

Shinkong Textile Co., Ltd. and
Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Review
Report
For the Nine Months Ended
September 30, 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' Review Report

To Shinkong Textile Co., Ltd.

Foreword

We have audited the consolidated balance sheets of Shinkong Textile Co., Ltd. and its subsidiaries as of September 30 , 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, and its consolidated statements of changes in equity, and consolidated statements of cash flows for the nine months ended September 30, 2023 and 2022, and notes to consolidated financial statements (including a summary on significant accounting policies). It is the responsibility of the management to prepare fair presentation consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, 34 “Interim Financial Reporting” endorsed and issued by the Financial Supervisory Commission. The responsibility of the CPAs is to draw conclusions on the consolidated financial statements based on the results of their review.

Scope

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

Conclusions

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Shinkong Textile Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated financial cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touché
CPA Li-Huang Li

CPA Jui-Chuan Chih

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

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

November 13, 2023

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2023 and December 31, and September 30, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6, 30 and 31)	\$ 1,334,217	8	\$ 889,783	5	\$ 844,595	5
1110	Financial assets at fair value through profit or loss (Notes 7, 30 and 31)	549,749	3	568,830	4	530,670	3
1120	Financial assets at fair value through other comprehensive income - current (Notes 8, 30 and 31)	1,041,009	6	1,625,098	10	1,544,070	10
1136	Financial assets at amortized cost - current (Notes 9 and 30)	-	-	500,000	3	500,000	3
1150	Notes receivable (Notes 10, 24 and 30)	4,655	-	9,907	-	3,313	-
1160	Notes receivable - related parties, net (Notes 10, 24, 30 and 31)	9	-	8	-	11	-
1170	Accounts receivable (Notes 10, 24 and 30)	361,359	2	292,467	2	365,750	2
1180	Accounts receivable - related parties (Notes 10, 24, 30 and 31)	42,892	-	46,685	-	52,167	-
1200	Other receivables (Notes 10, 24 and 30)	11,966	-	16,603	-	13,224	-
1210	Other receivables - related parties (Notes 10, 24, 30 and 31)	12,350	-	-	-	11,700	-
130X	Inventories (Note 11)	1,133,815	7	1,058,167	6	1,026,139	6
1410	Prepayments (Notes 18 and 31)	77,898	-	62,371	-	67,592	1
1470	Other current assets (Note 18)	2,975	-	2,973	-	2,978	-
11XX	Total current assets	<u>4,572,894</u>	<u>26</u>	<u>5,072,892</u>	<u>30</u>	<u>4,962,209</u>	<u>30</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 30 and 32)	5,504,946	31	4,907,353	29	4,806,340	29
1535	Financial assets at amortized cost - non-current (Notes 9, 30 and 32)	700	-	1,800	-	1,800	-
1550	Investments accounted for using the equity method (Note 13)	1,314,753	8	718,928	4	683,817	4
1600	Property, plant and equipment (Note 14)	348,436	2	630,474	4	569,812	4
1755	Right-of-use assets (Note 15)	149,291	1	179,693	1	178,930	1
1760	Investment properties (Notes 16 and 32)	5,517,927	32	5,076,581	31	5,090,673	31
1780	Other intangible assets (Note 17)	3,581	-	3,270	-	3,798	-
1840	Deferred tax assets	33,867	-	29,691	-	29,445	-
1990	Other non-current assets (Notes 18 and 31)	41,524	-	77,965	1	70,232	1
15XX	Total non-current assets	<u>12,915,025</u>	<u>74</u>	<u>11,625,755</u>	<u>70</u>	<u>11,434,847</u>	<u>70</u>
1XXX	Total Assets	<u>\$ 17,487,919</u>	<u>100</u>	<u>\$ 16,698,647</u>	<u>100</u>	<u>\$ 16,397,056</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19, 30 and 32)	\$ 2,906,000	16	\$ 3,070,000	19	\$ 2,850,000	17
2110	Short-term notes payable (Note 19)	129,897	1	-	-	399,914	3
2130	Contract liabilities - current (Notes 24, 30 and 31)	23,514	-	29,805	-	26,927	-
2150	Notes payable (Notes 20 and 30)	147,322	1	222,899	1	81,441	1
2160	Notes payable - related parties (Notes 20, 30 and 31)	8,286	-	36,641	-	15,005	-
2170	Accounts payable (Notes 20 and 30)	124,728	1	104,305	1	161,405	1
2180	Accounts payable - related parties (Notes 20, 30 and 31)	14,658	-	6,612	-	11,907	-
2200	Other payables (Notes 21 and 30)	209,493	1	188,898	1	177,740	1
2220	Other payables - related parties (Notes 21, 30 and 31)	1,899	-	1,822	-	1,564	-
2230	Current tax liabilities	111,872	1	58,559	1	40,597	-
2280	Lease liabilities - current (Notes 15, 28 and 31)	45,648	-	45,868	-	43,774	-
2300	Other current liabilities (Note 21)	4,627	-	23,912	-	4,947	-
21XX	Total current liabilities	<u>3,727,944</u>	<u>21</u>	<u>3,789,321</u>	<u>23</u>	<u>3,815,221</u>	<u>23</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 19, 30 and 32)	330,609	2	159,082	1	123,643	1
2570	Deferred tax liabilities	770,590	4	761,682	4	767,886	5
2580	Lease liabilities - non-current (Notes 15, 28 and 31)	108,463	1	138,926	1	140,145	1
2600	Other current liabilities (Note 31)	106,139	1	106,694	1	106,997	-
25XX	Total non-current liabilities	<u>1,315,801</u>	<u>8</u>	<u>1,166,384</u>	<u>7</u>	<u>1,138,671</u>	<u>7</u>
2XXX	Total liabilities	<u>5,043,745</u>	<u>29</u>	<u>4,955,705</u>	<u>30</u>	<u>4,953,892</u>	<u>30</u>
	Equity attributable to owners of the Company (Note 23)						
	Share capital						
3110	Common shares	3,000,413	17	3,000,413	18	3,000,413	18
3200	Capital surplus	11,215	-	10,010	-	10,010	-
	Retained earnings						
3310	Legal surplus reserve	748,625	4	542,270	3	542,270	3
3320	Special reserve	1,006,548	6	1,006,548	6	1,006,548	6
3350	Unappropriated earnings	2,763,460	16	2,777,974	17	2,673,987	17
3300	Total retained earnings	<u>4,518,633</u>	<u>26</u>	<u>4,326,792</u>	<u>26</u>	<u>4,222,805</u>	<u>26</u>
	Other equity item						
3410	Exchange differences on translating the financial statements of foreign operations	(2,181)	-	(1,261)	-	(1,107)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	4,929,268	28	4,420,162	26	4,224,217	26
3400	Total other equity	<u>4,927,087</u>	<u>28</u>	<u>4,418,901</u>	<u>26</u>	<u>4,223,110</u>	<u>26</u>
3500	Treasury share	(13,174)	-	(13,174)	-	(13,174)	-
31XX	Total equity attributable to owners of the Company	<u>12,444,174</u>	<u>71</u>	<u>11,742,942</u>	<u>70</u>	<u>11,443,164</u>	<u>70</u>
3XXX	Total equity	<u>12,444,174</u>	<u>71</u>	<u>11,742,942</u>	<u>70</u>	<u>11,443,164</u>	<u>70</u>
	Total Liabilities and Equity	<u>\$ 17,487,919</u>	<u>100</u>	<u>\$ 16,698,647</u>	<u>100</u>	<u>\$ 16,397,056</u>	<u>100</u>

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

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income

July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 24 and 31)								
4100	Sales revenue	\$ 722,903	89	\$ 839,493	90	\$ 2,048,724	88	\$ 2,120,462	89
4300	Rental revenue	93,652	11	92,210	10	279,093	12	274,261	11
4800	Other operating income	<u>-</u>	<u>-</u>	<u>592</u>	<u>-</u>	<u>640</u>	<u>-</u>	<u>592</u>	<u>-</u>
4000	Total operating revenue	<u>816,555</u>	<u>100</u>	<u>932,295</u>	<u>100</u>	<u>2,328,457</u>	<u>100</u>	<u>2,395,315</u>	<u>100</u>
	Operating costs (Notes 11, 25 and 31)								
5110	Cost of goods sold	(562,000)	(68)	(655,399)	(70)	(1,584,801)	(68)	(1,669,283)	(70)
5300	Rental costs	(23,667)	(3)	(34,147)	(4)	(70,782)	(3)	(88,132)	(3)
5000	Total operating costs	(585,667)	(71)	(689,546)	(74)	(1,655,583)	(71)	(1,757,415)	(73)
5900	Gross profit	<u>230,888</u>	<u>29</u>	<u>242,749</u>	<u>26</u>	<u>672,874</u>	<u>29</u>	<u>637,900</u>	<u>27</u>
	Operating expenses (Notes 25 and 31)								
6100	Selling and marketing	(105,426)	(13)	(102,477)	(11)	(320,381)	(14)	(316,034)	(13)
6200	General and administrative	(39,776)	(5)	(31,305)	(3)	(107,443)	(5)	(115,857)	(5)
6300	Research and development	(8,485)	(1)	(7,151)	(1)	(25,034)	(1)	(20,532)	(1)
6450	Expected credit gain	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,294</u>	<u>-</u>
6000	Total operating expenses	(153,687)	(19)	(140,925)	(15)	(452,853)	(20)	(451,129)	(19)
6500	Other income and expenses, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343</u>	<u>-</u>
6900	Net operating income	<u>77,201</u>	<u>10</u>	<u>101,824</u>	<u>11</u>	<u>220,021</u>	<u>9</u>	<u>187,114</u>	<u>8</u>
	Non-operating income and expenses (Notes 25 and 31)								
7100	Interest income	5,101	1	995	-	15,891	1	1,483	-
7010	Other income	198,109	24	188,941	20	350,919	15	362,173	15
7020	Other gains and losses	22,151	3	(4,876)	-	60,214	3	1,568,457	66
7050	Finance costs	(13,072)	(2)	(9,614)	(1)	(39,512)	(2)	(24,647)	(1)
7060	Share of profit or loss of associates accounted for using the equity method	<u>26,979</u>	<u>3</u>	<u>27,326</u>	<u>3</u>	<u>58,777</u>	<u>2</u>	<u>58,834</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>239,268</u>	<u>29</u>	<u>202,772</u>	<u>22</u>	<u>446,289</u>	<u>19</u>	<u>1,966,300</u>	<u>82</u>
7900	Net income before tax	316,469	39	304,596	33	666,310	28	2,153,414	90
7950	Income tax expense (Note 26)	(26,437)	(3)	(40,623)	(5)	(118,217)	(5)	(181,495)	(8)
8200	Net income in the period	<u>290,032</u>	<u>36</u>	<u>263,973</u>	<u>28</u>	<u>548,093</u>	<u>23</u>	<u>1,971,919</u>	<u>82</u>
	Other comprehensive income								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	303,110	37	(371,288)	(40)	570,712	25	(197,584)	(8)
8320	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	(5,470)	(1)	(30,974)	(3)	32,204	1	(48,861)	(2)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	128	-	67	-	(39)	-	295	-
8370	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	1	-	3,370	-	(1,111)	-	6,619	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(26)	-	(687)	-	230	-	(1,383)	-
8300	Total other comprehensive income, net of tax	<u>297,743</u>	<u>36</u>	<u>(399,512)</u>	<u>(43)</u>	<u>601,996</u>	<u>26</u>	<u>(240,914)</u>	<u>(10)</u>
8500	Total comprehensive income	<u>\$ 587,775</u>	<u>72</u>	<u>(\$ 135,539)</u>	<u>(15)</u>	<u>\$ 1,150,089</u>	<u>49</u>	<u>\$ 1,731,005</u>	<u>72</u>
	Net income attributable to:								
8610	Owners of the Company	\$ 290,032	36	\$ 263,973	28	\$ 548,093	23	\$ 1,971,919	82
8620	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 290,032</u>	<u>36</u>	<u>\$ 263,973</u>	<u>28</u>	<u>\$ 548,093</u>	<u>23</u>	<u>\$ 1,971,919</u>	<u>82</u>
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 587,775	72	(\$ 135,539)	(15)	\$ 1,150,089	49	\$ 1,731,005	72
8720	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 587,775</u>	<u>72</u>	<u>(\$ 135,539)</u>	<u>(15)</u>	<u>\$ 1,150,089</u>	<u>49</u>	<u>\$ 1,731,005</u>	<u>72</u>
	Earnings per share (Note 27)								
	From continuing operations								
9710	Basic	<u>\$ 0.97</u>		<u>\$ 0.88</u>		<u>\$ 1.83</u>		<u>\$ 6.59</u>	
9810	Diluted	<u>\$ 0.97</u>		<u>\$ 0.88</u>		<u>\$ 1.83</u>		<u>\$ 6.58</u>	

