

Shinkong Textile Co., Ltd. And
Subsidiaries

Consolidated Financial Statements
and Independent Auditors'
Review Report
For the Three Months Ended
March 31, 2023 and 2022

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Notice to Reader

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

Independent Auditors' Review Report

To Shinkong Textile Co., Ltd.

Foreword

We have audited the consolidated balance sheets of Shinkong Textile Co., Ltd. and its subsidiaries (hereinafter referred to as the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to consolidated financial statements (including a summary on significant accounting policies). It is the responsibility of the management to prepare fair presentation consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission. The responsibility of the CPAs is to draw conclusions on the consolidated financial statements based on the results of their review.

Scope

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

Conclusions

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Shinkong Textile Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touché
CPA Li-Huang Li

CPA Jui-Chuan Chih

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

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

May 8, 2023

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

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2023 (Have been reviewed)		December 31, 2022 (Have been audited)		March 31, 2022 (Have been reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes VI and XXXI)	\$ 1,280,487	8	\$ 889,783	5	\$ 1,298,486	8
1110	Financial assets at fair value through profit or loss (Notes VII and XXX)	591,162	4	568,830	4	111,506	1
1120	Financial assets at fair value through other comprehensive income - current (Notes VIII, XXX and XXXII)	1,658,280	10	1,625,098	10	1,816,838	11
1136	Financial assets at amortized cost - current (Note IX)	-	-	500,000	3	-	-
1150	Notes receivable (Notes X, XXIV and XXXI)	2,366	-	9,907	-	23,549	-
1160	Notes receivable - related parties, net (Notes X, XXIV and XXXI)	43	-	8	-	4	-
1170	Accounts receivable (Notes X and XXIV)	297,302	2	292,467	2	351,621	2
1180	Accounts receivable - related parties (Notes X, XXIV and XXXI)	47,902	-	46,685	-	37,408	-
1200	Other receivables (Note X)	7,156	-	16,603	-	63,234	-
1210	Other receivables - related parties (Notes X and XXXI)	-	-	-	-	12	-
1220	Current tax assets	198	-	-	-	46	-
130X	Inventories (Note XI)	1,067,879	6	1,058,167	6	831,356	5
1410	Prepayments (Notes XVIII and XXXI)	77,335	-	62,371	-	346,389	2
1470	Other current assets (Note XVIII)	3,023	-	2,973	-	3,033	-
11XX	Total current assets	<u>5,033,133</u>	<u>30</u>	<u>5,072,892</u>	<u>30</u>	<u>4,883,482</u>	<u>29</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VIII, XXX and XXXII)	4,986,742	30	4,907,353	29	5,278,599	32
1535	Financial assets at amortized cost - non-current (Notes IX, XXX and XXXII)	1,800	-	1,800	-	1,800	-
1550	Investments accounted for using the equity method (Note XIII)	746,631	5	718,928	4	721,088	4
1600	Property, plant and equipment (Note XIV)	364,398	2	630,474	4	463,459	3
1755	Right-of-use assets (Note XV)	169,030	1	179,693	1	125,822	1
1760	Investment properties (Notes XVI and XXXII)	5,345,610	32	5,076,581	31	5,016,720	30
1780	Other intangible assets (Note XVII)	3,209	-	3,270	-	1,990	-
1840	Deferred tax assets	30,171	-	29,691	-	28,856	-
1990	Other non-current assets (Notes XVIII and XXXI)	40,489	-	77,965	1	172,296	1
15XX	Total non-current assets	<u>11,688,080</u>	<u>70</u>	<u>11,625,755</u>	<u>70</u>	<u>11,810,630</u>	<u>71</u>
1XXX	Total Assets	<u>\$ 16,721,213</u>	<u>100</u>	<u>\$ 16,698,647</u>	<u>100</u>	<u>\$ 16,694,112</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes XIX and XXXII)	\$ 2,740,000	16	\$ 3,070,000	19	\$ 2,310,000	14
2110	Short-term notes payable (Note XIX)	309,811	2	-	-	919,212	5
2130	Contract liabilities - current (Notes XXIV and XXXI)	38,430	-	29,805	-	25,646	-
2150	Notes payable (Note XX)	79,466	1	222,899	1	94,859	1
2160	Notes payable - related parties (Notes XX and XXXI)	8,039	-	36,641	-	19,178	-
2170	Accounts payable (Note XX)	118,392	1	104,305	1	120,919	1
2180	Accounts payable - related parties (Notes XX and XXXI)	6,232	-	6,612	-	6,474	-
2219	Other payables (Note XXI)	148,410	1	188,898	1	431,019	3
2220	Other payables - related parties (Notes XXI and XXXI)	2,048	-	1,822	-	1,092	-
2230	Current tax liabilities	75,299	-	58,559	1	26,111	-
2280	Lease liabilities - current (Notes XV and XXXI)	45,462	-	45,868	-	31,556	-
2399	Other current liabilities (Note XXI)	25,474	-	23,912	-	24,548	-
21XX	Total current liabilities	<u>3,597,063</u>	<u>21</u>	<u>3,789,321</u>	<u>23</u>	<u>4,010,614</u>	<u>24</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes XIX and XXXII)	166,170	1	159,082	1	-	-
2570	Deferred tax liabilities	759,738	4	761,682	4	750,385	4
2580	Lease liabilities - non-current (Notes XV and XXXI)	128,591	1	138,926	1	99,525	1
2600	Other current liabilities (Note XXXI)	107,435	1	106,694	1	127,454	1
25XX	Total non-current liabilities	<u>1,161,934</u>	<u>7</u>	<u>1,166,384</u>	<u>7</u>	<u>977,364</u>	<u>6</u>
2XXX	Total liabilities	<u>4,758,997</u>	<u>28</u>	<u>4,955,705</u>	<u>30</u>	<u>4,987,978</u>	<u>30</u>
	Equity attributable to owners of the Company (Note XXIII)						
	Share capital						
3110	Common shares	3,000,413	18	3,000,413	18	3,000,413	18
3200	Capital surplus	10,010	-	10,010	-	8,928	-
	Retained earnings						
3310	Legal reserve	542,270	4	542,270	3	497,780	3
3320	Special reserve	1,006,548	6	1,006,548	6	1,006,548	6
3350	Unappropriated earnings	2,868,577	17	2,777,974	17	2,184,810	13
3300	Total retained earnings	<u>4,417,395</u>	<u>27</u>	<u>4,326,792</u>	<u>26</u>	<u>3,689,138</u>	<u>22</u>
	Other equity item						
3410	Exchange differences on translating the financial statements of foreign operations	(1,227)	-	(1,261)	-	(5,160)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	4,548,799	27	4,420,162	26	5,025,989	30
3400	Total other equity	<u>4,547,572</u>	<u>27</u>	<u>4,418,901</u>	<u>26</u>	<u>5,020,829</u>	<u>30</u>
3500	Treasury share	(13,174)	-	(13,174)	-	(13,174)	-
31XX	Total equity attributable to owners of the Company	<u>11,962,216</u>	<u>72</u>	<u>11,742,942</u>	<u>70</u>	<u>11,706,134</u>	<u>70</u>
3XXX	Total equity	<u>11,962,216</u>	<u>72</u>	<u>11,742,942</u>	<u>70</u>	<u>11,706,134</u>	<u>70</u>
	Total Liabilities and Equity	<u>\$ 16,721,213</u>	<u>100</u>	<u>\$ 16,698,647</u>	<u>100</u>	<u>\$ 16,694,112</u>	<u>100</u>

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

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2023 and 2022
(Reviewed only, not audited in accordance with the auditing standards)

