventories

Inventories comprise raw materials, supplies, finished goods, work in progress and merchandise inventory. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The weighted-average method is adopted for the calculation of inventory costs.

6) Investment in Subsidiaries

The Company accounts for its investments in subsidiaries using the equity method, Subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive profit and loss and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as an equity transaction. The difference between the carrying amount of the investments and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals to or exceeds its interest in said subsidiary (which includes any carrying amount of the investment accounted for using the equity method and other long-term interest that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of subsidiaries (which constitute a business) recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of subsidiaries (which constitute a business) over the cost of acquisition is recognized as profit or loss in the current year.

When the Company assesses impairment, the test shall be performed on the basis of cash-generating units (CGUs) within the financial statements. The recoverable amount and the carrying amount of CGUs shall be compared. If the recoverable amount of the asset subsequently increases, the Company recognizes reversal of the impairment loss as a gain. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior periods. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any proceeds from disposal and the carrying amount of the previous investment at the date when control is lost is recognized in profit or loss. Also, the Company accounted for all amounts recognized in other comprehensive profit and loss in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

The unrealized profit or loss in downstream transactions between the Company and the subsidiaries shall be eliminated in the parent company only financial statements. Profit or loss from upstream and lateral transactions between the Company and the subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

7) Investment in Associates

An associate is an entity over which the Company has significant influence other than a subsidiary or a joint venture.

The Company accounts for its investments in associates using the equity method.

Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive profit and loss and profit distribution of the associates. In addition, changes in the Company's share of associates' equity are recognized in proportion to its shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of associates recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of

the identifiable assets and liabilities over the cost of acquisition is recognized as profit or loss in the current year.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage which in turn changes its net interest in the associate, the difference is recorded as an adjustment to capital surplus – changes in the net interests in associates equity accounted for using the equity method and investments accounted for using the equity method. If the subscription or acquisition at a percentage different from the existing ownership percentage results in a decrease in ownership interest in the associates, the proportionate amount previously recognized in other comprehensive income in relation to that associate is reclassified on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment shall be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

Further loss shall be disregarded when the Company's share of loss to the associates is equal to or greater than its interest (including the carrying amount of the investment in associates accounted for using the equity method and other long-term equity that are essentially part of the Company's net investment in the associates) in the associates. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of said associates.

To assess impairment, the Company has to consider the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable and carrying amounts. The impairment loss recognized is not allocated to any assets which form parts of the carrying amount of the investment, including goodwill. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value of the retained interest plus proceeds from disposal and the carrying amount of the previous investment at the date when the use of equity method is halted is recognized in profit or loss. Also, the Company accounted for all amounts recognized in other comprehensive profit and loss in relation to the associate on the same basis as would be required if the associate had directly

disposed of the related assets and liabilities. If an investment in an associate becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the retained interest.

Profit or loss from upstream, downstream and lateral transactions between the Company and associates are recognized in the parent company only financial statements only to the extent of interests in the associates that are not related to the Company.

8) Property, plant and equipment (PP&E)

PP&E are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

PP&E under construction is recognized at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of cost and net realized value until they achieve their expected state of use, and the sale price and cost are recognized as profit or loss. Upon completion and their expected state of use, such assets are classified into the appropriate category of real estate, plant and equipment and depreciation begins.

The depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. Where the lease term is less than the useful life of an asset, the depreciation is recognized over the lease term. The Company estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

When PP&E is derecognized, the difference between the net proceeds from disposal and the carrying amount of the asset shall be recognized in profit or loss.

9) Investment properties

Investment property is property held for rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use.

Freehold investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis.

Investment property under construction is recognized at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation is recorded for these assets once they have reached the anticipated level of utilization.

In the event of derecognition, the difference between the net proceeds from disposal and the carrying amount of investment property is recognized in profit or loss.

10) Intangible assets

a. Separate Acquisition

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the useful lives. The Company estimated useful lives, residual values and amortization method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

b. Derecognition

In the event of derecognition, the difference between the net proceeds from disposal and the carrying amount of intangible assets is recognized in profit or loss.

11) Impairment of PP&E, right-of-use assets, investment property, intangible assets and assets related to the contract costs

The Company assesses whether there is any indication that PP&E, right-of-use assets, investment properties and intangible assets may be impaired on each balance sheet date. If any such indication exists, the recoverable amount of the asset is estimated. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's CGU.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the fair value less costs to sell or the value in use, whichever is higher. If the recoverable amount of individual asset or the CGU is lower than its carrying amount, the carrying amount of the asset or the CGU shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

Impairment loss is recognized for inventory, PP&E and intangible assets under customer contracts in accordance with inventory impairment rules and the aforementioned rules. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services. The

carrying amount of assets related to the contract costs are then included in the CGU to which they belong for the purpose of evaluating the CGU' impairment.

When an impairment loss is subsequently reversed, the carrying amount of the asset, CGU or assets related to the contract costs is increased to the revised recoverable amount, but only to the extent of the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset, CGU or assets related to contract costs in prior periods. A reversal of an impairment loss is recognized in profit or loss.

12) Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

a) Types of measurement

Financial assets held by the Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive profit and loss.

i. Financial assets at fair value through other comprehensive income

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated as at fair value through other comprehensive profit and loss, and investments in debt instruments which do not meet the criteria to be classified as measured at

amortized cost or at fair value through other comprehensive profit and loss of the Company.

Financial assets are designated as measured at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through profit or loss are measured at fair value, of which any dividends and interest accrued are recognized as other income and interest income. Gain or loss on remeasurement are recognized in other gains or losses. Please refer to Note 29 for methods adopted in determining the fair values.

ii. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents and accounts receivable, notes receivable, other receivables and refundable deposits that are measured at amortized cost) are measured at the gross carrying amount as determined using the effective interest method less any impairment loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii) For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest income is

calculated by applying the effective interest rate to the amortized cost of the financial assets in the subsequent period.

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

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

- iii. Investments in equity instruments at fair value through other comprehensive profit and loss

The Company may, at initial recognition, make an irrevocable decision to designate an investment in equity instrument that is neither held for trading nor contingent consideration arising from a parent company to be measured at fair value through other comprehensive profit and loss.

Investments in equity instruments at fair value through other comprehensive profit and loss are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive profit and loss and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive profit and loss are recognized in profit or loss when the Company's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

- b) Impairment of financial assets and contract assets

The Company evaluates impairment losses of financial assets (including accounts receivable) at amortized cost, investments in debt instruments at fair value through other comprehensive profit and loss, lease receivable and contract assets based on expected credit loss (ECL) at each balance sheet date.

Loss allowances for accounts receivable, lease receivables and contract assets are recognized based on the lifetime ECL. Loss allowance for other financial assets whose credit risk has not increased significantly since initial recognition is measured at an amount equal to 12-month ECL. If the credit risk has increased significantly, the loss allowance is measured at an amount equal to lifetime ECL.

The ECL is the weighted average credit loss determined by the risk of default. The 12-month ECL represents the ECL arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the lifetime ECL represents the ECL arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- i. There is internal or external information indicating that it is impossible for the debtor to settle the debt.
- ii. Overdue for more than 90 days, unless there is reasonable and supportable information showing that a delayed default base is more appropriate.

For all financial assets, the impairment loss is reflected by reducing the carrying amount through the loss allowance account, except for investments in debt instruments at fair value through other comprehensive profit and loss where the impairment loss is recognized in other comprehensive profit and loss and the carrying amount is not reduced.

c) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

If the Company neither transfers nor retains nearly all risks and rewards of the ownership of the financial assets and retains control over the assets, it shall continue to recognize the assets within the scope of continuous participation in the asset and recognize relevant liabilities for the possible payable amount. If the Company retains almost all risks and reward of the

ownership of the financial assets, the assets shall continue to be recognized, and the proceeds collected shall be recognized as secured loans.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in debt instruments at fair value through other comprehensive profit and loss in its entirety, the difference between the carrying amount and the consideration received plus the cumulative gain or loss already recognized in other comprehensive profit and loss is recognized in profit or loss. On derecognition of investments in equity instruments at fair value through other comprehensive profit and loss in its entirety, the cumulative gain or loss is directly transferred to retained earnings and not reclassified to profit or loss.

b. Equity instruments

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

The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

The reacquisition of the Company's own equity instruments is recognized and deducted under equity, and the carrying amount is calculated on a weighted average basis by the class of shares. The purchase, sale, issue or write-down of the Company's own equity instruments is not recognized as profit or loss.

c. Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

13) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall allocate the transaction prices to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of textile products. Unless otherwise specified, when goods are shipped, customers obtain the rights to set the prices and use the goods, take on the primary responsibility for sales to future customers, and bear the risks of obsolescence. The Company would recognize revenue and accounts receivable at that time.

Revenue on materials delivered to subcontractors for processing is not recognized because the delivery does not involve a transfer of control.

14) Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

a. Where the Company is a lessor

If the lease transfers substantially all of the risks and rewards incidental to the underlying asset's ownership to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease term. Lease negotiated with the lessee are accounted for as new leases from the effective date of the lease modification.

When a lease simultaneously include land and building elements, the Company classifies them as finance lease or operating lease based on whether substantially all of the risks and rewards from ownership of the elements have been transferred to the lessee. Lease payments are apportioned to land and buildings in proportion to the fair value of land and building lease rights on the contract establishment date. If lease payments can be apportioned reliably to these two elements, each element is treated according to the applicable lease classification. If lease payments cannot be allocated reliably to the two elements, the entire lease is classified as a finance lease, except when both elements clearly meet the standards of operating leases, the entire lease would be classified as an operating lease.

b. Where the Company is a lessee

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

The right-of-use asset is initially measured at cost (including the initial measurement amount of lease liabilities, all lease payments made on or before the commencement date, less any lease incentives received, the initial direct cost and the estimated cost for restoring the underlying asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. Right-of-use assets are separately presented on the parent company only balance sheets.

A right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). If the interest rate implicit in the lease can be readily determined, lease payments would be discounted using this rate. If the rate cannot be readily determined, the Company would use the incremental borrowing rate of lessee.

Subsequently, the lease liability is measured at amortized cost using the effective interest method with interest expense recognized over the lease terms. When there is a change in future lease payments during the lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is already reduced to zero, the remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately presented on the parent company only balance sheets.

The Company and Lessor have a rent concession directly related to COVID-19. The adjustment of payments due before June 30, 2022 resulted in a rent reduction, and there was no material change in other lease terms and conditions. The Company chooses to treat all rent concessions that meet the foregoing conditions on a practical expedient basis, without assessing whether they are lease modifications or not. Instead, the company recognizes the reduction of lease payments as profit or loss (minus the depreciation expense of the used assets) when

the concession event or condition occurs, and makes a relative reduction of lease liabilities.

15) Borrowing costs

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

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

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

16) Government grants

Government grants are recognized only when they can be reasonably assured that the Company would comply with the conditions imposed for the government grants and that such grants can be received.

Government grants related to income are recognized in profit or loss on a systematic basis during the period when the Company recognizes the relevant costs that such grants are intended to compensate as expenses. Government grants that require the Company to acquire, construct or obtain non-current assets in other means as conditions for receiving the grants are recognized as deferred income and shall be transferred to profit or loss on a reasonable and systematic basis during the useful lives of related assets.

If the government grants are used to compensate fees or losses that had incurred, or are given to the Company for the purpose of immediate financial support without related future costs, such grants may be recognized in profit or loss within the collectible period.

17) Employee benefits

a. Short-term employee benefits

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

b. Post-employment benefits

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

The costs of defined benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses when they are incurred. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive profit and loss and included in retained earnings. It is not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

18) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

a. Current income tax

The Company determines its current income (losses) according to the regulations established by the governing authority of each income tax reporting region and calculates the income tax payable (recoverable) accordingly.

An additional tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the current income tax.

b. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities in the financial statements and the tax basis of the taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences. Deferred income tax assets are recognized to the extent that it is probable that there is taxable income to be applied to deductible temporary differences or unused tax credits.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and

it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to recover all or part of the assets. A previously unrecognized deferred income tax asset is also reviewed on each balance sheet date with carrying amount increased to the extent that it is probable that sufficient taxable income will be available to recover all or part of the assets.

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

c. Current and deferred income taxes

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

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

When the 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 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.

Primary Sources of Uncertainties in Estimates, and Assumptions

- 1) Estimated impairment of financial assets, contract assets and financial guarantee contracts

The estimated impairment of accounts receivable is based on the Company's assumptions regarding the probability of default and the default loss rate. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select the input value for impairment assessment. Please refer to Note 10 for important assumptions and input values.