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

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company									
		Share capital			Retained earnings			Other equity item			
Code		Number of Shares (in thousands)	Amount	Capital surplus	Legal surplus reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss	Treasury share	Total Equity
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 surplus 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 on stocks that have not been 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 for the period from January 1 to September 30, 2022	-	-	-	-	-	1,971,919	-	-	-	1,971,919
D3	Other comprehensive income for the period from January 1 to September 30, 2023, net of tax	-	-	-	-	-	-	5,531	(246,445)	-	(240,914)
D5	Total comprehensive income for the period from January 1 to September 30, 2022	-	-	-	-	-	1,971,919	5,531	(246,445)	-	1,731,005
Z1	Balance at September 30, 2022	300,041	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,673,987	(\$ 1,107)	\$ 4,224,217	(\$ 13,174)	\$ 11,443,164
A1	Balance at January 1, 2023	300,041	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,777,974	(\$ 1,261)	\$ 4,420,162	(\$ 13,174)	\$ 11,742,942
	Appropriation and distribution of surplus in 2022										
B1	Legal surplus reserve	-	-	-	206,355	-	(206,355)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(450,062)	-	-	-	(450,062)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	93,810	-	(93,810)	-	-
	Other changes in capital surplus:										
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	1,205	-	-	-	-	-	-	1,205
T1	Dividends on stocks that have not been collected before the designated date	-	-	-	-	-	-	-	-	-	-
D1	Net income for the period from January 1 to September 30, 2023	-	-	-	-	-	548,093	-	-	-	548,093
D3	Other comprehensive income for the period from January 1 to September 30, 2023, net of tax	-	-	-	-	-	-	(920)	602,916	-	601,996
D5	Total comprehensive income for the period from January 1 to September 30, 2023	-	-	-	-	-	548,093	(920)	602,916	-	1,150,089
Z1	Balance at September 30, 2023	300,041	\$ 3,000,413	\$ 11,215	\$ 748,625	\$ 1,006,548	\$ 2,763,460	(\$ 2,181)	\$ 4,929,268	(\$ 13,174)	\$ 12,444,174

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

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Income before income tax for the current period	\$ 666,310	\$ 2,153,414
A20010	Adjustments:		
A20100	Depreciation	110,021	108,968
A20200	Amortization	1,850	1,622
A20300	Expected credit return gains	(5)	(1,294)
A20400	Net gains on financial assets at fair value through profit or loss	(41,946)	(36,593)
A20900	Finance costs	39,512	24,647
A21200	Interest income	(15,891)	(1,483)
A21300	Dividend income	(347,393)	(360,157)
A22300	Share of profit or loss of associates accounted for using the equity method	(58,777)	(58,834)
A22500	(Loss) Gain on disposal of property, plant and equipment	(10)	669
A22800	Disposal of Intangible Asset Loss (Gain)	360	-
A23000	Gains on disposal of other non-current assets held for sale	-	(1,511,741)
A23700	Write-downs of inventories	19,732	16,351
A24500	Capital surplus from dividends on stocks that have not been collected	-	278
A29900	Construction in progress transferred to miscellaneous purchases	-	29
A29900	Construction in progress transferred to miscellaneous expenses	-	59,315
A29900	Losses or gains on lease modification	-	(343)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	5,251	26,360
A31150	Accounts receivable	(65,094)	(16,546)
A31180	Other receivables	4,637	6,705
A31200	Inventories	(95,570)	(263,881)
A31230	Prepayments	(15,527)	(9,468)
A31240	Other current assets	(2)	(8)
A31990	Other non-current assets	907	907
A32125	Contract liabilities	(6,291)	884
A32130	Notes payable	(103,932)	(199,679)
A32150	Accounts payable	28,469	69,140

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
A32180	Other payables	\$ 10,087	\$ 45,400
A32230	Other current liabilities	(19,285)	(19,518)
A32240	Net defined benefit assets	(725)	(652)
A32990	Other non-current liabilities	-	(2)
A33000	Cash generated from operations	116,688	34,490
A33300	Interest paid	(39,969)	(23,309)
A33500	Income tax paid	(59,942)	(18,576)
AAAA	Cash inflow (outflow) from operating activities	<u>16,777</u>	<u>(7,395)</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(7,848)	(27,638)
B00020	Sales of financial assets at fair value through other comprehensive profit and loss	27,685	325
B00040	Acquisition of financial assets at amortized cost	-	(500,000)
B00050	Disposal of financial assets at amortized cost	501,100	-
B00100	Acquisition of financial assets at fair value through profit or loss	(29,594)	(400,946)
B00200	Proceeds from financial assets at fair value through profit or loss	89,183	80,779
B01800	Acquisition of long-term equity investments using equity method	(11,980)	(2,979)
B02600	Proceeds from disposal of other non-current assets held for sale	-	815,383
B02700	Acquisition of property, plant, and equipment	(32,658)	(210,246)
B02800	Proceeds from disposal of property, plant and equipment	10	20
B03700	Increase in refundable deposits	-	(44,487)
B03800	Decrease in refundable deposits	43,272	-
B04500	Acquisition of intangible assets	(2,521)	(2,783)
B05400	Acquisition of investment properties	(189,018)	(627)
B07100	Increase in prepayments for equipment	(7,374)	(12,737)
B07500	Interest received	15,891	1,483
B07600	Dividends received	335,043	348,457
B09900	Dividends received from associates	<u>43,959</u>	<u>40,016</u>
BBBB	Net cash generated from investing activities	<u>775,150</u>	<u>84,020</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	370,000
C00200	Decrease in short-term borrowings	(164,000)	-
C00500	Increase in short-term bills payable	130,000	-

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
C00600	Decrease in short-term bills payable	\$ -	(\$ 780,000)
C01600	Proceeds from long-term borrowings	171,527	123,643
C03100	Refund of guarantee deposits received	(555)	(20,998)
C04020	Repayment of the principal portion of lease liabilities	(35,569)	(35,326)
C04500	Dividends paid to owners of the Company	(448,857)	(299,237)
CCCC	Net cash used in financing activities	(347,454)	(641,918)
DDDD	Effects of exchange rate changes on cash and cash equivalent	(39)	294
EEEE	Net increase (decrease) in cash and cash equivalents	444,434	(564,999)
E00100	Cash and cash equivalents at beginning of year	889,783	1,409,594
E00200	Cash and cash equivalents at beginning of the period	\$ 1,334,217	\$ 844,595

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

Shinkong Textile Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to September 30, 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 consolidated financial statements are presented in NTD, which is the Company’s functional currency.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved and authorized for issue in the Board of Directors’ meeting on November 13, 2023.

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).

With the exception of the following, the application of the amended IFRSs endorsed and issued into effect by the FSC shall not result in significant changes in the accounting policies of the consolidated Company.

- 2) Adoption of IFRSs endorsed by the FSC from 2024 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 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)

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

Note:2 The Seller and Lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the first application of IFRS 16.

Note:3 When applying this amendment for the first time, certain disclosure requirements are exempted.

As of the date of authorization of the consolidated financial statements, the consolidated 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.

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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)

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

Note 2: The amendments applied prospectively to annual reporting periods beginning on or after January 1, 2025. Upon the initial application of this amendment, the impact amount will be recognized in the retained earnings as of the date of initial application. When the consolidated Company uses a non-functional currency as the reporting currency, it will affect the foreign exchange differences of overseas operating entities under the equity items on the initial application date.

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

2) Basis of preparation

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

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., deduced from prices).
- c. Level 3 inputs are unobservable inputs for the asset or liability.

3) Basis of consolidation

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

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

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

4) Other Significant Accounting Policies

In addition to the following explanations, please refer to the Summary of Significant Accounting Policies in the 2022 Annual Consolidated Financial Report.

a. Defined benefits under the post-employment benefits

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

b. Income tax

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

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

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

The consolidated Company will take the recent developments of COVID-19 and its possible impact on the economic environment 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. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future

periods, it shall be recognized in the period of amendment and future periods.

6. Cash and cash equivalent

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and working capital	\$ 1,126	\$ 879	\$ 935
Checks and demand deposits in banks	732,049	601,266	598,309
Cash equivalent (investments bank time deposits with original maturities within three months)			
Time deposits in banks	<u>601,042</u>	<u>287,638</u>	<u>245,351</u>
	<u>\$ 1,334,217</u>	<u>\$ 889,783</u>	<u>\$ 844,595</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Bank deposits	0.001% ~ 5.6%	0.001% ~ 4.9%	0.005% ~ 4.02%

7. Financial Instruments at Fair Value through Profit or Loss

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Designated as at fair value through profit or loss			
- Domestic stocks listed or emerging stocks	\$ 24,256	\$ 28,698	\$ 28,708
Mandatorily measured at fair value through profit or less			
- Fund beneficiary certificates	<u>525,493</u>	<u>540,132</u>	<u>501,962</u>
	<u>\$ 549,749</u>	<u>\$ 568,830</u>	<u>\$ 530,670</u>

8. Financial assets at fair value through other comprehensive profit and loss

Investments in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investments in equity instruments</u>			
<u>Current</u>			
Listed Stocks	<u>\$ 1,041,009</u>	<u>\$ 1,625,098</u>	<u>\$ 1,544,070</u>
<u>Non-current</u>			
Domestic Investment			
Listed Stocks	\$ 3,648,719	\$ 3,018,355	\$ 3,010,294
Unlisted stocks	<u>1,856,227</u>	<u>1,888,998</u>	<u>1,796,046</u>

Total	<u>\$ 5,504,946</u>	<u>\$ 4,907,353</u>	<u>\$ 4,806,340</u>
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The consolidated Company invested in afore-mentioned items pursuant to its medium-term and long-term strategies for the purpose of making a profit through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive profit and loss as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the consolidated Company's strategy of holding these investments for long-term purposes.