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

Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
	Operating revenue (Notes XXIV and XXXI)				
4100	Sales revenue	\$ 738,358	89	\$ 658,296	88
4300	Rental revenue	<u>90,544</u>	<u>11</u>	<u>91,083</u>	<u>12</u>
4000	Total operating revenue	<u>828,902</u>	<u>100</u>	<u>749,379</u>	<u>100</u>
	Operating costs (Notes XI, XXV and XXXI)				
5110	Cost of goods sold	(571,209)	(69)	(534,592)	(71)
5300	Rental costs	(<u>24,196</u>)	(<u>3</u>)	(<u>27,297</u>)	(<u>4</u>)
5000	Total operating costs	(<u>595,405</u>)	(<u>72</u>)	(<u>561,889</u>)	(<u>75</u>)
5900	Gross profit	<u>233,497</u>	<u>28</u>	<u>187,490</u>	<u>25</u>
	Operating expenses (Notes XXV and XXXI)				
6100	Selling and marketing	(108,325)	(13)	(111,645)	(15)
6200	General and administrative	(31,203)	(4)	(54,172)	(7)
6300	Research and development	(8,744)	(1)	(6,579)	(1)
6450	Expected credit loss	(<u>1</u>)	-	<u>683</u>	-
6000	Total operating expenses	(<u>148,273</u>)	(<u>18</u>)	(<u>171,713</u>)	(<u>23</u>)
6500	Other income and expenses, net	<u>-</u>	-	<u>343</u>	-
6900	Net operating income	<u>85,224</u>	<u>10</u>	<u>16,120</u>	<u>2</u>
	Non-operating income and expenses (Notes XXV and XXXI)				
7100	Interest income	3,862	1	51	-
7190	Other income	4,639	1	1,803	-
7020	Other gains and losses	9,872	1	1,527,737	204

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Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
7050	Finance costs	(\$ 13,048)	(2)	(\$ 6,901)	(1)
7060	Share of profit or loss of associates accounted for using the equity method	<u>14,872</u>	<u>2</u>	<u>18,964</u>	<u>3</u>
7000	Total non-operating income and expenses	<u>20,197</u>	<u>3</u>	<u>1,541,654</u>	<u>206</u>
7900	Net income before tax	105,421	13	1,557,774	208
7950	Income tax expense (Note XXVI)	(<u>15,038</u>)	(<u>2</u>)	(<u>131,880</u>)	(<u>18</u>)
8200	Net income	<u>90,383</u>	<u>11</u>	<u>1,425,894</u>	<u>190</u>
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	113,550	13	569,871	76
8320	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	15,307	2	(2,186)	-
8360	Items that may be reclassified subsequently to profit or loss:				

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<u>Code</u>		January 1 to March 31, 2023		January 1 to March 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8361	Exchange differences on translating the financial statements of foreign operations	43	-	379	-
8370	Share of other comprehensive profit and loss of associates and joint ventures accounted for using the equity method	-	-	1,175	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(9)	-	(76)	-
8300	Total other comprehensive income, net of tax	<u>128,891</u>	<u>15</u>	<u>569,163</u>	<u>76</u>
8500	Total comprehensive income	<u>\$ 219,274</u>	<u>26</u>	<u>\$ 1,995,057</u>	<u>266</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 90,383	11	\$ 1,425,894	190
8620	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 90,383</u>	<u>11</u>	<u>\$ 1,425,894</u>	<u>190</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 219,274	26	\$ 1,995,057	266
8720	Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 219,274</u>	<u>26</u>	<u>\$ 1,995,057</u>	<u>266</u>
	Earnings per share (Note XXVII)				
9710	Basic	<u>\$ 0.30</u>		<u>\$ 4.77</u>	
9810	Diluted	<u>\$ 0.30</u>		<u>\$ 4.76</u>	

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

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Reviewed only, not audited in accordance with the auditing standards)

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company							Other equity item		
		Share capital		Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) at fair value through other comprehensive profit and loss	Treasury share	Total Equity
Code		Number of Shares (in Thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings				
A1	Balance at January 1, 2022	300,041	\$ 3,000,413	\$ 8,928	\$ 497,780	\$ 1,006,548	\$ 1,058,957	(\$ 6,638)	\$ 4,458,304	(\$ 13,174)	\$ 10,011,118
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(300,041)	-	-	-	(300,041)
D1	Net income for the three months ended March 31, 2022	-	-	-	-	-	1,425,894	-	-	-	1,425,894
D3	Other comprehensive income for the three months ended March 31, 2022, net of tax	-	-	-	-	-	-	1,478	567,685	-	569,163
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	1,425,894	1,478	567,685	-	1,995,057
Z1	Balance at March 31, 2022	300,041	\$ 3,000,413	\$ 8,928	\$ 497,780	\$ 1,006,548	\$ 2,184,810	(\$ 5,160)	\$ 5,025,989	(\$ 13,174)	\$ 11,706,134
A1	Balance at January 1, 2023	300,040	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,777,974	(\$ 1,261)	\$ 4,420,162	(\$ 13,174)	\$ 11,742,942
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	220	-	(220)	-	-
D1	Net income for the three months ended March 31, 2023	-	-	-	-	-	90,383	-	-	-	90,383
D3	Other comprehensive income for the three months ended March 31, 2023, net of tax	-	-	-	-	-	-	34	128,857	-	128,891
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	90,383	34	128,857	-	219,274
Z1	Balance at March 31, 2023	300,040	\$ 3,000,413	\$ 10,010	\$ 542,270	\$ 1,006,548	\$ 2,868,577	(\$ 1,227)	\$ 4,548,799	(\$ 13,174)	\$ 11,962,216

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

Shinkong Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Reviewed only, not audited in accordance with the auditing standards)

Unit: In Thousands of New Taiwan Dollars

Code		January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash flows from operating activities		
A10000	Income before income tax for the current period	\$ 105,421	\$ 1,557,774
A20010	Adjustments:		
A20100	Depreciation	36,473	37,504
A20200	Amortization	775	467
A20300	Expected credit loss/(gain)	1	(683)
A20400	Net losses (gains) on financial assets at fair value through profit or loss	(15,407)	2,598
A20900	Finance costs	13,048	6,901
A21200	Interest income	(3,862)	(51)
A21300	Dividend income	(4,290)	(1,270)
A22300	Share of profit or loss of associates accounted for using the equity method	(14,872)	(18,964)
A22500	Loss on disposal of property, plant and equipment	-	689
A23000	Gains on disposal of other non-current assets held for sale	-	(1,511,741)
A23700	Write-downs of inventories	2,446	8,341
A29900	Construction in progress transferred to miscellaneous purchases	-	29
A29900	Gains on lease modification	-	(343)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	7,506	6,131
A31150	Accounts receivable	(6,053)	11,731
A31180	Other receivables	9,447	9,275
A31200	Inventories	(12,158)	(61,088)
A31230	Prepayments	(14,964)	(10,885)
A31240	Other current assets	(50)	(63)
A31990	Other non-current assets	302	302
A32130	Notes payable	(172,035)	(182,088)
A32150	Accounts payable	13,707	23,221
A32125	Contract liabilities	8,625	(397)
A32180	Other payables	(45,909)	1,352
A32230	Other current liabilities	1,562	76

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Code		January 1 to March 31, 2023	January 1 to March 31, 2022
A32240	Net defined benefit assets	(\$ 293)	(\$ 262)
A32990	Other non-current liabilities	-	(3)
A33000	Cash generated from operations	(90,580)	(121,447)
A33300	Interest paid	(13,660)	(6,503)
A33500	Income tax paid	(929)	(381)
AAAA	Cash outflow from operating activities	(105,169)	(128,331)
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(5,442)
B00020	Sales of financial assets at fair value through other comprehensive profit and loss	979	-
B00050	Disposal of financial assets at amortized cost	500,000	-
B00100	Acquisition of financial assets at fair value through profit or loss	(17,248)	(17,173)
B00200	Proceeds from financial assets at fair value through profit or loss	10,350	21,481
B02000	Prepayments for investments	-	(277,200)
B02600	Proceeds from disposal of other non-current assets held for sale	-	815,383
B02700	Acquisition of property, plant, and equipment	(12,165)	(28,014)
B04500	Acquisition of intangible assets	(714)	-
B05400	Acquisition of investment properties	(8,912)	-
B03800	Decrease in refundable deposits	40,900	-
B03700	Increase in refundable deposits	-	(41,192)
B07100	Increase in prepayments for equipment	(3,794)	(12,362)
B07500	Interest received	3,862	51
B07600	Dividends received	4,290	1,270
B09900	Dividends received from associates	2,476	2,410
BBBB	Net cash generated from investing activities	520,024	459,212

<u>Code</u>		<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(330,000)	(170,000)
C00500	Increase in short-term bills payable	310,000	-
C00600	Decrease in short-term bills payable	-	(260,000)
C01600	Proceeds from long-term borrowings	7,088	-
C03000	Proceeds from guarantee deposits received	741	-
C03100	Refund of guarantee deposits received	\$ -	(\$ 540)
C04020	Repayment of the principal portion of lease liabilities	(12,023)	(11,828)
CCCC	Net cash used in financing activities	(24,194)	(442,368)
DDDD	Effects of exchange rate changes on cash and cash equivalent	<u>43</u>	<u>379</u>
EEEE	Net increase (decrease) in cash and cash equivalents	390,704	(111,108)
E00100	Cash and cash equivalents at beginning of year	<u>889,783</u>	<u>1,409,594</u>
E00200	Cash and cash equivalents at beginning of the period	<u>\$ 1,280,487</u>	<u>\$ 1,298,486</u>

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

Shinkong Textile Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Reviewed only, not audited in accordance with the auditing standards)

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

I. Company History

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

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

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved and authorized for issue in the Board of Directors' meeting on May 8, 2023.

