

Shinkong Textile Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years ended December 31, 2024 and
2023

Address: 15F, No. 44, Section 2, Zhongshan N Road,
Zhongshan District, Taipei

Tel:(02)2507-1258

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.

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Independent Auditors' Report

To Shinkong Textile Co., Ltd.:

Audit Opinion

We have audited the parent company only balance sheets of Shinkong Textile Co., Ltd. (hereinafter referred to as the "Company") as of December 31, 2024 and 2023; and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2024 based on our professional judgment. These matters have been covered during the audit of the overall

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

Key audit matters of the parent company only financial statements of Shinkong Textile Co., Ltd. for the year ended December 31, 2024 are as follows:

Authenticity of sales revenue from specific customers

The Company's principal source of income is the sale of various types of fabrics and finished clothing, apparel agency and property leasing. Significant risk is presumed in revenue recognition in view of significance and auditing standards. In our opinion, the authenticity on revenue from customers with specific trading terms has significant impact on the financial statements. Thus, we identified the authenticity of sales revenue from specific customers as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4(13) of the notes to parent company only financial statements.

Our corresponding audit procedures were as follows:

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

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

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

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

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

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

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

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

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

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touché

CPA Li-Huang Li

CPA Weng Po-Jen

Securities and Futures Commission
Approval No.

Tai-Cai-Zheng-Liu-Zi No. 0930128050

Financial Supervisory Commission Approval
No.

Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 11, 2025

Shinkong Textile Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 6, 30 and 31)	\$ 768,189	4	\$ 951,439	6
1110	Financial assets at fair value through profit or loss - current (Notes 7, 30 and 31)	527,450	3	451,193	3
1120	Financial assets at fair value through other comprehensive income - current (Notes 8, 30 and 31)	1,027,659	5	1,054,662	6
1150	Notes receivable (Notes 10, 23 and 30)	6,292	-	11,024	-
1160	Notes receivable - related parties, net (Notes 10, 30 and 31)	8	-	7	-
1170	Accounts receivable (Notes 10, 23 and 30)	511,891	3	359,151	2
1180	Accounts receivable - related parties, net (Notes 10, 23, 30 and 31)	71,167	-	63,275	-
1200	Other receivables (Notes 10 and 30)	80,041	-	14,409	-
1210	Other receivables - related parties (Notes 10 and 31)	5,615	-	11,590	-
130X	Inventories (Note 11)	1,144,322	6	982,039	6
1410	Prepayments (Notes 17 and 31)	151,211	1	86,796	-
1470	Other current assets (Note 17)	2,477	-	52	-
11XX	Total current assets	<u>4,296,322</u>	<u>22</u>	<u>3,985,637</u>	<u>23</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 30 and 32)	7,991,448	41	6,089,744	35
1535	Financial assets at amortized cost - non-current (Notes 9, 30, 31 and 32)	12,700	-	12,700	-
1550	Investments accounted for using the equity method (Note 12)	4,003,281	20	3,931,883	23
1600	Property, plant and equipment (Notes 13 and 28)	350,696	2	349,399	2
1755	Right-of-use assets (Note 14)	126,075	1	147,636	1
1760	Investment properties (Notes 15 and 31)	2,570,224	13	2,593,314	15
1780	Other intangible assets (Note 16)	7,510	-	4,886	-
1840	Deferred tax assets (Note 25)	47,928	-	36,755	-
1990	Other non-current assets (Note 17)	172,078	1	77,394	1
15XX	Total non-current assets	<u>15,281,940</u>	<u>78</u>	<u>13,243,711</u>	<u>77</u>
1XXX	Total assets	<u>\$ 19,578,262</u>	<u>100</u>	<u>\$ 17,229,348</u>	<u>100</u>
代碼	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 18 and 32)	\$ 2,640,000	14	\$ 2,600,000	15
2110	Short-term bills payable (Note 18)	-	-	99,931	1
2130	Contract liabilities - current (Notes 23 and 31)	31,016	-	22,057	-
2150	Notes payable (Note 19)	167,473	1	165,424	1
2160	Notes payable - related parties (Notes 19 and 31)	34,463	-	39,160	-
2170	Accounts payable (Note 19)	205,187	1	125,570	1
2180	Accounts payable - related parties (Notes 19 and 31)	10,888	-	10,383	-
2219	Other payables (Note 20)	197,148	1	157,791	1
2220	Other payables - related parties (Notes 20 and 31)	2,219	-	2,286	-
2230	Current tax liabilities (Note 25)	71,725	1	131,492	1
2280	Lease liabilities - current (Note 14)	47,925	-	44,618	-
2399	Other current liabilities (Note 20)	3,150	-	3,166	-
21XX	Total current liabilities	<u>3,411,194</u>	<u>18</u>	<u>3,401,878</u>	<u>20</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note 25)	543,197	3	531,543	3
2580	Lease liabilities - non-current (Note 14)	82,203	-	107,889	1
2645	Guarantee deposits received (Note 31)	40,018	-	40,977	-
25XX	Total non-current liabilities	<u>665,418</u>	<u>3</u>	<u>680,409</u>	<u>4</u>
2XXX	Total liabilities	<u>4,076,612</u>	<u>21</u>	<u>4,082,287</u>	<u>24</u>
	Equity (Note 22)				
	Share capital				
3110	Common shares	3,000,413	15	3,000,413	17
3200	Capital surplus	14,849	-	13,385	-
	Retained earnings				
3310	Legal surplus reserve	822,889	4	748,625	4
3320	Special reserve	1,006,356	5	1,006,356	6
3350	Unappropriated earnings	3,301,476	17	2,864,193	17
3300	Total retained earnings	<u>5,130,721</u>	<u>26</u>	<u>4,619,174</u>	<u>27</u>
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(2,319)	-	(2,773)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	7,371,160	38	5,530,036	32
	Total other equity	<u>7,368,841</u>	<u>38</u>	<u>5,527,263</u>	<u>32</u>
3500	Treasury share	(13,174)	-	(13,174)	-
3XXX	Total equity	<u>15,501,650</u>	<u>79</u>	<u>13,147,061</u>	<u>76</u>
	Total liabilities and equity	<u>\$ 19,578,262</u>	<u>100</u>	<u>\$ 17,229,348</u>	<u>100</u>

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

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2024 and 2023

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

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 23 and 31)				
4100	Sales revenue	\$ 3,826,225	96	\$ 3,002,924	95
4300	Rental revenue	159,400	4	157,518	5
4800	Other operating revenue	<u>365</u>	<u>-</u>	<u>748</u>	<u>-</u>
4000	Total operating revenue	<u>3,985,990</u>	<u>100</u>	<u>3,161,190</u>	<u>100</u>
	Operating costs (Notes 11, 24 and 31)				
5110	Cost of goods sold	(2,863,100)	(72)	(2,290,417)	(73)
5300	Rental costs	(<u>43,488</u>)	(<u>1</u>)	(<u>40,625</u>)	(<u>1</u>)
5000	Total operating costs	(<u>2,906,588</u>)	(<u>73</u>)	(<u>2,331,042</u>)	(<u>74</u>)
5900	Gross profit	<u>1,079,402</u>	<u>27</u>	<u>830,148</u>	<u>26</u>
	Operating expenses (Notes 24 and 31)				
6100	Selling and marketing	(524,697)	(13)	(401,319)	(13)
6200	General and administrative	(165,302)	(4)	(141,799)	(4)
6300	R&D expenses	(37,281)	(1)	(34,949)	(1)
6400	Reversal of expected credit (impairment loss) benefits	(<u>19</u>)	<u>-</u>	<u>5</u>	<u>-</u>
6000	Total operating expenses	(<u>727,299</u>)	(<u>18</u>)	(<u>578,062</u>)	(<u>18</u>)
6500	Other income and expenses, net	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Net operating income	<u>352,136</u>	<u>9</u>	<u>252,086</u>	<u>8</u>
	Non-operating income and expenses (Notes 24 and 31)				
7100	Interest income	18,036	-	14,608	1
7010	Other income	435,064	11	367,597	12
7020	Other gains and losses	90,690	2	(1,052)	-
7050	Finance costs	(47,966)	(1)	(50,464)	(2)
7060	Share of profit or loss of subsidiaries, associated companies and joint ventures accounted for using the equity method	<u>120,896</u>	<u>3</u>	<u>172,511</u>	<u>5</u>
7000	Total non-operating income and expenses	<u>616,720</u>	<u>15</u>	<u>503,200</u>	<u>16</u>
7900	Net income before tax	\$ 968,856	24	\$ 755,286	24
7950	Income tax expense (Note 25)	(<u>99,842</u>)	(<u>2</u>)	(<u>106,338</u>)	(<u>3</u>)

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Code		2024		2023	
		Amount	%	Amount	%
8200	Net income	<u>869,014</u>	<u>22</u>	<u>648,948</u>	<u>21</u>
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	2,583	-	(314)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,871,444	47	1,119,044	35
8330	Share of other comprehensive income of subsidiaries, associated companies and joint ventures accounted for using the equity method	(30,320)	(1)	84,640	3
8360	Items that may be reclassified subsequently to profit or loss:				
8370	Share of other comprehensive income of subsidiaries, associated companies and joint ventures accounted for using the equity method	568	-	(1,890)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(114)	-	378	-
8300	Total other comprehensive income, net of tax	<u>1,844,161</u>	<u>46</u>	<u>1,201,858</u>	<u>38</u>
8500	Total comprehensive income	<u>\$ 2,713,175</u>	<u>68</u>	<u>\$ 1,850,806</u>	<u>59</u>
	Earnings per share (Note 26)				
	From continuing operations				
9710	Basic	<u>\$ 2.90</u>		<u>\$ 2.17</u>	
9810	Diluted	<u>\$ 2.90</u>		<u>\$ 2.17</u>	

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

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		Share capital			Retained earnings			Other equity		Treasury share	Total Equity
		Number of Shares (in Thousands Shares)	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 income		
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
B17	In compliance with the law, the initial implementation of the IFRS accounting standards pertains to special surplus reserves.	-	-	-	-	(192)	192	-	-	-	-
	Appropriation and distribution of surplus in 2022										
B1	Legal surplus reserve	-	-	-	206,355	-	(206,355)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(450,062)	-	-	-	(450,062)
	Other changes in capital surplus:										
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	1,205	-	-	-	-	-	-	1,205
T1	Dividends not collected by shareholders before the designated date	-	-	2,170	-	-	-	-	-	-	2,170
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	93,810	-	(93,810)	-	-
D1	Net income in 2023	-	-	-	-	-	648,948	-	-	-	648,948
D3	Other comprehensive income in 2023, net of tax	-	-	-	-	-	(314)	(1,512)	1,203,684	-	1,201,858
D5	Total comprehensive income in 2023	-	-	-	-	-	648,634	(1,512)	1,203,684	-	1,850,806
Z1	Balance at December 31, 2023	300,041	3,000,413	13,385	748,625	1,006,356	2,864,193	(2,773)	5,530,036	(13,174)	13,147,061
	Appropriation and distribution of surplus in 2023										
B1	Legal surplus reserve	-	-	-	74,264	-	(74,264)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(360,050)	-	-	-	(360,050)
	Other changes in capital surplus:										
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	965	-	-	-	-	-	-	965
T1	Dividends not collected by shareholders before the designated date	-	-	499	-	-	-	-	-	-	499
D1	Net income in 2024	-	-	-	-	-	869,014	-	-	-	869,014
D3	Other comprehensive income in 2024, net of tax	-	-	-	-	-	2,583	454	1,841,124	-	1,844,161
D5	Total comprehensive income in 2024	-	-	-	-	-	871,597	454	1,841,124	-	2,713,175
Z1	Balance at December 31, 2024	300,041	\$ 3,000,413	\$ 14,849	\$ 822,889	\$ 1,006,356	\$ 3,301,476	(\$ 2,319)	\$ 7,371,160	(\$ 13,174)	\$ 15,501,650

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

Shinkong Textile Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		2024	2023
	Cash flows from operating activities		
A10000	Income before income tax	\$ 968,856	\$ 755,286
A20010	Income and expense items		
A20100	Depreciation	147,053	139,251
A20200	Amortization expense	25,632	2,071
A20300	Expected credit loss/(gain)	19	(5)
A20400	Net gains on financial assets and liabilities at fair value through profit or loss	(34,450)	(23,093)
A20900	Finance costs	47,966	50,464
A21200	Interest income	(18,036)	(14,608)
A21300	Dividend income	(431,916)	(351,873)
A22300	Share of profit or loss of subsidiaries and associated companies accounted for using the equity method	(120,896)	(172,511)
A22500	(Profit) Loss on disposal of property, plant and equipment	(4,211)	25
A22700	Gain from disposal of investment properties	-	(3,377)
A23700	Loss for market price decline and obsolete and slow-moving inventories	67,206	22,659
A24500	Capital surplus from dividends on dividends that have not been collected	499	2,170
A29900	Gains on lease modification	(33)	-
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	4,731	(1,116)
A31150	Accounts receivable	(160,443)	(84,122)
A31180	Other receivables	(54,042)	2,208
A31200	Inventories	(225,381)	25,723
A31230	Prepayments	(61,865)	(29,042)
A31240	Other current assets	(2,422)	(43)
A32125	Contract liabilities	8,959	(7,584)
A32130	Notes payable	(2,648)	(54,575)
A32150	Accounts payable	80,122	26,242
A32180	Other payables	38,355	1,705
A32230	Other current liabilities	(408)	(20,309)
A32240	Net defined benefit liabilities	(520)	2,275
A33000	Cash generated from operations	272,127	267,821