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

9. Financial assets at amortized cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic Investment			
Time deposits with original maturities over three months (1)	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
<u>Non-current</u>			
Domestic Investment			
Time deposits with original maturities over one year (II)	<u>\$ 700</u>	<u>\$ 1,800</u>	<u>\$ 1,800</u>

- 1) As of September 30 and December 31, 2022, the interest rate range of time deposits with original maturities over three months was 0.8%.
- 2) As of September 30, 2023, and December 31, and September 30, 2022, the interest rate ranges of time deposits with original maturities over one year were 1.455% -1.575%, 0.9% - 1.14% and 0.9% - 1.14%, respectively.
- 3) Financial assets at amortized cost are classified as current or non-current pursuant to the maturity dates on the contracts or the pledged periods.
- 4) Please refer to Note 32 for details of financial assets at amortized cost pledged.

10. Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 4,655	\$ 9,907	\$ 3,313
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,655</u>	<u>\$ 9,907</u>	<u>\$ 3,313</u>
Notes receivable - related parties (Note 31)	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 11</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 361,359	\$ 292,472	\$ 365,755
Less: loss allowance	<u>-</u>	<u>(5)</u>	<u>(5)</u>
	<u>\$ 361,359</u>	<u>\$ 292,467</u>	<u>\$ 365,750</u>
Accounts receivable - related parties (Note 31)	<u>\$ 42,892</u>	<u>\$ 46,685</u>	<u>\$ 52,167</u>
<u>Other receivables</u>			
Tax refunds receivable	\$ 10,207	\$ 15,748	\$ 12,389
Other	<u>1,759</u>	<u>855</u>	<u>835</u>
	<u>\$ 11,966</u>	<u>\$ 16,603</u>	<u>\$ 13,224</u>
Other receivables - related parties (Note 31)	<u>\$ 12,350</u>	<u>\$ -</u>	<u>\$ 11,700</u>

Notes and accounts receivable

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

The consolidated Company recognizes loss allowance for accounts receivables based on lifetime ECL. The lifetime ECL is calculated based on a provision matrix that takes into account the default history and current financial position of customers, industry economics well as GDP forecasts and industry prospective. The consolidated Company's experience in credit loss shows that there is no significant difference in the loss patterns of different

customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the ECL rate based on the overdue days of accounts receivable.

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

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

September 30, 2023

	Billed for 1-60 Days	Billed for 61-120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	0%~100%	
Total carrying amount	\$ 399,611	\$ 5,207	\$ 3,997	\$ 100	\$ 408,915
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 399,611</u>	<u>\$ 5,207</u>	<u>\$ 3,997</u>	<u>\$ 100</u>	<u>\$ 408,915</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	\$ 336,760	\$ 12,161	\$ 120	\$ 31	\$ 349,072
Loss allowance (lifetime ECL)	-	-	-	(5)	(5)
Amortized cost	<u>\$ 336,760</u>	<u>\$ 12,161</u>	<u>\$ 120</u>	<u>\$ 26</u>	<u>\$ 349,067</u>

September 30, 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%	3.36%~100%	
Total carrying amount	\$ 402,971	\$ 18,157	\$ 26	\$ 92	\$ 421,246
Loss allowance (lifetime ECL)	-	-	-	(5)	(5)
Amortized cost	<u>\$ 402,971</u>	<u>\$ 18,157</u>	<u>\$ 26</u>	<u>\$ 87</u>	<u>\$ 421,241</u>

Changes in loss allowances for receivables are as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning balance	\$ 5	\$ 1,302
Less: Impairment loss reversed in the period	(5)	(1,294)
Decrease: Actual write-off in the period	-	(3)
Balance at the end of the period	<u>\$ -</u>	<u>\$ 5</u>

11. Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 597,974	\$ 511,581	\$ 469,503
Work in progress	139,519	186,721	196,791
Raw materials	64,249	100,931	119,012
Merchandise inventories	<u>332,073</u>	<u>258,934</u>	<u>240,833</u>
	<u>\$ 1,133,815</u>	<u>\$ 1,058,167</u>	<u>\$ 1,026,139</u>

The cost of goods sold related to inventories for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 was NT\$562,000 thousand, NT\$655,399 thousand, NT\$1,584,801 thousand and NT\$1,669,283 thousand, respectively. The cost of goods sold includes inventory write-down losses of NT\$15,572 thousand, NT\$6,107 thousand, NT\$19,732 thousand, and NT\$16,351 thousand.

12. Subsidiaries

Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are listed as follows:

Investor	Name of subsidiary	Nature of Business	Percentage of Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	100%	100%	100%	1
Shinkong Textile Co., Ltd.	SK INNOVATION CO., LTD.	General investment business.	100%	100%	100%	2、7
SK INNOVATION CO., LTD.	Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	100%	100%	100%	3、7
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Development and rental of housing, building and industrial factory, and development of specific areas	100%	100%	100%	4、7
Shinkong Asset Management Co., Ltd.	Hua Yang Motor Co., Ltd.	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	100%	100%	100%	5、7
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade, warehousing, distribution and packaging.	100%	100%	100%	6、7

Note:

1. Shinkong Asset Management Co., Ltd. (hereinafter referred to as “Shinkong Asset”) was established on September 6, 1990. It is a 100%-owned subsidiary of the Company.
2. SK INNOVATION Co., Ltd. (hereinafter referred to as “SK”) was registered for its establishment in Samoa on March 15, 2012. It is a 100%-owned subsidiary of the Company and mainly engages in investment.
3. Shanghai Xin Ying Trading Co., Ltd. (hereinafter referred to as “Shanghai Xin Ying”) was approved for establishment in Shanghai in July 2012 as a wholly foreign-owned

enterprise. It is a 100%-owned subsidiary of SK INNOVATION Co., Ltd with the ultimate parent company being the Company.

4. Xin Fu Development Co., Ltd. (hereinafter referred to as “Xin Fu Development”) was established on February 9, 2015. It is a 100%-owned subsidiary of Shinkong Asset with the ultimate parent company being the Company.
5. Hua Yang Motor Co., Ltd. (hereinafter referred to as “Hua Yang Motor”) was established on February 10, 2015. Due to equity restructure within the consolidated Company, the Company disposed 55% of its holdings in Hua Yang Motor to Shinkong Asset in January 2019. Shinkong Assets acquired interests in Hua Yang Motor on January 20, 2020 and the total holdings increased from 55% to 100%.
6. One Full Co., Ltd. (hereinafter referred to as “One Full”) was established on September 29, 2020. It is a 100%-owned subsidiary of Hua Yang Motor with the ultimate parent company being the Company.
7. It is insignificant subsidiaries whose financial statements have not been reviewed by CPAs.

13. Investments Using Equity Method

Investment in Associates

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Associates that are individually material</u>			
Unlisted companies			
Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 552,381	\$ -	\$ -
Unlisted companies			
Lian Quan Investment Co., Ltd.	410,331	363,569	346,800
Shang De Motor Co., Ltd.	297,692	300,027	287,049
	<u>708,023</u>	<u>663,596</u>	<u>633,849</u>
<u>Associates that are not individually material</u>			
Unlisted companies			
WPI-High Street, LLC	54,349	55,332	49,968
	<u>\$ 1,314,753</u>	<u>\$ 718,928</u>	<u>\$ 683,817</u>

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

Name of Company	September 30, 2023	December 31, 2022	September 30, 2022
Chyang Sheng Dyeing & Finishing Co., Ltd.	20.41%	-%	-%
Lian Quan Investment Co., Ltd.	48.89%	48.89%	48.89%
Shang De Motor Co., Ltd.	33.5%	33.50%	33.50%
WPI-High Street, LLC	35.71%	35.71%	35.71%

The consolidated company acquired over 20% equity in the target company in August 2023 through the centralized trading market, significantly impacting the target company. Therefore, it is classified as an affiliated enterprise.

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

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

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

	Land	Buildings	Machinery Equipment	Transportation Equipment	Hydropower Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ 99,458	\$ 278,413	\$ 587,709	\$ 11,135	\$ 132,418	\$ 156,979	\$ 44,371	\$ 259,893	\$ 1,570,376
Additions	-	1,269	2,258	980	-	8,237	17,882	946	31,572
Reclassifications	-	252	299	-	-	-	6	(259,824)	(259,267)
Disposals	-	-	(1,062)	-	-	(270)	(15,860)	-	(17,192)
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at September 30, 2023	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 589,204</u>	<u>\$ 12,115</u>	<u>\$ 132,418</u>	<u>\$ 164,946</u>	<u>\$ 46,399</u>	<u>\$ 1,015</u>	<u>\$ 1,325,489</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 244,598	\$ 480,332	\$ 6,513	\$ 86,350	\$ 101,495	\$ 20,614	\$ -	\$ 939,902
Depreciation Expense	-	1,585	25,495	781	3,933	8,220	14,329	-	54,343
Disposals	-	-	(1,062)	-	-	(270)	(15,860)	-	(17,192)
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 246,183</u>	<u>\$ 504,765</u>	<u>\$ 7,294</u>	<u>\$ 90,283</u>	<u>\$ 109,445</u>	<u>\$ 19,083</u>	<u>\$ -</u>	<u>\$ 977,053</u>
Net at September 30, 2023	<u>\$ 99,458</u>	<u>\$ 33,751</u>	<u>\$ 84,439</u>	<u>\$ 4,821</u>	<u>\$ 42,135</u>	<u>\$ 55,501</u>	<u>\$ 27,316</u>	<u>\$ 1,015</u>	<u>\$ 348,436</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 99,458</u>	<u>\$ 33,815</u>	<u>\$ 107,377</u>	<u>\$ 4,622</u>	<u>\$ 46,068</u>	<u>\$ 55,484</u>	<u>\$ 23,757</u>	<u>\$ 259,893</u>	<u>\$ 630,474</u>
<u>Cost</u>									
Balance at January 1, 2022	\$ 92,452	\$ 262,113	\$ 583,097	\$ 8,805	\$ 124,845	\$ 133,088	\$ 20,686	\$ 62,553	\$ 1,287,639
Additions	-	393	3,062	-	2,029	12,289	19,306	173,167	210,246
Reclassifications	-	-	13,973	-	3,960	10,054	4,140	(36,685)	(4,558)
Disposals	-	-	(12,423)	-	-	(898)	(2,452)	-	(15,773)
Net exchange difference	-	-	-	-	-	2	-	-	2
Balance at September 30, 2022	<u>\$ 92,452</u>	<u>\$ 262,506</u>	<u>\$ 587,709</u>	<u>\$ 8,805</u>	<u>\$ 130,834</u>	<u>\$ 154,535</u>	<u>\$ 41,680</u>	<u>\$ 199,035</u>	<u>\$ 1,477,556</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ -	\$ 227,137	\$ 460,212	\$ 5,786	\$ 80,489	\$ 91,508	\$ 5,494	\$ -	\$ 870,626
Depreciation Expense	-	1,348	24,282	510	4,552	8,245	13,264	-	52,201
Disposals	-	-	(12,423)	-	-	(892)	(1,769)	-	(15,084)
Net exchange difference	-	-	-	-	-	1	-	-	1
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 228,485</u>	<u>\$ 472,071</u>	<u>\$ 6,296</u>	<u>\$ 85,041</u>	<u>\$ 98,862</u>	<u>\$ 16,989</u>	<u>\$ -</u>	<u>\$ 907,744</u>
Net at September 30, 2022	<u>\$ 92,452</u>	<u>\$ 34,021</u>	<u>\$ 115,638</u>	<u>\$ 2,509</u>	<u>\$ 45,793</u>	<u>\$ 55,673</u>	<u>\$ 24,691</u>	<u>\$ 199,035</u>	<u>\$ 569,812</u>

There were no indications of impairment for the years 2023 and 2022 from January 1 to September 30, so the consolidated company did not conduct an impairment assessment.