III. Application of New and Amended Standards and Interpretations

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

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

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IAS 16 "Lease liabilities in sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contract terms"	January 1, 2024

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

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

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

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

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

2. 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).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Basis of consolidation

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

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

For details on subsidiaries, including the percentages of ownership and principal business activities, please refer to Note XII and Tables IV and V.

(IV) Other Significant Accounting Policies

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

1. Defined benefits under the post-employment benefits

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

2. Income tax expense

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

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

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

The consolidated Company during developing significant accounting estimate values will take the recent development of COVID-19 and its possible impact on the economic environment into consideration of significant accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. Management will continue to review the estimations and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

VI. Cash and cash equivalent

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and working capital	\$ 1,338	\$ 879	\$ 1,061
Checks and demand deposits in banks	442,186	601,266	1,297,425
Cash equivalent (investments bank time deposits with original maturities within three months)	<u>836,963</u>	<u>287,638</u>	<u>-</u>
	<u>\$ 1,280,487</u>	<u>\$ 889,783</u>	<u>\$ 1,298,486</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank deposits	0.001%~4.98%	0.001%~4.9%	0.001%~0.2%

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>			
Designated as at fair value through profit or loss			
- Domestic stocks listed or emerging stocks	\$ 35,492	\$ 28,698	\$ 44,113
Mandatorily measured at fair value through profit or less			
- Fund beneficiary certificates	<u>555,670</u>	<u>540,132</u>	<u>67,393</u>
	<u>\$ 591,162</u>	<u>\$ 568,830</u>	<u>\$ 111,506</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Investments in equity instruments</u>			
<u>Current</u>			
Domestic Investment			
Listed Stocks	<u>\$ 1,658,280</u>	<u>\$ 1,625,098</u>	<u>\$ 1,816,838</u>
<u>Non-current</u>			
Domestic Investment			
Listed Stocks	\$ 3,095,110	\$ 3,018,355	\$ 3,385,551
Unlisted stocks	<u>1,891,632</u>	<u>1,888,998</u>	<u>1,893,048</u>
Total	<u>\$ 4,986,742</u>	<u>\$ 4,907,353</u>	<u>\$ 5,278,599</u>

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

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

IX. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic Investment			
Time deposits with original maturities over three months	\$ <u>-</u>	\$ <u>500,000</u>	\$ <u>-</u>
<u>Non-current</u>			
Domestic Investment			
Time deposits with original maturities over three months	\$ <u>1,800</u>	\$ <u>1,800</u>	\$ <u>1,800</u>

- (I) As of March 31, 2023, December 31, and March 31, 2022, the interest rate ranges of time deposits with original maturities over three months were 0.765%~1.23%, 0.8%~1.14%, and 0.65%~0.765%, respectively.
- (II) Financial assets at amortized cost are classified as current or non-current pursuant to the maturity dates on the contracts or the pledged periods.
- (III) Please refer to Note XXXII for details of financial assets at amortized cost pledged.

X. Notes Receivables, Accounts Receivables, and Other Receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 2,366	\$ 9,907	\$ 23,549
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>2,366</u>	\$ <u>9,907</u>	\$ <u>23,549</u>
Notes receivable - related parties (Note XXXI)	\$ <u>43</u>	\$ <u>8</u>	\$ <u>4</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 297,308	\$ 292,472	\$ 352,240
Less: loss allowance	(<u>6</u>)	(<u>5</u>)	(<u>619</u>)
	\$ <u>297,302</u>	\$ <u>292,467</u>	\$ <u>351,621</u>

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable - related parties (Note XXXI)	<u>\$ 47,902</u>	<u>\$ 46,685</u>	<u>\$ 37,408</u>
<u>Other receivables</u>			
Tax refunds receivable	\$ 6,367	\$ 15,748	\$ 9,766
Redeem the investments receivable - Fund beneficiary certificates		-	52,592
Other	<u>789</u>	<u>855</u>	<u>876</u>
	<u>\$ 7,156</u>	<u>\$ 16,603</u>	<u>\$ 63,234</u>
Other receivables - related parties (Note XXXI)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>

Notes and accounts receivable

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

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

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

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

March 31, 2023

	Billed for 1-60 Days	Billed for 61~120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	5.26%~100%	
Total carrying amount	\$ 344,583	\$ 2,746	\$ 145	\$ 145	\$ 347,619
Loss allowance (lifetime ECL)	-	-	-	(6)	(6)
Amortized cost	<u>\$ 344,583</u>	<u>\$ 2,746</u>	<u>\$ 145</u>	<u>\$ 139</u>	<u>\$ 347,613</u>

December 31, 2022

	Billed for 1-60 Days	Billed for 61~120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%	0%	0%	4.35%~100%	
Total carrying amount	\$ 336,760	\$ 12,161	\$ 120	\$ 31	\$ 349,072
Loss allowance (lifetime ECL)	-	-	-	(5)	(5)
Amortized cost	<u>\$ 336,760</u>	<u>\$ 12,161</u>	<u>\$ 120</u>	<u>\$ 26</u>	<u>\$ 349,067</u>

March 31, 2022

	Billed for 1-60 Days	Billed for 61~120 Days	Billed for 121-180 Days	Billed over 180 Days	Total
ECL rate	0%~0.01%	0.06%~4.38%	6.40%~6.68%	3.46%~100%	
Total carrying amount	\$ 356,322	\$ 33,231	\$ 728	\$ 22,920	\$ 413,201
Loss allowance (lifetime ECL)	(16)	(171)	(38)	(394)	(619)
Amortized cost	<u>\$ 356,306</u>	<u>\$ 33,060</u>	<u>\$ 690</u>	<u>\$ 22,526</u>	<u>\$ 412,582</u>

Changes in loss allowances for receivables are as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	\$ 5	\$ 1,302
Add: Impairment loss provided for in the period	1	-
Less: Impairment loss reversed in the period	-	(683)
Balance at the end of the period	<u>\$ 6</u>	<u>\$ 619</u>

XI. Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 550,152	\$ 511,581	\$ 304,024
Work in progress	155,642	186,721	195,307
Raw materials	79,258	100,931	135,228
Merchandise inventories	<u>282,827</u>	<u>258,934</u>	<u>196,797</u>
	<u>\$ 1,067,879</u>	<u>\$ 1,058,167</u>	<u>\$ 831,356</u>

The cost of goods sold related to inventories for the three months ended March 31, 2023 and 2022 was NT\$571,209 thousand and NT\$534,592 thousand respectively.

The cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-down of NT\$2,446 thousand and NT\$8,341 thousand respectively.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are listed as follows:

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

Note:

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

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

XIII. Investments Using Equity Method

Investment in Associates

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Associates that are individually material</u>			
Unlisted companies			
Lian Quan Investment Co., Ltd.	\$ 378,490	\$ 363,569	\$ 382,272
Shang De Motor Co., Ltd.	<u>315,285</u>	<u>300,027</u>	<u>293,456</u>
	<u>693,775</u>	<u>663,596</u>	<u>675,728</u>
<u>Associates that are not individually material</u>			
Unlisted companies			
WPI-High Street, LLC	<u>52,856</u>	<u>55,332</u>	<u>45,360</u>
	<u>\$ 746,631</u>	<u>\$ 718,928</u>	<u>\$ 721,088</u>

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

Name of Company	March 31, 2023	December 31,	
		2022	March 31, 2022
Lian Quan Investment Co., Ltd.	48.89%	48.89%	48.89%
Shang De Motor Co., Ltd.	33.5%	33.50%	33.50%
WPI-High Street, LLC	35.71%	35.71%	35.71%

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

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

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

	Land	Buildings	Machinery Equipment	Transportation Equipment	Hydropower Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
Cost									
Balance at January 1, 2023	\$ 99,458	\$ 278,413	\$ 587,709	\$ 11,135	\$ 132,418	\$ 156,979	\$ 44,371	\$ 259,893	\$ 1,570,376
Additions	-	1,269	1,573	-	-	884	6,005	1,389	11,120
Reclassifications	-	252	109	-	-	-	-	-	-
Disposals	-	-	(1,062)	-	-	(30)	(470)	(259,818)	(259,457)
Net exchange difference	-	-	-	-	-	-	-	-	(1,562)
Balance at March 31, 2023	\$ 99,458	\$ 279,934	\$ 588,329	\$ 11,135	\$ 132,418	\$ 157,833	\$ 49,906	\$ 1,464	\$ 1,320,477
Accumulated depreciation and impairment									
Balance at January 1, 2023	\$ -	\$ 244,598	\$ 480,332	\$ 6,513	\$ 86,350	\$ 101,495	\$ 20,614	\$ -	\$ 939,902
Depreciation Expense	-	503	8,388	264	1,324	2,642	4,618	-	17,739
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	(1,062)	-	-	(30)	(470)	-	(1,562)
Net exchange difference	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	\$ -	\$ 245,101	\$ 487,658	\$ 6,777	\$ 87,674	\$ 104,107	\$ 24,762	\$ -	\$ 956,079
Net at March 31, 2023	\$ 99,458	\$ 34,833	\$ 100,671	\$ 4,358	\$ 44,744	\$ 53,726	\$ 25,144	\$ 1,464	\$ 364,398
Net at December 31, 2022 and January 1, 2023	\$ 99,458	\$ 33,815	\$ 107,377	\$ 4,622	\$ 46,068	\$ 55,484	\$ 23,757	\$ 259,893	\$ 630,474
Cost									
Balance at January 1, 2022	\$ 92,452	\$ 262,113	\$ 583,097	\$ 8,805	\$ 124,845	\$ 133,088	\$ 20,686	\$ 62,553	\$ 1,287,639
Additions	-	-	-	-	1,722	3,454	17,398	5,955	28,529
Reclassifications	-	-	671	-	3,960	4,704	4,140	22,681	36,156
Disposals	-	-	(12,423)	-	-	(154)	(1,981)	-	(14,558)
Net exchange difference	-	-	-	-	-	3	-	-	3
Balance at March 31, 2022	\$ 92,452	\$ 262,113	\$ 571,345	\$ 8,805	\$ 130,527	\$ 141,095	\$ 40,243	\$ 91,189	\$ 1,337,769
Accumulated depreciation and impairment									
Balance at January 1, 2022	\$ -	\$ 227,137	\$ 460,212	\$ 5,786	\$ 80,489	\$ 91,508	\$ 5,494	\$ -	\$ 870,626
Depreciation Expense	-	451	7,897	171	1,640	2,599	4,792	-	17,550
Disposals	-	-	(12,423)	-	-	(148)	(1,298)	-	(13,869)
Net exchange difference	-	-	-	-	-	3	-	-	3
Balance at March 31, 2022	\$ -	\$ 227,588	\$ 455,686	\$ 5,957	\$ 82,129	\$ 93,962	\$ 8,988	\$ -	\$ 874,310
Net at March 31, 2022	\$ 92,452	\$ 34,525	\$ 115,659	\$ 2,848	\$ 48,398	\$ 47,133	\$ 31,255	\$ 91,189	\$ 463,459
Net at December 31, 2021 and January 1, 2022	\$ 92,452	\$ 34,976	\$ 122,885	\$ 3,019	\$ 44,356	\$ 41,580	\$ 15,192	\$ 62,553	\$ 417,013

Unrecognized or reversal on impairment loss for the three months ended March 31, 2023 and 2022.

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

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

XV. Lease Agreements

(I) Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of right-of-use assets			
Land	\$ 6,585	\$ 7,345	\$ 764
Buildings	156,213	166,320	120,808
Office equipment	1,525	1,629	1,943
Transportation Equipment			
Equipment	3,619	4,399	2,242
Other equipment	<u>1,088</u>	<u>-</u>	<u>65</u>
	<u>\$ 169,030</u>	<u>\$ 179,693</u>	<u>\$ 125,822</u>

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Additions to right-of-use assets	<u>\$ 1,144</u>	<u>\$ 1,419</u>
Disposal of right-of use assets	<u>\$ -</u>	<u>\$ 13,174</u>
Depreciation expense of right-of-use assets		
Land	\$ 760	\$ 1,146
Buildings	10,244	11,142
Office equipment	105	81
Transportation Equipment	780	719
Other equipment	<u>56</u>	<u>97</u>
	<u>\$ 11,945</u>	<u>\$ 13,185</u>

Except for the recognition of depreciation expense, the consolidated Company's right-of-use assets did not experience significant sub-lease or impairments for the three months ended March 31, 2023 and 2022.

(II) Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 45,462</u>	<u>\$ 45,868</u>	<u>\$ 31,556</u>
Non-current	<u>\$ 128,591</u>	<u>\$ 138,926</u>	<u>\$ 99,525</u>

Discount rate ranges for lease liabilities are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	1.6914%	1.6914%	0.758%~1.01%
Buildings	0.946%~1.457%	0.946%~1.457%	0.946%~1.008%
Office equipment	0.9%~0.981%	0.9%~0.981%	0.900%~1.008%
Transportation Equipment	0.915%~1.6623%	0.915%~1.6623%	0.915%~1.010%
Other equipment	1.9436%	-	1.008%

(III) Major lease activities and terms

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

(IV) Other lease information

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

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Short-term lease expenses	<u>\$ 2,745</u>	<u>\$ 1,461</u>
Total cash (outflow) for leases	<u>(\$ 15,249)</u>	<u>(\$ 13,636)</u>

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

XVI. Investment properties

	Land	Buildings	Investment properties under progress	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 4,503,359	\$ 1,335,299	\$ -	\$ 5,838,658
Addition	-	169	15,831	16,000
Reclassifications	-	-	259,818	259,818
Balance at March 31, 2023	<u>\$ 4,503,359</u>	<u>\$ 1,335,468</u>	<u>\$ 275,649</u>	<u>\$ 6,114,476</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ -	\$ 762,077	\$ -	\$ 762,077
Depreciation Expense	-	6,789	-	6,789
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 768,866</u>	<u>\$ -</u>	<u>\$ 768,866</u>
Net at March 31, 2023	<u>\$ 4,503,359</u>	<u>\$ 566,602</u>	<u>\$ 275,649</u>	<u>\$ 5,345,610</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 4,503,359</u>	<u>\$ 573,222</u>	<u>\$ 275,649</u>	<u>\$ 5,076,581</u>
<u>Cost</u>				
Balance at January 1, 2022	<u>\$ 4,423,448</u>	<u>\$ 1,350,963</u>	<u>\$ -</u>	<u>\$ 5,774,411</u>
Balance at March 31, 2022	<u>\$ 4,423,448</u>	<u>\$ 1,350,963</u>	<u>\$ -</u>	<u>\$ 5,774,411</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ 750,901	\$ -	\$ 750,901
Depreciation Expense	-	6,790	-	6,790
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 757,691</u>	<u>\$ -</u>	<u>\$ 757,691</u>
Net at March 31, 2022	<u>\$ 4,423,448</u>	<u>\$ 593,272</u>	<u>\$ -</u>	<u>\$ 5,016,720</u>
Net at December 31, 2021 and January 1, 2022	<u>\$ 4,423,448</u>	<u>\$ 600,062</u>	<u>\$ -</u>	<u>\$ 5,023,510</u>