- 2) Impairment of inventory

The net realized value of inventory is an estimate of the estimated selling price in the normal course of business less the estimated cost to complete and the estimated cost to complete the sale. Such estimates are assessed based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially affect such estimates.

6. Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 984	\$ 789
Checks and demand deposits in banks	757,321	475,170
Time deposits in banks (Within 3 months)	<u>193,134</u>	<u>187,638</u>
	<u>\$ 951,439</u>	<u>\$ 663,597</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposits	0.001%~5.6%	0.001%~4.9%

7. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Designated as at fair value through profit or loss		
— Domestic stocks listed on TWSE or TPEX or emerging stocks	\$ 23,960	\$ 28,698
Mandatorily measured at fair value through profit or loss		
— Fund beneficiary certificates	<u>427,233</u>	<u>530,422</u>
	<u>\$ 451,193</u>	<u>\$ 559,120</u>

8. Financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in equity instruments</u>		
<u>Current</u>		
Domestic Investment		
Stocks listed on TWSE or TPEX	<u>\$ 1,054,662</u>	<u>\$ 1,619,189</u>
<u>Non-current</u>		
Domestic Investment		
Stocks listed on TWSE or TPEX	\$ 4,000,484	\$ 2,971,147
Stocks unlisted on TWSE or TPEX	<u>2,089,260</u>	<u>1,888,997</u>
Subtotal	<u>\$ 6,089,744</u>	<u>\$ 4,860,144</u>

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

Please refer to Note 31 for details of investments in equity instruments at fair value through other comprehensive profit and loss pledged.

9. Financial assets at Amortized Cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic Investment		
Time deposits with original maturities over one year	<u>\$ 12,700</u>	<u>\$ 1,800</u>

- 1) As of December 31, 2023 and 2022, the interest rate ranges of time deposits with original maturities over one year were 1.34% to 1.575% and 0.9% to 1.14%, 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 31 for details of financial assets at amortized cost pledged.

10. Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 11,024	\$ 9,907
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 11,024</u>	<u>\$ 9,907</u>
 Notes receivable - related parties (Note 30)	 <u>\$ 7</u>	 <u>\$ 8</u>
 Measured at amortized cost		
Total carrying amount	\$ 359,151	\$ 290,233
Less: loss allowance	<u>-</u>	<u>(5)</u>
	<u>\$ 359,151</u>	<u>\$ 290,228</u>
 Accounts receivable - related parties (Note 30)	 <u>\$ 63,275</u>	 <u>\$ 48,071</u>
 <u>Other receivables</u>		
Tax refunds receivable	\$ 14,382	\$ 15,748
Other	<u>27</u>	<u>51</u>
	<u>\$ 14,409</u>	<u>\$ 15,799</u>
 Other receivables - related parties (Note 30)	 <u>\$ 11,590</u>	 <u>\$ 819</u>

Notes and accounts receivable

The 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 Company are financial institutions and companies with sound credit ratings. The 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 Company recognizes loss allowance for accounts receivables based on lifetime ECL. The lifetime ECL is calculated based on a provision matrix that takes into account the default history and current financial position of customers, industry economics well as GDP forecasts and industry prospective. The 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 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 Company continues to engage in enforcement activity to recover the receivables after the write-off. Where recoveries are made, they are recognized in profit or loss.

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

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	\$ 378,905	\$ 54,027	\$ 525	\$ -	\$ 433,457
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 378,905</u>	<u>\$ 54,027</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 433,457</u>

December 31, 2022

	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%	4.35%~100%	
Total carrying amount	\$ 335,907	\$ 12,161	\$ 120	\$ 31	\$ 348,219
Loss allowance (lifetime ECL)	-	-	-	(5)	(5)
Amortized cost	<u>\$ 335,907</u>	<u>\$ 12,161</u>	<u>\$ 120</u>	<u>\$ 26</u>	<u>\$ 348,214</u>

Changes in loss allowances for accounts receivables are as follows:

	2023	2022
Beginning balance	\$ 5	\$ 1,302
Less: Impairment loss reversed in the year	(5)	(1,294)
Less: Actual write-off in the year	-	(3)
Ending balance	<u>\$ -</u>	<u>\$ 5</u>

11. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 477,295	\$ 511,573
Work in progress	136,422	186,395
Raw materials	58,602	94,625
Merchandise inventories	<u>309,720</u>	<u>238,262</u>
	<u>\$ 982,039</u>	<u>\$ 1,030,855</u>

The cost of goods sold related to inventories for the years of 2023 and 2022 was NT\$2,290,417 thousand and NT\$2,325,933 thousand respectively. The cost of goods sold for the years of 2023 and 2022 included gain from price recovery of NT\$22,659 thousand and NT\$(19,031) thousand respectively.

12. Investments Using Equity Method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in Subsidiaries	\$ 2,553,494	\$ 3,049,349
Investment in Associates	<u>1,378,389</u>	<u>718,928</u>
	<u>\$ 3,931,883</u>	<u>\$ 3,768,277</u>

1) Investment in Subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shinkong Asset Management Co., Ltd.	\$ 2,562,956	\$ 3,054,456
SK INNOVATION CO., LTD.	3,712	8,067
Reclassified to treasury shares (Note 22(6))	(<u>13,174</u>)	(<u>13,174</u>)
	<u>\$ 2,553,494</u>	<u>\$ 3,049,349</u>

	<u>Percentage of Ownership Interest and Voting Rights</u>	
<u>Name of subsidiary</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shinkong Asset Management Co., Ltd.	100%	100%
SK INNOVATION CO., LTD.	100%	100%

2) Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Associates that are individually material</u>		
Publicly traded company		
Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 560,501</u>	<u>\$ -</u>
Non-publicly traded company		
Lian Quan Investment Co., Ltd.	461,590	363,569
Shang De Motor Co., Ltd.	<u>305,330</u>	<u>300,027</u>
	<u>766,920</u>	<u>663,596</u>
<u>Associates that are not individually material</u>		
WPI-High Street LLC	<u>50,968</u>	<u>55,332</u>
	<u>\$ 1,378,389</u>	<u>\$ 718,928</u>

a. Associates that are individually material

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

<u>Name of Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Chyang Sheng Dyeing & Finishing Co., Ltd.	20.30%	-
Lian Quan Investment Co., Ltd.	48.89%	48.89%
Shang De Motor Co., Ltd.	33.50%	33.50%
WPI-High Street, LLC	35.71%	35.71%

In August 2023, our 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 affiliate.

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

The investments accounted for using the equity method and the merged Company’s share of profit or loss and other comprehensive profit and loss of these associates are calculated based on the associates’ audited financial statements for the same periods.

The Company adopts the equity method for all of the aforementioned associates.

The summary of financial information below is based on individual associates’ parent company’s financial statements prepared in accordance with the IFRSs and adjustments made for the use of the equity method are included.

Chyang Sheng Dyeing & Finishing Co., Ltd.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 452,538	\$ -
Non-current assets	2,065,597	-
Current liabilities	(127,284)	-
Non-current liabilities	(115,063)	-
EQUITY	<u>\$ 2,275,788</u>	<u>\$ -</u>
Shareholding ratio of the Company	20.30%	-
Interests of the Company	\$ 461,946	\$ -
Investment premium	<u>98,555</u>	<u>-</u>
Carrying amount of investments	<u>\$ 560,501</u>	<u>\$ -</u>

	2023	2022
Operating revenue	\$ 340,888	\$ -
Net income	\$ 127,390	\$ -
Other comprehensive income	-	-
Total comprehensive income	\$ 127,390	\$ -

Lian Quan Investment Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	\$ 8,577	\$ 6,793
Non-current assets	1,100,621	927,838
Current liabilities	(165,058)	(190,985)
EQUITY	\$ 944,140	\$ 743,646
Shareholding ratio of the Company	48.89%	48.89%
Interests of the Company	\$ 461,590	\$ 363,569
Carrying amount of investments	\$ 461,590	\$ 363,569

	2023	2022
Operating revenue	\$ 32,599	\$ 22,843
Net income	\$ 27,711	\$ 18,581
Other comprehensive income	84,474	(30,274)
Total comprehensive income	\$ 112,185	(\$ 11,693)

Shang De Motor Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	\$ 1,095,028	\$ 1,138,729
Non-current assets	428,622	462,878
Current liabilities	(957,110)	(1,056,164)
Non-current liabilities	(63,043)	(57,774)
EQUITY	\$ 503,497	\$ 487,669
Shareholding ratio of the Company	33.50%	33.50%
Interests of the Company	\$ 168,672	\$ 163,369
Investment premium	136,658	136,658
Carrying amount of investments	\$ 305,330	\$ 300,027

	2023	2022
Operating revenue	<u>\$ 3,870,887</u>	<u>\$ 3,495,348</u>
Net income	<u>\$ 131,852</u>	<u>\$ 140,183</u>
Total comprehensive income	<u>\$ 131,852</u>	<u>\$ 140,183</u>

b. Aggregate information of associates that are not individually material

WPI-High Street , LLC

	2023	2022
The Company's share		
Net profit of continuing operations in the year	\$ 6,898	\$ 16,787
Other comprehensive income	(<u>3,469</u>)	<u>5,698</u>
Total comprehensive income	<u>\$ 3,429</u>	<u>\$ 22,485</u>

13. Property, plant and equipment (PP&E)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Hydropower Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ 99,458	\$ 278,413	\$ 587,709	\$ 10,125	\$ 127,503	\$ 153,727	\$ 44,371	\$ 75	\$1,301,381
Additions	-	1,269	10,195	980	-	11,723	29,847	-	54,014
Reclassifications	-	252	299	-	-	-	75	(75)	551
Disposals	-	-	(1,642)	-	-	(270)	(15,860)	-	(17,772)
Balance at December 31, 2023	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 596,561</u>	<u>\$ 11,105</u>	<u>\$ 127,503</u>	<u>\$ 165,180</u>	<u>\$ 58,433</u>	<u>\$ -</u>	<u>\$1,338,174</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 244,598	\$ 480,332	\$ 5,974	\$ 82,787	\$ 99,430	\$ 20,614	\$ -	\$ 933,735
Depreciation	-	2,068	34,007	827	4,653	10,383	20,838	-	72,776
Disposals	-	-	(1,606)	-	-	(270)	(15,860)	-	(17,736)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 246,666</u>	<u>\$ 512,733</u>	<u>\$ 6,801</u>	<u>\$ 87,440</u>	<u>\$ 109,543</u>	<u>\$ 25,592</u>	<u>\$ -</u>	<u>\$ 988,775</u>
Net balance at December 31, 2023	<u>\$ 99,458</u>	<u>\$ 33,268</u>	<u>\$ 83,828</u>	<u>\$ 4,304</u>	<u>\$ 40,063</u>	<u>\$ 55,637</u>	<u>\$ 32,841</u>	<u>\$ -</u>	<u>\$ 349,399</u>
<u>Cost</u>									
Balance at January 1, 2022	\$ 92,452	\$ 262,113	\$ 583,097	\$ 7,795	\$ 119,930	\$ 130,938	\$ 19,048	\$ 948	\$1,216,321
Additions	-	393	3,062	2,330	3,613	13,599	23,347	75	46,419
Reclassifications	7,006	15,907	13,973	-	3,960	10,054	4,140	(948)	54,092
Disposals	-	-	(12,423)	-	-	(864)	(2,164)	-	(15,451)
Balance at December 31, 2022	<u>\$ 99,458</u>	<u>\$ 278,413</u>	<u>\$ 587,709</u>	<u>\$ 10,125</u>	<u>\$ 127,503</u>	<u>\$ 153,727</u>	<u>\$ 44,371</u>	<u>\$ 75</u>	<u>\$1,301,381</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ -	\$ 227,137	\$ 460,212	\$ 5,449	\$ 77,417	\$ 89,872	\$ 4,607	\$ -	\$ 864,694
Depreciation	-	1,893	32,543	525	5,370	10,416	18,171	-	68,918
Reclassifications	-	15,568	-	-	-	-	-	-	15,568
Disposals	-	-	(12,423)	-	-	(858)	(2,164)	-	(15,445)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 244,598</u>	<u>\$ 480,332</u>	<u>\$ 5,974</u>	<u>\$ 82,787</u>	<u>\$ 99,430</u>	<u>\$ 20,614</u>	<u>\$ -</u>	<u>\$ 933,735</u>
Net balance at December 31, 2022	<u>\$ 99,458</u>	<u>\$ 33,815</u>	<u>\$ 107,377</u>	<u>\$ 4,151</u>	<u>\$ 44,716</u>	<u>\$ 54,297</u>	<u>\$ 23,757</u>	<u>\$ 75</u>	<u>\$ 367,646</u>

Unrecognized or reversal on impairment loss in 2023 and 2022.