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Code		2024	2023
A33300	Interest paid	(\$ 47,840)	(\$ 54,689)
A33500	Income tax paid	(164,987)	(39,972)
AAAA	Net cash generated from operating activities	<u>59,300</u>	<u>173,160</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(3,885)	(108,410)
B00020	Disposal of the financial assets at fair value through other comprehensive income	628	27,685
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	(10,900)
B00100	Acquisition of financial assets at fair value through profit or loss	(102,480)	(37,508)
B00200	Disposal of financial assets at fair value through profit or loss	60,673	167,090
B01800	Acquisition of long-term equity investments using equity method	(142,496)	(15,439)
B02700	Acquisition of property, plant, and equipment	(71,283)	(53,650)
B02800	Proceeds from disposal of property, plant and equipment	4,884	11
B03700	Increase in refundable deposits	(33)	(52,826)
B04300	Other receivables - related parties	-	(5)
B04500	Acquisition of intangible assets	(28,256)	(3,776)
B05400	Acquisition of investment properties	(42)	(2,561)
B05000	Net cash outflow arising from mergers/acquisitions	(6,421)	-
B05500	Proceeds from disposal of investment properties	-	3,674
B07100	Increase in prepayments for equipment	(95,344)	(3,734)
B07500	Interest received	18,036	14,608
B07600	Dividends received from subsidiaries/associated companies	163,337	642,329
B07600	Other dividends received	<u>431,916</u>	<u>351,873</u>
BBBB	Net cash generated from investing activities	<u>229,234</u>	<u>918,461</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	40,000	-

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Code		2024	2023
C00200	Decrease in short-term borrowings	-	(410,000)
C00500	Increase in short-term notes and bills payable	-	100,000
C00600	Decrease in short-term notes and bills payable	(99,862)	-
C03100	Refund of guarantee deposits received	(959)	(69)
C04020	Repayment of the principal portion of lease liabilities	(50,913)	(43,648)
C04500	Dividends paid	(<u>360,050</u>)	(<u>450,062</u>)
CCCC	Net cash used in financing activities	(<u>471,784</u>)	(<u>803,779</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(\$ 183,250)	\$ 287,842
E00100	Cash and cash equivalents at beginning of year	<u>951,439</u>	<u>663,597</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 768,189</u>	<u>\$ 951,439</u>

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

Shinkong Textile Co., Ltd.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

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

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

The Company's parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements of the Company were approved and authorized for issue in the Board of Directors' meeting on March 11, 2025.

3. Application of New and Amended Standards and Interpretations

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

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

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendment to IAS 21: 'Lack of Exchangeability'	January 1, 2025 (Note 1)
Amendment to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments" – revisions to application guidance on the classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: Effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted starting January 1, 2025. Upon initial application of the amendments, retrospective application is required; however, restating comparative periods is not necessary. The impact of initial application should be recognized on the date of initial adoption. Nevertheless, if an entity can restate comparative periods without the use of hindsight, it may choose to do so.

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRSs Accounting Standards - Volume 11"	January 1, 2026
Amendment to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments" – revisions to application guidance on the derecognition of financial liabilities	January 1, 2026
Amendment to IFRS 9 and IFRS 7: "Contracts Involving Physically Settled Renewable Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17: Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17: "First Application of IFRS 17 and IFRS 9: Comparative Information"	January 1, 2023
IFRS 18: "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

a. IFRS 18: "Presentation and Disclosure in Financial Statements"

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

- The income statement should classify revenue and expense items into categories of operating, investing, financing, income tax, and discontinued operations.
 - The income statement should present operating profit or loss, profit or loss before financing and income tax, as well as subtotals and totals of profit or loss.
 - Provide guidance to enhance aggregation and disaggregation rules: The Company must identify assets, liabilities, equity, revenue, expenses, and cash flows from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item reported in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The Company will label such items as "other" only when no more informative label can be identified.
 - Increased disclosure of management-defined performance measures: When the Company engages in public communication outside of financial statements and communicates with users of financial statements about management's perspective on a certain aspect of the Company's overall financial performance, it should disclose information related to management-defined performance measures in a single note in the financial statements. This includes a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.
- b. Amendment to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments" – revisions to application guidance on the derecognition of financial liabilities

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

- The company does not have the actual ability to withdraw, stop, or cancel the payment instruction;
- The company does not have the actual ability to access the cash that will be used for settlement due to the payment instruction; and

- The settlement risk associated with the electronic payment system is not significant.

The Company should retrospectively apply the amendment without the need to restate the comparative periods and recognize the impact of the first-time application on the date of initial adoption.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 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).
- Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

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

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

Current liabilities include:

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

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

(4) Foreign Currency

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

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

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

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

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

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

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

(5) Inventories

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

(6) Investments in subsidiaries

The Company accounts for its investments in subsidiaries using the equity method,

Subsidiary is an entity (including structured entity) that is controlled by the Company.

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

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

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

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

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

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

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

(7) Investment in associated companies

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

The Company accounts for its investments in associated companies using the equity method,

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

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

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

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

To assess impairment, the Company has to consider the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable and

carrying amounts. The impairment loss recognized is not allocated to any assets which form parts of the carrying amount of the investment, including goodwill. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease the use of equity method from the date when its investment is no longer an associated company. Its retained interest in the associated company is measured at fair value, and the difference between the fair value of the retained interest plus proceeds from disposal and the carrying amount of the previous investment at the date when the use of equity method is halted is recognized in profit or loss. Also, the Company accounted for all amounts recognized in other comprehensive income in relation to the associated company on the same basis as would be required if the associated company had directly disposed of the related assets and liabilities. If an investment in an associated company becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the retained interest.

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

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

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

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

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

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

(9) Investment properties

Investment properties refer to real estate properties that are held with the intention of generating rental income, capital appreciation, or both. This includes properties that meet the criteria for investment properties and are currently under construction. Investment property also includes land held for a currently undetermined future use.

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

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

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

(10) Intangible assets

a. Separate acquisitions

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

b. Derecognition

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

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

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

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

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

Impairment loss is recognized for inventory, PP&E and intangible assets under customer contracts in accordance with inventory impairment rules and the afore-mentioned rules. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services. The carrying amount of assets related to the contract costs are then included in the CGU to which they belong for the purpose of evaluating the CGU' impairment. When an impairment loss is subsequently reversed, the carrying amount of the asset, CGU or assets related to the contract costs is increased to the revised recoverable amount, but only to the extent of the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset, CGU or assets related to contract costs in prior periods. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

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

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

a. Financial assets

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

(a) Types of measurement

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

i. Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss are measured at fair value, of which any dividends and interest accrued are recognized as other income and interest income. Gain or loss on remeasurement are recognized in other gains or losses. Please refer to Note 30 for methods adopted in determining the fair values.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents and accounts receivable, notes receivable, other receivables and refundable deposits that are measured at amortized cost) are measured at the gross carrying amount as determined using the effective interest method less any impairment

loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

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

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

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

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

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

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

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

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

(b) Impairment of financial assets and contract assets

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

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

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

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

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

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

(c) Derecognition of financial assets

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

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

(a) Subsequent measurement

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

(b) Derecognition of financial liabilities

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

(13) Revenue recognition

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

Revenue from the sale of goods

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

The Company does not recognize revenue on materials delivered to subcontractors for processing because the delivery does not involve a transfer of control.

(14) Leases

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

a. Where the Company is a lessor

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

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

When a lease simultaneously include land and building elements, the Company classifies them as finance lease or operating lease based on whether substantially all of the risks and rewards from ownership of the elements have been transferred to the lessee. Lease payments are apportioned to land and buildings in proportion to the fair value of land and building lease rights on the contract establishment date. If lease payments can be apportioned reliably to these

two elements, each element is treated according to the applicable lease classification. If lease payments cannot be allocated reliably to the two elements, the entire lease is classified as a finance lease, except when both elements clearly meet the standards of operating leases, the entire lease would be classified as an operating lease.

b. Where the Company is a lessee

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

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

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

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

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

lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately presented on the parent company only balance sheets.

(15) Borrowing costs

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

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

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

(16) Government grants

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

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

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

(17) Employee benefits

a. Short-term employee benefits

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

b. Post-employment benefits

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

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

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

(18) Income tax

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

a. Current income tax

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

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

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

b. Deferred income tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associated companies, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

c. Current and deferred income taxes

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

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

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

The Company during developing significant accounting estimate values will take climate change and governmental policies and its possible impact on regulations into consideration of significant accounting estimates such as cash flow estimation, growth rate,

discount rate, and profitability. Management will continue to review the estimations and basic assumptions.

Primary Sources of Uncertainties in Estimates, and Assumptions

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

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

- (2) Impairment of inventory

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

6. Cash and cash equivalent

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working capital	\$ 1,218	\$ 984
Checks and demand deposits in banks	578,916	757,321
Time deposits in banks (Within 3 months)	<u>188,055</u>	<u>193,134</u>
	<u>\$ 768,189</u>	<u>\$ 951,439</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits	0.001% ~ 4.83%	0.001% ~ 5.6%

7. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Designated as at fair value through profit or loss		
- Domestic listed, OTC, and emerging stocks	\$ 20,030	\$ 23,960
Mandatorily measured at fair value through profit or loss		
- Fund beneficiary certificates	<u>507,420</u>	<u>427,233</u>
	<u>\$ 527,450</u>	<u>\$ 451,193</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Investments in equity instruments</u>		
<u>Current</u>		
Domestic investment		
Stocks listed on TWSE or TPEX	<u>\$ 1,027,659</u>	<u>\$ 1,054,662</u>
<u>Non-current</u>		
Domestic investment		
Stocks listed on TWSE or TPEX	\$ 5,962,302	\$ 4,000,484
Unlisted stocks	<u>2,029,146</u>	<u>2,089,260</u>
	<u>\$ 7,991,448</u>	<u>\$ 6,089,744</u>

The 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 income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

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

9. Financial assets at amortized cost

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

- (1) As of December 31, 2024 and 2023, the interest rate ranges of time deposits with original maturities over one year were 1.465% to 1.700% and 1.340% to 1.575%, respectively.
- (2) Financial assets at amortized cost are classified as current or non-current pursuant to the maturity dates on the contracts or the pledged periods.
- (3) Please refer to Note 32 for details of financial assets at amortized cost pledged.

10. Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 6,292	\$ 11,024
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 6,292</u>	<u>\$ 11,024</u>
Notes receivable - related parties (Note 31)	<u>\$ 8</u>	<u>\$ 7</u>
Measured at amortized cost		
Total carrying amount	\$ 511,910	\$ 359,151
Less: Loss allowance	<u>(19)</u>	<u>-</u>
	<u>\$ 511,891</u>	<u>\$ 359,151</u>
Accounts receivable - related parties (Note 31)	<u>\$ 71,167</u>	<u>\$ 63,275</u>
<u>Other receivables</u>		
Tax refunds receivable	\$ 17,571	\$ 14,382
Investment receivable	60,673	-
Other	<u>1,797</u>	<u>27</u>
	<u>\$ 80,041</u>	<u>\$ 14,409</u>
Other receivables - related parties (Note 31)	<u>\$ 5,615</u>	<u>\$ 11,590</u>

Notes and accounts receivable

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

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

The Company writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. The Company continues to engage in enforcement activity to recover the receivables after the write-off. Where recoveries are made, they are recognized in profit or loss.

Loss allowances for notes and accounts receivables based on the provision matrix are as follows:

December 31, 2024

	Billed for 1-60 Days	Billed for 61-120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%~0.016%	0%~100%	
Total carrying amount	\$ 582,984	\$ 6,258	\$ 116	\$ 19	\$ 589,377
Loss allowance (lifetime ECL)	-	-	-	(19)	(19)
Amortized cost	<u>\$ 582,984</u>	<u>\$ 6,258</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 589,358</u>

December 31, 2023

	Billed for 1-60 Days	Billed for 61-120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	0%~100%	
Total carrying amount	\$ 378,905	\$ 54,027	\$ 525	\$ -	\$ 433,457
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 378,905</u>	<u>\$ 54,027</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 433,457</u>

Changes in loss allowances for receivables are as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ -	\$ 5
Less: Impairment loss reversed in the year	-	(5)
Add: Impairment loss provided for in the year	<u>19</u>	<u>-</u>
Ending balance	<u>\$ 19</u>	\$ -

11. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 467,652	\$ 477,295
Work in progress	149,359	136,422
Raw materials	77,447	58,602
Merchandise inventories	<u>449,864</u>	<u>309,720</u>
	<u>\$ 1,144,322</u>	<u>\$ 982,039</u>

The cost of goods sold is as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 2,795,894	\$ 2,267,758
Inventory write-down	<u>67,206</u>	<u>22,659</u>
	<u>\$ 2,863,100</u>	<u>\$ 2,290,417</u>

12. Investments using equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investments in subsidiaries	\$ 2,557,602	\$ 2,553,494
Investment in associated companies	<u>1,445,679</u>	<u>1,378,389</u>
	<u>\$ 4,003,281</u>	<u>\$ 3,931,883</u>

(1) Investments in subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Shinkong Asset Management Co., Ltd.	\$ 2,430,187	\$ 2,562,956
SK INNOVATION CO., LTD.	2,654	3,712
PT. SHINKONG TEXTILE INDONESIA	137,935	-
Reclassified to treasury shares (Note 22(6))	(<u>13,174</u>)	(<u>13,174</u>)
	<u>\$ 2,557,602</u>	<u>\$ 2,553,494</u>

Name of subsidiary	Percentage of Ownership Interest and Voting Rights	
	December 31, 2024	December 31, 2023
Shinkong Asset Management Co., Ltd.	100%	100%
SK INNOVATION CO., LTD.	100%	100%
PT. SHINKONG TEXTILE INDONESIA	100%	-

(2) Investment in associated companies

	December 31, 2024	December 31, 2023
<u>Associated companies that are individually material</u>		
Listed companies		
Chyang Sheng Texing Co., Ltd.	\$ 648,690	\$ 560,501
Unlisted companies		
Lian Quan Investment Co., Ltd.	440,596	461,590
Shang De Motor Co., Ltd.	304,127	305,330
	<u>1,393,413</u>	<u>1,327,421</u>
<u>Associated companies that are not individually material</u>		
Unlisted companies		
WPI-High Street LLC	52,266	50,968
	<u>\$ 1,445,679</u>	<u>\$ 1,378,389</u>

a. Associated companies that are individually material

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

Name of Company	Percentage of Ownership Interest and Voting Rights	
	December 31, 2024	December 31, 2023
Chyang Sheng Texing Co., Ltd.	20.30%	20.30%
Lian Quan Investment Co., Ltd.	48.89%	48.89%
Shang De Motor Co., Ltd.	33.50%	33.50%
WPI-High Street, LLC	35.71%	35.71%

In August 2023, our Company acquired more than 20% of the shares of Chyang Sheng Texing Co., Ltd. on the centralized trading market, which had a significant impact on the company. As a result, it is now classified as an associated company.