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
The first year	\$ 437,038	\$ 306,392	\$ 310,153
The second year	360,806	249,434	280,025
The third year	300,329	220,032	228,171
The fourth year	246,516	183,274	203,433
The fifth year	218,711	170,524	170,808
Over 5 years	<u>5,119,917</u>	<u>1,366,689</u>	<u>1,443,728</u>
	<u>\$ 6,683,317</u>	<u>\$ 2,496,345</u>	<u>\$ 2,636,318</u>

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

Buildings	4~50 years
Renovation	2~20 years

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

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

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

XVII. Other Intangible Assets

	<u>Cost of Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,948
Addition	714
Derecognition	(<u>1,430</u>)
Balance at March 31, 2023	<u>\$ 6,232</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 3,678
Amortization expense	775
Derecognition	(<u>1,430</u>)
Balance at March 31, 2023	<u>\$ 3,023</u>
Net at March 31, 2023	<u>\$ 3,209</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 3,270</u>

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	<u>Cost of Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 4,865
Derecognition	(<u>413</u>)
Balance at March 31, 2022	<u>\$ 4,452</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 2,408
Amortization expense	467
Derecognition	(<u>413</u>)
Balance at March 31, 2022	<u>\$ 2,462</u>
Net at March 31, 2022	<u>\$ 1,990</u>
Net at December 31, 2021 and January 1, 2022	<u>\$ 2,457</u>

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

Cost of Computer Software	2~5 years
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XVIII. Other Assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 23,318	\$ 19,749	\$ 19,329
Prepayments to suppliers	43,304	38,944	42,472
Prepayments for investments	-	-	277,200
Business tax paid and excess business tax paid	<u>10,713</u>	<u>3,678</u>	<u>7,388</u>
	<u>\$ 77,335</u>	<u>\$ 62,371</u>	<u>\$ 346,389</u>

The consolidated Company intends to invest in the Cottonwood Fund with prepayments for investments of NT\$277,200 thousand in January 2022.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other Assets			
Other	<u>\$ 3,023</u>	<u>\$ 2,973</u>	<u>\$ 3,033</u>
<u>Non-current</u>			
Refundable deposits	\$ 23,210	\$ 64,110	\$ 58,500
Net defined benefit assets	8,858	8,565	3,136
Prepayments for equipment	4,823	1,390	18,934
Prepaid for land	-	-	86,918
Other	<u>3,598</u>	<u>3,900</u>	<u>4,808</u>
	<u>\$ 40,489</u>	<u>\$ 77,965</u>	<u>\$ 172,296</u>

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

XIX. Borrowings

(I) Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Secured borrowings (Note XXXII)			
Bank borrowings	\$ 2,490,000	\$ 2,920,000	\$ 2,110,000
<u>Unsecured borrowings</u>			
Line of credit loans	<u>250,000</u>	<u>150,000</u>	<u>200,000</u>
	<u>\$ 2,740,000</u>	<u>\$ 3,070,000</u>	<u>\$ 2,310,000</u>

The ranges of interest rates on bank borrowings were 1.65% to 2.1473%, 1.55% to 2.0151%, and 0.9% to 1.49% as of March 31, 2023, December 31, and March 31, 2022, respectively.

(II) Short-term bills payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Commercial paper payable	\$ 310,000	\$ -	\$ 920,000
Less: Discounts on short-term bills payable	(<u>189</u>)	<u>-</u>	(<u>788</u>)
	<u>\$ 309,811</u>	<u>\$ -</u>	<u>\$ 919,212</u>

The interest rates on commercial paper payable were 1.34% to 1.56% and 0.33% to 0.78% as of March, 31, 2023 and 2022, respectively.

(III) Long-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Secured borrowings (Note XXXII)			
Bank borrowings	\$ 166,170	\$ 159,082	\$ -
Less: Listed as part due within 1 year	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 166,170</u>	<u>\$ 159,082</u>	<u>\$ -</u>

1. The above long-term borrowings are the project borrowings of Shinkong Asset Management Co., LTD to build the plant. As of March 31, 2023, and December 31, 2022, the effective annual interest rate is 2.1137% to 2.3691%, 1.8448% to 2.229% respectively. The principal is repaid in accordance with the borrowing contract.

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

XX. Notes and Accounts Payable

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

XXI. Other liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Other payables			
Tax payable	\$ 17,598	\$ 4,880	\$ 17,470
Employee compensation payable	27,343	24,509	27,791
Compensation to employees director and supervisor payable	23,866	21,800	24,200

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	March 31, 2023	December 31, 2022	March 31, 2022
Salaries and bonus payable	\$ 17,187	\$ 71,555	\$ 20,429
Pension payable	2,724	2,479	2,471
Services expense payable	1,426	1,410	2,216
Electricity and fuels payable	8,089	9,011	2,253
Interest payable	2,161	2,584	857
Dividends payable	-	-	300,041
Other	<u>48,016</u>	<u>50,670</u>	<u>33,291</u>
	<u>\$ 148,410</u>	<u>\$ 188,898</u>	<u>\$ 431,019</u>
Other payables - related parties (Note XXXI)	<u>\$ 2,048</u>	<u>\$ 1,822</u>	<u>\$ 1,092</u>
Other liabilities			
Temporary credits	\$ 20,863	\$ 20,890	\$ 20,885
Receipts under custody	4,407	2,873	3,311
Deferred revenue (I)	-	-	7
Other	<u>204</u>	<u>149</u>	<u>345</u>
	<u>\$ 25,474</u>	<u>\$ 23,912</u>	<u>\$ 24,548</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received	\$ 107,421	\$ 106,680	\$ 127,440
Other	<u>14</u>	<u>14</u>	<u>14</u>
	<u>\$ 107,435</u>	<u>\$ 106,694</u>	<u>\$ 127,454</u>

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	\$ -	\$ 28
Amortization for the period (recognized as deductions to depreciation expense)	-	(21)
Balance at the end of the period	<u>\$ -</u>	<u>\$ 7</u>

XXII. Post-employment Benefit Plans

The pension expenses related to the defined benefit plan recognized for the three months ended March 31, 2023 and 2022 were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, and the amounts were NT\$6 thousand, and NT\$32 thousand respectively.

XXIII. Equity

(I) Share capital

Common shares

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

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

(II) Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>May not be used for any purpose</u>			
Treasury share transactions	\$ 8,344	\$ 8,344	\$ 7,540
Dividends on stocks that have not been collected before the designated date	<u>1,666</u>	<u>1,666</u>	<u>1,388</u>
	<u>\$ 10,010</u>	<u>\$ 10,010</u>	<u>\$ 8,928</u>

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

(III) Retained earnings and dividend policy

Based on the earnings distribution policy stated in the amended Articles of Association, the annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earnings to the legal reserve (not applicable where accumulated legal reserve has

equaled the Company's paid-in capital). A special reserve is then appropriated or reversed pursuant to applicable laws and regulations. The Board of Director would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. Where the earnings are distributed in the form of cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed in the form of stock dividends, the distribution shall be resolved at the shareholders' meeting. For the policies on distribution of compensation to employees and remuneration of directors and supervisors in the Group's Articles of Incorporation, please refer to Note XXV(VII) Compensation to employees and remuneration to directors and supervisors.

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

The distribution of earnings for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Legal surplus reserve	<u>\$ 206,355</u>	<u>\$ 44,491</u>
Cash dividends	<u>\$ 450,062</u>	<u>\$ 300,041</u>
Earnings per share (NT\$)	\$ 1.5	\$ 1

The above distribution of cash dividends was approved by the Board of Directors on April 7, 2023 and March 21, 2022 respectively. And the distribution item of the remaining earnings of 2021 was subject to the resolution of the shareholders' meeting on June 10, 2022. The Company's distribution item of remaining earnings of 2022 is subject to the resolution of the shareholders' meeting on May 26, 2023.