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

Buildings	
Main building of the plant	15 - 50 years
Others	3 - 25 years
Machinery Equipment	2 - 20 years
Transportation Equipment	5 - 15 years
Hydropower Equipment	5 - 40 years
Miscellaneous Equipment	0.75 - 40 years
Lease Improvement	1 - 6 years

15. Lease Agreements

1) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use assets			
Land	\$ 5,066	\$ 7,345	\$ 8,087
Buildings	138,191	166,320	164,602
Office equipment	1,316	1,629	1,734
Transportation Equipment	2,885	4,399	4,507
Other equipment	<u>1,833</u>	<u>-</u>	<u>-</u>
	<u>\$ 149,291</u>	<u>\$ 179,693</u>	<u>\$ 178,930</u>
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023
Additions to right-of-use assets	<u>\$ 939</u>	<u>\$ 1,963</u>	<u>\$ 2,083</u>
Disposal of right-of use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,174</u>
Depreciation expense of right-of-use assets			
Land	\$ 760	\$ 758	\$ 2,280
Buildings	9,941	9,781	30,126
Office equipment	104	105	313
Transportation Equipment	760	812	2,319
Other equipment	<u>136</u>	<u>-</u>	<u>250</u>
	<u>\$ 11,701</u>	<u>\$ 11,456</u>	<u>\$ 35,288</u>
			January 1 to September 30, 2022
			<u>\$ 36,413</u>

Except for the recognition of depreciation expense, the consolidated Company's right-of-use assets did not experience significant sub-lease or impairments for the period from January 1 to September 30, 2023 and 2022.

2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liabilities			
Current	\$ 45,648	\$ 45,868	\$ 43,774
Non-current	\$ 108,463	\$ 138,926	\$ 140,145

Discount rate ranges for lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.6914	1.6914%	1.5639
Buildings	0.946%~1.457%	0.946%~1.457%	0.946%~1.051%
Office equipment	0.9%~0.981%	0.9%~0.981%	0.900%~0.981%
Transportation			
Equipment	0.915%~2.3205%	0.915%~1.6623%	0.915%~1.6623%
Other equipment	1.9436%~2.3205%	-	-

3) Major lease activities and terms

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

4) Other lease information

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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term lease expenses	\$ 1,842	\$ 7,225	\$ 6,370	\$ 10,289
Total cash (outflow) for leases	(\$ 14,084)	(\$ 17,215)	(\$ 43,296)	(\$ 44,826)

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

16. Investment properties

	Land	Buildings	Investment properties under progress	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 4,503,359	\$ 1,335,299	\$ -	\$ 5,838,658
Addition	-	2,670	199,248	201,918
Reclassifications	-	-	259,818	259,818
Balance at September 30, 2023	<u>\$ 4,503,359</u>	<u>\$ 1,337,969</u>	<u>\$ 459,066</u>	<u>\$ 6,300,394</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 762,077	\$ -	\$ 762,077
Depreciation Expense	-	20,390	-	20,390
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 782,467</u>	<u>\$ -</u>	<u>\$ 782,467</u>
Net at September 30, 2023	<u>\$ 4,503,359</u>	<u>\$ 555,502</u>	<u>\$ 459,066</u>	<u>\$ 5,517,927</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 4,503,359</u>	<u>\$ 573,222</u>	<u>\$ -</u>	<u>\$ 5,076,581</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 4,423,448	\$ 1,350,963	\$ -	\$ 5,774,411
Addition	-	627	-	627
Reclassifications	86,918	-	-	86,918
Disposals	-	(384)	-	(384)
Balance at September 30, 2022	<u>\$ 4,510,366</u>	<u>\$ 1,351,206</u>	<u>\$ -</u>	<u>\$ 5,861,572</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 750,901	\$ -	\$ 750,901
Depreciation Expense	-	20,382	-	20,382
Disposals	-	(384)	-	(384)
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 770,899</u>	<u>\$ -</u>	<u>\$ 770,899</u>
Net at September 30, 2022	<u>\$ 4,510,366</u>	<u>\$ 580,307</u>	<u>\$ -</u>	<u>\$ 5,090,673</u>

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
The first year	\$ 276,272	\$ 306,392	\$ 312,016
The second year	242,178	249,434	259,828
The third year	206,726	220,032	223,420
The fourth year	185,064	183,274	191,098
The fifth year	169,420	170,524	171,956
Over 5 years	<u>1,247,496</u>	<u>1,366,689</u>	<u>1,384,409</u>
	<u>\$ 2,327,156</u>	<u>\$ 2,496,345</u>	<u>\$ 2,542,727</u>

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

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

The fair value of investment properties as of December 31, 2022 is evaluated by the independent appraisers Chen-Hsing Lin and Yu-Hua Lo of Taiwan Dawa Real Estate Appraiser & Associates on the balance sheet date. The fair value of investment properties as of September 30, 2023 and 2022 has not been evaluated by the independent appraisers, only the management of the consolidated Company adopts the evaluation model commonly used by market participants to measure with the Level 3 inputs. The evaluation refers to the market evidence of similar property transaction prices, which fair value obtained from the evaluation is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value	<u>\$ 32,018,500</u>	<u>\$ 32,018,500</u>	<u>\$ 32,371,110</u>

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

17. Other Intangible Assets

	<u>Cost of Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,948
Acquisition	2,521
Disposals	(<u>2,144</u>)
Balance at September 30, 2023	<u>\$ 7,325</u>
 <u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,678
Amortization expense	1,850
Disposals	(<u>1,784</u>)
Balance at September 30, 2023	<u>\$ 3,744</u>
 Net at September 30, 2023	<u>\$ 3,581</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 3,270</u>
 <u>Cost</u>	
Balance at January 1, 2022	\$ 4,865
Acquisition	2,783
Reclassifications	180
Disposals	(<u>880</u>)
Balance at September 30, 2022	<u>\$ 6,948</u>
 <u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 2,408
Amortization expense	1,622
Disposals	(<u>880</u>)
Balance at September 30, 2022	<u>\$ 3,150</u>
 Net at September 30, 2022	<u>\$ 3,798</u>

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

Cost of Computer Software	2 - 5 years
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18. Other Assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 21,006	\$ 19,749	\$ 16,839
Prepayments to suppliers	41,495	38,944	42,132
Deferred tax amount	<u>15,397</u>	<u>3,678</u>	<u>8,621</u>
	<u>\$ 77,898</u>	<u>\$ 62,371</u>	<u>\$ 67,592</u>
 Other Assets			
Other	<u>\$ 2,975</u>	<u>\$ 2,973</u>	<u>\$ 2,978</u>
 <u>Non-current</u>			
Refundable deposits	\$ 20,838	\$ 64,110	\$ 61,795
Net defined benefit assets	9,290	8,565	3,526
Prepayments for equipment	8,403	1,390	708
Other	<u>2,993</u>	<u>3,900</u>	<u>4,203</u>
	<u>\$ 41,524</u>	<u>\$ 77,965</u>	<u>\$ 70,232</u>

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

19. Borrowings

1) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 32)			
Bank borrowings	\$ 2,436,000	\$ 2,920,000	\$ 2,720,000
<u>Unsecured borrowings</u>			
Line of credit loans	<u>470,000</u>	<u>150,000</u>	<u>130,000</u>
	<u>\$ 2,906,000</u>	<u>\$ 3,070,000</u>	<u>\$ 2,850,000</u>

The ranges of interest rates on bank borrowings were 1.7% to 2.1473%, 1.55% - 2.0151%, and 1.21% - 1.745% as of September 30, 2023, December 31, and September 30, 2022, respectively.

2) Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable	\$ 130,000	\$ -	\$ 400,000
Less: Discounts on short-term bills payable	(<u>103</u>)	<u>-</u>	(<u>86</u>)
	<u>\$ 129,897</u>	<u>\$ -</u>	<u>\$ 399,914</u>

The interest rates on commercial paper payable were 1.40% to 1.66% and 0.7% to 1.08% as of September 30, 2023 and 2022, respectively.

3) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 32)			
Bank borrowings	\$ 330,609	\$ 159,082	\$ 123,643
Less: Listed as part due within 1 year	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 330,609</u>	<u>\$ 159,082</u>	<u>\$ 123,643</u>

a. The above long-term borrowings are the project borrowings of Shinkong Asset Management Co., LTD to build the plant. As of September 30, 2023, December 31, 2022, and September 30, 2022, the effective annual interest rate is 2.2431% to 2.3718%, 1.8448% to 2.229%, and 1.6185% to 1.7152% respectively. The interest is monthly paid, and the principal is repaid in accordance with the borrowing contract.

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

20. Notes and Accounts Payable

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

21. Other liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Tax payable	\$ 35,715	\$ 4,880	\$ 42,034
Employee compensation payable	27,534	24,509	23,092
Director compensation payable	13,450	21,800	20,700
Salaries and bonus payable	41,672	71,555	37,658
Pension payable	2,675	2,479	2,503
Services expense payable	\$ 799	\$ 1,410	\$ 1,394
Electricity and fuels payable	8,165	9,011	9,201
Interest payable	2,230	2,584	1,905
Other	<u>77,253</u>	<u>50,670</u>	<u>39,253</u>
	<u>\$ 209,493</u>	<u>\$ 188,898</u>	<u>\$ 177,740</u>
Other payables - related parties (Note 31)	<u>\$ 1,899</u>	<u>\$ 1,822</u>	<u>\$ 1,564</u>
Other liabilities			
Temporary credits	\$ 91	\$ 20,890	\$ 351
Receipts under custody	4,536	2,873	4,179
Other	<u>-</u>	<u>149</u>	<u>417</u>
	<u>\$ 4,627</u>	<u>\$ 23,912</u>	<u>\$ 4,947</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received	\$ 106,125	\$ 106,680	\$ 106,982
Other	<u>14</u>	<u>14</u>	<u>15</u>
	<u>\$ 106,139</u>	<u>\$ 106,694</u>	<u>\$ 106,997</u>

Deferred revenue is related to the consolidated 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 miscellaneous equipment were recognized as deferred revenue. Changes are as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning balance	\$ -	\$ 28
Amortization for the period (recognized as deductions to depreciation expense)	<u>-</u>	<u>(28)</u>
Balance at the end of the period	<u>\$ -</u>	<u>\$ -</u>

22. Post-employment Benefit Plans

The pension expenses related to the defined benefit plan recognized for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, and the amounts were NT\$6 thousand, NT\$30 thousand, NT\$17 thousand and NT\$87 thousand respectively.

23. Equity

1) Share capital

Common shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Share capital authorized	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Number of shares issued and fully paid (in thousands)	<u>300,041</u>	<u>300,041</u>	<u>300,041</u>
Share capital issued	<u>\$ 3,000,413</u>	<u>\$ 3,000,413</u>	<u>\$ 3,000,413</u>

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

2) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May not be used for any purpose</u>			
Treasury share transactions	\$ 9,549	\$ 8,344	\$ 8,344
Dividends on stocks that have not been collected before the designated date	<u>1,666</u>	<u>1,666</u>	<u>1,666</u>
	<u>\$ 11,215</u>	<u>\$ 10,010</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. When the special earnings reserve is drawn up according to law, for the insufficient amount of “net increase of fair value of investment property accumulated in the previous period” and “net deduction of other equity accumulated in the previous period”, the special earnings reserve of the same amount shall be drawn up from the undistributed earnings in the earlier period before the earnings is distributed. If there is still insufficient amount, items other than net profit after tax of the current period are included in the undistributed earnings of the current period. 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 remuneration of directors and supervisors in the consolidated Company’s Articles of Incorporation, please refer to Note 25(7) Compensation to employees and remuneration to directors and supervisors.