Please refer to Table 6 "Names, locations, and other information of investees" for the aforementioned associated companies' nature of business, main business premises, and countries of registration.

All the aforementioned associated companies are accounted for using the equity method.

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

Chyang Sheng Texing Co., Ltd.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 429,665	\$ 452,538
Non-current assets	2,510,351	2,065,597
Current liabilities	(100,754)	(127,284)
Non-current liabilities	(105,825)	(115,063)
Equity	<u>\$ 2,733,437</u>	<u>\$ 2,275,788</u>
Shareholding % of the Company	20.30%	20.30%
Interests of the Company	\$ 554,842	\$ 461,946
investment premium	<u>93,848</u>	<u>98,555</u>
Carrying amount of investments	<u>\$ 648,690</u>	<u>\$ 560,501</u>
	<u>2024</u>	<u>2023</u>
Operating Revenue	<u>\$ 286,498</u>	<u>\$ 340,888</u>
Net income	\$ 505,635	\$ 127,390
Other comprehensive income	<u>15,467</u>	<u>-</u>
Total comprehensive income	<u>\$ 521,102</u>	<u>\$ 127,390</u>

Lian Quan Investment Co., Ltd.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 7,627	\$ 8,577
Non-current assets	1,034,989	1,100,621
Current liabilities	(141,418)	(165,058)
Equity	<u>\$ 901,198</u>	<u>\$ 944,140</u>
Shareholding % of the Company	48.89%	48.89%
Interests of the Company	<u>\$ 440,596</u>	<u>\$ 461,590</u>
Carrying amount of investments	<u>\$ 440,596</u>	<u>\$ 461,590</u>
	<u>2024</u>	<u>2023</u>
Operating Revenue	<u>\$ 27,530</u>	<u>\$ 32,599</u>
Net income	<u>\$ 22,690</u>	<u>\$ 27,711</u>
Other comprehensive income	(65,632)	172,783
Total comprehensive income	(<u>\$ 42,942</u>)	<u>\$ 200,494</u>

Shang De Motor Co., Ltd.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 1,678,194	\$ 1,095,028
Non-current assets	401,511	428,622
Current liabilities	(1,551,753)	(957,110)
Non-current liabilities	(28,043)	(63,043)
Equity	<u>\$ 499,909</u>	<u>\$ 503,497</u>
Shareholding % of the Company	33.50%	33.50%
Interests of the Company	<u>\$ 167,469</u>	<u>\$ 168,672</u>
investment premium	<u>136,658</u>	<u>136,658</u>
Carrying amount of investments	<u>\$ 304,127</u>	<u>\$ 305,330</u>
	<u>2024</u>	<u>2023</u>
Operating Revenue	<u>\$ 4,101,790</u>	<u>\$ 3,870,887</u>
Net income	<u>\$ 112,412</u>	<u>\$ 131,852</u>
Total comprehensive income	<u>\$ 112,412</u>	<u>\$ 131,852</u>

b. Aggregate information of associated companies that are not individually material

WPI-High Street , LLC

	2024	2023
The Company's share of:		
Net profit of continuing operations in the year	\$ 13,891	\$ 6,898
Other comprehensive income	<u>1,469</u>	(<u>3,469</u>)
Total comprehensive income	<u>\$ 15,360</u>	<u>\$ 3,429</u>

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

	Land	Buildings	Machinery equipment	Transportation equipment	Hydropower equipment	Miscellaneous equipment	Lease improvement	Construction in progress	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 99,458	\$ 279,934	\$ 596,561	\$ 11,105	\$ 127,503	\$ 165,180	\$ 58,433	\$ -	\$ 1,338,174
Additions	-	377	25,825	-	771	15,874	24,677	4,008	71,532
Acquired through corporate mergers	-	-	-	-	-	48	-	-	48
Reclassifications	-	-	1,418	-	-	2,506	259	-	4,183
Disposals	-	-	(69,016)	(2,430)	-	(1,301)	(13,926)	-	(86,673)
Balance at December 31, 2024	<u>\$ 99,458</u>	<u>\$ 280,311</u>	<u>\$ 554,788</u>	<u>\$ 8,675</u>	<u>\$ 128,274</u>	<u>\$ 182,307</u>	<u>\$ 69,443</u>	<u>\$ 4,008</u>	<u>\$ 1,327,264</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ -	\$ 246,666	\$ 512,733	\$ 6,801	\$ 87,440	\$ 109,543	\$ 25,592	\$ -	\$ 988,775
Depreciation	-	1,975	30,529	789	4,358	12,355	23,787	-	73,793
Disposals	-	-	(68,342)	(2,430)	-	(1,301)	(13,927)	-	(86,000)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 248,641</u>	<u>\$ 474,920</u>	<u>\$ 5,160</u>	<u>\$ 91,798</u>	<u>\$ 120,597</u>	<u>\$ 35,452</u>	<u>\$ -</u>	<u>\$ 976,568</u>
Net balance at December 31, 2024	<u>\$ 99,458</u>	<u>\$ 31,670</u>	<u>\$ 79,868</u>	<u>\$ 3,515</u>	<u>\$ 36,476</u>	<u>\$ 61,710</u>	<u>\$ 33,991</u>	<u>\$ 4,008</u>	<u>\$ 350,696</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 99,458	\$ 278,413	\$ 587,709	\$ 10,125	\$ 127,503	\$ 153,727	\$ 44,371	\$ 75	\$ 1,301,381
Additions	-	1,269	10,195	980	-	11,723	29,847	-	54,014
Reclassifications	-	252	299	-	-	-	75	(75)	551
Disposals	-	-	(1,642)	-	-	(270)	(15,860)	-	(17,772)
Balance at December 31, 2023	<u>\$ 99,458</u>	<u>\$ 279,934</u>	<u>\$ 596,561</u>	<u>\$ 11,105</u>	<u>\$ 127,503</u>	<u>\$ 165,180</u>	<u>\$ 58,433</u>	<u>\$ -</u>	<u>\$ 1,338,174</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 244,598	\$ 480,332	\$ 5,974	\$ 82,787	\$ 99,430	\$ 20,614	\$ -	\$ 933,735
Depreciation	-	2,068	34,007	827	4,653	10,383	20,838	-	72,776
Disposals	-	-	(1,606)	-	-	(270)	(15,860)	-	(17,736)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 246,666</u>	<u>\$ 512,733</u>	<u>\$ 6,801</u>	<u>\$ 87,440</u>	<u>\$ 109,543</u>	<u>\$ 25,592</u>	<u>\$ -</u>	<u>\$ 988,775</u>
Net balance at December 31, 2023	<u>\$ 99,458</u>	<u>\$ 33,268</u>	<u>\$ 83,828</u>	<u>\$ 4,304</u>	<u>\$ 40,063</u>	<u>\$ 55,637</u>	<u>\$ 32,841</u>	<u>\$ -</u>	<u>\$ 349,399</u>

Unrecognized or reversal on impairment loss in 2024 and 2023.

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

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

14. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Land	\$ 5,277	\$ -
Buildings	112,273	138,793
Office equipment	793	1,211
Transportation equipment	7,556	7,632
Other equipment	<u>176</u>	<u>-</u>
	<u>\$ 126,075</u>	<u>\$ 147,636</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 28,862</u>	<u>\$ 16,081</u>
Disposal of right-of use assets	<u>\$ 295</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 1,335	\$ -
Buildings	44,730	40,296
Office equipment	418	418
Transportation equipment	3,604	2,710
Other equipment	<u>41</u>	<u>-</u>
	<u>\$ 50,128</u>	<u>\$ 43,424</u>

Except for the recognition of depreciation expense, the Company's right-of-use assets did not experience significant sub-lease or impairments for the years ended 2024 and 2023.

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 47,925</u>	<u>\$ 44,618</u>
Non-current	<u>\$ 82,203</u>	<u>\$ 107,889</u>

Discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.7210%	-
Buildings	0.9460%~1.7210%	0.9460%~1.7210%
Office equipment	0.9000%~0.9810%	0.9000%~0.9810%
Transportation equipment	0.9150%~1.7660%	0.9150%~1.7250%
Other equipment	1.7660%	-

(3) Major lease activities and terms

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

(4) Other lease information

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

	<u>2024</u>	<u>2023</u>
Short-term lease expenses	<u>\$ 9,364</u>	<u>\$ 7,191</u>
Total cash (outflow) for leases	<u>(\$ 62,074)</u>	<u>(\$ 52,491)</u>

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

15. Investment properties

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 2,227,690	\$ 1,098,892	\$ 3,326,582
Additions	-	42	42
Balance at December 31, 2024	<u>\$ 2,227,690</u>	<u>\$ 1,098,934</u>	<u>\$ 3,326,624</u>

(Continued on the next page)

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	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ -	\$ 733,268	\$ 733,268
Depreciation	-	23,132	23,132
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 756,400</u>	<u>\$ 756,400</u>
Net balance at December 31, 2024	<u>\$ 2,227,690</u>	<u>\$ 342,534</u>	<u>\$ 2,570,224</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,227,987	\$ 1,096,331	\$ 3,324,318
Additions	-	2,561	2,561
Disposals	(297)	-	(297)
Balance at December 31, 2023	<u>\$ 2,227,690</u>	<u>\$ 1,098,892</u>	<u>\$ 3,326,582</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 710,217	\$ 710,217
Depreciation	-	23,051	23,051
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 733,268</u>	<u>\$ 733,268</u>
Net balance at December 31, 2023	<u>\$ 2,227,690</u>	<u>\$ 365,624</u>	<u>\$ 2,593,314</u>

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

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

	December 31, 2024	December 31, 2023
The first year	\$ 146,633	\$ 138,858
The second year	113,310	108,769
The third year	73,941	76,122
The fourth year	41,469	54,857
The fifth year	29,941	37,365
Over 5 years	<u>188,331</u>	<u>192,556</u>
	<u>\$ 593,625</u>	<u>\$ 608,527</u>

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

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

The fair value of investment real estate as of the year ended on December 31, 2024 and 2023 by appraiser Zhen-Xing Lin and Yu-Hua Luo from qualified Dawa Real Estate Appraisal Firm. The comparison method and income approaches were adopted. The comparison method and income approaches were adopted. The fair values of investment properties were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value	<u>\$ 11,263,402</u>	<u>\$ 10,945,288</u>

The 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.

16. Other Intangible Assets

	<u>Cost of Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 7,229
Separate acquisitions	28,256
Disposals	(22,119)
Balance at December 31, 2024	<u>\$ 13,366</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 2,343
Amortization expense	25,632
Disposals	(22,119)
Balance at December 31, 2024	<u>\$ 5,856</u>
Net balance at December 31, 2024	<u>\$ 7,510</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,796
Separate acquisitions	3,776
Disposals	(3,343)
Balance at December 31, 2023	<u>\$ 7,229</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,615
Amortization expense	2,071
Disposals	(3,343)
Balance at December 31, 2023	<u>\$ 2,343</u>
Net balance at December 31, 2023	<u>\$ 4,886</u>

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

Cost of Computer
Software

1-4 years

17. Other Assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Prepaid expenses	\$ 50,318	\$ 19,235
Prepayments to suppliers	98,343	67,561
Overpaid sales tax	<u>2,550</u>	<u>-</u>
	<u>\$151,211</u>	<u>\$ 86,796</u>
<u>Other Assets</u>		
Other	<u>\$ 2,477</u>	<u>\$ 52</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 95,278	\$ 3,730
Refundable deposits	67,720	67,688
Net defined benefit assets (Note 21)	<u>9,080</u>	<u>5,976</u>
	<u>\$ 172,078</u>	<u>\$ 77,394</u>

18. Borrowings

(1) Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured borrowings (Note 32)</u>		
- Bank borrowings	\$ 2,090,000	\$ 2,300,000
<u>Unsecured borrowings</u>		
Line of credit loans	<u>550,000</u>	<u>300,000</u>
	<u>\$ 2,640,000</u>	<u>\$ 2,600,000</u>

The ranges of interest rates on bank borrowings were 1.82% to 1.862% and 1.7% to 1.73% as of December 31, 2024 and 2023, respectively.