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 and 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	0.25 to 6 years

14. Lease Agreements

1) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ 138,793	\$ 166,320
Office equipment	1,211	1,629
Transportation Equipment	<u>7,632</u>	<u>4,101</u>
	<u>\$ 147,636</u>	<u>\$ 172,050</u>
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 16,081</u>	<u>\$ 80,840</u>
Disposal of right-of use assets	<u>\$ -</u>	<u>\$ 11,739</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 40,296	\$ 40,650
Office equipment	418	394
Transportation Equipment	2,710	2,470
Other equipment	<u>-</u>	<u>162</u>
	<u>\$ 43,424</u>	<u>\$ 43,676</u>

Except for the recognition of depreciation expense, the Company's right-of-use assets did not experience significant sub-lease or impairments for the years ended 2023 and 2022.

2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 44,618</u>	<u>\$ 42,564</u>
Non-current	<u>\$ 107,889</u>	<u>\$ 134,581</u>

Discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	0.946%~1.721%	0.946%~1.457%
Office equipment	0.9%~0.981%	0.9%~ 0.981%
Transportation Equipment	0.915%~1.725%	0.915%~1.167%

3) Major lease activities and terms

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

4) Other lease information

Please refer to Note 15 for agreements on investment property leased under operating leases.

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 7,191</u>	<u>\$ 6,399</u>
Total cash(outflow)for leases	<u>(\$ 52,491)</u>	<u>(\$ 50,389)</u>

The 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.

15. Investment properties

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,227,987	\$ 1,096,331	\$ 3,324,318
Additions	-	2,561	2,561
Disposals	(<u>297</u>)	<u>-</u>	(<u>297</u>)
Balance at December 31, 2023	<u>\$ 2,227,690</u>	<u>\$ 1,098,892</u>	<u>\$ 3,326,582</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 710,217	\$ 710,217
Depreciation	-	<u>23,051</u>	<u>23,051</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 733,268</u>	<u>\$ 733,268</u>
Net balance at December 31, 2023	<u>\$ 2,227,690</u>	<u>\$ 365,624</u>	<u>\$ 2,593,314</u>

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	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 2,234,993	\$ 1,111,611	\$ 3,346,604
Additions	-	627	627
Reclassifications	(7,006)	(15,907)	(22,913)
Balance at December 31, 2022	<u>\$ 2,227,987</u>	<u>\$ 1,096,331</u>	<u>\$ 3,324,318</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 702,817	\$ 702,817
Reclassifications	-	(15,568)	(15,568)
Depreciation	-	22,968	22,968
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 710,217</u>	<u>\$ 710,217</u>
Net balance at December 31, 2022	<u>\$ 2,227,987</u>	<u>\$ 386,114</u>	<u>\$ 2,614,101</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:

	December 31, 2023	December 31, 2022
Year 1	\$ 138,858	\$ 146,074
Year 2	108,769	122,588
Year 3	76,122	92,617
Year 4	54,857	61,027
Year 5	37,365	43,816
Over 5 years	<u>192,556</u>	<u>227,048</u>
	<u>\$ 608,527</u>	<u>\$ 693,170</u>

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

Buildings	
Main building of the plant	31 to 50 years
Others	4 to 20 years

The fair value of investment real estate as of the year ended on December 31, 2023 and 2022 by appraiser Zhen-Xing Lin and Yu-Hua Luo from qualified Dawa Real Estate Appraisal

Firm. The comparison method and income approaches were adopted. The comparison method and income approaches were adopted. The fair values of investment properties were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value	<u>\$ 12,853,429</u>	<u>\$ 10,284,341</u>

The Company held freehold interests in all of its investment properties. Please refer to Note 31 for the amount of investment property pledged as collateral for borrowings.

16. Other Intangible Assets

	<u>Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,796
Separate acquisition	3,776
Disposals	(<u>3,343</u>)
Balance at December 31, 2023	<u>\$ 7,229</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,615
Amortization	2,071
Disposals	(<u>3,343</u>)
Balance at December 31, 2023	<u>\$ 2,343</u>
Net balance at December 31, 2023	<u>\$ 4,886</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 4,713
Separate Acquisition	2,783
Reclassifications	180
Disposals	(<u>880</u>)
Balance at December 31, 2022	<u>\$ 6,796</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 2,375
Amortization	2,120
Disposals	(<u>880</u>)
Balance at December 31, 2022	<u>\$ 3,615</u>
Net balance at December 31, 2022	<u>\$ 3,181</u>

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

Computer Software	2 to 3 years
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17. Other Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepaid expenses	\$ 19,235	\$ 18,832
Prepayments to suppliers	<u>67,561</u>	<u>38,922</u>
	<u>\$ 86,796</u>	<u>\$ 57,754</u>
<u>Other Assets</u>		
Other	<u>\$ 52</u>	<u>\$ 9</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 3,730	\$ 1,390
Refundable deposits	67,688	14,862
Net defined benefit assets (Note 21)	<u>5,976</u>	<u>8,565</u>
	<u>\$ 77,394</u>	<u>\$ 24,817</u>

18. Borrowings

1) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings</u> (Note 31)		
— Bank borrowings	\$ 2,300,000	\$ 2,860,000
<u>Unsecured borrowings</u>		
Line of credit loans	<u>300,000</u>	<u>150,000</u>
	<u>\$ 2,600,000</u>	<u>\$ 3,010,000</u>

The ranges of interest rates on bank borrowings were 1.7% to 1.73% and 1.55% to 1.68% as of December, 31, 2023 and 2022, respectively.

2) Short-term bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper payable	\$ 100,000	\$ -
Less: Discounts on short-term bills payable	(<u>69</u>)	<u>-</u>
	<u>\$ 99,931</u>	<u>\$ -</u>

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

December 31, 2023

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

December 31, 2022: None.

19. Notes and Accounts Payable

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

20. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 53,439	\$ 62,519
Employee compensation payable	26,977	21,800
Director compensation payable	15,600	21,800
Tax payable	2,699	2,731
Pension payable	2,873	2,453
Electricity and fuels payable	7,889	9,011
Interest payable	1,790	2,366
Services expense payable	1,150	900
Equipment payable	204	1,117
Investment payable	-	1,438
Other	<u>45,170</u>	<u>37,039</u>
	<u>\$ 157,791</u>	<u>\$ 163,174</u>
Other payables - related parties (Note 30)	<u>\$ 2,286</u>	<u>\$ 1,705</u>
Other liabilities		
Receipts under custody	\$ 2,946	\$ 2,603
Temporary credits	<u>220</u>	<u>20,872</u>
	<u>\$ 3,166</u>	<u>\$ 23,475</u>

Deferred revenue is related to the Company's A+ Industrial Innovative R&D program by Ministry of Economic Affairs and was mainly used to establish a research and development center in Taiwan. The purchases of PP&E were recognized as deferred revenue. Changes are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ 28
Amortization for the period (recognized as deductions to depreciation expense)	<u>-</u>	(<u>28</u>)
Ending balance	<u>\$ -</u>	<u>\$ -</u>

21. Post-employment Benefit Plans

1) Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

2) Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of six months before the approved retirement date. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the parent company only balance sheets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 49,244	\$ 44,766
Fair value of plan assets	(<u>55,220</u>)	(<u>53,331</u>)
Net defined benefit assets	(<u>\$ 5,976</u>)	(<u>\$ 8,565</u>)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2022	<u>\$ 48,268</u>	<u>(\$ 51,142)</u>	<u>(\$ 2,874)</u>
Service costs			
Current service costs	137	-	137
Interest expense (income)	<u>302</u>	<u>(323)</u>	<u>(21)</u>
Recognized in profit or loss	<u>439</u>	<u>(323)</u>	<u>116</u>
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(3,963)	(3,963)
Actuarial gains: Financial Assumption Changes	(424)	-	(424)
Actuarial gains - experience adjustments	<u>(533)</u>	<u>-</u>	<u>(533)</u>
Recognized in other comprehensive profit and loss	<u>(957)</u>	<u>(3,963)</u>	<u>(4,920)</u>
Contributions from the employer	<u>-</u>	<u>(887)</u>	<u>(887)</u>
Number of plan assets paid	<u>(2,984)</u>	<u>2,984</u>	<u>-</u>
Balance at December 31, 2022	<u>44,766</u>	<u>(53,331)</u>	<u>(8,565)</u>
Service costs			
Current service costs	136	-	136
Pre-service costs	3,147	-	3,147
Interest expense (income)	<u>559</u>	<u>(672)</u>	<u>(113)</u>
Recognized in profit or loss	<u>3,842</u>	<u>(672)</u>	<u>3,170</u>
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(477)	(477)
Actuarial losses - changes in financial assumptions	433	-	433
Actuarial losses - experience adjustments	<u>358</u>	<u>-</u>	<u>358</u>
Recognized in other comprehensive profit and loss	<u>791</u>	<u>(477)</u>	<u>314</u>
Contributions from the employer	<u>-</u>	<u>(895)</u>	<u>(895)</u>
Number of plan assets paid	<u>(155)</u>	<u>155</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 49,244</u>	<u>(\$ 55,220)</u>	<u>(\$ 5,976)</u>

The Company has the following risks owing to the implementation of the pension system under the “Labor Standards Act:”

- a. Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits at its own discretion or under the mandated management. However, the distributed amount from the plan assets to the Company shall not be lower than interest on a two-year time deposit at a local bank.

- b. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the return on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- c. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.125%	1.250%
Expected rate of salary increase	2.750%	2.750%

If reasonable possible changes in major actuarial assumptions occur while other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	<u>(\$ 859)</u>	<u>(\$ 740)</u>
Decrease by 0.25%	<u>\$ 888</u>	<u>\$ 760</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 860</u>	<u>\$ 736</u>
Decrease by 0.25%	<u>(\$ 837)</u>	<u>(\$ 720)</u>

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan within one year	<u>\$ 915</u>	<u>\$ 895</u>
Average duration of defined benefit obligations	8.1 years	6.7 years

22. Equity

1) Share capital

Common shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	<u>360,000</u>	<u>360,000</u>
Share capital authorized	<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>
Share capital issued	<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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May not be used for any purpose</u>		
Treasury share transactions	\$ 9,549	\$ 8,344
Dividends not collected before the designated date	<u>3,836</u>	<u>1,666</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 Association, the annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earnings to the legal reserve (not applicable where accumulated legal reserve has equaled the Company's paid-in capital). A special reserve is then appropriated or reversed pursuant to applicable laws and regulations. The Board of Director would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. 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 24(7) Compensation to employees and remuneration to directors.

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

The distribution of earnings for years 2023 and 2022 approved in the shareholders' meetings on May 26, 2022 and June 10, 2021, respectively, was as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 206,355	\$ 44,490
Cash dividends	\$ 450,062	\$ 300,041
Earnings per share (NT\$)	\$ 1.50	\$ 1

The Company's distribution of earnings of 2023 was subject to the resolution of Board of Directors and the shareholders' meeting in 2024.

4) Special reserve

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,006,548	\$ 1,006,548
Disposal of investment properties	(<u>192</u>)	<u>-</u>
Ending balance	<u>\$ 1,006,356</u>	<u>\$ 1,006,548</u>

On November 2, 2023, our Company sold land number 679 in Qiaoai District, Taoyuan City. The above transaction was completed on November 23, 2023 with the transfer of ownership. In accordance with IFRS1, the previously recognized portion of special reserve was reversed, resulting in a transfer of NT\$192 thousand from special reserve to retained earnings. In addition, investment property benefits totaling NT\$3,377 thousand were recognized and disposed of.

5) Other Equity Items

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 4,420,162	\$ 4,458,304
Accrued in the current year		
Unrealized gains (losses)		
Equity instruments	1,119,044	(16,257)
Share of associates		
accounted for using the		
equity method	<u>84,640</u>	<u>(34,243)</u>
Other comprehensive profit and		
loss for the year	<u>1,203,684</u>	<u>(50,500)</u>
Accumulated gains (losses) on		
disposal of equity instruments		
transferred to retained		
earnings	(<u>93,810</u>)	<u>12,358</u>
Ending balance	<u>\$ 5,530,036</u>	<u>\$ 4,420,162</u>

6) Treasury share

<u>Reason for repurchase</u>	<u>Shares of Parent Company Held by Subsidiary (in thousands)</u>
Number of shares on January 1, 2023	<u>804</u>
Number of shares on December 31, 2023	<u>804</u>
Number of shares on January 1, 2022	<u>804</u>
Number of shares on December 31, 2022	<u>804</u>

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

December 31, 2023

<u>Name of subsidiary</u>	<u>No. of Shares (in Thousand Shares)</u>	<u>Carrying amount</u>	<u>Market Value</u>
Shinkong Asset			
Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 38,503</u>

December 31, 2022

<u>Name of subsidiary</u>	<u>No. of Shares (in Thousand Shares)</u>	<u>Carrying amount</u>	<u>Market Value</u>
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 32,193</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.

23. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 3,002,924	\$ 2,980,355
Rental revenue	157,518	157,222
Other	<u>748</u>	<u>603</u>
	<u>\$ 3,161,190</u>	<u>\$ 3,138,180</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 Company negotiated the lease contracts with reference to market rentals.

2) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable (Note 10)	\$ 11,031	\$ 9,915	\$ 29,684
Accounts receivable (Note 10)	<u>422,426</u>	<u>338,299</u>	<u>400,470</u>
	<u>\$ 433,457</u>	<u>\$ 348,214</u>	<u>\$ 430,154</u>
Contract liabilities			
Sale of goods	\$ 13,085	\$ 19,097	\$ 13,307
Rental revenue of investment property	<u>8,972</u>	<u>10,544</u>	<u>12,653</u>
Contract liabilities - current	<u>\$ 22,057</u>	<u>\$ 29,641</u>	<u>\$ 25,960</u>

3) Breakdown of revenue from contracts with customers

	2023	2022
<u>Types of goods or services</u>		
Textile	\$ 2,228,224	\$ 2,223,754
Retail / Garment	<u>774,700</u>	<u>756,601</u>
	<u>\$ 3,002,924</u>	<u>\$ 2,980,355</u>

24. Net income

1) Interest income

	2023	2022
Bank deposits	\$ 14,525	\$ 4,368
Loans to related parties	-	364
Other	<u>83</u>	<u>40</u>
	<u>\$ 14,608</u>	<u>\$ 4,772</u>

2) Other income

	2023	2022
Dividend income	\$ 351,873	\$ 360,509
Other	<u>15,724</u>	<u>1,465</u>
	<u>\$ 367,597</u>	<u>\$ 361,974</u>

3) Other gains and losses

	2023	2022
Gains on financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	(\$ 4,739)	(\$ 16,162)
Financial assets mandatorily measured at fair value through profit or loss	27,832	66,318
Gain (loss) on disposal of property, plant and equipment	(25)	14
Gain from disposal of investment properties	3,377	-
Gains on lease modification	-	341
Net foreign exchange gain (losses)	(13,301)	66,356
Other expenses	<u>(14,196)</u>	<u>(4,318)</u>
	<u>(\$ 1,052)</u>	<u>\$112,549</u>

4) Finance costs

	2023	2022
Interest on bank borrowings	\$ 46,870	\$ 29,538
Interest on short-term bills	1,941	3,562
Interest on lease liabilities	<u>1,653</u>	<u>1,604</u>
	<u>\$ 50,464</u>	<u>\$ 34,704</u>

5) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Depreciation expense is summarized by function		
Operating costs	\$ 88,209	\$ 87,846
Operating expenses	<u>51,042</u>	<u>47,688</u>
	<u>\$ 139,251</u>	<u>\$ 135,534</u>
Amortization expense is summarized by function		
Operating costs	\$ 409	\$ 376
Operating expenses	<u>1,662</u>	<u>1,744</u>
	<u>\$ 2,071</u>	<u>\$ 2,120</u>

6) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Post-employment benefits		
Defined contribution plans	\$ 16,297	\$ 16,012
Defined benefit plans (Note 21)	<u>3,170</u>	<u>116</u>
	<u>19,467</u>	<u>16,128</u>
Other employee benefits	<u>483,220</u>	<u>484,553</u>
Total employee benefit expense	<u>\$ 502,687</u>	<u>\$ 500,681</u>
Summarized by functions		
Operating costs	\$ 196,121	\$ 193,820
Operating expenses	<u>306,566</u>	<u>306,861</u>
	<u>\$ 502,687</u>	<u>\$ 500,681</u>

7) Compensation to employees and compensation to directors

According to the Company's Articles of Incorporation, the compensation to employees shall not be lower than 1% and the compensation to directors shall not be higher than 5% of the income before income tax, compensation to employees and compensation to directors. Compensation to employees and compensation to directors for the years of 2023 and 2022 resolved in the Board of Directors meetings on March 8, 2024 and March 9, 2023, respectively, were as follows:

Accrual rate

	<u>2023</u>	<u>2022</u>
Compensation to employees	1.98%	1.00%
Compensation to directors	1.98%	1.00%

Amount

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

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

There was no difference between the amounts actually allocated for compensations to employees and directors for 2022 and 2021 and those recognized in the parent company only financial statements for 2022 and 2021.

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

	2023	2022
Total foreign exchange gains	<u>\$ 22,231</u>	<u>\$ 80,645</u>
Total foreign exchange (losses)	<u>(35,532)</u>	<u>(14,289)</u>
Net profits (losses)	<u>(\$ 13,301)</u>	<u>\$ 66,356</u>

25. Income tax

1) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	2023	2022
Current income tax		
Incurred in this year	<u>\$ 55,371</u>	<u>\$ 45,750</u>
Additional tax levied on the unappropriated earnings	<u>67,467</u>	<u>2,701</u>
Land value increment tax	<u>357</u>	<u>-</u>
Adjustments for previous years	<u>(7,813)</u>	<u>(2,382)</u>
	<u>115,382</u>	<u>46,069</u>
Deferred income tax		
Incurred in this year	<u>(9,044)</u>	<u>11,641</u>
Income tax expense recognized in profit or loss	<u>\$106,338</u>	<u>\$ 57,710</u>

The adjustment of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 755,286</u>	<u>\$ 2,128,696</u>
Net income before tax: Income tax expenses calculated at the statutory tax rate	\$ 151,057	\$ 425,739
Non-deductible expense and loss on tax	22	41
Tax-exempted income	(104,752)	(358,256)
Additional tax levied on the unappropriated earnings	67,467	2,701
Unrecognized deductible temporary difference	-	(10,133)
Land value increment tax	357	-
Adjustment of current income tax expense from previous years in the current period	(<u>7,813</u>)	(<u>2,382</u>)
Income tax expense recognized in profit or loss	<u>\$ 106,338</u>	<u>\$ 57,710</u>
2) Income tax recognized in other comprehensive profit and loss		
	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Incurred in this year		
— Share of other comprehensive profit and loss of associates accounted for using the equity method	<u>\$ 378</u>	(<u>\$ 1,343</u>)
3) Current income tax assets and liabilities		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payable	<u>\$ 131,492</u>	<u>\$ 45,164</u>

4) Deferred income tax assets and liabilities

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

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit and loss	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss on inventory write-down	\$ 29,126	\$ 4,532	\$ -	\$ 33,658
Difference on unrealized foreign exchange gain (loss)	-	2,154	-	2,154
Exchange differences on translating the financial statements of foreign operations	564	-	378	942
Other	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>\$ 29,691</u>	<u>\$ 6,686</u>	<u>\$ 378</u>	<u>\$ 36,755</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit retirement plans	\$ 2,873	(\$ 455)	\$ -	\$ 2,418
Gains (losses) on foreign investments accounted for using the equity method	2,673	(894)	-	1,779
Profit and loss through profit and loss on financial assets at fair value	12,842	968	-	13,810
Difference on unrealized foreign exchange gain (loss)	1,977	(1,977)	-	-
Land value increment tax	<u>513,536</u>	<u>-</u>	<u>-</u>	<u>513,536</u>
	<u>\$ 533,901</u>	<u>(\$ 2,358)</u>	<u>\$ -</u>	<u>\$ 531,543</u>

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit and loss	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss on inventory write-down	\$ 25,321	\$ 3,805	\$ -	\$ 29,126
Difference on unrealized foreign exchange gain (loss)	1,373	(1,373)	-	-
Exchange differences on translating the financial statements of foreign operations	1,907	-	(1,343)	564
Other	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>\$ 28,602</u>	<u>\$ 2,432</u>	<u>(\$ 1,343)</u>	<u>\$ 29,691</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit retirement plans	\$ 2,719	\$ 154	\$ -	\$ 2,873
Gains (losses) on foreign investments accounted for using the equity method	3,573	(900)	-	2,673
Profit and loss through profit and loss on financial assets at fair value	-	12,842	-	12,842
Difference on unrealized foreign exchange gain (loss)	-	1,977	-	1,977
Land value increment tax	<u>513,536</u>	<u>-</u>	<u>-</u>	<u>513,536</u>
	<u>\$ 519,828</u>	<u>\$ 14,073</u>	<u>\$ -</u>	<u>\$ 533,901</u>

Land revaluation of the Company's freehold land was carried out at the assessed present value in July 1981 and November 2000, respectively, and the provision for land value increment tax of NT\$513,536 thousand (under deferred income tax liabilities) was recognized as of December 31, 2023 and 2022.

- 5) Deductible temporary difference for which no Deferred income tax assets have been recognized in the parent company only balance sheets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary difference		
Impairment loss	<u>\$ 7,187</u>	<u>\$ 7,187</u>

6) Income tax assessment

The business income tax returns of the Company through 2020 have been assessed by the tax authorities.

Pursuant to Article 40 of the Business Mergers and Acquisitions Act, the Company chooses the company as the taxpayer to handle the income tax settlement declaration of profit-making enterprise and the income tax declaration of the undistributed surplus with the individual Shinkong Asset Management Co., Ltd, which holds 100% equity.

26. Earnings per Share (EPS)

	Unit: NT\$ per Share	
	2023	2022
Basic EPS	<u>\$ 2.17</u>	<u>\$ 6.92</u>
Diluted EPS	<u>\$ 2.17</u>	<u>\$ 6.91</u>

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

Net income

	2023	2022
Net income for basic EPS	<u>\$ 648,948</u>	<u>\$ 2,070,986</u>
Net income for the calculation of diluted EPS	<u>\$ 648,948</u>	<u>\$ 2,070,986</u>

Number of shares

	Unit: In Thousands of Shares	
	2023	2022
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>421</u>	<u>594</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,658</u>	<u>299,831</u>

If the 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.

27. Cash Flow Information

1) Non-cash transactions

Besides disclosures in other notes, the Company engaged in the following non-cash investing activities for the years of 2023 and 2022:

- a. The Company reclassified prepayments for equipment of NT\$1,285 thousand and NT\$29,045 thousand to PP&E for the years of 2023 and 2022, respectively (please refer to Note 13 for details);
- b. The Company reclassified material expenses of NT\$434 thousand to PP&E for the year of 2023.
- c. The Company reclassified financial assets measured at fair value through other comprehensive income of NT\$531,508 thousand to investments accounted for using the equity method in 2023 (please refer to Note 12 for details).
- d. The Company reclassified prepaid expenses of NT\$ 109 thousand and NT\$2,169 to PP&E for the year of 2023 and 2022. (please refer to Note 13 for details)
- e. The Company reclassified construction in process of NT\$29 thousand to miscellaneous purchases in 2022 (please refer to Note 13 for details)
- f. The Company reclassified prepaid expenses of NT\$180 thousand to intangible assets for the year of 2022 (please refer to Note 16 for details);
- g. The Company reclassified investment prepayments of NT\$100,000 thousand to financial assets at fair value through other comprehensive profit and loss in 2022 (please refer to Note 8 for details)

2) Changes in liabilities from financing activities

2023

	January 1, 2023	Cash Flows	Additional Leases	Interest Expenses	Non-cash Changes			Number of Interest Paid	December 31, 2023
					Remeasurement on Lease Modifications	Remeasurement on Termination	Other		
Lease liabilities (Note 14)	\$177,145	(\$ 43,647)	\$ 16,081	\$ 1,653	\$ 2,928	\$ -	\$ -	(\$ 1,653)	\$152,507

2022

	January 1, 2022	Cash Flows	Additional Leases	Interest Expenses	Non-cash Changes			Number of Interest Paid	December 31, 2022
					Remeasurement on Lease Modifications	Remeasurement on Termination	Other		
Lease liabilities (Note 14)	\$151,096	(\$ 42,386)	\$ 80,840	\$ 1,604	(\$ 325)	(\$ 12,018)	(\$ 62)	(\$ 1,604)	\$177,145

28. Capital Risk Management

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

The 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, and other equity item).

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

The Company's key management reassesses the capital structure quarterly. The review includes assessment of various costs of capital and related risks. According to the key management's recommendations, the 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.