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 2022 and 2021 approved in the shareholders’ meetings on May 26, 2023 and June 10, 2022, respectively, was as follows:

	2022	2021
Legal surplus reserve	<u>\$ 206,355</u>	<u>\$ 44,490</u>
Cash dividends	<u>\$ 450,062</u>	<u>\$ 300,041</u>
Earnings per share (NT\$)	\$ 1.5	\$ 1

4) Other equity item

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning balance	<u>\$ 4,420,162</u>	<u>\$ 4,458,304</u>
Accrued in the current period		
Unrealized gains (losses)		
Equity instruments	570,712	(197,584)
Share of associates		
accounted for using the		
equity method	<u>32,204</u>	(<u>48,861</u>)
Other comprehensive income for		
the period	<u>602,916</u>	(<u>246,445</u>)
Accumulated gains (losses) on		
disposal of equity instruments		
transferred to retained		
earnings	(<u>93,810</u>)	<u>12,358</u>
Balance at the end of the period	<u>\$ 4,929,268</u>	<u>\$ 4,224,217</u>

5) Treasury share

Reason for repurchase	Shares of Parent Company Held by Subsidiary (in thousands)
Number of shares on January 1, 2022	<u>804</u>
Number of shares on September 30, 2022	<u>804</u>
Number of shares on January 1, 2023	<u>804</u>
Number of shares on September 30, 2023	<u>804</u>

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

September 30, 2023

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

December 31, 2022

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

September 30, 2022

<u>Name of subsidiary</u>	<u>No. of Shareholding (in thousands)</u>	<u>Carrying amount</u>	<u>Market Value</u>
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 30,867</u>

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

24. Revenue

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Revenue from contracts with customers				
Revenue from the sale of textiles	\$ 557,677	\$ 631,111	\$ 1,499,699	\$ 1,581,581
Retail sale/Revenue from sale of garment	165,226	208,382	549,025	538,881
Rental revenue	93,652	92,210	279,093	274,261
Other	<u>-</u>	<u>592</u>	<u>640</u>	<u>592</u>
	<u>\$ 816,555</u>	<u>\$ 932,295</u>	<u>\$ 2,328,457</u>	<u>\$ 2,395,315</u>

1) Details on contracts with customers

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

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

2) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Notes receivable (Note 10)	\$ 4,664	\$ 9,915	\$ 3,324	\$ 29,684
Accounts receivable (Note 10)	<u>404,251</u>	<u>339,152</u>	<u>417,917</u>	<u>400,077</u>
	<u>\$ 408,915</u>	<u>\$ 349,067</u>	<u>\$ 421,241</u>	<u>\$ 429,761</u>
Contract liabilities				
Sale of goods	\$ 13,923	\$ 19,177	\$ 17,908	\$ 13,307
Rental revenue of investment property	<u>9,591</u>	<u>10,628</u>	<u>9,019</u>	<u>12,736</u>
Contract liabilities - current	<u>\$ 23,514</u>	<u>\$ 29,805</u>	<u>\$ 26,927</u>	<u>\$ 26,043</u>

3) Breakdown of revenue from contracts with customers

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

25. Net income in the period

1) Interest income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank deposits	\$ 5,080	\$ 985	\$ 15,832	\$ 1,453
Other	<u>21</u>	<u>10</u>	<u>59</u>	<u>30</u>
	<u>\$ 5,101</u>	<u>\$ 995</u>	<u>\$ 15,891</u>	<u>\$ 1,483</u>

2) Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Dividend income	\$ 196,290	\$ 188,491	\$ 347,393	\$ 360,157
Other	<u>1,819</u>	<u>450</u>	<u>3,526</u>	<u>2,016</u>
	<u>\$ 198,109</u>	<u>\$ 188,941</u>	<u>\$ 350,919</u>	<u>\$ 362,173</u>

3) Other gains and (losses)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Gains (losses) on financial assets and financial liabilities				
Financial assets designated as at fair value through profit or loss	(\$ 9,451)	(\$ 12,920)	(\$ 4,442)	(\$ 16,152)

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	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss	9,949	29,640	46,388	52,745
Gains (losses) on disposal of property, plant and equipment	-	-	10	(669)
Gain (losses) on disposal of intangible asset	(360)	-	(360)	-
Gains on disposal of other non-current assets held for sale (Note 1)	-	-	-	1,511,741
Net foreign exchange gain	23,429	47,076	30,752	91,702
Other expenses (Note 2)	(<u>1,416</u>)	(<u>68,672</u>)	(<u>12,134</u>)	(<u>70,910</u>)
	<u>\$ 22,151</u>	(<u>\$ 4,876</u>)	<u>\$ 60,214</u>	<u>\$ 1,568,457</u>

(Note1) Shin Kong Asset Management Co., Ltd. of the consolidated Company adopted the sales of Yangming section 4th Subsection 200-3, Shilin District, at the third meeting of the 7th board of meeting on November 19, 2021 to its related party Shin Kong Medical Foundation. The contract was signed on November 24, 2021 with an amount of NT\$1,630,766 thousand. The transfer of ownership was completed on January 7, 2022.

(Note2) The construction of the factory building planned for the consolidated Company's land, specifically lots 200-07, 200-10, 200-11, and 200-12 in Section 4 of the Yanming area, Shilin District, Taipei, has been significantly affected. The ongoing effects of the pandemic, coupled with domestic labor shortages and disruptions in raw material supply due to the Russia-Ukraine conflict, have notably dampened the enthusiasm of construction firms to bid. Consequently, the bidding prices from these construction firms have surpassed the initially estimated costs Referring to the price index of construction engineering (general index) Table, the index of 2021 and 2022 has increased by 27% compared with the 2018 since the planning of this project began, which is more than the index gap in the same period in nearly 30 years. As decided by the Board of Directors to suspend the development, the pre-development cost of NT\$67,922 thousand was transferred to the loss and itemized in the account.

4) Finance costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest on bank borrowings	\$ 13,984	\$ 8,642	\$ 40,080	\$ 20,768
Interest on short-term bills	291	928	1,592	3,437
Interest on lease liabilities	426	489	1,357	1,211
Less: Amount that meets the demand of asset cost is listed	(<u>1,629</u>)	(<u>445</u>)	(<u>3,517</u>)	(<u>769</u>)
	<u>\$ 13,072</u>	<u>\$ 9,614</u>	<u>\$ 39,512</u>	<u>\$ 24,647</u>

Interest capitalization information is as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Amount of interest capitalization	\$ 1,629	\$ 445	\$ 3,517	\$ 769
Interest of interest capitalization	2.2424% ~ 2.3718%	1.4797% ~ 1.7152%	1.8448% ~ 2.3718%	1.4797% ~ 1.7152%

5) Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Depreciation expense is summarized by function				
Operating costs	\$ 24,401	\$ 23,953	\$ 72,453	\$ 72,647
Operating expenses	<u>12,726</u>	<u>11,627</u>	<u>37,568</u>	<u>36,321</u>
	<u>\$ 37,127</u>	<u>\$ 35,580</u>	<u>\$ 110,021</u>	<u>\$ 108,968</u>
Amortization expense is summarized by function				
Operating costs	\$ 107	\$ 100	\$ 321	\$ 269
Operating expenses	<u>424</u>	<u>566</u>	<u>1,529</u>	<u>1,353</u>
	<u>\$ 531</u>	<u>\$ 666</u>	<u>\$ 1,850</u>	<u>\$ 1,622</u>

6) Employee benefit expense

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 4,184	\$ 3,893	\$ 12,594	\$ 11,592
Defined benefit plans (Note 22)	<u>6</u>	<u>30</u>	<u>17</u>	<u>87</u>
	<u>4,190</u>	<u>3,923</u>	<u>12,611</u>	<u>11,679</u>
Other employee benefits	<u>131,443</u>	<u>121,002</u>	<u>384,485</u>	<u>379,798</u>
Total employee benefit expense	<u>\$ 135,633</u>	<u>\$ 124,925</u>	<u>\$ 397,096</u>	<u>\$ 391,477</u>
Summarized by functions				
Operating costs	\$ 48,276	\$ 47,336	\$ 142,795	\$ 139,949
Operating expenses	<u>87,357</u>	<u>77,589</u>	<u>254,301</u>	<u>251,528</u>
	<u>\$ 135,633</u>	<u>\$ 124,925</u>	<u>\$ 397,096</u>	<u>\$ 391,477</u>

7) Compensation to employees and compensation to directors and supervisors

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

Compensation to employees and compensation to directors for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 is as follows:

Accrual rate

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Compensation to employees	2%	1%
Compensation to Directors and Supervisors	2%	1%

Amount

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Compensation to employees	<u>\$ 6,450</u>	<u>\$ 3,350</u>	<u>\$ 13,450</u>	<u>\$ 20,700</u>
Compensation to Directors and Supervisors	<u>\$ 6,450</u>	<u>\$ 3,350</u>	<u>\$ 13,450</u>	<u>\$ 20,700</u>

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

Compensation to employees and compensation to directors and supervisors for the years of 2022 and 2021 resolved in the Board of Directors meetings on March 9, 2023 and March 21, 2022, respectively, were as follows:

Amount

	<u>2022 Cash</u>	<u>2021 Cash</u>
Compensation to employees	<u>\$ 21,800</u>	<u>\$ 9,700</u>
Compensation to directors	<u>\$ 21,800</u>	<u>\$ 9,700</u>

There was no difference between the amounts actually allocated for compensations to employees, directors and supervisors for 2022 and 2021 and those recognized in the consolidated financial reports for 2022 and 2021.

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

8) Net gain (loss) on foreign exchange

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Total foreign exchange gains	\$ 23,949	\$ 47,076	\$ 36,755	\$ 91,702
Total foreign exchange (losses)	(<u>520</u>)	<u>-</u>	(<u>6,003</u>)	<u>-</u>
Net profits	<u>\$ 23,429</u>	<u>\$ 47,076</u>	<u>\$ 30,752</u>	<u>\$ 91,702</u>

26. Income tax

1) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Current income tax				
Incurred in this period	\$ 18,636	\$ 26,468	\$ 51,022	\$ 38,919
Additional tax levied on the unappropriated earnings	-	-	70,357	6,081
Adjustments for previous years	-	(275)	(8,124)	(1,520)
Land value increment tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,749</u>
	<u>18,636</u>	<u>26,193</u>	<u>113,255</u>	<u>183,229</u>
Deferred income tax				
Incurred in this period	7,801	14,430	4,962	18,381
Land value increment tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,115)</u>
	<u>7,801</u>	<u>14,430</u>	<u>4,962</u>	<u>(1,734)</u>
Income tax expense recognized in profit or loss	<u>\$ 26,437</u>	<u>\$ 40,623</u>	<u>\$ 118,217</u>	<u>\$ 181,495</u>

2) Income tax recognized in other comprehensive profit and loss

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Deferred income tax</u>				
Incurring in this period				
— Translating the financial statements of foreign operations	\$ 26	\$ 13	(\$ 8)	\$ 59
— Share of other comprehensive profit and loss of associates accounted for using the equity method	<u>-</u>	<u>674</u>	<u>(222)</u>	<u>1,324</u>
	<u>\$ 26</u>	<u>\$ 687</u>	<u>(\$ 230)</u>	<u>\$ 1,383</u>

3) Income tax assessment

The business income tax returns of the Company and the subsidiary, Shinkong Asset, through 2020 have been assessed by the tax authorities. The business income tax returns of the subsidiaries, Xin Fu Development, Hua Yang Motor, and One Full, through 2021 have been assessed by the tax authorities. As SK is registered at Samoa, it does not have to file business income tax returns. Thus, the income tax assessment is not applicable. Shanghai Xin Ying had applied to local regulations, they had accrued tax payable and income tax expense.