(2) Short-term bills payable

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

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

December 31, 2023

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

19. Notes and Accounts Payable

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

20. Other liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 74,455	\$ 53,439
Employee compensation payable	18,000	26,977
Director compensation payable	18,000	15,600
Tax payable	2,669	2,699
Pension payable	3,342	2,873
Electricity and fuels payable	9,060	7,889
Interest payable	1,985	1,790
Services expense payable	380	1,150
Machinery and equipment payable	-	204
Other	<u>69,257</u>	<u>45,170</u>
	<u>\$ 197,148</u>	<u>\$ 157,791</u>
Other payables - related parties (Note 31)	<u>\$ 2,219</u>	<u>\$ 2,286</u>
Other liabilities		
Receipts under custody	\$ 3,057	\$ 2,946
Temporary credits	<u>93</u>	<u>220</u>
	<u>\$ 3,150</u>	<u>\$ 3,166</u>

21. Post-employment benefit plans

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 48,406	\$ 49,244
Fair value of plan assets	(57,486)	(55,220)
Net defined benefit assets	(\$ 9,080)	(\$ 5,976)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2023	\$ 44,766	(\$ 53,331)	(\$ 8,565)
Service costs			
Current service costs	136	-	136
Service costs in the previous period	3,147	-	3,147
Interest expense (income)	559	(672)	(113)
Recognized in profit or loss	3,842	(672)	3,170
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(477)	(477)
Actuarial gains - financial assumption changes	433	-	433
Actuarial losses - experience adjustments	358	-	358
Recognized in other comprehensive income	791	(477)	314
Contributions from the employer	-	(895)	(895)
Number of plan assets paid	(155)	155	-
Balance at December 31, 2023	49,244	(55,220)	(5,976)

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Service costs			
Current service costs	\$ 486	\$ -	\$ 486
Interest expense (income)	<u>554</u>	(<u>626</u>)	(<u>72</u>)
Recognized in profit or loss	<u>1,040</u>	(<u>626</u>)	<u>414</u>
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(4,928)	(4,928)
Actuarial losses - changes in financial assumptions	384	-	384
Actuarial losses - experience adjustments	<u>1,961</u>	<u>-</u>	<u>1,961</u>
Recognized in other comprehensive income	<u>2,345</u>	(<u>4,928</u>)	(<u>2,583</u>)
Contributions from the employer	<u>-</u>	(<u>935</u>)	(<u>935</u>)
Number of plan assets paid	(<u>4,223</u>)	<u>4,223</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 48,406</u>	(<u>\$ 57,486</u>)	(<u>\$ 9,080</u>)

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

- a. Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits at its own discretion or under the mandated management. However, the distributed amount from the plan assets to the Company shall not be lower than interest on a two-year time deposit at a local bank.
- b. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the return on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- c. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.50%	1.125%
Expected rate of salary increase	3.25%	2.750%

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.25%	(\$ 859)	(\$ 859)
Decrease by 0.25%	<u>\$ 888</u>	<u>\$ 888</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 859</u>	<u>\$ 860</u>
Decrease by 0.25%	(<u>\$ 835</u>)	(<u>\$ 837</u>)

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions to the plan for the next year	<u>\$ 932</u>	<u>\$ 915</u>
Average duration of defined benefit obligations	8.4 years	8.1 years

22. Equity

(1) Share capital

Common shares

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

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

(2) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May not be used for any purpose</u>		
Treasury share transactions	\$ 10,514	\$ 9,549
Dividends not collected by shareholders beyond the designated date	<u>4,335</u>	<u>3,836</u>
	<u>\$ 14,849</u>	<u>\$ 13,385</u>

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

(3) Retained earnings and dividend policy

Based on the earnings distribution policy stated in the amended Articles of Incorporation, the annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earnings to the legal reserve (not applicable where accumulated legal reserve has equaled the Company's paid-in capital). A special reserve is then appropriated or reversed pursuant to applicable laws and regulations. The Board of Director would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. Where the earnings are distributed in the form of cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed in the form of stock dividends, the distribution shall be resolved at the shareholders' meeting. For the policies on distribution of compensation to employees and contribution to directors in the Company's Articles of Incorporation, please refer to Note 24(7) Compensation to employees and remuneration to directors.

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

The Company distribution of earnings for the years ended December 31, 2023 and 2022 was as follows:

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

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

The distribution of earnings for year ended December 31, 2024 approved in the Board of Directors' meeting on March 11, 2025 was as follows:

	2024
Legal surplus reserve	\$ 87,160
Cash dividends	\$ 450,062
Earnings per share (NT\$)	\$ 1.5

The above distribution of cash dividends is approved by the Board of Directors and is subject to the resolution of the shareholders' meeting to be held on May 26, 2025.

(4) Special reserve

	2024	2023
Beginning balance	\$ 1,006,356	\$ 1,006,548
Disposal of investment properties	-	(192)
Ending balance	\$ 1,006,356	\$ 1,006,356

On November 2, 2023, our Company sold land number 679 in Qiaoai District, Taoyuan City. The above transaction was completed on November 23, 2023 with the transfer of ownership. In accordance with IFRS 1, the previously recognized portion of special reserve was reversed, resulting in a transfer of NT\$192 thousand from special reserve to retained earnings. In addition, investment property benefits totaling NT\$3,377 thousand were recognized and disposed of.

(5) Other equity items

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

	<u>2024</u>	<u>2023</u>
Beginning balance	<u>\$ 5,530,036</u>	<u>\$ 4,420,162</u>
Accrued in the current year		
Unrealized gains (losses)		
Equity instruments	1,871,444	1,119,044
Share of associated		
companies accounted		
for using the equity		
method	(<u>30,320</u>)	<u>84,640</u>
Other comprehensive income		
for the year	<u>1,841,124</u>	<u>1,203,684</u>
Accumulated gains (losses) on		
disposal of equity		
instruments transferred to		
retained earnings	<u>-</u>	(<u>93,810</u>)
Ending balance	<u>\$ 7,371,160</u>	<u>\$ 5,530,036</u>

(6) Treasury share

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

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

December 31, 2024

<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>\$ 35,529</u>

December 31, 2023

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

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

23. Revenue

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 3,826,225	\$ 3,002,924
Rental revenue	159,400	157,518
Other	<u>365</u>	<u>748</u>
	<u>\$ 3,985,990</u>	<u>\$ 3,161,190</u>

(1) Details on contracts with customers

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

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

(2) Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Notes receivable (Note 10)	\$ 6,300	\$ 11,031	\$ 9,915
Accounts receivable (Note 10)	<u>583,058</u>	<u>422,426</u>	<u>338,299</u>
	<u>\$ 589,358</u>	<u>\$ 433,457</u>	<u>\$ 348,214</u>
Contract liabilities			
Sale of goods	\$ 23,235	\$ 13,085	\$ 19,097
Rental revenue of investment property	<u>7,781</u>	<u>8,972</u>	<u>10,544</u>
Contract liabilities - current	<u>\$ 31,016</u>	<u>\$ 22,057</u>	<u>\$ 29,641</u>

(3) Breakdown of revenue from contracts with customers

	2024	2023
<u>Types of goods or services</u>		
Textile	\$ 2,560,530	\$ 2,228,224
Retail sale/Garment	<u>1,265,695</u>	<u>774,700</u>
	<u>\$ 3,826,225</u>	<u>\$ 3,002,924</u>

24. Net income

(1) Interest income

	2024	2023
Bank deposits	\$ 17,903	\$ 14,525
Other	<u>133</u>	<u>83</u>
	<u>\$ 18,036</u>	<u>\$ 14,608</u>

(2) Other income

	2024	2023
Dividend income	\$ 431,916	\$ 351,873
Other	<u>3,148</u>	<u>15,724</u>
	<u>\$ 435,064</u>	<u>\$ 367,597</u>

(3) Other gains and losses

	2024	2023
(Losses) Gains on financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	(\$ 3,929)	(\$ 4,739)
Financial assets mandatorily measured at fair value through profit or loss	38,379	27,832
Gains (losses) on disposal of property, plant and equipment	4,211	(25)
Gain from disposal of investment properties	-	3,377
Gains on lease modification	33	-
Net foreign exchange gain (losses)	52,866	(13,301)
Other expenses	<u>(870)</u>	<u>(14,196)</u>
	<u>\$ 90,690</u>	<u>(\$ 1,052)</u>

(4) Finance costs

	2024	2023
Interest on bank borrowings	\$ 44,529	\$ 46,870
Interest on short-term bills	1,687	1,941
Interest on lease liabilities	<u>1,750</u>	<u>1,653</u>
	<u>\$ 47,966</u>	<u>\$ 50,464</u>

(5) Depreciation and amortization

	2024	2023
Depreciation expense is summarized by function		
Operating costs	\$ 85,836	\$ 88,209
Operating expenses	<u>61,217</u>	<u>51,042</u>
	<u>\$ 147,053</u>	<u>\$ 139,251</u>
Amortization expense is summarized by function		
Operating costs	\$ 280	\$ 409
Operating expenses	<u>25,352</u>	<u>1,662</u>
	<u>\$ 25,632</u>	<u>\$ 2,071</u>

(6) Employee benefit expense

	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 18,898	\$ 16,297
Defined benefit plans (Note 21)	<u>414</u>	<u>3,170</u>
	<u>19,312</u>	<u>19,467</u>
Other employee benefits	<u>564,870</u>	<u>483,220</u>
Total employee benefit expense	<u>\$ 584,182</u>	<u>\$ 502,687</u>
Summarized by functions		
Operating costs	\$ 208,501	\$ 196,121
Operating expenses	<u>375,681</u>	<u>306,566</u>
	<u>\$ 584,182</u>	<u>\$ 502,687</u>

(7) Compensation to employees and compensation to directors

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

for the years of 2024 and 2023 resolved in the Board of Directors meetings on March 11, 2025 and March 8, 2024, respectively, were as follows:

Accrual rate

	2024	2023
Compensation to employees	1.79%	1.98%
Compensation to directors	1.79%	1.98%

Amount

	2024	2023
	Cash	Cash
Compensation to employees	\$ 18,000	\$ 15,600
Compensation to directors	\$ 18,000	\$ 15,600

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

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

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

(8) Net gain (loss) on foreign exchange

	2024	2023
Total foreign exchange gains	\$ 53,385	\$ 22,231
Total foreign exchange (losses)	(519)	(35,532)
Net profits (losses)	\$ 52,866	(\$ 13,301)

25. Income tax

(1) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	2024	2023
Current income tax		
Incurred in this year	\$ 89,369	\$ 55,371
Additional tax levied on the unappropriated earnings	9,166	67,467
Land value increment tax	-	357
Adjustments for previous years	940	(7,813)
	99,475	115,382
Deferred income tax		
Incurred this year	367	(9,044)
Income tax expense recognized in profit or loss	\$ 99,842	\$ 106,338

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

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 968,856</u>	<u>\$ 755,286</u>
Income tax expenses		
calculated at the statutory tax rate	\$ 193,771	\$ 151,057
Non-deductible expenses and losses	3	22
Tax-exempted income	(103,935)	(104,752)
Additional tax levied on the unappropriated earnings	9,166	67,467
Land value increment tax	-	357
Other	(103)	-
Adjustments for previous years	<u>940</u>	<u>(7,813)</u>
Income tax expense recognized in profit or loss	<u>\$ 99,842</u>	<u>\$ 106,338</u>

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

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u>		
Incurred in this year		
- Translating the financial statements of foreign operations	(\$ 568)	(\$ 23)
- Share of other comprehensive profit and loss of associated companies accounted for using the equity method	<u>682</u>	<u>(355)</u>
	<u>\$ 114</u>	<u>(\$ 378)</u>

(3) Current income tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax liabilities		
Income tax payable	<u>\$ 71,725</u>	<u>\$ 131,492</u>

(4) Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-down	\$ 33,658	\$ 13,441	\$ -	\$ 47,099
Difference on unrealized foreign exchange gain (loss)	2,154	(2,154)	-	-
Exchange differences on translating the financial statements of foreign operations	942	-	(114)	828
Other	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>\$ 36,755</u>	<u>\$ 11,287</u>	<u>(\$ 114)</u>	<u>\$ 47,928</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit pension plans	\$ 2,418	\$ 104	\$ -	\$ 2,522
Gains (losses) on foreign investments accounted for using the equity method	1,779	(616)	-	1,163
Profit and loss through profit and loss on financial assets at fair value	13,810	7,293	-	21,103
Difference on unrealized foreign exchange gain (loss)	-	4,977	-	4,977
Land value increment tax	<u>513,536</u>	<u>(104)</u>	<u>-</u>	<u>513,432</u>
	<u>\$ 531,543</u>	<u>\$ 11,654</u>	<u>\$ -</u>	<u>\$ 543,197</u>

2023

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

Land revaluation of the Company's freehold land was carried out at the assessed present value in July 1981 and November 2000, respectively, and the provision for land value increment tax of NT\$513,432 thousand and NT\$513,536 thousand (under deferred income tax liabilities) was recognized as of December 31, 2024 and 2023, respectively.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary difference		
Impairment loss	<u>\$ 7,187</u>	<u>\$ 7,187</u>

- (6) Income tax assessment

The business income tax returns of the Company through 2021 have been assessed by the tax authorities.

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

26. Earnings per share (EPS)

	Unit: NT\$ per share	
	<u>2024</u>	<u>2023</u>
Basic EPS	<u>\$ 2.90</u>	<u>\$ 2.17</u>
Diluted EPS	<u>\$ 2.90</u>	<u>\$ 2.17</u>

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

Net income

	<u>2024</u>	<u>2023</u>
Net income for basic EPS	<u>\$ 869,014</u>	<u>\$ 648,948</u>
Net income for the calculation of diluted EPS	<u>\$ 869,014</u>	<u>\$ 648,948</u>

Number of shares

	Unit: In Thousands of Shares	
	2024	2023
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237
Effect of potentially dilutive common shares:		
Compensation to employees	<u>471</u>	<u>421</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,708</u>	<u>299,658</u>

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

27. Corporate mergers

(1) Acquisition of subsidiaries

	Primary business operations	Acquisition date	Acquisition ratio (%)	Transferred consideration
One Full Co., Ltd.	Apparel retail industry	May 1, 2024	100%	<u>\$ 8,102</u>

The Company merged with One Full Co., Ltd. in 2024 to further expand the operations of our apparel retail business.