29. Financial instruments

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

The 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

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Domestic stocks listed on TWSE or TPEX 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</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
— Domestic stocks listed on TWSE or TPEX or emerging stocks	\$ 5,055,146	\$ -	\$ -	\$ 5,055,146
— Domestic stocks unlisted on TWSE or TPEX or emerging stocks	-	-	2,089,260	2,089,260
Total	<u>\$ 5,055,146</u>	<u>\$ -</u>	<u>\$ 2,089,260</u>	<u>\$ 7,144,406</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Domestic stocks listed on TWSE or TPEx or emerging stocks	\$ 28,698	\$ -	\$ -	\$ 28,698
Fund beneficiary certificates	<u>530,422</u>	<u>-</u>	<u>-</u>	<u>530,422</u>
Total	<u>\$ 559,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559,120</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
— Domestic stocks listed on TWSE or TPEx or emerging stocks	\$ 4,590,336	\$ -	\$ -	\$ 4,590,336
— Domestic stocks unlisted on TWSE or TPEx or emerging stocks	<u>-</u>	<u>-</u>	<u>1,888,997</u>	<u>1,888,997</u>
Total	<u>\$ 4,590,336</u>	<u>\$ -</u>	<u>\$ 1,888,997</u>	<u>\$ 6,479,333</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

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

2023

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ 1,888,997
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	124,005
Addition	100,000
Disposals	(22,762)
Liquidation	(980)
Ending balance	<u>\$ 2,089,260</u>

2022

	Financial assets at fair value through other comprehensive income
Financial assets	Equity instruments
Beginning balance	\$ 1,672,275
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	117,047
Reclassifications	100,000
Liquidation	(325)
Ending balance	<u>\$ 1,888,997</u>

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

The fair value of investments in unlisted stocks with no active market is estimated using the market approach.

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

3) Category of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 427,233	\$ 530,422
Designated as at fair value through profit or loss	23,960	28,698
Financial assets at amortized cost (Note 1)	1,491,283	1,045,091
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	7,144,406	6,479,333
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,241,522	3,584,795

Note1: 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, other financial assets, and refundable deposits.

Note2: The balance includes financial liabilities at amortized costs such as short-term borrowings, short-term bills payable, notes and accounts payable, other payables, long-term borrowings, and guarantee deposits received.

4) Financial risk management objectives and policies

Major financial instruments of the 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, short-term borrowing, short-term bills payable and accounts payable. The financial management department of the 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 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 Company's financial instruments and its management and measurement approaches remain unchanged.

a. Market risk

The 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 Company undertakes product sales and purchases in foreign currencies; thus, it is exposed to risks of exchange rate fluctuations. Approximately 40% to 45% of the sales and 20% to 25% of the costs are denominated in currencies other than the functional currency in the Company. The 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 Company's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 33.

Sensitivity analysis

The Company is mainly exposed to U.S. dollar fluctuations.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollar. The 1% sensitivity rate is used for Company'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 income for a 1% depreciation of New Taiwan dollars % against U.S. dollars. A 1% appreciation of New Taiwan dollars against U.S. dollars will have an equal but opposite impact on net income.

Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	2023	2022
Profit or loss	\$ 10,335 (i)	\$ 7,798 (i)

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

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

b) Interest rate risk

The Company was exposed to interest rate risk because entities within the Company borrowed funds at both fixed and floating interest rates. The 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 Company's financial assets and financial liabilities exposed to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
—Financial assets	<u>\$ 205,834</u>	<u>\$ 189,438</u>
—Financial liabilities	<u>\$ 157,251</u>	<u>\$ 177,145</u>
Cash flow interest rate risk		
—Financial assets	<u>\$ 757,321</u>	<u>\$ 475,170</u>
—Financial liabilities	<u>\$ 2,700,000</u>	<u>\$ 3,010,000</u>

The Company is exposed to cash flow interest rate risk for bank borrowings at floating interest rate. The situation is in compliance with the Company's policy to keep its borrowings at floating interest rates in order to minimize the fair value interest rate risk. The 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 Company's net income would increase/decrease by NT\$15,541 thousand and NT\$20,279 thousand for the years of 2023 and 2022, respectively. This was mainly due to the Company's interest rate exposure from borrowings at floating interest rates.

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

c) Other Price Risk

The 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 Company's management maintains a portfolio of investments with different risks for risk

management purpose. Also, investments in equity instruments are all subject to the approval of the management.

Sensitivity analysis

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

For the years of 2023 and 2022, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease by NT\$240 thousand and NT\$287 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\$71,444 thousand and NT\$64,793 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 Company. As of the balance sheet date, the Company's maximum exposure to credit risk due to financial losses from counterparty's unfulfillment of obligations and financial guarantees provided by the Company (i.e., the maximum irrevocable exposure excluding collaterals or other credit enhancement tools) was the carrying amounts of financial assets recognized in the parent company only balance sheets.

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

c. Liquidity risk

The Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of cash flow fluctuations. The 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 Company. Please refer to (2) Line of credit below for unused credit facilities of the Company.

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

The maturity profile of the Company's non-derivative financial liabilities is prepared based on the earliest repayment dates and contractual undiscounted cash flows. Thus, the 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.

December 31, 2023

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	Over 5 years
Lease liabilities	0.9~1.725	\$ 4,061	\$ 8,121	\$ 33,870	\$ 109,525	\$ -
Short-term borrowings	1.7~1.73	880,000	1,720,000	-	-	-
Short-term bills payable	1.45	99,931	-	-	-	-
		<u>\$ 983,992</u>	<u>\$ 1,728,121</u>	<u>\$ 33,870</u>	<u>\$ 109,525</u>	<u>\$ -</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	Over 15 - 20 Years	20 Years and Above
Lease liabilities	<u>\$ 46,052</u>	<u>\$ 109,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	Over 5 years
Lease liabilities	0.9~1.457	\$ 3,892	\$ 7,509	\$ 32,773	\$ 137,066	\$ -
Short-term borrowings	1.55~1.68	610,000	2,400,000	-	-	-
		<u>\$ 613,892</u>	<u>\$ 2,407,509</u>	<u>\$ 32,773</u>	<u>\$ 137,066</u>	<u>\$ -</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	Over 15 - 20 Years	20 Years and Above
Lease liabilities	<u>\$ 44,174</u>	<u>\$ 137,066</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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit facilities		
—Amount used	\$ 2,600,000	\$ 3,010,000
—Unused amount	<u>3,560,000</u>	<u>2,100,000</u>
	<u>\$ 6,160,000</u>	<u>\$ 5,110,000</u>
Credit from commercial papers		
—Amount used	\$ 100,000	\$ -
—Unused amount	<u>1,250,000</u>	<u>1,350,000</u>
	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>

30. Related Party Transactions

Besides disclosures in other notes, the Company engaged in the following transactions with other related parties:

1) Names and relations of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Shinkong Asset Management Co., Ltd.	Subsidiaries
Xin Fu Development Co., Ltd.	Subsidiaries
SK INNOVATION CO., LTD	Subsidiaries
Hua Yang Motor Co., Ltd.	Subsidiaries
Shanghai Xin Ying Trading Co., Ltd.	Subsidiaries
One Full Co., Ltd.	Subsidiaries
WPI-HIGH STREET. LLC	Associates
Shang De Motor Co., Ltd.	Associates
Lian Quan Investment Co., Ltd.	Associates
Chyang Sheng Dyeing & Finishing Co., Ltd.	Associates (related party in substance prior to August, 2023)
Shin Kong Life Insurance Co., Ltd.	Related party in substance
Taishin International Bank Co., Ltd.	Related party in substance
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	Related party in substance
Shin Kong Investment Trust Co., Ltd.	Related party in substance
TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	Related party in substance
The Great Taipei Gas Corporation	Related party in substance
UBright Optonics Corp.	Related party in substance
Taishin D.A. Finance Co., Ltd.	Related party in substance
Taiwan Security Co., Ltd.	Related party in substance
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Waibel Enterprise Inc.	Related party in substance
Shinkong Mitsukoshi Department Store Co., Ltd.	Related party in substance
Shinkong Synthetic Fibers Corporation	Related party in substance

(Continued on the next page)

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Name of Related Party	Relationship with the Company
Shinkong Insurance Co., Ltd.	Related party in substance
Shinkong Materials Technology Co., Ltd.	Related party in substance
Shin-Kong Life Real Estate Service Co., Ltd.	Related party in substance
Chengcheng Group Co., Ltd.	Related party in substance
Cheng Qian Co., Ltd.	Related party in substance
ShinKong Co., Ltd.	Related party in substance
Yi Kong Security Co., Ltd.	Related party in substance
Yi Guang International Apartments Maintenance and Management Co., Ltd.	Related party in substance
Shin Kong Recreation Co., Ltd.	Related party in substance
Pan Asian Plastics Corp.	Related party in substance
Taipei Star Bank Co., Ltd.	Related party in substance
Taishin Financial Holding Co., Ltd.	Related party in substance
Shin Kong Education Foundation	Related party in substance
Si Si Co., Ltd.	Related party in substance
Shin-Kong Communication Co., Ltd.	Related party in substance
Taishin Securities Co., Ltd.	Related party in substance

2) Operating revenue

Financial Statement Account	Type/Name of Related Party	2023	2022
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 303,951	\$ 256,533
	Shinkong Insurance Co., Ltd.	7,301	15,258
	Subsidiaries	-	4,224
	Related party in substance	<u>12,821</u>	<u>17,912</u>
		<u>\$ 324,073</u>	<u>\$ 293,927</u>
Rental revenue	UBright Optronics Corp.	\$ 22,195	\$ 21,425
	Taishin International Bank Co., Ltd.	27,111	26,892
	Related party in substance	<u>9,929</u>	<u>9,827</u>
		<u>\$ 59,235</u>	<u>\$ 58,144</u>

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

Rents from the Company and related parties above are negotiated and agreed by parties involved and paid by notes from related parties on a monthly basis.

3) Purchases

Financial Statement Account	Type/Name of Related Party	2023	2022
Purchases	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 112,628	\$ 156,826
	Shinkong Synthetic Fibers Corporation	41,827	37,084
	Subsidiaries	<u>470</u>	<u>-</u>
		<u>\$ 154,925</u>	<u>\$ 193,910</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	December 31, 2023	December 31, 2022
Related party in substance	<u>\$ 5,833</u>	<u>\$ 6,061</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 of Related Party	December 31, 2023	December 31, 2022
Notes receivable	Related party in substance	<u>\$ 7</u>	<u>\$ 8</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 60,837	\$ 44,831
	Subsidiaries	94	1,386
	Related party in substance	<u>2,344</u>	<u>1,854</u>
		<u>\$ 63,275</u>	<u>\$ 48,071</u>
Other receivables	Shinkong Asset Management Co., Ltd.	\$ 11,584	\$ 806
	Subsidiaries	6	-
	Related party in substance	<u>-</u>	<u>13</u>
		<u>\$ 11,590</u>	<u>\$ 819</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years of 2023 and 2022.

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

Financial Statement Account	Type of Related Party	December 31, 2023	December 31, 2022
Notes payable	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 38,884	\$ 36,204
	Related party in substance	<u>276</u>	<u>56</u>
		<u>\$ 39,160</u>	<u>\$ 36,260</u>
Accounts payable	Related party in substance	\$ 7,973	\$ 755
	Chyang Sheng Dyeing & Finishing Co., Ltd.	2,366	5,857
	Subsidiaries	<u>44</u>	<u>-</u>
		<u>\$ 10,383</u>	<u>\$ 6,612</u>
Other payables	Related party in substance	<u>\$ 2,286</u>	<u>\$ 1,705</u>

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

7) Prepayments

Type of Related Party	December 31, 2023	December 31, 2022
Related party in substance	<u>\$ 372</u>	<u>\$ 170</u>

8) Lease in agreements

Financial Statement Account	Type of Related Party	December 31, 2023	December 31, 2022
Lease liabilities	Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 43,842</u>	<u>\$ 56,157</u>

Type/Name of Related Party	2023	2022
<u>Interest Expenses</u>		
Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 520	\$ 373
Shin Kong Life Insurance Co., Ltd.	<u>-</u>	<u>10</u>
	<u>\$ 520</u>	<u>\$ 383</u>

Rents are negotiated between the Company and each of the above related party, and fixed rental payments are 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	December 31, 2023	December 31, 2022
UBright Optronics Corp.	\$ 73,953	\$ 59,236
Taishin International Bank Co., Ltd.	56,436	83,548
Shin-Kong Life Real Estate Service Co., Ltd.	14,376	16,644
Related party in substance	<u>5,744</u>	<u>13,304</u>
	<u>\$ 150,509</u>	<u>\$ 172,732</u>

Please refer to Note 30 (2) Operating Revenue for information on rental revenue.