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

27. Earnings per Share (EPS)

	Unit: NT\$ per Share			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Basic EPS	<u>\$ 0.97</u>	<u>\$ 0.88</u>	<u>\$ 1.83</u>	<u>\$ 6.59</u>
Diluted EPS	<u>\$ 0.97</u>	<u>\$ 0.88</u>	<u>\$ 1.83</u>	<u>\$ 6.58</u>

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

Net income in the period

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net income for the calculation of basic EPS	<u>\$ 290,032</u>	<u>\$ 263,973</u>	<u>\$ 548,093</u>	<u>\$ 1,971,919</u>
Net income for the calculation of diluted EPS	<u>\$ 290,032</u>	<u>\$ 263,973</u>	<u>\$ 548,093</u>	<u>\$ 1,971,919</u>

Number of shares

	Unit: In Thousands of Shares			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237	299,237	299,237
Effect of potentially dilutive common shares:				
Compensation to employees	<u>314</u>	<u>539</u>	<u>441</u>	<u>605</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,551</u>	<u>299,776</u>	<u>299,678</u>	<u>299,842</u>

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

28. Cash Flow Information

1) Non-cash transactions

Besides disclosures in other notes, the consolidated Company engaged in the following non-cash investing activities for the period from January 1, to September 30, 2023 and 2022:

- a. The consolidated Company reclassified prepaid equipment expenses of NT\$361 thousand and NT\$29,045 thousand respectively to PP&E for the period from January 1 to September 30, 2023 and 2022 (please refer to Note 14 for details);
- b. The consolidated Company reclassified construction in the process of NT\$259,818 thousand to investment properties for the period from January 1 to

September 30, 2023 (please refer to Notes 14 and 16 for details);

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

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Additions in the year	\$ 233,490	\$ 210,873
Equipment payable and changes in project expense	(<u>11,814</u>)	<u>-</u>
Payment in cash for the acquisition of property, plant, equipment, and investment properties	<u>\$ 221,676</u>	<u>\$ 210,873</u>

- d. The consolidated Company reclassified prepaid land expenses of NT\$23,578 thousand to PP&E for the period from January 1 to September 30, 2022 (please refer to Note 14 for details);
- e. The consolidated Company reclassified materials totaling NT\$190 thousand to PP&E for the period from January 1 to September 30, 2023.
- f. The consolidated Company reclassified prepayment to suppliers of NT\$109 thousand and NT\$2,163 thousand respectively to PP&E for the period from January 1 to September 30, 2023 and 2022 (please refer to Note 14 for details);
- g. The consolidated Company reclassified construction in the process of NT\$29 thousand to miscellaneous purchases for the period from January 1 to September 30, 2022 (please refer to Note 14 for details);
- h. The consolidated Company reclassified construction in process of NT\$59,315 thousand to sundry expenses for the period from January 1 to September 30, 2022 (please refer to Note 14 and 25 (3) for details);
- i. The consolidated Company reclassified prepaid land expenses of NT\$86,918 thousand to investment properties for the period from January 1 to September 30, 2022 (please refer to 16 for details);
- j. The consolidated Company reclassified prepaid expenses of NT\$180 thousand to intangible assets for the period from January 1 to September 30, 2022 (please refer to Note 17 for details);
- k. The consolidated Company reclassified investment prepayments of NT\$100,000 thousand to financial assets at fair value through other comprehensive profit and loss - non-current for the period from January 1 to September 30, 2022 (please refer to Note 18 for details);

1. The amount of cash collected by the consolidated Company from disposal of non-current assets to be sold in 2022 is adjusted as follows:

	<u>Amount</u>
Disposal of the price	\$ 1,630,766
Changes number of received prepayment for real estate	(815,280)
Changes number of temporary payments	(103)
Cash received in the period	<u>\$ 815,383</u>

- m. The consolidated Company reclassified financial assets at fair value through other comprehensive profit and loss of NT\$537,934 to the equity method of investment for the period from January 1 to September 30, 2023 (please refer to Note 13 for details).

2) Changes in liabilities from financing activities

January 1 to September 30, 2023

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

January 1 to September 30, 2022

	January 1, 2022	Cash Flows	Non-cash Changes				Number of Interest Paid	September 30, 2022
			Additional Leases	Interest Expenses	Remeasurement on Modification	Remeasurement on Termination		
Lease liabilities	<u>\$ 155,007</u>	<u>(\$ 35,326)</u>	<u>\$ 78,080</u>	<u>\$ 1,211</u>	<u>(\$ 325)</u>	<u>(\$ 13,517)</u>	<u>(\$ 1,211)</u>	<u>\$ 183,919</u>

29. Capital Risk Management

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

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

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

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

30. Financial instruments

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

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

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

a. Fair value hierarchy

September 30, 2023

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through</u>				
<u>profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 28,698	\$ -	\$ -	\$ 28,698
Fund beneficiary certificates	<u>540,132</u>	<u>-</u>	<u>-</u>	<u>540,132</u>
Total	<u>\$ 568,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,830</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>profit and loss</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 4,643,453	\$ -	\$ -	\$ 4,643,453
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,888,998</u>	<u>1,888,998</u>
Total	<u>\$ 4,643,453</u>	<u>\$ -</u>	<u>\$ 1,888,998</u>	<u>\$ 6,532,451</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through</u>				
<u>profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 28,708	\$ -	\$ -	\$ 28,708
Fund beneficiary certificates	<u>501,962</u>	<u>-</u>	<u>-</u>	<u>501,962</u>
Total	<u>\$ 530,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,670</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>profit and loss</u>				
Investments in equity instruments				
— Domestic stocks listed or emerging stocks	\$ 4,554,364	\$ -	\$ -	\$ 4,554,364
— Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,796,046</u>	<u>1,796,046</u>
Total	<u>\$ 4,554,364</u>	<u>\$ -</u>	<u>\$ 1,796,046</u>	<u>\$ 6,350,410</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the period from January 1 to September 30, 2023 and 2022.

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

January 1 to September 30, 2023

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

January 1 to September 30, 2022

Financial assets	Financial assets at fair value through other comprehensive profit and loss 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)	24,096
Reclassifications	100,000
Liquidation	(325)
Balance at the end of the period	<u>\$ 1,796,046</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 35%.

3) Category of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 525,493	\$ 540,132	\$ 501,962
Designated as at fair value through profit or loss	24,256	28,698	28,708
Financial assets at amortized cost (Note 1)	1,788,986	1,821,363	1,854,355
Financial assets at fair value through other comprehensive profit and loss			
Investments in equity instruments	6,545,955	6,532,451	6,350,410
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,979,017	3,896,939	3,929,601

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

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

4) Financial risk management objectives and policies

Major financial instruments of the consolidated Company include cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive profit and loss, accounts receivable, other financial

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

a. Market risk

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

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

a) Foreign exchange risk

The Company and several subsidiaries undertake product sales and purchases in foreign currencies; thus, the consolidated Company 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 of transactional entities within the consolidated Company in the consolidated Company. The consolidated Company manages its exposure to foreign exchange risk by dynamically adjusting the overall position of assets and liabilities denominated in currencies other than the functional currency in calculating its foreign exchange risk.

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

Sensitivity analysis

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

The following table details the consolidated Company's sensitivity to a 1% increase and decrease in NTD (the functional currency) against the U.S. dollar. The 1% sensitivity rate is used for Group's internal reporting of foreign exchange risk to key management and it also represents management's assessment of the reasonably possible changes in exchange

rates. The sensitivity analysis included only outstanding monetary items denominated in foreign currencies, and the translation of these items at the end of the period was adjusted for a 1% change in exchange rates. A positive number below indicates an increase in net profit after tax in the period for a 1% depreciation of NTD against USD. A 1% appreciation of NTD against USD will have an equal but opposite impact on net profit after tax in the period.

Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	January 1 to September 30, 2023	January 1 to September 30, 2022
Profit or loss	\$ 8,874 (i)	\$ 9,296 (i)

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

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

b) Interest rate risk

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 601,742	\$ 789,438	\$ 647,152
- Financial liabilities	154,111	184,794	183,919
Cash flow interest rate risk			
- Financial assets	732,049	888,904	598,309
- Financial liabilities	3,366,506	3,229,082	3,373,557

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

Sensitivity analysis

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

If the interest rate increased/decreased by 1%, the consolidated Company's net profit after tax would decrease/increase by NT\$15,807 thousand and NT\$16,651 thousand for the period from January 1 to September 30, 2023 and 2022, respectively. This was mainly due to the consolidated Company's interest rate exposure from borrowings at floating interest rates.

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

c) Other price risk

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

Sensitivity analysis

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

For the nine months ended September 30, 2023 and 2022, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease by NT\$243 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\$65,460 thousand and NT\$63,504 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive profit and loss.

b. Credit risk

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

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

c. Liquidity risk

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

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

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

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

September 30, 2023

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

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

	Less than 1 Year	1 - 5 Years	5 -10 Years	10 - 15 Years	15 - 20 Years	More than 20 Years
Lease liabilities	<u>\$ 47,039</u>	<u>\$ 110,065</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	More than 5 Years
<u>Current liabilities</u>						
Lease liabilities	0.9~1.6914	\$ 4,193	\$ 8,112	\$ 35,271	\$ 141,460	\$ -
Short-term borrowings	1.55~2.0151	670,000	2,400,000	-	-	-
Long-term borrowings	2.0519~2.229	-	-	-	23,472	134,611
		<u>\$ 674,193</u>	<u>\$ 2,408,112</u>	<u>\$ 35,271</u>	<u>\$ 164,932</u>	<u>\$ 134,611</u>

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

	Less than 1 Year	1 - 5 Years	5 -10 Years	10 - 15 Years	15 - 20 Years	More than 20 Years
Lease liabilities	<u>\$ 47,576</u>	<u>\$ 141,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2022

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	More than 5 Years
<u>Current liabilities</u>						
Lease liabilities	0.900~1.6623	\$ 3,929	\$ 7,858	\$ 33,648	\$ 141,132	\$ 1,628
Short-term borrowings	1.21~1.745	400,000	2,450,000	-	-	-
Long-term borrowings	1.6185~1.7152	-	-	-	16,148	107,495
Short-term bills payable	0.7~1.08	399,914	-	-	-	-
		<u>\$ 803,843</u>	<u>\$ 2,457,858</u>	<u>\$ 33,648</u>	<u>\$ 157,280</u>	<u>\$ 109,123</u>

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

	Less than 1 Year	1 - 5 Years	5 -10 Years	10 - 15 Years	15 - 20 Years	More than 20 Years
Lease liabilities	<u>\$ 45,435</u>	<u>\$ 141,132</u>	<u>\$ 1,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Line of credit