(2) Transferred consideration

	One Full Co., Ltd.
Cash	<u>\$ 8,102</u>

(3) Assets acquired and liabilities assumed on the acquisition date

	<u>One Full Co., Ltd.</u>
Current assets	
Cash and cash equivalent	\$ 1,681
Accounts receivable and other receivables	208
Inventories	4,495
Prepayments	2,550
Other current assets	3
Non-current assets	
Property, plant and equipment (PP&E)	48
Current liabilities	
Accounts payable and other payables	(491)
Other current liabilities	(392)
	<u>\$ 8,102</u>

(4) Net cash outflow for acquiring subsidiaries

	<u>One Full Co., Ltd.</u>
Cash consideration paid	\$ 8,102
Less: Cash and cash equivalents acquired	(1,681)
	<u>\$ 6,421</u>

28. Cash Flow Information

(1) Non-cash transactions

Besides disclosures in other notes, the Company engaged in the following non-cash investing activities for the years of 2024 and 2023:

- a. The Company reclassified prepayments for equipment of NT\$3,796 thousand and NT\$1,285 thousand to PP&E for the years of 2024 and 2023, respectively (please refer to Note 13 for details);
- b. The Company reclassified materials of NT\$387 thousand and NT\$434 thousand to PP&E for the years of 2024 and 2023, respectively (please refer to Note 13 for details);
- c. The Company reclassified financial assets measured at fair value through other comprehensive income of NT\$531,508 thousand to investments accounted for using the equity method in 2023 (please refer to Note 12 for details).

- d. The Company reclassified prepaid expenses of NT\$109 thousand to PP&E for the year of 2023 (please refer to Note 13 for details).
- e. Reconcile payable in cash of the acquisition of property, plant, equipment, and investment properties are as follows:

	2024	2023
Additions in the year	\$ 71,574	\$ 55,298
Equipment payable and changes in project expense	(249)	913
Payment in cash for the acquisition of property, plant, equipment, and investment properties	<u>\$ 71,325</u>	<u>\$ 56,211</u>

(2) Changes in liabilities from financing activities

2024

	January 1, 2024	Cash Flows	Non-cash Changes				Number of Interest Paid	December 31, 2024
			Additional Leases	Interest Expenses	Remeasurement on Lease Modifications	Remeasurement on Termination	Other	
Lease liabilities (Note 14)	<u>\$ 152,507</u>	(\$ 50,913)	<u>\$ 28,862</u>	<u>\$ 1,750</u>	<u>\$</u>	(\$ 295)	(\$ 33)	(\$ 1,750)
								<u>\$ 130,128</u>

2023

	January 1, 2023	Cash Flows	Non-cash Changes				Number of Interest Paid	December 31, 2023
			Additional Leases	Interest Expenses	Remeasurement on Lease Modifications	Remeasurement on Termination	Other	
Lease liabilities (Note 14)	<u>\$ 177,145</u>	(\$ 43,648)	<u>\$ 16,081</u>	<u>\$ 1,653</u>	<u>\$ 2,929</u>	<u>\$</u>	<u>\$</u>	(\$ 1,653)
								<u>\$ 152,507</u>

29. Capital Risk Management

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

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

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

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

30. Financial instruments

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

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

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

a. Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Domestic stocks listed or emerging stocks	\$ 20,030	\$ -	\$ -	\$ 20,030
Fund beneficiary certificates	507,420	-	-	507,420
Total	<u>\$ 527,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,450</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>profit and loss</u>				
Investments in equity instruments				
- Domestic listed, OTC, and emerging stocks	\$ 6,989,961	\$ -	\$ -	\$ 6,989,961
- Domestic stocks not listed on TWSE or TPEX	-	-	2,029,146	2,029,146
Total	<u>\$ 6,989,961</u>	<u>\$ -</u>	<u>\$ 2,029,146</u>	<u>\$ 9,019,107</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive income</u>				
Domestic stocks listed or emerging stocks	\$ 23,960	\$ -	\$ -	\$ 23,960
Fund beneficiary certificates	427,233	-	-	427,233
Total	<u>\$ 451,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,193</u>
<u>Financial assets at fair value</u> <u>through other</u> <u>comprehensive profit and</u> <u>loss</u>				
Investments in equity instruments				
- Domestic listed, OTC, and emerging stocks	\$ 5,055,146	\$ -	\$ -	\$ 5,055,146
- Domestic stocks not listed on TWSE or TPEX	-	-	2,089,260	2,089,260
Total	<u>\$ 5,055,146</u>	<u>\$ -</u>	<u>\$ 2,089,260</u>	<u>\$ 7,144,406</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2024 and 2023.

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

2024

Financial assets	Equity instruments of financial assets measured at fair value through other comprehensive profit and loss
Beginning balance	\$ 2,089,260
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	(59,486)
Proceeds from capital reduction	(628)
Ending balance	<u>\$ 2,029,146</u>

2023

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

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

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

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

(3) Category of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 507,420	\$ 427,233
Designated as at fair value through profit or loss	20,030	23,960
Financial assets at amortized cost (Note 1)	1,523,624	1,491,283
Financial assets at fair value through other comprehensive profit and loss		
Investments in equity instruments	9,019,107	7,144,406
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,297,396	3,241,522

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, other financial assets, and refundable deposits.

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

(4) Financial risk management objectives and policies

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

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

a. Market risk

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

(a) Foreign exchange risk

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

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

Sensitivity analysis

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

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

Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	2024	2023
Profit or loss	\$ 11,024 (i)	\$ 10,335 (i)

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

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

(b) Interest rate risk

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
- Financial assets	<u>\$ 200,755</u>	<u>\$ 205,834</u>
- Financial liabilities	<u>\$ 130,128</u>	<u>\$ 157,251</u>
Cash flow interest rate risk		
- Financial assets	<u>\$ 578,916</u>	<u>\$ 757,321</u>
- Financial liabilities	<u>\$ 2,640,000</u>	<u>\$ 2,700,000</u>

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

Sensitivity analysis

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

If the interest rate increased/decreased by 1%, the Company's net income would increase/decrease by NT\$16,489 thousand and NT\$15,541 thousand for the years of 2024 and 2023, respectively. This was mainly due to the Company's interest rate exposure from borrowings at floating interest rates.

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

(c) Other price risk

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

Sensitivity analysis

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

For the years of 2024 and 2023, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease by NT\$200 thousand and NT\$240 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\$90,191 thousand and NT\$71,444 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive profit and loss.

b. Credit risk

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

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

c. Liquidity risk

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

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

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

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

December 31, 2024

	Effective Interest Rate (%)	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Lease liabilities	0.9000~0.9810	\$ 5,331	\$ 8,404	\$ 35,458	\$ 83,188	\$ -
Short-term borrowings	1.8200~1.8620	810,000	1,830,000	-	-	-
Short-term bills payable		-	-	-	-	-
		<u>\$ 815,331</u>	<u>\$ 1,838,404</u>	<u>\$ 35,458</u>	<u>\$ 83,188</u>	<u>\$ -</u>

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

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 ~ 20 Years	20 years and above
Lease liabilities	<u>\$ 49,193</u>	<u>\$ 83,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Effective Interest Rate (%)	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Lease liabilities	0.9000~1.7250	\$ 4,061	\$ 8,121	\$ 33,870	\$ 109,525	\$ -
Short-term borrowings	1.7000~1.7300	880,000	1,720,000	-	-	-
Short-term bills payable	1.4500	99,931	-	-	-	-
		<u>\$ 983,992</u>	<u>\$ 1,728,121</u>	<u>\$ 33,870</u>	<u>\$ 109,525</u>	<u>\$ -</u>

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

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 ~ 20 Years	20 years and above
Lease liabilities	<u>\$ 46,052</u>	<u>\$ 109,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

(b) Line of credit

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit facilities		
- Amount used	\$ 2,640,000	\$ 2,600,000
- Unused amount	<u>3,870,000</u>	<u>3,560,000</u>
	<u>\$ 6,510,000</u>	<u>\$ 6,160,000</u>
Credit from commercial papers		
- Amount used	\$ -	\$ 100,000
- Unused amount	<u>1,050,000</u>	<u>1,250,000</u>
	<u>\$ 1,050,000</u>	<u>\$ 1,350,000</u>

31. Related Party Transactions

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

(1) Names and relations of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Shinkong Asset Management Co., Ltd.	Subsidiary
Xin Fu Development Co., Ltd.	Subsidiary
SK INNOVATION CO., LTD	Subsidiary
Hua Yang Motor Co., Ltd.	Subsidiary
Shanghai Xin Ying Trading Co., Ltd.	Subsidiary
One Full Co., Ltd.	Subsidiary
WPI-HIGH STREET. LLC	Associated company
Shang De Motor Co., Ltd.	Associated company
Lian Quan Investment Co., Ltd.	Associated company
Chyang Sheng Texing Co., Ltd.	Associated companies (de facto related party prior to August 2023)
Shin Kong Life Insurance Co., Ltd.	De facto related party
Taishin International Bank Co., Ltd.	De facto related party
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	De facto related party
Shin Kong Investment Trust Co., Ltd.	De facto related party
Shin Kong Commercial Bank Co., Ltd.	De facto related party
The Great Taipei Gas Corporation	De facto related party
UBright Optronics Corp.	De facto related party
Taishin D.A. Finance Co., Ltd.	De facto related party
Taiwan Security Co., Ltd.	De facto related party
Taiwan Shin Kong Security Co., Ltd.	De facto related party
Waibel Enterprise Inc.	De facto related party
Shinkong Mitsukoshi Department Store Co., Ltd.	De facto related party
Shinkong Synthetic Fibers Corporation	De facto related party
Shinkong Insurance Co., Ltd.	De facto related party
Shinkong Materials Technology Co., Ltd.	De facto related party
Shin-Kong Life Real Estate Service Co., Ltd.	De facto related party
Cheng Cheng Co., Ltd.	De facto related party
Cheng Qian Co., Ltd.	De facto related party
ShinKong Co., Ltd.	De facto related party
Yi Kong Security Co., Ltd.	De facto related party
Yi Guang International Apartments Maintenance and Management Co., Ltd.	De facto related party
Shin Kong Recreation Co., Ltd.	De facto related party
Pan Asian Plastics Corp.	De facto related party
Taipei Star Bank Co., Ltd.	De facto related party
Taishin Financial Holding Co., Ltd.	De facto related party
Shin Kong Education Foundation	De facto related party
Si Si Co., Ltd.	De facto related party
Shin-Kong Communication Co., Ltd.	De facto related party
Taishin Securities Co., Ltd.	De facto related party
Commander Engineering Co., Ltd.	De facto related party

(2) Operating Revenue

Financial Statement Account	Type/Name of Related Party	2024	2023
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 359,618	\$ 303,951
	Shinkong Insurance Co., Ltd.	10,602	7,301
	De facto related party	<u>23,198</u> <u>\$ 393,418</u>	<u>12,821</u> <u>\$ 324,073</u>
Rental revenue	UBright Optronics Corp. Taishin International Bank Co., Ltd.	\$ 22,737 27,726	\$ 22,195 27,111
	De facto related party	<u>10,011</u> <u>\$ 60,474</u>	<u>9,929</u> <u>\$ 59,235</u>

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

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

(3) Purchases

Financial Statement Account	Type/Name of Related Party	2024	2023
Purchases	Chyang Sheng Texing Co., Ltd.	\$ 130,291	\$ 112,628
	Shinkong Synthetic Fibers Corporation	94,483	41,827
	De facto related party	<u>52</u> <u>\$ 224,826</u>	<u>470</u> <u>\$ 154,925</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

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
De facto related party	<u>\$ 5,880</u>	<u>\$ 5,833</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)

<u>Financial Statement Account</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	De facto related party	<u>\$ 8</u>	<u>\$ 7</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd. Subsidiary	\$ 69,363 -	\$ 60,837 94
	De facto related party	<u>1,804</u>	<u>2,344</u>
		<u>\$ 71,167</u>	<u>\$ 63,275</u>
Other receivables	Shinkong Asset Management Co., Ltd. Subsidiary	\$ 5,615 -	\$ 11,584 6
		<u>\$ 5,615</u>	<u>\$ 11,590</u>

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years of 2024 and 2023.