10) Acquired other assets

Type/Name of Related Party	Financial Statement Account	Price	
		2023	2022
Chyang Sheng Dyeing & Finishing Co., Ltd.	Right-of-use assets - buildings	<u>\$ -</u>	<u>\$ 63,281</u>

11) Disposal of other Assets

Type/Name of Related Party	Financial Statement Account	Disposal of the price		Gains (Losses) on Disposal	
		2023	2022	2023	2022
Shin Kong Life Insurance Co., Ltd.	Right-of-use assets - buildings	<u>\$ -</u>	<u>\$ 11,739</u>	<u>\$ -</u>	<u>\$ 279</u>

12) Acquisition of financial assets

2023

Name of Related Party	Financial Statement Account	No. of Unit	Unit: In Thousands of Shares	
			Underlying Securities	Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	552	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	<u>\$ 8,411</u>

2022

Unit: In Thousands of Shares				
Name of Related Party	Financial Statement Account	No. of Unit	Underlying Securities	Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	2,308	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	\$ 32,159
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	1,000	Shin Kong Taiwan High Dividend Fund	10,000
				<u>\$ 42,159</u>

13) Disposal of financial assets

2022

Unit: In Thousands of Shares					
Name of Related Party	Financial Statement Account	No. of stock exchange	Underlying Securities	Disposal of the price	Gains (Losses) on Disposal
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	5,126	Shin Kong Chi-Shin Money-market Fund	<u>\$ 80,018</u>	<u>\$ 18</u>

14) Loans to related parties

Interest income

Type/Name of Related Party	2023	2022
Xin Fu Development Co., Ltd.	<u>\$ -</u>	<u>\$ 364</u>

15) Endorsements and guarantees

Endorsements and guarantees provided to others

Type/Name of Related Party	December 31, 2023	December 31, 2022
Shang De Motor Co., Ltd.		
Guarantee Amount	<u>\$ 72,360</u>	<u>\$ 72,360</u>
Amount Actually Drawn	<u>\$ 72,360</u>	<u>\$ 72,360</u>

Endorsements and guarantees received

<u>Type/Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shinkong Asset Management Co., Ltd.		
Guaranteed Amount	<u>\$ 1,800,000</u>	<u>\$ 1,350,000</u>
Amount Actually Drawn (recognized as secured bank borrowings)	<u>\$ 1,800,000</u>	<u>\$ 1,350,000</u>
Hua Yang Motor Co., Ltd.		
Guaranteed Amount	<u>\$ 810,000</u>	<u>\$ 710,000</u>
Amount Actually Drawn (recognized as secured bank borrowings)	<u>\$ 810,000</u>	<u>\$ 710,000</u>

16) Other

<u>Financial Statement Account</u>	<u>Type of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalent	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	\$ 158,389	\$ 123,520
	Taishin International Bank Co., Ltd.	91,533	67,301
	Related party in substance	<u>78</u>	<u>78</u>
		<u>\$ 250,000</u>	<u>\$ 190,899</u>
Refundable deposits	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 3,874	\$ 3,409
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	<u>20</u>	<u>20</u>
		<u>\$ 3,894</u>	<u>\$ 3,429</u>
Guarantee deposits received	UBright Optronics Corp.	\$ 4,010	\$ 4,010
	Taishin International Bank Co., Ltd.	5,813	5,813
	Related party in substance	<u>1,167</u>	<u>1,190</u>
		<u>\$ 10,990</u>	<u>\$ 11,013</u>
Financial assets at amortized cost	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	<u>\$ 12,700</u>	<u>\$ 1,800</u>
Operating expenses	Related party in substance	<u>\$ 21,508</u>	<u>\$ 22,687</u>
Non-operating income	Shang De Motor Co., Ltd.	\$ 603	\$ 358
	Related party in substance	<u>802</u>	<u>208</u>
		<u>\$ 1,405</u>	<u>\$ 566</u>
Non-operating expenses	Related party in substance	<u>\$ 8</u>	<u>\$ 4</u>

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

Name of Related Party	Details	December 31, 2023	December 31, 2022
TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	Shares of Shinkong Insurance Co., Ltd.	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

17) Remuneration to key management

	2023	2022
Short-term employee benefits	\$ 17,215	\$ 17,644
Post-employment benefits	438	464
	<u>\$ 17,653</u>	<u>\$ 18,108</u>

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

31. Pledged Assets

The following assets have been provided as collateral for borrowings:

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 2,517,520	\$ 2,051,880
Investment properties	1,833,077	1,847,689
Pledged time deposits (recognized as financial assets at amortized cost)	<u>12,700</u>	<u>1,800</u>
	<u>\$ 4,363,297</u>	<u>\$ 3,901,369</u>

32. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

As of December 31, 2023 and 2022, the guaranteed notes submitted by the Company for import credits and other businesses amounted to NT\$5,682 thousand and NT\$28,851 thousand, respectively.

The Company intends to acquire CWRE Special Situations Fund and will make installment payments totaling up to US\$10,000 thousand starting in 2024.

33. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following information is aggregated by foreign currencies other than the Company's functional currency 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:

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Assets denominated in foreign currency</u>			
<u>Monetary items</u>			
US\$	\$ 42,191	30.705	\$1,295,461
EU\$	317	33.98	10,763
BP\$	94	39.15	3,698
<u>Non-monetary items</u>			
Subsidiaries, associates and joint ventures accounted for using the equity method			
RMB	857	4.327	3,708
<u>Liabilities denominated in foreign currency</u>			
<u>Monetary items</u>			
US\$	118	30.705	3,628
EU\$	22	33.98	762
BP\$	3	39.15	117

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Assets denominated in foreign currency</u>			
<u>Monetary items</u>			
US\$	\$ 31,843	30.71	\$ 977,898
EU\$	363	32.72	11,869
BP\$	76	37.09	2,825
<u>Non-monetary items</u>			
Subsidiaries, associates and joint ventures accounted for using the equity method			
RMB	1,829	4.408	8,064
<u>Liabilities denominated in foreign currency</u>			
<u>Monetary items</u>			
US\$	101	30.71	3,089
EU\$	10	32.72	339

The Company's (realized and unrealized) foreign exchange gains and losses for the years of 2023 and 2022 amounted to a loss of NT\$13,301 thousand and a profit of NT\$66,356 thousand, respectively. Since the Company transacted in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

34. Additional Disclosures in the following Note

- 1) Related Information on Significant Transactions:
 - a. Financing provided to others. (Table 1)
 - b. Endorsements and guarantees provided to others. (Table 2)
 - c. Marketable securities held at the end of this period (excluding investments in subsidiaries, associates and joint ventures). (Table 3)
 - d. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital. (None)
 - e. Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - f. Disposal of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (None)
 - g. Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - h. Accounts receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
 - i. Derivative financial instrument transactions. (None)
- 2) Related Information on Investees (Table 6)
- 3) Information on Investments in Mainland China:
 - a. For investees in mainland China, please show the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 7)
 - b. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) Purchase amount and percentage, and the closing balance and percentage of the related payables.

- b) Sales amount and percentage, and the closing balance and percentage of the related receivables.
 - c) Property transaction amount and the resulting gain or loss.
 - d) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year.
 - f) Other transactions having a significant influence on profit or loss or financial status of the current year, such as providing or receiving services.
- 4) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. (Table 8)

Shinkong Textile Co., Ltd.
Financing provided to others
2023

Table 1

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Counterparty	Item of Transaction	Whether A Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing Provided	Transaction Amount	Short-term financing needed	Provisions of doubtful debts	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
1	Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Receivables from related parties	Yes	\$ 480,000	\$ 400,000	\$ -	1.3-1.725%	Necessity of short-term financing	\$ -	Operating turnover	\$ -		\$ -	\$ 1,053,314	\$ 9,202,943	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	Receivables from related parties	Yes	300,000	-	-	1.7%	Necessity of short-term financing	-	Operating turnover	-		-	1,053,314	9,202,943	Note 3

Note1: 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.

Note2: Financing provided to Shinkong Textile Co., Ltd.:
For financing provided to a company or firm that needs short-term financing, the total financing amount shall not exceed 40% of the Company's net worth; the total financing provided to a single party shall be limited to 10% of the Company's net worth.
Maximum amount of financing to companies or firms requiring short-term financing: 13,147,061 x 40% = 5,258,824
The maximum amount permitted to a single borrower: 13,147,061 x 10% = 1,314,706

Note3: 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: 13,147,061 x 70% = 9,202,943
The maximum amount permitted to a single borrower: 13,147,061 x 20%=2,629,412 ; 2,588,286 x 40%=1,035,314

Shinkong Textile Co., Ltd.
Endorsements and guarantees provided to others
2023

Table 2

Unit: In Thousands of New Taiwan Dollars

No.	Name of Endorsements and Guarantees Company	Endorsee and Guarantee		Limits on Endorsement and Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Endorsement and Guarantee Balance for the Period	Balance of endorsements and guarantees at the end of the period	Amount Actually Drawn	Amount of Endorsement and Guarantee Collateralized by Property	Ratio of Accumulated Endorsement and Guarantee to Net Equity per Latest Financial Statements (%)	Endorsements and guarantees Maximum limit (Note 3)	Endorsement and Guarantee Provided by Parent for Subsidiary	Endorsement and Guarantee Provided by Subsidiary for Parent	Endorsement and Guarantee Provided for Subsidiary in Mainland China	Note
		Name of Company	Relationship											
0	Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	6	\$ 2,629,412	\$ 72,360	\$ 72,360	\$ 72,360	\$ -	0.6%	\$ 6,573,531	N	N	N	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	13,147,061	1,800,000	1,800,000	1,800,000	1,800,000	13.7%	13,147,061	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	13,147,061	810,000	810,000	810,000	810,000	6.2%	13,147,061	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	13,147,061	810,000	810,000	810,000	810,000	6.2%	13,147,061	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 endorers and guarantors and endorsees and guarantees are categorized into the following seven types. Please specify the type:

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

Note: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 $13,147,061 \times 50\% = 6,573,531$ and the maximum endorsement and guarantee for a single entity was the net worth of $13,147,061 \times 20\% = 2,629,412$ for the year of 2023.

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

- (3) The amount of endorsement and 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.
Marketable securities held at the end of the period
December 31, 2023

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 ratio(%)	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	GSO Fund	None	Financial assets at fair value through profit or loss - current	18	\$ 59,612		\$ 59,612	
	COTTONWOOD Fund	None	"	9	359,707		359,707	
	MIH Climate Fund	None	"		7,914		7,914	
	Stocks - listed on TWSE or TPEx							
	Far EasTone Telecommunications Co., Ltd.	None	"	49	3,910	-	3,910	
Shinkong Textile Co., Ltd.	TacBright Optronics Corporation	(5)	"	5,000	20,050	1.08	20,050	
					<u>\$ 451,193</u>		<u>\$ 451,193</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	\$ 872,422	3.47	\$ 872,422	
	Taishin Financial Holding Co., Ltd.	(5)	"	7,815	141,452	0.06	141,452	
	Shin Kong Financial Holding	(5)	"	4,609	40,788	0.03	40,788	
Shinkong Textile Co., Ltd.					<u>\$ 1,054,662</u>		<u>\$ 1,054,662</u>	
	Stocks - listed on TWSE or TPEx			10,385				
	Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 17,977	0.05	\$ 17,977	
	O-Bank Co., Ltd.	None	"	10,385	103,640	0.34	103,640	
	The Great Taipei Gas Corporation	(5)	"	10,738	351,133	2.08	351,133	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	228	11,655	0.03	11,655	
	Shinkong Insurance Co., Ltd.	(1)	"	51,540	3,509,842	16.31	3,509,842	10,000 thousands of shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT\$1,362,000 thousand

(Continued on the next page)

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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 ratio(%)	Fair value	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	Financial assets at fair value through other comprehensive profit and loss - non-current	137	\$ 6,237	0.05	\$ 6,237	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of NT\$1,155,520 thousand
	Unlisted companies							
	Taian Insurance Co., Ltd.	None	"	2,049	70,923	0.69	70,923	
	Shin Kong Chao Feng Co., Ltd.	(5)	"	200	31,199	2.22	31,199	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	"	41,275	1,490,456	3.31	1,490,456	
	Shin Kong Recreation Co., Ltd.	(2)	"	650	234,072	3.32	234,072	
	Eastern International Ad.	None	"	-	280	0.90	280	
	Li Yu Venture Capital Co., Ltd.	None	"	209	3,324	1.79	3,324	
	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	35,556	2.98	35,556	
	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	
					<u>\$ 6,089,744</u>		<u>\$ 6,089,744</u>	

Note1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities as promulgated in IFRS 9 "Financial Instruments".

Note2: (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.

Note3: 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.

Note4: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table VI.

Shinkong Textile Co., Ltd.

Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital.