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Credit facilities</u>			
— Amount used	\$ 3,236,609	\$ 3,229,082	\$ 2,973,643
— Unused amount	<u>8,743,391</u>	<u>8,250,918</u>	<u>8,306,357</u>
	<u>\$ 11,980,000</u>	<u>\$ 11,480,000</u>	<u>\$ 11,280,000</u>
<u>Credit from commercial papers</u>			
— Amount used	\$ 130,000	\$ -	\$ 400,000
— Unused amount	<u>1,220,000</u>	<u>1,350,000</u>	<u>950,000</u>
	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>

31. Related Party Transactions

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

1) Names and relations of related parties

Name of Related Party	Relationship with the consolidated Company
Shang De Motor Co., Ltd.	Associates
Lian Quan Investment Co., Ltd.	Associates
WPI-High Street, LLC	Associates
Chyang Sheng Dyeing & Finishing Co., Ltd.	Associates
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 Optronics 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
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
Ji Zhen 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

2) Operating transactions

Financial Statement Account	Type/Name of Related Party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 59,338	\$ 60,422	\$ 200,912	\$ 174,298
	Shinkong Insurance Co., Ltd.	801	11,383	7,178	14,751
	Related party in substance	<u>2,439</u>	<u>6,991</u>	<u>11,524</u>	<u>13,331</u>
		<u>\$ 62,578</u>	<u>\$ 78,796</u>	<u>\$ 219,614</u>	<u>\$ 202,380</u>
Rental revenue	Yi Guang International Apartments Maintenance and Management Co., Ltd.	\$ 9,793	\$ 9,605	\$ 20,054	\$ 30,300
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	9,773	9,773	29,320	29,320
	Taishin International Bank Co., Ltd.	6,755	6,738	20,229	20,155
	UBright Optronics Corp.	5,599	5,366	16,582	16,011
	Related party in substance	<u>2,672</u>	<u>2,681</u>	<u>8,031</u>	<u>7,915</u>
		<u>\$ 34,592</u>	<u>\$ 34,163</u>	<u>\$ 94,216</u>	<u>\$ 103,701</u>

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

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

3) Purchases

Financial Statement Account	Type/Name of Related Party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Purchases	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 21,102	\$ 40,013	\$ 72,678	\$ 106,977
	Shinkong Synthetic Fibers Corporation	<u>15,540</u>	<u>10,038</u>	<u>28,542</u>	<u>33,870</u>
		<u>\$ 36,642</u>	<u>\$ 50,051</u>	<u>\$ 101,220</u>	<u>\$ 140,847</u>

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

4) Contract liabilities

Type of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Related party in substance	<u>\$ 5,920</u>	<u>\$ 6,061</u>	<u>\$ 3,722</u>

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

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

Financial Statement Account	Type/Name of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	Related party in substance	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 11</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 37,085	\$ 44,831	\$ 38,499
	Related party in substance	<u>5,807</u>	<u>1,854</u>	<u>13,668</u>
		<u>\$ 42,892</u>	<u>\$ 46,685</u>	<u>\$ 52,167</u>
Other receivables	Shin Kong Recreation Co., Ltd.	<u>\$ 12,350</u>	<u>\$ -</u>	<u>\$ 11,700</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the period from January 1 to September 30, 2023 and 2022.

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

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

Financial Statement Account	Type of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable	Related party in substance	<u>\$ 8,286</u>	<u>\$ 36,641</u>	<u>\$ 15,005</u>
Accounts payable	Related party in substance	<u>\$ 14,658</u>	<u>\$ 6,612</u>	<u>\$ 11,907</u>
Other payables	Related party in substance	<u>\$ 1,899</u>	<u>\$ 1,822</u>	<u>\$ 1,564</u>

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

7) Prepayments

Type of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Shinkong Insurance Co., Ltd.	\$ 1,109	\$ 220	\$ 1,057
Related party in substance	<u>63</u>	<u>88</u>	<u>90</u>
	<u>\$ 1,172</u>	<u>\$ 308</u>	<u>\$ 1,147</u>

8) Lease in agreements

Financial Statement Account	Type of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 46,933</u>	<u>\$ 56,157</u>	<u>\$ 59,215</u>

Name of Related Party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Interest Expenses</u>				
Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 126	\$ 158	\$ 402	\$ 222
Shin Kong Life Insurance Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
	<u>\$ 126</u>	<u>\$ 158</u>	<u>\$ 402</u>	<u>\$ 233</u>

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

9) Lease out agreements

Operating lease

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

Type/Name of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Shin-Kong Life Real Estate Service Co., Ltd.	\$ 14,969	\$ 35,836	\$ 45,609
UBright Optronics Corp.	79,566	59,236	64,650
Taishin International Bank Co., Ltd.	63,319	83,548	90,285
Related party in substance	<u>15,125</u>	<u>31,615</u>	<u>32,805</u>
	<u>\$ 172,979</u>	<u>\$ 210,235</u>	<u>\$ 233,349</u>

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

10) Disposal of investment properties

Type/Name of Related Party	Disposal of the price		Gains (Losses) on Disposal	
	January 1 to September 30, 2023	January 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ -	\$ 1,630,766	\$ -	\$ 1,511,741

11) Acquisition of other assets

Type/Name of Related Party	Financial Statement Account	Acquired the Price	
		January 1 to September 30, 2023	January 1 to September 30, 2022
Chyang Sheng Dyeing & Finishing Co., Ltd.	Right-of-use assets - buildings	\$ -	\$ 63,281

12) Disposal of other Assets

Type/Name of Related Party	Financial Statement Account	Disposal of the price		Gains (Losses) on Disposal	
		January 1 to September 30, 2023	January 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Shin Kong Life Insurance Co., Ltd.	Right-of-use assets - buildings	\$ -	\$ 12,975	\$ -	\$ 342

13) Acquisition of financial assets

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

July 1 to September 30, 2023

Name of Related Party	Financial Statement Account	No. of Transaction Unit	Underlying Securities	Acquired the 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>

July 1 to September 30, 2022

Name of Related Party	Financial Statement Account	No. of Transaction Unit	Underlying Securities	Acquired the Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	1,241	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	<u>\$ 17,493</u>

January 1 to September 30, 2023

Unit: In Thousands of Shares

Name of Related Party	Financial Statement Account	No. of Transaction Unit	Underlying Securities	Acquired the 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>

January 1 to September 30, 2022

Unit: In Thousands of Shares

Name of Related Party	Financial Statement Account	No. of Transaction Unit	Underlying Securities	Acquired the Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	2,032	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	\$ 28,334
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	1,000	Shin Kong Taiwan High Dividend Fund	<u>10,000</u>
				<u>\$ 38,334</u>

14) Disposal of financial assets

January 1 to September 30, 2023

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

15) Endorsements and guarantees

Endorsements and guarantees provided to others

Name of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Shang De Motor Co., Ltd.			
Guarantee Amount	<u>\$ 72,360</u>	<u>\$ 72,360</u>	<u>\$ 72,360</u>
Amount Actually Drawn	<u>\$ 72,360</u>	<u>\$ 72,360</u>	<u>\$ 72,360</u>

16) Other

Financial Statement Account	Type of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalent	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	\$ 735,416	\$ 254,379	\$ 201,572
	Taishin International Bank Co., Ltd.	52,295	87,778	82,898
	Related party in substance	<u>78</u>	<u>78</u>	<u>78</u>
		<u>\$ 787,789</u>	<u>\$ 342,235</u>	<u>\$ 284,548</u>
Refundable deposits	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 3,874	\$ 3,409	\$ 3,409
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	20	3,842	3,842
	Related party in substance	<u>100</u>	<u>20</u>	<u>20</u>
		<u>\$ 3,994</u>	<u>\$ 7,271</u>	<u>\$ 7,271</u>
Guarantee deposits received	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 16,289	\$ 16,289	\$ 16,289
	Related party in substance	<u>12,569</u>	<u>12,593</u>	<u>12,593</u>
		<u>\$ 28,858</u>	<u>\$ 28,882</u>	<u>\$ 28,882</u>
Financial assets at amortized cost	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	<u>\$ 700</u>	<u>\$ 501,800</u>	<u>\$ 501,800</u>

Financial Statement Account	Type of Related Party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Non-operating income	Related party in substance	<u>\$ 3,082</u>	<u>\$ 864</u>	<u>\$ 8,074</u>	<u>\$ 1,203</u>
Non-operating expenses	Related party in substance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 15</u>	<u>\$ 8</u>

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

Name of Related Party	Details	September 30, 2023	December 31, 2022	September 30, 2022
TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares	10,000 thousand shares
Taishin International Bank Co., Ltd.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares	10,000 thousand shares

17) Remuneration to key management

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 7,064	\$ 6,837	\$ 20,241	\$ 21,284
Post-employment benefits	<u>155</u>	<u>182</u>	<u>463</u>	<u>504</u>
	<u>\$ 7,219</u>	<u>\$ 7,019</u>	<u>\$ 20,704</u>	<u>\$ 21,788</u>

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

32. Pledged Assets

The following assets have been provided as collateral for borrowings:

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 2,285,440	\$ 2,051,880	\$ 1,983,000
Investment properties	2,844,070	2,857,111	2,862,288
Pledged time deposits (recognized as financial assets at amortized cost)	<u>700</u>	<u>1,800</u>	<u>1,800</u>
	<u>\$ 5,130,210</u>	<u>\$ 4,910,791</u>	<u>\$ 4,847,088</u>

33. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

- 1) As of September 30, 2023, December 31, and September 30, 2023, the guaranteed notes submitted by the consolidated company for import credits and other businesses amounted to NT\$7,713 thousand, NT\$28,851 thousand, and NT\$28,851 thousand, respectively.
 - 2) Due to the construction of plant office buildings, the consolidated Company signed the following agreements:
 - a. The service contract of architectural planning, design and supervision was about NT\$12,897 thousand. As of September 30, 2023, NT\$6,009 thousand of architectural design and supervision has been paid.
 - b. The contract for work of building project was NT\$1,038,033 thousand. As of September 30, 2023, NT\$262,392 thousand of project has been paid.
34. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

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

September 30, 2023

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

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 31,843	30.71	\$ 977,898
Euro	363	32.72	11,869
BP	76	37.09	2,825
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	101	30.71	3,089
Euro	10	32.72	339

September 30, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Assets denominated in foreign currency			
<u>Monetary items</u>			
USD	\$ 36,640	31.75	\$ 1,163,332
Euro	478	31.26	14,951
BP	104	35.53	3,704
Liabilities denominated in foreign currency			
<u>Monetary items</u>			
USD	42	31.75	1,340
Euro	37	31.26	1,152

The consolidated Company's (realized and unrealized) foreign exchange gains for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 were NT\$23,429 thousand, NT\$ 47,076 thousand, NT\$30,752 thousand and NT\$91,702 thousand, respectively. Since the Company transacts in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

35. Additional Disclosures in the following Note

- 1) Related Information on Significant Transactions:
 - a. Financing provided to others. (Table 1)
 - b. Endorsements and guarantees provided to others. (Table 2)
 - c. Marketable securities held at the end of this period (excluding investments in

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

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

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

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

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

Real Estate Department (land development and real estate leasing)

Department revenue and operation performance

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

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

	January 1 to September 30, 2022			
	Marketing Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 1,581,581	\$ 539,890	\$ 273,844	\$ 2,395,315
Intersegment revenue	<u>2,223</u>	<u>3,984</u>	<u>5,537</u>	<u>11,744</u>
Segment revenue	<u>\$ 1,583,804</u>	<u>\$ 543,874</u>	<u>\$ 279,381</u>	2,407,059
Internal elimination				(<u>11,744</u>)
Consolidated revenue				<u>\$ 2,395,315</u>
Segment profit or loss	<u>\$ 120,006</u>	<u>\$ 23,048</u>	<u>\$ 158,842</u>	\$ 301,896
Indirect expenses				(114,782)
Interest income				1,483
Other income				362,173
Other gains and losses				1,568,457
Finance costs				(24,647)
Share of profit (loss) of associates and joint ventures accounted for using the equity method				<u>58,834</u>
Net income before tax				<u>\$ 2,153,414</u>

Department gains refer to the profits generated by different departments, excluding non-operating income and expenses, income tax expenses, director remuneration, share of profit or loss of associates accounted for using the equity method, interest income, gains or losses from the sale of real estate, gains or losses from the sale of plant and equipment, gains or losses from the sale of investments, net gains or losses from foreign currency exchange, gains or losses from financial instrument valuation, financial costs, and income tax expenses. This amount of measurement is provided to the main operation decision makers, to be used for distribution of resources to the departments and assessing their performance.