(IV) Other equity item

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	<u>\$ 4,420,162</u>	<u>\$ 4,458,304</u>
Accrued in the current period		
Unrealized gains (losses)		
Equity instruments	113,550	569,871
Share of associates		
accounted for using the		
equity method	<u>15,307</u>	(<u>2,186</u>)
Other comprehensive income		
for the period	<u>128,857</u>	<u>567,685</u>
Accumulated gains (losses) on		
disposal of equity		
instruments transferred to		
retained earnings	(<u>220</u>)	<u>-</u>
Balance at the end of the period	<u>\$ 4,548,799</u>	<u>\$ 5,025,989</u>

(V) Treasury share

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

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

March 31, 2023

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

December 31, 2022

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

March 31, 2022

<u>Name of subsidiary</u>	<u>No. of Shareholding (in thousands)</u>	<u>Carrying amount</u>	<u>Market Value</u>
Shinkong Asset Management Co., Ltd.	<u>804</u>	<u>\$ 13,174</u>	<u>\$ 34,002</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.

XXIV. Revenue

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Revenue from contracts with customers		
Revenue from the sale of textiles	\$ 546,152	\$ 485,789
Retail sale/Revenue from sale of garment	192,206	172,507
Rental revenue	<u>90,544</u>	<u>91,083</u>
	<u>\$ 828,902</u>	<u>\$ 749,379</u>

(I) Details on contracts with customers

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

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

(II) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable (Note X)	\$ 2,409	\$ 9,915	\$ 23,553	\$ 29,684
Accounts receivable (Note X)	<u>345,204</u>	<u>339,152</u>	<u>389,029</u>	<u>400,077</u>
	<u>\$ 347,613</u>	<u>\$ 349,067</u>	<u>\$ 412,582</u>	<u>\$ 429,761</u>
Contract liabilities				
Sale of goods	\$ 28,242	\$ 19,177	\$ 13,598	\$ 13,307
Rental revenue of investment property	<u>10,188</u>	<u>10,628</u>	<u>12,048</u>	<u>12,736</u>
Contract liabilities - current	<u>\$ 38,430</u>	<u>\$ 29,805</u>	<u>\$ 25,646</u>	<u>\$ 26,043</u>

(III) Breakdown of revenue from contracts with customers

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

XXV. Net income in the period

(I) Interest income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank deposits	\$ 3,845	\$ 42
Other	<u>17</u>	<u>9</u>
	<u>\$ 3,862</u>	<u>\$ 51</u>

(II) Other income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Dividend income	\$ 4,290	\$ 1,270
Other	<u>349</u>	<u>533</u>
	<u>\$ 4,639</u>	<u>\$ 1,803</u>

(III) Other gains and losses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Gains on financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	\$ 6,794	(\$ 747)
Financial assets mandatorily measured at fair value through profit or loss	8,613	(1,851)
Loss on disposal of property, plant and equipment	-	(689)
Gains on disposal of other non-current assets held for sale (Note 1)	-	1,511,741
Net foreign exchange gain (losses)	(5,277)	20,699
Other expenses	(258)	(1,416)
	<u>\$ 9,872</u>	<u>\$ 1,527,737</u>

(Note 1) Shin Kong Asset Management Co., Ltd. of the consolidated Company adopted the sales of Yangming section 4th Subsection 200-3, Shilin District, at the third meeting of the 7th board of meeting on November 19, 2021 to its related party Shin Kong Medical Foundation. The contract was signed on November 24, 2021 with an amount of NT\$1,630,776 thousand. The transfer of ownership was completed on January 7, 2022.

(IV) Finance costs

	January 1 to March 31, 2023	January 1 to March 31, 2022
Interest on bank borrowings	\$ 13,073	\$ 4,982
Interest on short-term bills	327	1,572
Interest on lease liabilities	479	347
Less: Amount that meets the demand of asset cost is listed	(831)	-
	<u>\$ 13,048</u>	<u>\$ 6,901</u>

Interest capitalization information is as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Amount of interest capitalization	\$ 831	\$ -
Interest of interest capitalization	1.8448%~2.3691%	-

(V) Depreciation and amortization

	January 1 to March 31, 2023	January 1 to March 31, 2022
Depreciation expense is summarized by function		
Operating costs	\$ 23,958	\$ 24,460
Operating expenses	<u>12,515</u>	<u>13,044</u>
	<u>\$ 36,473</u>	<u>\$ 37,504</u>
Amortization expense is summarized by function		
Operating costs	\$ 107	\$ 84
Operating expenses	<u>668</u>	<u>383</u>
	<u>\$ 775</u>	<u>\$ 467</u>

(VI) Employee benefit expense

	January 1 to March 31, 2023	January 1 to March 31, 2022
Post-employment benefits		
Defined contribution plans	\$ 4,191	\$ 3,863
Defined benefit plans (Note XXII)	<u>6</u>	<u>32</u>
	<u>4,197</u>	<u>3,895</u>
Other employee benefits	<u>124,600</u>	<u>141,085</u>
Total employee benefit expense	<u>\$ 128,797</u>	<u>\$ 144,980</u>
Summarized by functions		
Operating costs	\$ 47,649	\$ 46,012
Operating expenses	<u>81,148</u>	<u>98,968</u>
	<u>\$ 128,797</u>	<u>\$ 144,980</u>

(VII) Compensation to employees and compensation to directors and supervisors

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

Compensation to employees and compensation to directors and supervisors for the three months ended March 31, 2023 and 2022 is as follows:

Accrual rate

	January 1 to March 31, 2023	January 1 to March 31, 2022
Compensation to employees	2%	1%
Compensation to Directors and Supervisors	2%	1%

Amount

	January 1 to March 31, 2023	January 1 to March 31, 2022
Compensation to employees	<u>\$ 2,066</u>	<u>\$ 14,500</u>
Compensation to Directors and Supervisors	<u>\$ 2,066</u>	<u>\$ 14,500</u>

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

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

Amount

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

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

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

(VIII) Net gain (loss) on foreign exchange

	January 1 to March 31, 2023	January 1 to March 31, 2022
Total foreign exchange gains	\$ 962	\$ 20,699
Total foreign exchange (losses)	(6,239)	-
Net profits (losses)	(\$ 5,277)	\$ 20,699

XXVI. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Current income tax		
Incurred in this period	\$ 17,471	\$ 4,888
Additional tax levied on the unappropriated earnings	-	5,019
Adjustments for previous years	-	(143)
Land value increment tax	-	139,749
	<u>17,471</u>	<u>149,513</u>
Deferred income tax		
Incurred in this period	(2,433)	2,482
Land value increment tax	-	(20,115)
	<u>(2,433)</u>	<u>(17,633)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,038</u>	<u>\$ 131,880</u>

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Deferred income tax</u>		
Incurred in this year		
- Translating the financial statements of foreign operations	(\$ 9)	\$ 76
- Share of other comprehensive profit and loss of associates accounted for using the equity method	-	(294)
	<u>(\$ 9)</u>	<u>(218)</u>

(III) Income tax assessment

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

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

XXVII. Earnings per Share (EPS)

	January 1 to March 31, 2023	Unit: NT\$ per Share January 1 to March 31, 2022
Basic EPS	<u>\$ 0.30</u>	<u>\$ 4.77</u>
Diluted EPS	<u>\$ 0.30</u>	<u>\$ 4.76</u>

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

Net income in the period

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net income for the calculation of basic EPS	<u>\$ 90,383</u>	<u>\$ 1,425,894</u>
Net income for the calculation of diluted EPS	<u>\$ 90,383</u>	<u>\$ 1,425,894</u>

<u>Number of shares</u>	Unit: In Thousands of Shares	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237
Effect of potentially dilutive common shares:		
Compensation to employees	<u>435</u>	<u>543</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>299,672</u>	<u>299,780</u>

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

XXVIII. Cash Flow Information

(I) Non-cash transactions

Besides disclosures in other notes, the consolidated Company engaged in the following non-cash investing activities for the three months ended March 31, 2023 and 2022:

1. The distribution of cash dividends was approved by the Board of Directors but has not distributed yet on March 31, 2023 and 2022 (please refer to Notes XXI and XXIII for details)
2. The consolidated Company reclassified prepaid equipment expenses of NT\$361 thousand and NT\$10,444 thousand respectively to PP&E for the three months ended March 31, 2023 and 2022 (please refer to Note XIV for details);

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Additions in the year	\$ 27,120	\$ 28,529
Equipment payable and changes in project expense	(6,043)	(515)
Payable in cash of the acquisition of property, plant, and equipment	<u>\$ 21,077</u>	<u>\$ 28,014</u>

4. The consolidated Company reclassified prepaid land expenses of NT\$23,578 thousand to PP&E for the three months ended March 31, 2022 (please refer to Note XV for details);
5. The consolidated Company reclassified prepaid expenses of NT\$2,163 thousand to PP&E for the three months ended March 31, 2022 (please refer to Note XV for details);
6. The consolidated Company reclassified construction in the process of NT\$29 thousand to miscellaneous purchases for the three months ended March 31, 2022 (please refer to Note XV for details);
7. The consolidated Company reclassified investment prepayments of NT\$100,000 thousand to financial assets at fair value through other comprehensive profit and loss - non-current for the three months ended March 31, 2022 (please refer to Note XVIII for details);
8. The disposal of the Grand Multiple Strategy Fund of NT\$52,592 thousand has not yet been received on March 31, 2022 (please refer to Note XVIII for details);
9. The amount of cash collected by the consolidated Company from disposal of non-current assets to be sold in 2022 is adjusted as follows:

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

(II) Changes in liabilities from financing activities

January 1 to March 31, 2023

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

January 1 to March 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes			Number of Interest Paid	March 31, 2022
			Additional Leases	Interest Expenses	Remeasureme nt on Termination		
Lease liabilities (Note XVI)	<u>\$ 155,007</u>	<u>(\$ 11,828)</u>	<u>\$ 1,419</u>	<u>\$ 347</u>	<u>(\$ 13,517)</u>	<u>(\$ 347)</u>	<u>\$ 131,081</u>

XXIX. Capital Risk Management

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

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

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

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

XXX. Financial instruments

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

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

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

1. Fair value hierarchy

March 31, 2023

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 28,698	\$ -	\$ -	\$ 28,698
Fund beneficiary certificates	<u>540,132</u>	<u>-</u>	<u>-</u>	<u>540,132</u>
Total	<u>\$ 568,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,830</u>
<u>Financial assets at fair value through other comprehensive profit and loss</u>				
Investments in equity instruments				
- Domestic stocks listed or emerging stocks	\$ 4,643,454	\$ -	\$ -	\$ 4,643,454
- Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,888,997</u>	<u>1,888,997</u>
Total	<u>\$ 4,643,454</u>	<u>\$ -</u>	<u>\$ 1,888,997</u>	<u>\$ 6,532,451</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Measured at fair value through profit or loss</u>				
Domestic stocks listed or emerging stocks	\$ 44,113	\$ -	\$ -	\$ 44,113
Fund beneficiary certificates	<u>67,393</u>	<u>-</u>	<u>-</u>	<u>67,393</u>
Total	<u>\$ 111,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,506</u>
<u>Financial assets at fair value through other comprehensive profit and loss</u>				
Investments in equity instruments				
- Domestic stocks listed or emerging stocks	\$ 5,202,389	\$ -	\$ -	\$ 5,202,389
- Domestic stocks not listed	<u>-</u>	<u>-</u>	<u>1,893,048</u>	<u>1,893,048</u>
Total	<u>\$ 5,202,389</u>	<u>\$ -</u>	<u>\$ 1,893,048</u>	<u>\$ 7,095,437</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the three months ended March 31, 2023 and 2022.

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

January 1 to March 31, 2023

Financial assets	Financial assets at fair value through other comprehensive profit and loss Equity instruments
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)	3,614
Liquidation	(979)
Balance at the end of the period	<u>\$ 1,891,632</u>

January 1 to March 31, 2022

Financial assets	Financial assets at fair value through other comprehensive profit and loss Equity instruments
Beginning balance	\$ 1,672,275
Recognized in other comprehensive profit and loss (unrealized gains (losses) on financial assets at fair value through other comprehensive profit and loss)	120,773
Reclassifications	<u>100,000</u>
Balance at the end of the period	<u>\$ 1,893,048</u>

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

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

The market approach estimates the fair value with reference to valuation multiples of comparable companies using a liquidity discount rate. The material unobservable inputs used are with liquidity discount rates of 10% to 35%.

(III) Category of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 555,670	\$ 540,132	\$ 67,393
Designated as at fair value through profit or loss	35,492	28,698	44,113
Financial assets at amortized cost (Note 1)	1,660,266	1,821,363	1,834,614
Financial assets at fair value through other comprehensive profit and loss			
Investments in equity instruments	6,645,022	6,532,451	7,095,437
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,685,989	3,896,939	4,030,193

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

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

(IV) Financial risk management objectives and policies

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

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

1. Market risk

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

(1) Foreign exchange risk

The Company and several subsidiaries undertake product sales and purchases in foreign currencies; thus, the consolidated Company is exposed to risks of exchange rate fluctuations. Approximately 40% to 45% of the sales and 20% to 25% of the costs are denominated in currencies other than the functional currency of transactional entities within the group in the consolidated Company. The consolidated Company manages its exposure to foreign exchange risk by dynamically adjusting the overall position of assets and liabilities denominated in currencies other than the functional currency in calculating its foreign exchange risk.

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

Sensitivity analysis

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

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

Unit: In Thousands of New Taiwan Dollars

	Impact of USD	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Profit or loss	\$ 8,152 (i)	\$ 4,642 (i)

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

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

(2) Interest rate risk

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 838,763	\$ 789,438	\$ 1,800
- Financial liabilities	174,053	184,794	131,081
Cash flow interest rate risk			
- Financial assets	1,279,150	888,904	1,297,425
- Financial liabilities	3,215,981	3,229,082	3,229,212

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

Sensitivity analysis

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

If the interest rate increased/decreased by 1%, the consolidated Company's net profit after tax would increase/decrease by NT\$3,874 thousand and NT\$3,864 thousand for the three months ended March 31, 2023 and 2022, respectively. This was mainly due to the consolidated Company's interest rate exposure from borrowings at floating interest rates.

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

(3) Other price risk

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

Sensitivity analysis

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

For the three months ended March 31, 2023 and 2022, if the equity price increased/decreased by 1%, the profit or loss after tax would increase/decrease by NT\$355 thousand and NT\$441 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\$66,450 thousand and NT\$70,954 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive profit and loss.

2. Credit risk

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

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

3. Liquidity risk

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

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

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

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

March 31, 2023

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	More than 5 Years
<u>Current liabilities</u>						
Lease liabilities	0.9~1.9436	\$ 4,004	\$ 8,007	\$ 35,055	\$ 130,805	\$ -
Short-term borrowings	1.65~2.1473	560,000	2,180,000	-	-	-
Long-term borrowings	2.1137~2.3691	-	-	-	25,464	140,706
Short-term bills payable	1.34~1.56	309,811	-	-	-	-
		<u>\$ 873,815</u>	<u>\$ 2,188,007</u>	<u>\$ 35,055</u>	<u>\$ 156,269</u>	<u>\$ 140,706</u>

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

	Less than 1 Year	1 - 5 Years	5 ~ 10 Years	10 - 15 Years	15~20 years	More than 20 Years
Lease liabilities	<u>\$ 47,066</u>	<u>\$ 130,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	More than 5 Years
<u>Current liabilities</u>						
Lease liabilities	0.9~1.6914	\$ 4,193	\$ 8,112	\$ 35,271	\$ 141,460	\$ -
Short-term borrowings	1.55~2.0151	670,000	2,400,000	-	-	-
Long-term borrowings	2.0519~2.229	-	-	-	23,472	134,611
		<u>\$ 674,193</u>	<u>\$ 2,408,112</u>	<u>\$ 35,271</u>	<u>\$ 164,932</u>	<u>\$ 134,611</u>

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

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

March 31, 2022

	Effective Interest Rate (%)	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	More than 5 Years
<u>Current liabilities</u>						
Lease liabilities	0.758~1.01	\$ 4,171	\$ 6,755	\$ 21,750	\$ 90,233	\$ 11,398
Short-term borrowings	0.90~1.49	300,000	2,010,000	-	-	-
Short-term bills payable	0.33~0.78	<u>589,722</u>	<u>329,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 893,893</u>	<u>\$ 2,346,245</u>	<u>\$ 21,750</u>	<u>\$ 90,233</u>	<u>\$ 11,398</u>

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

	Less than 1 Year	1 - 5 Years	5 ~ 10 Years	10 - 15 Years	15~20 years	More than 20 Years
Lease liabilities	<u>\$ 32,676</u>	<u>\$ 90,233</u>	<u>\$ 11,398</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.