January 1 to December 31, 2023

Table 4

Unit: Unless Stated Otherwise, in thousands of New Taiwan Dollars

Company acquisition of real estate	Name of property	Date	Amount	Payment status	Related Party	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
							All individuals	Relationship with the issuer	Date of transaction	Amount			
Shinkong Asset Management Co., Ltd.	Housing and Construction	2023/4/8	\$ 1,038,033	\$ 330,449	Feng Yu Group Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-constructed assets	Enhance operational efficiency and activate assets	None
Xin Fu Development Co., Ltd.	Housing and Construction	2024/6/6 (Note 1)	3,177,024	105,983	Chong Hong Construction Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-constructed assets	Investment in constructing buildings for sale or rental use	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.

Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital

2023

Table 5

Unit: In Thousands of New Taiwan Dollars

Companies with purchase (sales) of goods	Related Party	Relationship	Transaction Details				Circumstances where the transaction conditions are different from general transactions and the reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase (sales) of goods	Amount	Proportion of total purchase (sales) of goods %	Credit period	Unit price	Credit period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) %	
Shinkong Mitsukoshi Department Store Co., Ltd.	Shinkong Textile Co., Ltd.	Related party in substance	Sales	\$ 303,951	10.12%	No significant difference from general customers	—	—	\$ 60,837	14.04%	
Chyang Sheng Dyeing & Finishing Co., Ltd.	Shinkong Textile Co., Ltd.	Related party in substance	Purchases	112,628	6.12%	No significant difference from general customers	—	—	41,250	12.11%	

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

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

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

Shinkong Textile Co., Ltd.
Names, locations, and other information of investees
2023

Table 6

Unit: In Thousands of Shares / New Taiwan Dollars

Investor	Name of investee company	Location	Principal Business Activities	Initial Investment Amount		Holding at the end of the period			Income (Loss) of the Investee	Investment Gain (Loss)	Note
				At the end of the current period	End of Last Year	Number of shares	%	Carrying amount			
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	F15, 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	\$ 2,549,782	\$ 99,796	\$ 98,590	Note 1, Subsidiary
"	Lian Quan Investment Co., Ltd.	F6, 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	461,590	27,711	13,548	
"	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	General investment business	21,424	21,424	700	100.00	3,712	(4,241)	(4,241)	Subsidiaries
"	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	305,330	131,852	44,163	
"	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment business	74,656	74,656	-	35.71	50,968	19,316	6,898	
"	Chyang Sheng Dyeing & Finishing Co., Ltd.	No.126, Dagong Rd., Dayuan Dist., Taoyuan City	Outsourcing of Dyeing and Finishing	546,947	-	35,171	20.30	560,501	127,390	13,554	
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	F15, 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	764,862	106,500	100.00	1,078,153	3,379	3,379	Second-tier subsidiary
"	Hua Yang Motor Co., Ltd.	F15, 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	390,431	47,181	47,181	Second-tier subsidiary
"	Chyang Sheng Dyeing & Finishing Co., Ltd.	No.126, Dagong Rd., Dayuan Dist., Taoyuan City	Outsourcing of Dyeing and Finishing	6,426	-	413	0.24	6,585	127,390	159	
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	F15, 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	76,000	4,400	100.00	32,843	(10,584)	(10,584)	Second-tier subsidiary

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

Note 2: Please refer to Table 7 for information on investments in mainland China.

Shinkong Textile Co., Ltd.
Information on Investments in Mainland China
2023

Table 7

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	The 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) (Note 2)	Investment carrying value at the end of the current	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	(\$ 4,241)	100	(\$ 4,241) (2)－C	\$ 3,708	\$ -	-

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

- (1) Direct investment in mainland China.
- (2)-(1) Reinvesting in the Mainland through SK INNOVATION CO., LTD. in the third area.
- (2)-(2) Reinvesting in the Mainland through Shanghai Xin Ying Trading Co., Ltd.
- (3) Other method.

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 audited by international accounting firms cooperating with accounting firms in the Republic of China.
 - B. Financial statements audited by the parent company's CPAs in Taiwan.
 - C. Others (financial statements for the same periods prepared by above 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 30,705TWD	\$ 7,888,237

Shinkong Textile Co., Ltd.
Information on Major Shareholders
December 31, 2023

Table 8

Name of Major Shareholders	Shareholding	
	No. of Shares	Percentage of Ownership
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.

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Shinkong Textile Co., Ltd.
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2023

Statement 1

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount
Cash on hand		\$ 984
Checking deposit		9,958
Demand deposit		304,248
Foreign currency deposits	Including US\$13,955 thousand @30.705, EU\$317 thousand @33.98, BP\$94 thousand @39.15, RMB1 thousand @4.327, JPY 648thousand @0.2172, HKD 4 thousand @3,929	443,115
Time deposit	US\$6,290thousand@30.705	<u>193,134</u>
		<u>\$ 951,439</u>

Shinkong Textile Co., Ltd.

Statement of Financial assets at fair value through profit or loss - current statement

December 31, 2023

Statement 2

Unit: In Thousands of New Taiwan Dollars

Name of financial instruments	Summary	Number of Shares (in thousand/shares)	Face Value (NTD)	Fair value	
				Unit price (NTD)	Total
Stocks - listed on TWSE or TPEX	Far EasTone	49	10	\$ 79.80	\$ 3,910
	Telecommunications Co., Ltd.				
	TacBright Optronics Corporation	5,000	10	4.01	<u>20,050</u>
					<u>23,960</u>
Beneficiary certificates	COTTONWOOD Fund	9	-	38,400.64	359,707
	GSO Fund	18	-	3,306.09	59,612
	MIHC Fund		-	-	<u>7,914</u>
					<u>427,233</u>
					<u>\$ 451,193</u>

Shinkong Textile Co., Ltd.

Financial assets at fair value through other comprehensive profit and loss - current statement

December 31, 2023

Statement 3

Unit: In Thousands of New Taiwan Dollars

Name of financial instruments	Summary	Number of Shares (in thousand/shares)	Face value (NTD)	Fair value	
				Unit price (NTD)	Total
Stocks - listed on TWSE or TPEX	Shinkong Synthetic Fibers Corporation	56,104	10	\$15.55	\$ 872,422
	Taishin Financial Holding Co., Ltd.	7,815	10	18.10	141,452
	Shin Kong Financial Holding	4,609	10	8.85	<u>40,788</u>
					<u>\$1,054,662</u>

Shinkong Textile Co., Ltd.
Statement of Notes Receivable
December 31, 2023

Statement 4

Unit: In Thousands of New Taiwan Dollars

<u>Name of client</u>	<u>Summary</u>	<u>Amount</u>
Related party		
Related party in substance - Waibei Enterprise Inc.		\$ 7
Non related parties		
Jung Cheng	Loans	3,250
Eastern Mark Garments	"	1,196
CCHCap	"	963
Other (Note)	"	<u>5,615</u>
		<u>\$ 11,031</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Shinkong Textile Co., Ltd.
Statement of Trade Receivable
December 31, 2023

Statement 5

Unit: In Thousands of New Taiwan Dollars

Name of client	Summary	Amount
Related party		
Shinkong Mitsukoshi	Loans	\$ 60,837
Department Store Co., Ltd.		
Other (Note)	"	2,438
		<u>63,275</u>
Non related parties		
PT UNGARAN SARI		61,546
SINTEX	"	28,822
StarLUX Airlines		27,654
YOUNGONE (CEPZ)		24,344
Alliance One Apparel		21,512
Other (Note)	"	195,273
Less: loss allowance		<u>-</u>
		<u>359,151</u>
		<u>\$ 422,426</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Shinkong Textile Co., Ltd.
Statement of Other Receivable
December 31, 2023

Statement 6

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount
Related party		
Receivable income	Tax receivable related to new asset management	\$ 11,584
Other (Note)		6
		<u>11,590</u>
Non related parties		
Other receivables	Other	28
Tax refunds receivable	Business Tax	14,381
		<u>14,409</u>
		<u>\$ 25,999</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Shinkong Textile Co., Ltd.

Statement of Inventories

December 31, 2023

Statement 7

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Cost	Net realizable value
Merchandise inventories	Garments	\$ 362,070	\$ 309,720
Materials	Yarn, silk fabric	58,172	47,331
Supplies		13,458	11,271
Work in progress	Yarn, silk fabric	136,422	136,422
Finished goods	Cloth	<u>579,210</u>	<u>477,295</u>
		<u>\$ 1,149,332</u>	<u>\$ 982,039</u>

Shinkong Textile Co., Ltd.

Prepayment statement

December 31, 2023

Statement 8

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Prepaid expenses	Design fee	\$ 9,841
	Other (Note)	<u>9,394</u>
		<u>19,235</u>
Prepayments to suppliers		<u>67,561</u>
		<u>\$ 86,796</u>

Note: The balance of each account does not exceed five percent of the balance of this account.

Shinkong Textile Co., Ltd.
Financial assets at fair value through other comprehensive profit and loss - non-current statement
January 1 to December 31, 2023

Statement 9

Unit: In Thousands of New Taiwan Dollars

	Beginning balance		Increase during the period		Reclassification for the period		Decrease for the current period		Ending Balance			Provision of collateral or Pledge provided
	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Percentage of Ownership (%)	Amount	
Financial assets at fair value through other comprehensive profit and loss - non-current												
TWSE/TPEX Listed Companies												
The Great Taipei Gas Corporation	10,738	\$ 334,489	-	\$ 16,644	-	\$ -	-	\$ -	10,738	2.08	\$ 351,133	None
SHINKONG Insurance Co., Ltd.	51,540	2,517,706	-	992,136	-	-	-	-	51,540	16.31	3,509,842	See note 31
O-BANK	10,385	87,128	-	16,512	-	-	-	-	10,385	0.34	103,640	None
Xintec Technology	141	13,578	-	4,399	-	-	-	-	141	0.05	17,977	"
TAISHIN FINANCIAL HOLDING CO., LTD	228	11,769	-	-	-	-	-	114	228	0.03	11,655	"
TAISHIN FINANCIAL HOLDING CO., LTD (second)	137	<u>6,476</u>	-	<u>-</u>	-	<u>-</u>	-	<u>239</u>	137	0.05	<u>6,237</u>	
		<u>2,971,146</u>		<u>1,029,691</u>		<u>-</u>		<u>353</u>	-		<u>4,000,484</u>	
Non-publicly traded company												
Shin Kong Mitsukoshi	41,275	1,386,442	-	104,014	-	-	-	-	41,275	3.31	1,490,456	See note 31
Shin Kong Recreation	650	219,192	-	14,880	-	-	-	-	650	3.32	234,072	None
Tong Hsin Water Business Inc.	1,982	22,763	-	-	-	-	1,982	22,763	-	-	-	
TAIAN Insurance	2,049	60,905	-	10,018	-	-	-	-	2,049	0.69	70,923	"
Shin Kong Mega	200	30,865	-	334	-	-	-	-	200	2.22	31,199	"
Eastern Ads	-	284	-	-	-	-	-	4	-	0.90	280	"
Global Securities Finance	98	979	-	-	-	-	98	979	-	-	-	
LY Ventures	209	2,644	-	680	-	-	-	-	209	1.79	3,324	"
Taiwan Zeniya Interior Design	-	16,589	-	3,376	-	-	-	-	-	8.00	19,965	"
KHL IB Venture Capital	2,489	39,463	794	-	-	-	-	3,907	3,283	2.98	35,556	"
IRSO Precision	1,000	3,141	-	-	-	-	-	3,141	1,000	4.93	-	"
Mega Solar Energy	1,000	10,000	-	-	-	-	-	-	1,000	1.25	10,000	"
CYS	10,000	95,731	-	-	-	-	-	2,246	10,000	18.18	93,485	"
Meihao Youjing Investment Co., Ltd.	-	<u>-</u>	10,000	<u>100,000</u>	-	<u>-</u>	-	<u>-</u>	10,000	15.63	<u>100,000</u>	
		<u>1,888,998</u>		<u>233,302</u>		<u>-</u>		<u>33,040</u>			<u>2,089,260</u>	
		<u>\$ 4,860,144</u>		<u>\$ 1,262,993</u>		<u>\$ -</u>		<u>\$ 33,393</u>			<u>\$ 6,089,744</u>	

Shinkong Textile Co., Ltd.