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

<u>Financial Statement Account</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable	Chyang Sheng Texing Co., Ltd. De facto related party	\$ 34,179 284	\$ 38,884 276
		<u>\$ 34,463</u>	<u>\$ 39,160</u>
Accounts payable	Shinkong Synthetic Fibers Corporation Chyang Sheng Texing Co., Ltd. Subsidiary	\$ 8,242 2,646 -	\$ 7,973 2,366 44
		<u>\$ 10,888</u>	<u>\$ 10,383</u>
Other payables	De facto related party	<u>\$ 2,219</u>	<u>\$ 2,286</u>

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

(7) Prepayments

<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
De facto related party	<u>\$ 4,691</u>	<u>\$ 372</u>

(8) Lease in agreements

<u>Financial Statement Account</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities	Chyang Sheng Texing Co., Ltd.	<u>\$ 31,398</u>	<u>\$ 43,842</u>

<u>Type/Name of Related Party</u>	<u>2024</u>	<u>2023</u>
<u>Interest Expenses</u>		
Chyang Sheng Texing Co., Ltd.	<u>\$ 389</u>	<u>\$ 520</u>

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

(9) Lease out agreements

Operating lease

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

<u>Type/Name of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
UBright Optronics Corp.	\$ 51,284	\$ 73,953
Taishin International Bank Co., Ltd.	30,028	56,436
Shin-Kong Life Real Estate Service Co., Ltd.	12,209	14,376
De facto related party	<u>16,050</u>	<u>5,744</u>
	<u>\$ 109,571</u>	<u>\$ 150,509</u>

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

(10) Acquisition of financial assets

2024

Unit: In Thousands of Shares

<u>Name of Related Party</u>	<u>Financial Statement Account</u>	<u>No. of Transaction Unit</u>	<u>Object of transaction</u>	<u>Proceeds acquired</u>
Shin Kong Financial Holding	Financial assets at fair value through other comprehensive profit and loss - current	365	Common shares of Shin Kong Financial Holding	<u>\$ 3,035</u>
Shinkong Insurance Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - non-current	8	Common shares of Shinkong Insurance Co., Ltd.	<u>\$ 849</u>

2023

Unit: In Thousands of Shares

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

(11) Endorsements and guarantees

Endorsements and Guarantees Provided to Others

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

Endorsements and guarantees received

<u>Type/Name of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Shinkong Asset Management Co., Ltd.		
Guaranteed Amount		
Insured	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Amount Actually Drawn (recognized as secured bank borrowings)	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Hua Yang Motor Co., Ltd.		
Guaranteed Amount		
Insured	<u>\$ 810,000</u>	<u>\$ 810,000</u>
Amount Actually Drawn (recognized as secured bank borrowings)	<u>\$ 810,000</u>	<u>\$ 810,000</u>

(12) Other

Financial Statement Account	Type of Related Party	December 31, 2024	December 31, 2023
Cash and cash equivalent	Shin Kong Commercial Bank Co., Ltd.	\$ 52,638	\$ 158,389
	Taishin International Bank Co., Ltd.	133,707	91,533
	De facto related party	<u>78</u>	<u>78</u>
		<u>\$ 186,423</u>	<u>\$ 250,000</u>
Refundable deposits	Chyang Sheng Texing Co., Ltd.	\$ 3,874	\$ 3,874
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	<u>-</u>	<u>20</u>
		<u>\$ 3,874</u>	<u>\$ 3,894</u>
Guarantee deposits received	UBright Optronics Corp.	\$ 4,010	\$ 4,010
	Taishin International Bank Co., Ltd.	5,813	5,813
	Related party in substance	<u>1,167</u>	<u>1,167</u>
		<u>\$ 10,990</u>	<u>\$ 10,990</u>
Financial assets at amortized cost	Shin Kong Commercial Bank Co., Ltd.	<u>\$ 700</u>	<u>\$ 700</u>
Operating expenses	De facto related party	<u>\$ 26,784</u>	<u>\$ 21,508</u>
Non-operating income	Shang De Motor Co., Ltd.	\$ 564	\$ 603
	De facto related party	<u>1,108</u>	<u>802</u>
		<u>\$ 1,672</u>	<u>\$ 1,405</u>
Non-operating expenses	De facto related party	<u>\$ 8</u>	<u>\$ 8</u>

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

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

(13) Remuneration to key management personnel

	2024	2023
Short-term employee benefits	\$ 20,651	\$ 17,215
Post-employment benefits	524	438
	<u>\$ 21,175</u>	<u>\$ 17,653</u>

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

32. Pledged Assets

The following assets have been provided as collateral for borrowings:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 2,982,000	\$ 2,517,520
Investment properties	1,816,299	1,833,077
Pledged time deposits (recognized as financial assets at amortized cost)	<u>12,700</u>	<u>12,700</u>
	<u>\$ 4,810,999</u>	<u>\$ 4,363,297</u>

33. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

- (1) As of December 31, 2024 and 2023, the guaranteed notes submitted by the Company for import credits and other businesses amounted to NT\$4,574 thousand and NT\$5,682 thousand, respectively.
- (2) The Company intends to acquire CWRE Special Situations Fund and will make installment payments totaling up to US\$10,000 thousand starting in 2024.

34. Significant Events after Balance Sheet Date

- (1) On February 27, 2025, the Company's Board of Directors approved the capital increase for the subsidiary PT. SHINKONG TEXTILE INDONESIA, amounting to approximately NT\$410,395 thousand, with the shareholding ratio remaining unchanged.
- (2) On February 27, 2025, the Company's Board of Directors approved the acquisition of land located in Semarang Regency, Central Java Province, Indonesia, by the subsidiary

PT. SHINKONG TEXTILE INDONESIA, with a transaction amount of approximately NT\$381,551 thousand.

- (3) On March 4, 2025, the Company's subsidiary Shinkong Asset Management Co., Ltd. approved the auction sale of land located in Shilin District, Yangming Section 4, Lots 190-1 and 200-1, along with all buildings on the land.

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

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

December 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Assets denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	\$ 42,164	32.785	\$ 1,382,362
Euro	538	34.14	18,380
GBP	40	41.19	1,632
<u>Non-monetary items</u>			
Subsidiaries, associated companies and joint ventures accounted for using the equity method			
RMB	592	4.478	2,650
IDR	69,606,404	0.002	141,301
<u>Liabilities denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	134	32.785	4,406
Euro	25	34.14	867
GBP			

December 31, 2023

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

The Company's (realized and unrealized) foreign exchange gains and losses for the years of 2024 and 2023 amounted to a profit of NT\$52,866 thousand and a loss of NT\$13,301 thousand, respectively. Since the Company transacted in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

36. 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, associated companies and joint ventures). (Table 3)
- d. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital. (None)
- e. Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (Table 4)

- f. Disposal of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (None)
 - g. Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - h. Accounts receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
 - i. Derivative financial instrument transactions. (None)
- (2) Related Information on Investees (Table 6)
- (3) Information on Investments in Mainland China:
- a. For investees in mainland China, please show the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 7)
 - b. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - (a) Purchase amount and percentage, and the closing balance and percentage of the related payables.
 - (b) Sales amount and percentage, and the closing balance and percentage of the related receivables.
 - (c) Property transaction amount and the resulting gain or loss.
 - (d) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - (e) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year.
 - (f) Other transactions having a significant influence on profit or loss or financial status of the current year, such as providing or receiving services.
- (4) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. (Table 8)

Shinkong Textile Co., Ltd.
Lending Funds to Others
2024

Table 1.

Unit: In Thousands of New Taiwan Dollars

No.	The Company providing funds to others	Counterparty	Item of Transaction	Whether a Related Party	Maximum Balance for the Period	Balance at the End of the Period	Amount Actually Drawn	Interest Rate	Nature of Financing Provided	Sales Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Amount of Funds Being Lent	Note
													Item	Value			
1	Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Receivables from related parties	Yes	\$ 400,000	\$ -	\$ -	1.85%	Necessity of short-term financing	\$ -	Operating turnover	\$ -		\$ -	\$ 981,017	\$ 10,851,155	Note 3

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

(1) For the issuer, fill in 0.

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

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

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

Maximum amount of financing to companies or firms requiring short-term financing: 15,501,650x70%=10,851,155

The maximum amount permitted to a single borrower: 15,501,650x20%=3,100,330; 2,452,542x40%=981,017

Shinkong Textile Co., Ltd.
Endorsements and Guarantees Provided to Others
2024

Table 2. Unit: In Thousands of New Taiwan Dollars

No.	Name of Endorsements and Guarantees Company	Endorsee and Guarantee		Limits on Endorsement and Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Endorsement and Guarantee Balance for the Period	Balance of endorsements and guarantees at the end of the period	Amount Actually Drawn	Amount of Endorsement and Guarantee Collateralized by Property	Ratio of Accumulated Endorsement and Guarantee to Net Equity per Latest Financial Statements (%)	Endorsements and guarantees Maximum limit (Note 3)	Endorsement and Guarantee Provided by Parent for Subsidiary	Endorsement and Guarantee Provided by Subsidiary for Parent	Endorsement and Guarantee Provided for Entities in Mainland China	Note
		Name of Company	Relationship											
0	Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	6	\$ 3,100,330	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	0.3%	\$ 7,750,825	N	N	N	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	15,501,650	1,800,000	1,800,000	1,800,000	1,800,000	11.6%	15,501,650	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	15,501,650	810,000	810,000	810,000	810,000	5.2%	15,501,650	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	15,501,650	810,000	810,000	810,000	810,000	5.2%	15,501,650	N	Y	N	Note 3

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

- (1) For the issuer, fill in 0.
- (2) Investees are numbered sequentially starting from 1 according to the company type.

Note 2: The relationships between endorsers and guarantors and endorsees and guarantees are categorized into the following seven types. Please specify the type:

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

Note 3: The limit calculated based on the Company's Procedures for Endorsement and Guarantee is as follows:

- (1) The Company and subsidiaries' aggregate amount of endorsement and guarantee for external entities shall not exceed 50% of the Company's net worth. The maximum endorsement and guarantee for a single entity shall not exceed 20% of the Company's net worth.
- (2) According to the rules above, the maximum amount of aggregate endorsement and guarantee provided by the Company and subsidiaries was the net worth of 15,501,650×50% = 7,750,825 and the maximum endorsement and guarantee for a single entity was the net worth of 15,501,650×20% = 3,100,330 for the year of 2024.

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

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

Note 4: Fill in Y if a listed parent company provides endorsement and guarantee for its subsidiary or if a subsidiary provides endorsement and guarantee for its listed parent company or if endorsement and guarantee involve mainland China.

Shinkong Textile Co., Ltd.
Marketable Securities Held at the End of the Period
December 31, 2024

Table 3.

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

Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of Shares (in thousand/shares)	Carrying Amount	Shareholding (%)	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	Yuanta/P-shares Taiwan Top 50 ETF	None	Financial assets at fair value through profit or loss - current	75	\$ 14,681	-	\$ 14,681	
	COTTONWOOD-REFF Fund	None	"	9	382,776	-	382,776	
	COTTONWOOD-RESSF Fund	None	"	-	94,097	-	94,097	
	MIH Climate Fund	None	"	-	15,866	-	15,866	
	Stocks - listed on TWSE or TPEX							
	Far EasTone Telecommunications Co., Ltd.	None	"	49	4,380	-	4,380	
Shinkong Textile Co., Ltd.	TacBright Optronics Corporation	(5)	"	5,000	15,650	1.08	15,650	
					<u>\$ 527,450</u>		<u>\$ 527,450</u>	
	Stocks - listed on TWSE or TPEX							
	Shinkong Synthetic Fibers Corporation	(3)	Financial assets at fair value through other comprehensive profit and loss - current	56,104	\$ 827,538	0.06	\$ 827,538	
	Taishin Financial Holding Co., Ltd.	(5)	"	8,128	141,421	0.06	141,421	
	Shin Kong Financial Holding	(5)	"	4,975	58,700	0.03	58,700	
					<u>\$ 1,027,659</u>		<u>\$ 1,027,659</u>	
Shinkong Textile Co., Ltd.	Stocks - listed on TWSE or TPEX							
	Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 27,918	0.05	\$ 27,918	
	O-Bank Co., Ltd.	None	"	10,385	102,705	0.34	102,705	
	The Great Taipei Gas Corporation	(5)	"	10,738	323,751	2.08	323,751	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(5)	"	228	11,769	0.03	11,769	

(Continued on the next page)

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Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of Shares (in thousand/shares)	Carrying Amount	Shareholding (%)	Fair value	
	Shinkong Insurance Co., Ltd.	(1)	Financial assets at fair value through other comprehensive profit and loss - non-current	51,548	\$ 5,489,812	16.31	\$ 5,489,812	A total of 10,000 thousand shares were pledged separately to Shin Kong Bank and Taishin International Bank, and 8,000 thousand shares were pledged to CTBC Bank, with a total market value of NT\$2,982,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(5)	"	137	6,347	0.05	6,347	
	Unlisted companies							
	Taian Insurance Co., Ltd.	None	"	2,049	74,918	0.69	74,918	
	Shin Kong Chao Feng Co., Ltd.	(5)	"	200	30,157	2.22	30,157	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	"	41,275	1,437,211	3.31	1,437,211	
	Shin Kong Recreation Co., Ltd.	(2)	"	650	224,116	3.32	224,116	
	Eastern International Ad.	None	"	-	307	0.90	307	
	Li Yu Venture Capital Co., Ltd.	None	"	147	4,250	1.79	4,250	
	Taiwan Zeniya Interior Design Co., Ltd.	None	"	-	19,965	8.00	19,965	
	IRSO Precision Co., Ltd.	None	"	1,000	-	4.93	-	
	KHL IB Venture Capital	None	"	3,283	34,325	2.98	34,325	
	Mega Solar Energy Co., Ltd.	None	"	1,000	7,326	1.25	7,326	
	CYS Investment Co., Ltd.	None	"	10,000	98,738	18.18	98,738	
	Meihao Youjing Investment Co., Ltd.	None	"	10,000	97,833	15.63	97,833	
					<u>\$ 7,991,448</u>		<u>\$ 7,991,448</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, associated companies, and joint ventures, please refer to Table 6.

Shinkong Textile Co., Ltd.

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

January 1 to December 31, 2024

Table 4. Unit: Unless Stated Otherwise, in thousands of New Taiwan Dollars

Company Which Acquired Real Estate	Property Name	Date of Transaction	Transaction Amount	Payment Status	Transaction object	Relationship	Previous transfer data for transactions involving related parties must be provided.				Reference criteria for pricing	Objectives and usage for acquisition	Other matters agreed upon
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shinkong Asset Management Co., Ltd.	Housing and Construction	2022/4/8	\$ 1,038,033	\$ 625,563	Feng Yu United Engineering Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-construct ed assets	Improving operational efficiency and revitalizing assets	None
Xin Fu Development Co., Ltd.	Housing and Construction	2023/6/6 (Note 1)	3,118,467	767,060	Chong Hong Construction Co., Ltd.	Non related parties	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable for self-construct ed assets	Investing in the construction of a building for sale or rental purposes	None

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

Shinkong Textile Co., Ltd.

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

2024

Table 5.