Shinkong Textile Co., Ltd. and Subsidiaries
Financing provided to others
January 1 to September 30, 2023

Table 1Unit: In Thousands of New Taiwan Dollars

No.	The Company provided financing to others	Counterparty	Transaction's Item	Whether A Related Party	Maximum Balance for the Period	Balance at the end of the period	Amount Actually Drawn	Interest Rate	Nature of Financing Provided	Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Name	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	\$ -		\$ -	\$ 1,023,401	\$ 8,710,922	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	Receivables from related parties	Yes	300,000	-	-	1.725%	Necessity of short-term financing	-	Operating turnover	-		-	1,023,401	8,710,922	Note 3

Note 1: The numbers to be filled are described as follows:
(1) For the issuer, fill in 0.
(2) Investees are numbered sequentially starting from 1 according to the company type.

Note 2: Financing Provision of 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: NT\$12,444,174 thousand x 40% = NT\$4,977,670 thousand
The maximum amount permitted to a single borrower: NT\$12,444,174 thousand x 10% = NT\$1,244,417 thousand;

Note 3: 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: 12,444,174 thousand x 70% = 8,710,922 thousand
The maximum amount permitted to a single borrower: 12,444,174 thousand x 20% = 2,488,835 thousand; 2,558,502 thousand x 40% = 1,023,401 thousand

Shinkong Textile Co., Ltd. and Subsidiaries
Endorsements and guarantees provided to others
January 1 to September 30, 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	\$ 2,488,835	\$ 72,360	\$ 72,360	\$ 72,360	\$ -	0.6%	\$ 6,222,087	N	N	N	Note 2
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	12,444,174	1,800,000	1,800,000	1,800,000	1,800,000	14.5%	12,444,174	N	Y	N	Note 2
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	12,444,174	710,000	710,000	710,000	710,000	5.7%	12,444,174	N	Y	N	Note 2
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	12,444,174	710,000	710,000	710,000	710,000	5.7%	12,444,174	N	Y	N	Note 2

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

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

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

- (1) The Company and subsidiaries' aggregate amount of endorsement and guarantee for external entities shall not exceed 50% of the Company's net worth. The maximum endorsement and guarantee for a single entity shall not exceed 20% of the Company's net worth.
- (2) According to the rules above, the maximum amount of aggregate endorsement and guarantee provided by the Company and subsidiaries was the net worth of 12,444,174 thousand \times 50% = 6,222,087 thousand and the maximum endorsement and guarantee for a single entity was the net worth of 12,444,174 thousand \times 20% = 2,488,835 thousand 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/guarantee provided by 100%-owned subsidiaries to the parent company shall be limited to the net worth of the parent company.

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

Shinkong Textile Co., Ltd. and Subsidiaries
Marketable securities held at the end of the period
September 30, 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 (in thousands)	Carrying amount	Shareholding ratio %	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	None	Financial assets at fair value through profit or loss - current	668	\$ 81,930	-	\$ 81,930	
	GSO Fund	None	"	18	61,575	-	61,575	
	COTTONWOOD Fund	None	"	9	381,988	-	381,988	
	Stocks - Listed Company							
	Asia Pacific Telecom Co., Ltd.	None	"	524	3,356	0.01	3,356	
	TacBright Optronics Corporation	(5)	"	5,000	<u>20,900</u>	1.08	<u>20,900</u>	
					<u>\$ 549,749</u>		<u>\$ 549,749</u>	
Shinkong Textile Co., Ltd.	Stocks - Listed Company							
	Shinkong Synthetic Fibers Corporation	(3)	"	56,104	\$ 858,396	3.47	\$ 858,396	
	Taishin Financial Holding Co., Ltd.	(5)	"	7,815	139,889	0.06	139,889	
	Shin Kong Financial Holding	(5)	"	4,609	<u>42,724</u>	0.03	<u>42,724</u>	
					<u>\$ 1,041,009</u>		<u>\$ 1,041,009</u>	
Shinkong Textile Co., Ltd.	Stocks - Listed Company							
	Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 16,568	0.05	\$ 16,568	
	O-Bank Co., Ltd.	None	"	10,385	98,759	0.34	98,759	
	The Great Taipei Gas Corporation	(5)	"	10,738	351,133	2.08	351,133	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	228	11,609	0.03	11,609	

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Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of Shares (in thousands)	Carrying amount	Shareholding ratio %	Fair value	
Shinkong Asset Management Co., Ltd.	Shinkong Insurance Co., Ltd.	(1)	Financial assets at fair value through other comprehensive profit and loss - non-current	51,540	\$ 3,112,988	16.31	\$ 3,112,988	10,000 thousands of shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT\$1,208,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second) Unlisted companies	(5)	"	137	6,312	0.05	6,312	
	Taian Insurance Co., Ltd.	None	"	2,049	67,727	0.69	67,727	
	Shin Kong Chao Feng Co., Ltd.	(4)	"	200	30,865	2.22	30,865	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(3)	"	41,275	1,389,744	3.31	1,389,744	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of 1,077,440 thousand
	Shin Kong Recreation Co., Ltd.	(2)	"	650	207,137	3.32	207,137	
	Eastern International Ad.	None	"	-	284	0.90	284	
	Li Yu Venture Capital Co., Ltd.	None	"	209	2,644	1.79	2,644	
	Taiwan Zeniya Interior Design Co., Ltd.	None	"	-	16,589	8.00	16,589	
	IRSO Precision Co., Ltd.	None	"	1,000	-	4.93	-	
	KHL IB Venture Capital	None	"	2,489	37,752	2.98	37,752	
	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	
	Stocks - Listed Company							
	Taishin Financial Holding Co., Ltd.	(5)	"	999	17,886	0.01	17,886	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	29	1,484	-	1,484	
	Taiwan Shin Kong Security Co., Ltd.	(5)	"	777	31,173	0.20	31,173	
	Shinkong Textile Co., Ltd.	Parent company	"	804	34,404	0.27	34,404	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	17	807	-	807	
	Less: Shares of the parent company held by subsidiary				(34,404)		(34,404)	
					<u>\$ 5,504,946</u>		<u>\$ 5,504,946</u>	

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

Note 2: (1) The company’s representative of corporate chairman and the Company’s representative of corporate chairman are relatives within the second degree of kinship.

(2) The company’s representative of corporate director and the Company’s representative of corporate chairman are relatives within the second degree of kinship.

(3) The company’s representative of corporate director is the same person as the Company’s representative of corporate chairman.

(4) The company’s representative of corporate supervisor and the Company’s representative of corporate chairman are relatives within the second degree of kinship.

(5) Other related parties.

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

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

Shinkong Textile Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2023

Table 4

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

Company acquiring the property	Name of property	Date of occurrence	Trading amount	Payment status	Transaction object	Relationship	For transactions involving related parties, their previous transfer data.				The reference basis for price determination	Acquisition Purpose and Usage	Other Agreed Matters
							All parties involved	Relationship with the issuer	Date of Transfer	Amount			
Shinkong Asset Management Co., Ltd.	Self-owned and self-built	2022/04/08	\$ 1,038,033	\$ 262,392	Feng Yu United Engineering Co., Ltd.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Enhancing operational efficiency and revitalize assets	None

Shinkong Textile Co., Ltd. and Subsidiaries
Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital
January 1 to September 30, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars

Companies with purchase (sales) of goods	Transaction object	Relationship	Transaction circumstance				Circumstances where the transaction conditions are different from general transactions and the reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase (sales) of goods	Amount	Percentage of Total Purchases (Sales) %	Credit period	Unit price	Credit period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) %	
Shinkong Mitsukoshi Department Store Co., Ltd.	Shinkong Textile Co., Ltd.	Related party in substance	Sale of goods	\$ 200,912	9.83%	No significant difference from general customers	—	—	\$ 37,085	9.18%	

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

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

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

Shinkong Textile Co., Ltd. and Subsidiaries
Names, locations, and other information of investees
January 1 to September 30, 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	\$ 2,558,502	\$ 74,502	\$ 74,502	Note 1, Subsidiary
Shinkong Textile Co., Ltd.	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 merchandise, cultural undertakings and the construction of commercial buildings and public housing units.	83,113	83,113	11,192	48.89	410,331	29,776	14,557	
Shinkong Textile Co., Ltd.	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	General investment	21,424	21,424	700	100.00	4,182	(3,846)	(3,846)	Subsidiaries
Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	No. 518, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	Trading and maintenance of motor vehicles and trading of auto parts.	269,699	269,699	9,715	33.50	297,692	109,054	36,525	
Shinkong Textile Co., Ltd.	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment	74,656	74,656	-	35.71	54,349	14,638	5,227	
Shinkong Textile Co., Ltd.	Chyang Sheng Dyeing & Finishing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Textile dyeing and finishing.	543,488	-	34,948	20.17	545,955	72,748	2,467	
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	834,862	764,862	27,000	100.00	839,364	2,378	2,378	Second-tier subsidiary
Shinkong Asset Management Co., Ltd.	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	373,522	30,272	30,272	Second-tier subsidiary
Shinkong Asset Management Co., Ltd.	Chyang Sheng Dyeing & Finishing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Textile dyeing and finishing.	6,426	-	413	0.24	6,426	-	-	
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	F11, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade, warehousing, distribution and packaging.	86,000	76,000	8,600	100.00	35,691	(7,736)	(7,736)	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. and Subsidiaries
Information on Investments in Mainland China
January 1 to September 30, 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 profit or loss recognized in the current period (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	(\$ 3,846)	100	(\$ 3,846) (2)－C	\$ 4,179	\$ -	-

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

- (1) Direct investment in mainland China.
- (2) Reinvesting in the Mainland through SK INNOVATION CO., LTD. in the third area.
- (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 reviewed by international accounting firms cooperating with accounting firms in the Republic of China.
 - B. Financial statements reviewed by the parent company’s CPAs in Taiwan.
 - C. Others (financial statements for the same periods prepared by 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	\$ 1,000 USD 32,270TWD	\$ 7,466,504

Shinkong Textile Co., Ltd.
Information on Major Shareholders
September 30, 2023

Table 8

Name of Major Shareholders	Shareholding	
	No. of Shareholding	Shareholding ratio
Shinkong Synthetic Fibers Corporation	28,378,958	9.45%
Shin Kong Medical Foundation	20,979,735	6.99%
Ji Zhen 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.