Statement of Changes in Investments accounted for using the equity method

January 1 to December 31, 2023

Statement 10

Unit: In Thousands of New Taiwan Dollars

	Beginning balance		Increase During the Period (Note 1)		Decrease During the Period (Note 2)		Investment Profit (Loss)	Ending Balance			Provision of collateral or Pledge Provided
	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount		Number of Shares (in Thousands Shares)	%	Amount	
Long-term investment in shares accounted for using the equity method											
Publicly traded company											
Chyang Sheng	-	\$ _____	35,171	\$ 546,947	-	\$ _____	\$ 13,554	35,171	20.30	\$ 560,501	None
Non-publicly traded company											
Shinkong Asset Management	25,490	3,054,456	72,510	6,254	-	596,344	98,590	98,000	100.00	2,562,956	None
Lian Quan Investment	11,192	363,569	-	84,473	-	-	13,548	11,192	48.89	461,590	"
SK INNOVATION CO., LTD.	700	8,067	-	-	-	114	(4,241)	700	100.00	3,712	"
Shang De	9,715	300,027	-	-	-	38,860	44,163	9,715	33.50	305,330	"
WPI-High Street LLC	-	55,332	-	-	-	11,262	6,898	-	35.71	50,968	"
Less: transferred treasury stock		(_____13,174)		_____ -		_____ -	_____ -			(_____13,174)	
		\$ 3,768,277		\$ 637,674		\$ 646,580	\$ 172,512			\$ 3,931,883	

Note:1 The details of increase for the current period are as follows:

Item	Amount
Distribution of dividends to subsidiaries	\$ 1,206
Unrealized profit and loss of financial assets	89,521
Capital Increase	546,947
	\$ 637,674

Note:2 The details of decrease for the current period are as follows:

Item	Amount
Acquired dividends from subsidiaries and affiliated enterprises	(\$ 640,834)
Exchange differences on translating the financial statements of foreign operations	(4,250)
Withholding tax on foreign investments	(1,496)
	(\$ 646,580)

Shinkong Textile Co., Ltd.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
December 31, 2023

Statement 11

Unit: In Thousands of New Taiwan Dollars

Item	Beginning balance	Increase during the period	Decrease for the current period	Ending Balance
Buildings and structures	\$ 226,024	\$ 12,770	(\$ 6,901)	\$ 231,893
Transportation Equipment	10,500	6,240	-	16,740
Office equipment	<u>2,133</u>	<u>-</u>	<u>-</u>	<u>2,133</u>
	<u>\$ 238,657</u>	<u>\$ 19,010</u>	<u>(\$ 6,901)</u>	<u>\$ 250,766</u>

Shinkong Textile Co., Ltd.

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

December 31, 2023

Statement 12

Unit: In Thousands of New Taiwan Dollars

Item	Beginning balance	Increase During the Period	Decrease During the Period	Ending Balance
Buildings and structures	\$ 59,705	\$ 40,296	(\$ 6,901)	\$ 93,100
Transportation Equipment	6,398	2,710	-	9,108
Office equipment	<u>504</u>	<u>418</u>	<u>-</u>	<u>922</u>
	<u>\$ 66,607</u>	<u>\$ 43,424</u>	<u>(\$ 6,901)</u>	<u>\$ 103,130</u>

Shinkong Textile Co., Ltd.
Statement of Short-term borrowings
December 31, 2023

Statement 13

Unit: In Thousands of New Taiwan Dollars

<u>Creditor</u>	<u>Type of loans</u>	<u>Ending Balance</u>	<u>Terms of the agreement</u>	<u>Interest rate intervals (%)</u>	<u>Line of credit</u>	<u>Collateral or guarantees</u>
Wuchang Branch of the Bank of Taiwan	Mortgage loan	\$ 740,000	20230614-20240614	1.73%	\$ 1,800,000	See note 31
Cathay United Bank	Mortgage loan	600,000	20231231-20241231	1.70%	1,460,000	〃
ChinaTrust Bank, Corporate Banking Department	Mortgage loan	630,000	20230630-20240630	1.73%	1,150,000	〃
Head Office Branch of Huanan Commercial Bank	Mortgage loan	330,000	20230928-20240928	1.73%	500,000	〃
Headquarters Branch of Mega Financial Holding Co., Ltd.	Credit borrowings	150,000	20230922-20240921	1.70%	200,000	〃
Corporate Banking Department of Yuanta Bank, Taoyuan region	Credit borrowings	<u>150,000</u>	20230720-20240719	1.73%	<u>150,000</u>	None
		<u>\$ 2,600,000</u>			<u>\$ 5,260,000</u>	

Shinkong Textile Co., Ltd.
Statement of Notes Payable
December 31, 2023

Statement 14

Unit: In Thousands of New Taiwan Dollars

Name of client	Summary	Amount
Related party		
Chyang Sheng (Note)	Loans	\$ 38,884
Substantial related party (Note)	Insurance expenses	<u>276</u>
		<u>39,160</u>
Non related parties		
Yong Sheng	Loans	17,369
He Xing	"	9,904
Toung Loong	"	15,506
Sunshine	"	19,978
Boja	"	9,066
Zip Sheng	"	10,647
Far Eastern	"	10,988
Other (Note)		<u>71,966</u>
		<u>165,424</u>
		<u>\$ 204,584</u>

Note: The balance of each account does not exceed five percent of the balance of this account.

Shinkong Textile Co., Ltd.
Statement of Accounts Payable
December 31, 2023

Statement 15

Unit: In Thousands of New Taiwan Dollars

Name of client	Summary	Amount
Related party		
Chyang Sheng	Loans	\$ 2,366
Shinkong Synthetic Fibers Corporation	"	7,973
Subsidiary (Note)	"	<u>44</u>
		<u>10,383</u>
Non related parties		
Carnival	Loans	33,791
JECHIARNG	"	7,734
Other (Note)		<u>84,045</u>
		<u>125,570</u>
		<u>\$ 135,953</u>

Note: The balance of each account does not exceed five percent of the balance of this account.

Shinkong Textile Co., Ltd.
Statement on Lease liabilities
December 31, 2023

Statement 16

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending Balance</u>
Buildings and structures	2014/02/11~2027/05/31	0.946%~1.721%	\$ 143,629
Transportation Equipment	2018/07/14~2028/12/28	0.915%~1.725%	7,655
Office equipment	2020/05/01~2027/01/31	0.9%~0.981%	<u>1,223</u>
			152,507
Less: Current portion of lease liabilities			<u>44,618</u>
			<u>\$ 107,889</u>

Shinkong Textile Co., Ltd.
Statement of Operating Income
2023

Statement 17

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount
Total sales revenue		
Textile		\$ 2,246,530
Brand agent sales		<u>789,238</u>
		3,035,768
Less: sales return and discount		(<u>32,844</u>)
Sales revenue, net		3,002,924
Rental revenue	Rent from Wuling Financial Building and Taoyuan Yarn Plant etc.	157,518
Other operating revenue	Royalties and special sales	<u>748</u>
		<u>\$ 3,161,190</u>

Shinkong Textile Co., Ltd.
Statement of Operating costs
2023

Statement 18

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Direct raw material at the beginning	\$ 92,496
Addendum: Materials purchased in the period	286,582
Transferred from work-in-progress	200,280
Transferred from finished product	2,005
Less: Transferred expenses	(235)
Sales of materials	(153)
Direct raw material at the ending	(59,172)
Direct raw material consumption	<u>521,803</u>
Beginning supplies	13,511
Add: Materials purchased in the period	82,412
Less: Transferred expenses	(80,226)
Sales of supplies	(100)
Ending supplies	(13,458)
Material use	<u>2,139</u>
Direct labor	79,833
Manufacturing overheads	416,531
Subcontract processing expenses	<u>530,309</u>
Manufacturing costs	<u>1,550,615</u>
Work-in-progress, beginning	186,396
Add: Transferred from finished product	1,218,371
Less: Work-in-progress to materials	(200,280)
Work-in-progress to product	(107,074)
Work-in-progress, ending	(136,421)
Finished product costs	<u>2,511,607</u>
Beginning inventory of finished goods	591,182
Add: Material purchased in the period	422,335
Less: Transferred expenses	(8,900)
Finished product to material	(2,005)
Operating Loss	(327)
Item scrapped	(194)

(Continued on the next page)

(Continued from the previous page)

Item	Amount
Finished products to work-in-progress	(\$ 1,218,371)
Closing inventory of finished goods	(<u>579,210</u>)
Cost of goods sold	<u>1,716,117</u>
Merchandise	
Opening inventory	292,905
Add: Purchased products	519,717
Transferred from work-in-progress	107,074
Less: Losses	(50)
Transfer to operating expenses	(7,379)
Item scrapped	(227)
End inventory	(<u>362,071</u>)
Product sales cost	<u>549,969</u>
Other operating costs	
Loss on inventory write-down	22,659
Item scrapped	421
Inventory loss	377
Sales of material and supplies	253
Other	<u>621</u>
	<u>24,331</u>
Rental costs	<u>40,625</u>
	<u>\$ 2,331,042</u>

Shinkong Textile Co., Ltd.
STATEMENT OF OPERATING EXPENSES
December 31, 2023

Statement 19

Unit: In thousands of NT\$, Unless Stated Otherwise

Item	Selling and marketing	General and administrativ e	R&D expenses	Total
Payroll expenses	\$ 167,691	\$ 65,116	\$ 14,868	\$ 247,675
Depreciation	23,004	26,076	1,962	51,042
Freight expenses	43,569	199	141	43,909
Other expenses (note)	<u>167,055</u>	<u>50,403</u>	<u>17,978</u>	<u>235,436</u>
	<u>\$ 401,319</u>	<u>\$ 141,794</u>	<u>\$ 34,949</u>	<u>\$ 578,062</u>

Note: The balance of each account does not exceed 5% of the balance of this account.

Shinkong Textile Co., Ltd.

SUMMARY STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION

2023

Statement 20

Unit: In Thousands of New Taiwan Dollars

	2023			2022		
	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expense						
Salaries	\$ 161,205	\$ 247,675	\$ 408,880	\$ 163,740	\$ 244,605	\$ 408,345
Labor insurance and National Health Insurance expense	16,139	22,202	38,341	14,805	19,818	34,623
Pension expense	8,648	10,820	19,468	5,304	10,823	16,127
Director's Remuneration	-	16,768	16,768	-	22,968	22,968
Other employee benefits	10,129	9,101	19,230	9,971	8,647	18,618
Total employee benefit expense	<u>\$ 196,121</u>	<u>\$ 306,566</u>	<u>\$ 502,687</u>	<u>\$ 193,820</u>	<u>\$ 306,861</u>	<u>\$ 500,681</u>
Depreciation	<u>\$ 88,209</u>	<u>\$ 51,042</u>	<u>\$ 139,251</u>	<u>\$ 87,846</u>	<u>\$ 47,688</u>	<u>\$ 135,534</u>
Amortization	<u>\$ 409</u>	<u>\$ 1,662</u>	<u>\$ 2,071</u>	<u>\$ 376</u>	<u>\$ 1,744</u>	<u>\$ 2,120</u>

Remarks:

- The number of employees for the current year and the previous year was 540 and 542, respectively, among which the number of directors who were not employees were 4 and 5, respectively.
- For companies whose shares are listed on the TWSE/TPEX, the following information should also be additionally disclosed:
 - The average employee benefits expenses were \$907 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employee benefits expenses were \$890 thousand for the prior year. ([Total employee benefit expenses for the previous year - Total directors' remuneration] / [Number of employees for the previous year - Number of directors who do not serve as employees]).
 - The average employee benefits expenses were \$763 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees]).
The average employee benefits expenses were \$760 thousand for the prior year. ([Total employee benefit expenses for the previous year - Total directors' remuneration] / [Number of employees for the previous year - Number of directors who do not serve as employees]).
 - The change in the average employees' salary expenses was 0.39%. ([The average employee salary expense for the current year - The average employee salary expense for the previous year] / The average employee salary expense for the previous year).
 - The Company has established an Audit Committee, and the remuneration of independent directors has been incorporated into the remuneration of directors to be disclosed
 - The Company's compensation and remuneration policies (including directors, managers and employees) are as follows:
 - Directors and Independent Directors:
 - Fixed income: In accordance with Article 16 of Articles of Incorporation, the Company shall pay directors' salary for their duties performed regardless of profit or loss of the Company. Directors is authorized to determine upon the remunerations for Directors according to their participation in and the value of their contribution to the Company operation and with reference to the common remuneration level in the industry.
 - Income from changes: Pursuant to Article 27 of the Articles of Incorporation, the Company shall allocate no less than one percent as the remuneration for employees and no more than five percent as the remuneration for Directors, if there's balance after deducting accumulated losses from the earnings of current year (i.e. the earnings before deducting the remuneration for employees, Directors and Supervisors from the earnings before tax).
Independent directors shall not participate in the distribution of directors' remuneration referred to in Article 27 of the Articles of Incorporation.
 - Managerial officers: remuneration is determined based on position, responsibility, departmental performance and contribution to the overall operation of the Company.
 - Employees: the salary is subject to the job function, work intensity and professional skills and by reference to the Company's employee salary management measures and employee appointment and promotion management measures.
 - The remuneration of directors and managers shall be regularly evaluated and reviewed by the Remuneration Committee of the Company and then submitted to the Board of Directors for approval and resolution,