Unit: In Thousands of New Taiwan Dollars

Companies with purchase (sales) of goods	Transaction object	Relationship	Transaction circumstance				Circumstances where the transaction conditions are different from general transactions and the reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase (sales) of goods	Amount	Percentage of Total Purchases (Sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Shinkong Mitsukoshi Department Store Co., Ltd.	Shinkong Textile Co., Ltd.	De facto related party	Sale of goods	\$ 359,618	9.40%	No significant difference from general customers	—	—	\$ 69,363	11.77%	
Chyang Sheng Texing Co., Ltd.	Shinkong Textile Co., Ltd.	De facto related party	Purchases	130,291	4.99%	No significant difference from general customers	—	—	36,825	8.81%	

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

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

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

Shinkong Textile Co., Ltd.
Names, Locations, and Other Information of Investees
2024

Table 6. Unit: In Thousands of Shares / New Taiwan Dollars

Investor	Name of investee company	Location	Principal Business Activities	Initial Investment Amount		Holding at the end of the period			Income (Loss) of the Investee	Investment Gain (Loss)	Note
				At the end of the current period	End of Last Year	Number of shares	%	Carrying Amount			
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	\$ 664,719	\$ 664,719	98,000	100.00	\$ 2,417,013	(\$ 40,638)	(\$ 41,603)	Note 1, Subsidiary
"	Lian Quan Investment Co., Ltd.	6F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Reinvestment in a wide range of businesses, including manufacturing, banking, insurance, recreation, securities, trading, general merchandises, cultural undertakings and the construction of commercial buildings and public housing units.	83,113	83,113	11,193	48.89	440,596	22,690	11,093	
"	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	General investment	21,424	21,424	700	100.00	2,654	1,183	1,183	Subsidiary
"	Shang De Motor Co., Ltd.	No. 518, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	Trading and maintenance of motor vehicles and trading of auto parts.	269,699	269,699	9,715	33.50	304,127	112,412	37,658	
"	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment	74,656	74,656	-	35.71	52,266	(38,900)	(13,891)	
"	Chyang Sheng Texing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Outsourcing of Dyeing and Finishing.	546,947	546,947	35,171	20.30	648,690	505,635	102,635	
"	PT.SHIKONG TEXTILE INDONESIA	Jl. Soekarno-Hatta KM 32. Merakrejo Rt 03/08 Harjosari Kec. Bawen Kab.	Fabric finishing industry, fabric printing industry, and large-scale textile trading.	142,496	-	-	100.00	137,935	(1,595)	(1,595)	Subsidiary
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, and development of specific areas	1,072,650	1,072,650	106,500	100.00	949,829	(125,283)	(125,283)	Second-tier subsidiary
"	Hua Yang Motor Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	349,065	349,065	33,700	100.00	381,588	33,619	33,619	Second-tier subsidiary
"	Chyang Sheng Texing Co., Ltd.	No. 126, Dagong Road, Dayuan District, Taoyuan City	Outsourcing of Dyeing and Finishing.	6,426	6,426	413	0.24	7,585	505,635	1,206	
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	15F, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade.	-	44,000	-	-	-	(24,741)	(24,741)	Second-tier subsidiary

Note 1: The carrying amount has deducted the NT\$13,174 thousand reclassified as treasury shares.
Note 2: Please refer to Table 7 for information on investments in mainland China.

Shinkong Textile Co., Ltd.
Information on Investments in Mainland China
2024

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	Amount of investment remitted or recovered during the Current period		Accumulated outward remittance for investment from Taiwan at the end of the current period	Net income (loss) of the investee in the current period	% Ownership of Direct or Indirect Investment	Investment profit or loss recognized in the current period (Note 2)	Investment carrying value at the end of the current period	Accumulated repatriation of investment income as of the current period	Note
					Outflow	Inflow							
Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	\$ 21,362	Note 1 (2)	\$ 21,362	\$ -	\$ -	\$ 21,362	(\$ 1,184)	100	(\$ 1,184) (2)－C	\$ 2,650	\$ -	-

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

(1) Direct investment in mainland China.

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

(2)-(2) Reinvesting in the Mainland through Shanghai Xin Ying Trading Co., Ltd.

(3) Other methods.

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

(1) Indicate if no investment gain (loss) is recognized as an investee is under preparation.

(2) Indicate if investment gain (loss) is recognized on one of the following bases:

A. Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.

B. Financial statements audited by the parent company's CPAs in Taiwan.

C. Others (financial statements for the same periods prepared by the aforementioned investees).

Accumulated outward remittance for investment in mainland China at the end of the current period	Investment amounts authorized by Investment Commission	Upper limit on the amount of investment stipulated by Investment Commission
\$ 21,362	\$ 1,000USD 30,705TWD	\$ 9,300,990

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

Table 8.

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

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

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Shinkong Textile Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2024

Statement 1.

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Cash on hand		\$ 1,218
Checks deposits		7,879
Demand deposits		226,572
Foreign-currency deposits	Including US\$9,817 thousand@32.785, EU\$538 thousand@34.14, BP\$40 thousand@41.19, RMB108 thousand@4.478, JPY 8,899 thousand@0.2099, HKD 57 thousand@4.222	344,465
Time deposit	US\$5,736 thousand@32.785	<u>188,055</u>
		<u>\$ 768,189</u>

Shinkong Textile Co., Ltd.

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

December 31, 2024

Statement 2.

Unit: In Thousands of New Taiwan Dollars

Financial Instrument	Description	Number of Shares (in thousand/shares)	Par Value (NT\$)	Fair value	
				Unit Price (NT\$)	Total Amount
Stocks - listed on TWSE or TPEx	Far EasTone Telecommunications Co., Ltd.	49	10	\$ 89.40	\$ 4,380
	TacBright Optronics Corporation	5,000	10	3.13	<u>15,650</u>
					<u>20,030</u>
					<u>14,681</u>
Beneficiary certificates	Yuanta/P-shares Taiwan Top 50 ETF	75	-	195.75	
	COTTONWOOD-REFF Fund	9	-	-	382,776
	COTTONWOOD-RESSF Fund	-	-	-	94,097
	MIH Climate Fund	-	-	-	<u>15,866</u>
					<u>507,420</u>
					<u>\$ 527,450</u>

Shinkong Textile Co., Ltd.

Statement of Financial Assets at Fair Value through Other Comprehensive Income - Current

December 31, 2024

Statement 3.

Unit: In Thousands of New Taiwan Dollars

Financial Instrument	Description	Number of Shares (in thousand/shares)	Par Value (NT\$)	Fair value	
				Unit Price (NT\$)	Total Amount
Stocks - listed on TWSE or TPEx	Shinkong Synthetic Fibers Corporation	56,104	10	\$ 14.75	\$ 827,538
	Taishin Financial Holding Co., Ltd.	8,128	10	17.40	141,421
	Shin Kong Financial Holding	4,975	10	11.80	<u>58,700</u>
					<u>\$ 1,027,659</u>

Shinkong Textile Co., Ltd.
Statement of Notes Receivable
December 31, 2024

Statement 4.

Unit: In Thousands of New Taiwan Dollars

Customer	Description	Amount
Related party		
Related party in substance - Waibei Enterprise Inc.		\$ 8
Non related parties		
Rich Growing	Receivable from goods sold	2,249
Ning Jet	"	848
EG	"	740
Chuan Cheng Hat	"	416
Taiwan International Golf	"	387
Others (Note)	"	<u>1,652</u>
		<u>\$ 6,300</u>

Note: The balance of each customer did not exceed 5% of the account balance.

Shinkong Textile Co., Ltd.
Statement of Accounts Receivable
December 31, 2024

Statement 5.

Unit: In Thousands of New Taiwan Dollars

Customer	Description	Amount
Related party		
Shinkong Mitsukoshi	Receivable from	\$ 69,363
Department Store Co., Ltd.	goods sold	
Others (Note)	"	<u>1,804</u>
		<u>71,167</u>
Non related parties		
Company A	"	110,123
TAN DE	"	41,256
Others (Note)	"	360,531
Less: Loss allowance		(<u>19</u>)
		<u>511,891</u>
		<u>\$ 583,058</u>

Note: The balance of each customer did not exceed 5% of the account balance.

Shinkong Textile Co., Ltd.
Statement of Other Payables
December 31, 2024

Statement 6.

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Related party		
Non-operating revenues receivable	Receivables from tax consolidation of new asset management products	\$ 5,615
Non related parties		
Other receivables	Other	1,797
Tax refunds receivable	Business tax	17,571
Investment receivable	Redeem overseas funds	60,673
		<u>80,041</u>
		<u>\$ 85,656</u>

Note: The balance of each customer did not exceed 5% of the account balance.

Shinkong Textile Co., Ltd.

Statement of Inventories

December 31, 2024

Statement 7.

Unit: In Thousands of New Taiwan Dollars

Item	Description	Cost	Net Realizable Value
Merchandise inventories	Garment	\$ 530,595	\$ 449,864
Raw materials	Yarn, silk	77,409	63,172
Supplies		15,244	14,275
Work in progress	Yarn, silk	149,359	149,359
Finished goods	Fabric	<u>626,338</u>	<u>467,652</u>
		<u>\$ 1,398,945</u>	<u>\$ 1,144,322</u>

Shinkong Textile Co., Ltd.

Statement of Prepayments

December 31, 2024

Statement 8.

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepaid expenses	Design fees	\$ 11,122
	Exhibition fees	1,396
	Others (Note)	<u>37,800</u>
		<u>50,318</u>
Overpaid sales tax		<u>2,550</u>
Prepayments to suppliers		<u>98,343</u>
		<u>\$ 151,211</u>

Note: The balance of each item was less than 5% of the account balance.

Shinkong Textile Co., Ltd.
Statement of Financial Assets at Fair Value through Other Comprehensive Income - Non-current
January 1 to December 31, 2024

Statement 9.

Unit: In Thousands of New Taiwan Dollars

	Beginning balance		Increase		Reclassification		Decrease		Balance at the End of the Period			Collateral/ Pledge
	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Ownership %	Amount	
Financial assets at fair value through other comprehensive profit and loss - non-current												
Domestic stocks listed on TWSE or TPEX or emerging stocks												
The Great Taipei Gas Corporation	10,738	\$ 351,133	-	\$ -	-	\$ -	-	\$ 27,382	10,738		\$ 323,751	None
Shinkong Insurance Co., Ltd.	51,540	3,509,842	8	1,979,970	-	-	-	-	51,548		5,489,812	Please refer to Note 32 for details.
O-Bank	10,385	103,640	-	-	-	-	-	935	10,385		102,705	None
Xintec Inc.	141	17,977	-	9,941	-	-	-	-	141		27,918	"
Taishin Financial Holding Co., Ltd. - preferred stocks	228	11,655	-	114	-	-	-	-	228		11,769	"
Taishin Financial Holding Co., Ltd. - preferred stocks (2nd time)	137	<u>6,237</u>	-	<u>110</u>	-	<u>-</u>	-	<u>-</u>	137		<u>6,347</u>	
		<u>4,000,484</u>		<u>1,990,135</u>		<u>-</u>		<u>28,317</u>	-		<u>5,962,302</u>	
Domestic stocks of unlisted companies												
Shinkong Mitsukoshi Department Store Co., Ltd.	41,275	1,490,456	-	-	-	-	-	53,245	41,275		1,437,211	無
Shin Kong Recreation Co., Ltd.	650	234,072	-	-	-	-	-	9,956	650		224,116	"
Taian Insurance Co., Ltd.	2,049	70,923	-	3,995	-	-	-	-	2,049		74,918	"
Shin Kong Chao Feng Co., Ltd.	200	31,199	-	-	-	-	-	1,042	200		30,157	"
Eastern International Ad.	-	280	-	27	-	-	-	-	-		307	"
Li Yu Venture Capital Co., Ltd.	209	3,324	-	926	-	-	62	-	147		4,250	"
Taiwan Zeniya Interior Design Co., Ltd.	-	19,965	-	-	-	-	-	-	-		19,965	"
KHL IB Venture Capital	3,283	35,556	-	-	-	-	-	1,231	3,283		34,325	"
IRSO Precision Co., Ltd.	1,000	-	-	-	-	-	-	-	1,000		-	"
Mega Solar Energy	1,000	10,000	-	-	-	-	-	2,674	1,000		7,326	"
CYS	10,000	93,485	-	5,253	-	-	-	-	10,000		98,738	"
Meihao Youjing Investment Co., Ltd.	10,000	<u>100,000</u>	-	<u>-</u>	-	<u>-</u>	-	<u>2,167</u>	10,000		<u>97,833</u>	
	69,666	<u>2,089,260</u>		<u>10,201</u>		<u>-</u>		<u>70,315</u>			<u>2,029,146</u>	
		<u>\$ 6,089,744</u>		<u>\$ 2,000,336</u>		<u>\$ -</u>		<u>\$ 98,632</u>			<u>\$ 7,991,448</u>	

Shinkong Textile Co., Ltd.
Statement of Changes in Investments Accounted for Using the Equity Method
January 1 to December 31, 2024

Statement 10.

Unit: In Thousands of New Taiwan Dollars

								Balance at the End of the Period			Collateral/ Pledge
Beginning balance		Increase (Note 1)		Decrease (Note 2)		Investment Gain (Loss)	Number of Shares (in Thousands Shares)	Sharehold ing ratio			
Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount	Number of Shares (in Thousands Shares)	Amount			(%)	Amount		
Long-term investment in shares accounted for using the equity method											
Publicly traded company											
Chyang Sheng Texing Co., Ltd.	35,171	\$ 560,501	-	\$ 3,139	-	(\$ 17,585)	\$ 102,635	35,171	20.30	\$ 648,690	None
Domestic stocks of unlisted companies											
Shinkong Asset Management Co., Ltd.	98,000	2,562,956	-	1,533	-	(92,699)	(41,603)	98,000	100.00	2,430,187	None
Lian Quan Investment Co., Ltd.	11,192	461,590	-	-	-	(32,087)	11,093	11,192	48.89	440,596	〃
SK INNOVATION CO., LTD.	700	3,712	-	125	-	-	(1,183)	700	100.00	2,654	〃
Shang De Motor Co., Ltd.	9,715	305,330	-	-	-	(38,861)	37,658	9,715	33.50	304,127	〃
WPI-High Street LLC	-	50,968	-	3,410	-	(16,003)	13,891	-	35.71	52,266	〃
PT. SHINKONG TEXTILE INDONESIA	-	-	-	142,496	-	(2,966)	(1,595)	-		137,935	
Less: Reclassified to treasury shares		(13,174)		-		-	-			(13,174)	
		\$ 3,931,883		\$ 150,703		(\$ 200,201)	\$ 120,896			\$ 4,003,281	

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

Item	Amount
Dividends paid to subsidiaries	\$ 965
Unrealized gains (losses) on financial assets	3,707
Capital increase	142,496
Exchange differences on translating the financial statements of foreign operations	<u>3,535</u>
	<u>\$ 150,703</u>

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

Item	Amount
Dividends received from subsidiaries and associated companies	(\$ 160,297)
Unrealized gains (losses) on financial assets	(34,027)
Exchange differences on translating the financial statements of foreign operations	(2,966)
Withholding tax on foreign investments	(<u>2,911</u>)
	<u>(\$ 200,201)</u>

Shinkong Textile Co., Ltd.
Statement of Changes in Right-of-use Assets
December 31, 2024

Statement 11.

Unit: In Thousands of New Taiwan Dollars

Item	Beginning balance	Increase	Decrease	Balance at the End of the Period
Land	\$ -	\$ 6,612	\$ -	\$ 6,612
Houses and buildings	231,893	18,210	-	250,103
Transportation equipment	16,740	3,823	(7,244)	13,319
Office equipment	2,133	-	-	2,133
Other equipment	-	217	-	217
	<u>\$ 250,766</u>	<u>\$ 28,862</u>	<u>(\$ 7,244)</u>	<u>\$ 272,384</u>

Shinkong Textile Co., Ltd.

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

December 31, 2024

Statement 12.

Unit: In Thousands of New Taiwan Dollars

Item	Beginning balance	Increase	Decrease	Balance at the End of the Period
Land	\$ -	\$ 1,335	\$ -	\$ 1,335
Houses and buildings	93,100	44,730	-	137,830
Transportation equipment	9,108	3,604	(6,949)	5,763
Office equipment	922	418	-	1,340
Other equipment	-	41	-	41
	<u>\$ 103,130</u>	<u>\$ 50,128</u>	<u>(\$ 6,949)</u>	<u>\$ 146,309</u>

Shinkong Textile Co., Ltd.
Statement of Short-term Borrowings
December 31, 2024

Statement 13.

Unit: In Thousands of New Taiwan Dollars

Creditor	Type of Loans	Balance at the End of the Period	Duration	Interest Rate Range (%)	Line of credit	Collateral or Guarantee
Bank of Taiwan - Wuchang Branch	Collateral loans	\$ 380,000	2024.12.11-2025.03.11	1.862%	\$ 1,800,000	Please refer to Note 32 for details.
Cathay United Bank	Collateral loans	200,000	2024.12.18-2025.03.18	1.82%	650,000	//
Cathay United Bank	Collateral loans	600,000	2024.12.18-2025.03.18	1.82%	810,000	//
ChinaTrust Bank, Corporate Banking Department	Collateral loans	650,000	2024.12.19-2025.03.19	1.85%	1,150,000	//
Hua Nan Commercial Bank Headquarters - Business Department	Collateral loans	260,000	2024.11.22-2025.01.22	1.86%	500,000	//
Corporate Banking Department of Yuanta Bank, Taoyuan region	Credit borrowings	200,000	2024.10.18-2025.01.16	1.85%	200,000	無
Headquarters Branch of Mega Financial Holding Co., Ltd.	Credit borrowings	150,000	2024.12.13-2025.01.17	1.85%	200,000	//
First Bank Songjiang Branch	Credit borrowings	<u>200,000</u>	2024.12.13-2025.01.20	1.86%	<u>200,000</u>	//
		<u>\$ 2,640,000</u>			<u>\$ 5,510,000</u>	

Shinkong Textile Co., Ltd.
Statement of Notes Payable
December 31, 2024

Statement 14.

Unit: In Thousands of New Taiwan Dollars

Customer	Description	Amount
Related party		
Chyang Sheng Texing Co., Ltd. (Note)	Receivable from goods sold	\$ 34,179
Related party in substance (Note)	Insurance expenses	<u>284</u>
		<u>34,463</u>
Non related parties		
Toung Loong	Receivable from goods sold	8,701
Sunshine	"	13,822
Yeong Sherng Co., Ltd.	"	48,596
Full Sun	"	23,231
Lee Diana	"	11,466
Others (Note)		<u>61,657</u>
		<u>167,473</u>
		<u>\$ 201,936</u>

Note: The balance of each item was less than 5% of the account balance.

Shinkong Textile Co., Ltd.
Statement of Accounts Payable
December 31, 2024

Statement 15.

Unit: In Thousands of New Taiwan Dollars

Customer	Description	Amount
Related party		
Chyang Sheng Texing Co., Ltd.	Receivable from goods sold	\$ 2,646
Shinkong Synthetic Fibers Corporation	"	<u>8,242</u>
		<u>10,888</u>
Non related parties		
Song Mao	Receivable from goods sold	33,097
Bang Yan	"	15,487
Others (Note)		<u>156,603</u>
		<u>205,187</u>
		<u>\$ 216,075</u>

Note: The balance of each item was less than 5% of the account balance.

Shinkong Textile Co., Ltd.
Statement of Lease Liabilities
December 31, 2024

Statement 16.

Unit: In Thousands of New Taiwan Dollars

Item	Lease Period	Discount rate	Balance at the End of the Period
Land	2024/01/01~2028/12/31	1.7210	\$ 3,921
Houses and buildings	2024/01/01~2028/12/31	0.9460~1.7210	117,607
Transportation equipment	2021/12/01~2028/12/28	0.9150~1.7660	7,619
Office equipment	2020/05/01~2027/01/31	0.9000~0.9810	805
Other equipment	2024/05/01~2027/10/31	1.766	<u>176</u>
			130,128
Less: Current portion of lease liabilities			(<u>47,925</u>)
			<u>\$ 82,203</u>

Shinkong Textile Co., Ltd.
Statement of Operating Revenue
2024

Statement 17.

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Sales revenue, gross		
Textile		\$ 2,560,530
Brand agency		<u>1,265,695</u>
		3,826,225
Less: Sales return and discount		<u>-</u>
Sales revenue, net		3,826,225
 Rental revenue	 Rental revenue from Wuling financial building and Taoyuan spinning mill	 159,400
 Other operating revenue	 Taelor platform rental	 47
	Taoyuan Factory's solar power generation subsidy for 2024	11
	Commission income	<u>307</u>
		<u>\$ 3,985,990</u>

Shinkong Textile Co., Ltd.
Statement of Operating Costs

2024

Statement 18.

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Direct raw materials - beginning balance	\$ 59,172
Add: Purchase during the period	370,607
Transferred from work in progress	293,642
Transferred from finished goods	8,369
Less: Reclassified as expenses	(195)
Sale of raw materials	(3,668)
Direct raw materials - ending balance	(77,409)
Consumption of direct raw materials	<u>650,518</u>
Supplies - beginning balance	13,458
Add: Purchase during the period	85,880
Less: Reclassified as expenses	(80,947)
Sale of supplies	(359)
Disposal	(254)
Supplies - ending balance	(15,244)
Material use	<u>2,534</u>
Director labor	88,713
Manufacturing overheads	428,716
Outsourced processing fee	<u>693,813</u>
Manufacturing costs	<u>1,864,294</u>
Work in progress - beginning balance	136,422
Add: Transferred from finished goods	1,473,137
Transferred from merchandise	221
Less: Work in progress transferred to raw materials	(293,642)
Work in progress transferred to merchandise	(120,430)
Work in progress - ending balance	(149,359)
Cost of finished goods	<u>2,910,643</u>
Finished goods - beginning balance	579,210
Add: Purchase during the period	538,608
Less: Reclassified as expenses	(8,097)
Finished goods transferred to raw materials	(8,369)
Inventory shrinkage	(186)

(Continued on the next page)

(Continued from the previous page)

Item	Amount
Disposal	(\$ 349)
Finished goods transferred to work in progress	(1,473,137)
Finished goods - ending balance	(<u>626,338</u>)
Cost of goods sold	<u>1,911,985</u>
Merchandise	
Opening inventory	362,071
Add: Purchases	926,959
Transferred from work in progress	120,430
Less: Inventory shrinkage	(143)
Merchandise transferred to work in progress	(221)
Transfer to operating expenses	(6,872)
Disposal	(591)
End inventory	(<u>530,595</u>)
Product sales cost	<u>871,038</u>
Other operating costs	
Inventory write-down	67,206
Disposal	1,194
Inventory shrinkage	329
Sale of raw materials and supplies	4,027
Other	<u>7,321</u>
	<u>80,077</u>
Rental costs	<u>43,488</u>
	<u><u>\$ 2,906,588</u></u>

Shinkong Textile Co., Ltd.
Statement of Operating Expenses
December 31, 2024

Statement 19.

(In Thousands of New Taiwan Dollars,
Unless Otherwise Specified)

Item	Selling and marketing	General and administrative	R&D expenses	Total
Salaries	\$ 206,416	\$ 76,962	\$ 16,994	\$ 300,372
Depreciation	27,601	30,614	3,002	61,217
Freight expenses	60,713	185	171	61,069
Others (Note)	<u>229,967</u>	<u>57,560</u>	<u>17,114</u>	<u>304,641</u>
	<u>\$ 524,697</u>	<u>\$ 165,321</u>	<u>\$ 37,281</u>	<u>\$ 727,299</u>

Note: The balance of each item was less than 5% of the account balance.

Shinkong Textile Co., Ltd.
Summary of Employee Benefits, Depreciation and Amortization Expenses by Functions
2024

Statement 20.

Unit: In Thousands of New Taiwan Dollars

	2024			2023		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefit expense						
Salaries	\$ 173,231	\$ 300,372	\$ 473,603	\$ 161,205	\$ 247,675	\$ 408,880
Labor and health insurances	16,365	27,693	44,058	16,139	22,202	38,341
Pensions	5,587	13,725	19,312	8,648	10,820	19,468
Remuneration to Directors	-	19,168	19,168	-	16,768	16,768
Other employee benefits	13,318	14,723	28,041	10,129	9,101	19,230
Total employee benefit expense	<u>\$ 208,501</u>	<u>\$ 375,681</u>	<u>\$ 584,182</u>	<u>\$ 196,121</u>	<u>\$ 306,566</u>	<u>\$ 502,687</u>
Depreciation	<u>\$ 85,836</u>	<u>\$ 61,217</u>	<u>\$ 147,053</u>	<u>\$ 88,209</u>	<u>\$ 51,042</u>	<u>\$ 139,251</u>
Amortization expense	<u>\$ 280</u>	<u>\$ 25,352</u>	<u>\$ 25,632</u>	<u>\$ 409</u>	<u>\$ 1,662</u>	<u>\$ 2,071</u>

Note:

1. The number of employees for the current year and the previous year were 617 and 540, respectively, among which the number of directors who were not concurrently employees was 4 for both years.
2. For companies whose shares are listed on the TWSE/TPEX, the following information should also be additionally disclosed:
 - (1) The average employee benefits expenses were \$922 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employee benefit expense of the preceding year was NT\$907 thousand ("Total employee benefit expense - Total remuneration to Directors of the preceding year" / "Number of employees - Number of Directors who were not employees of the preceding year").
 - (2) The average employee benefits expenses were \$773 thousand for the year. ([Total employee benefit expenses for the current year - Total directors' remuneration] / [Number of employees for the current year - Number of directors who do not serve as employees]).
The average employee salary expense of the preceding year was NT\$763 thousand (Total salary expense of the preceding year / "Number of employees - Number of Directors who were not employees of the preceding year").
 - (3) The change in the average employees' salary expenses was 1.31%. ([The average employee salary expense for the current year - The average employee salary expense for the previous year] / The average employee salary expense for the previous year).
 - (4) The Company has established an Audit Committee, and the remuneration of independent directors has been incorporated into the remuneration of directors to be disclosed
 - (5) The Company's compensation and remuneration policies (including directors, managers and employees) are as follows:
 - A. Remuneration paid to Directors and Independent Directors:
 - (a) Fixed income: In accordance with Article 16 of Articles of Incorporation, the Company shall pay directors' salary for their duties performed regardless of profit or loss of the Company. The Board of Directors is authorized to determine upon the remunerations for Directors according to their participation in and the value of their contribution to the Company operation and with reference to the common remuneration level in the industry.
 - (b) Income from changes: Pursuant to Article 27 of the Articles of Incorporation, the Company shall allocate no less than one percent as the remuneration for employees and no more than five percent as the remuneration for Directors, if there's balance after deducting accumulated losses from the earnings of current year (i.e. the earnings before deducting the remuneration for employees and Directors from the earnings before tax).
Independent Directors do not participate in the appropriation of remuneration to Directors as stipulated in Article 27 of the Company's Articles of Incorporation.
 - B. Managerial officers: remuneration is determined based on position, responsibility, departmental performance and contribution to the overall operation of the Company.
 - C. Employees: the salary is subject to the job function, work intensity and professional skills and by reference to the Company's employee salary management measures and employee appointment and promotion management measures.
 - D. The remuneration of directors and managers shall be regularly evaluated and reviewed by the Remuneration Committee of the Company and then submitted to the Board of Directors for approval and resolution,