(2) Line of credit

	March 31, 2023	December 31, 2022	March 31, 2022
Credit facilities			
- Amount used	\$ 2,906,170	\$ 3,229,082	\$ 2,310,000
- Unused amount	<u>9,073,830</u>	<u>8,250,918</u>	<u>8,320,000</u>
	<u>\$ 11,980,000</u>	<u>\$ 11,480,000</u>	<u>\$ 10,630,000</u>
Credit from commercial papers			
- Amount used	\$ 310,000	\$ -	\$ 920,000
- Unused amount	<u>1,040,000</u>	<u>1,350,000</u>	<u>530,000</u>
	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ 1,450,000</u>

XXXI. Related Party Transactions

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

(I) Names and relations of related parties

Name of Related Party	Relationship with the consolidated Company
Shang De Motor Co., Ltd.	Associates
Lian Quan Investment Co., Ltd.	Associates
WPI-HIGH STREET, LLC	Associates
Chyang Sheng Dyeing & Finishing Co., Ltd.	Related party in substance
Shin Kong Life Insurance Co., Ltd.	Related party in substance
Taishin International Bank Co., Ltd.	Related party in substance
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	Related party in substance
Shin Kong Investment Trust Co., Ltd.	Related party in substance
TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	Related party in substance
The Great Taipei Gas Corporation	Related party in substance
UBright Optronics Corp.	Related party in substance
Taishin D.A. Finance Co., Ltd.	Related party in substance
Taiwan Security Co., Ltd.	Related party in substance
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Waibel Enterprise Inc.	Related party in substance
Shinkong Mitsukoshi Department Store Co., Ltd.	Related party in substance
Shinkong Synthetic Fibers Corporation	Related party in substance
Shinkong Insurance Co., Ltd.	Related party in substance
Shinkong Materials Technology Co., Ltd.	Related party in substance
Shin-Kong Life Real Estate Service Co., Ltd.	Related party in substance
Chengcheng Group Co., Ltd.	Related party in substance
Cheng Qian Co., Ltd.	Related party in substance
ShinKong Co., Ltd.	Related party in substance
Yi Kong Security Co., Ltd.	Related party in substance
Yi Guang International Apartments Maintenance and Management Co., Ltd.	Related party in substance
Shin Kong Recreation Co., Ltd.	Related party in substance
Pan Asian Plastics Corp.	Related party in substance
Taipei Star Bank Co., Ltd.	Related party in substance
Ji Zhen Co., Ltd.	Related party in substance
Taishin Financial Holding Co., Ltd.	Related party in substance
Shin Kong Education Foundation	Related party in substance
Si Si Co., Ltd.	Related party in substance

(II) Operating transactions

Financial Statement Account	Type/Name of Related Party	January 1 to March 31, 2023	January 1 to March 31, 2022
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 68,796	\$ 54,019
	Shinkong Insurance Co., Ltd.	2,709	1,990
	Related party in substance	<u>4,502</u>	<u>3,050</u>
		<u>\$ 76,007</u>	<u>\$ 59,059</u>
Rental revenue	Yi Guang International Apartments Maintenance and Management Co., Ltd.	\$ 6,487	\$ 11,668
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	9,773	9,773
	Taishin International Bank Co., Ltd.	6,737	6,680
	UBright Optronics Corp.	5,452	5,279
	Related party in substance	<u>2,682</u>	<u>2,556</u>
		<u>\$ 31,131</u>	<u>\$ 35,956</u>

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

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

(III) Purchases

Financial Statement Account	Type/Name of Related Party	January 1 to March 31, 2023	January 1 to March 31, 2022
Purchases	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 34,118	\$ 38,608
	Shinkong Synthetic Fibers Corporation	<u>3,029</u>	<u>11,729</u>
		<u>\$ 37,147</u>	<u>\$ 50,337</u>

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

(IV) Contract liabilities

Type of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Related party in substance	<u>\$ 5,979</u>	<u>\$ 6,061</u>	<u>\$ 6,529</u>

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

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

Financial Statement Account	Type/Name of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	Related party in substance	<u>\$ 43</u>	<u>\$ 8</u>	<u>\$ 4</u>
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	\$ 43,934	\$ 44,831	\$ 35,970
	Related party in substance	<u>3,968</u>	<u>1,854</u>	<u>1,438</u>
		<u>\$ 47,902</u>	<u>\$ 46,685</u>	<u>\$ 37,408</u>
Other receivables	Related party in substance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</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 three months ended March 31, 2023 and 2022.

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

Financial Statement Account	Type of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Notes payable	Related party in substance	<u>\$ 8,039</u>	<u>\$ 36,641</u>	<u>\$ 19,178</u>
Accounts payable	Related party in substance	<u>\$ 6,232</u>	<u>\$ 6,612</u>	<u>\$ 6,474</u>
Other payables	Related party in substance	<u>\$ 2,048</u>	<u>\$ 1,822</u>	<u>\$ 1,092</u>

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

(VII) Prepayments

Type of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Shinkong Synthetic Fibers Corporation	\$ -	\$ -	\$ 3,030
Shinkong Insurance Co., Ltd.	3,090	220	2,771
Related party in substance	<u>67</u>	<u>88</u>	<u>96</u>
	<u>\$ 3,157</u>	<u>\$ 308</u>	<u>\$ 5,897</u>

(VIII) Disposal of investment properties

Type/Name of Related Party	Disposal of the price		Gains (Losses) on Disposal	
	January 1 to March 31, 2023	January 1 to March 31, 2022	January 1 to March 31, 2023	January 1 to March 31, 2022
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	<u>\$ -</u>	<u>\$ 1,630,766</u>	<u>\$ -</u>	<u>\$ 1,511,741</u>

(IX) Disposal of other Assets

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

(X) Lease in agreements

Financial Statement Account	Type/Name of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Chyang Sheng Dyeing & Finishing Co., Ltd.	<u>\$ 53,090</u>	<u>\$ 56,157</u>	<u>\$ 2,341</u>

Type/Name of Related Party	January 1 to March 31, 2023	January 1 to March 31, 2022
<u>Interest Expenses</u>		
Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 142	\$ 9
Shin Kong Life Insurance Co., Ltd.	<u>-</u>	<u>11</u>
	<u>\$ 142</u>	<u>\$ 20</u>

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

(XI) Lease out agreements

Operating lease

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

Type/Name of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 26,062	\$ 35,836	\$ 65,156
UBright Optronics Corp.	3,749,196	59,236	46,568
Taishin International Bank Co., Ltd.	139,984	83,548	103,759
Related party in substance	<u>51,440</u>	<u>31,615</u>	<u>29,816</u>
	<u>\$ 3,966,682</u>	<u>\$ 210,235</u>	<u>\$ 245,299</u>

Please refer to Note XXXII(II) Operating Revenue for information on rental revenue.

(XII) Acquisition of financial assets

January 1 to March 31, 2022

Name of Related Party	Financial Statement Account	No. of Transaction Unit	Underlying Securities	Acquired the Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive profit and loss - current	409	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	<u>\$ 5,581</u>

(XIII) Disposal of financial assets

January 1 to March 31, 2023

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

(XIV) Endorsements and guarantees

Endorsements and guarantees provided to others

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

Amount Actually Drawn		\$ 72,360	\$ 72,360	\$ 72,360
(XV) Other				
Financial Statement Account	Type of Related Party	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalent	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	\$ 777,098	\$ 254,379	\$ 171,546
	Taishin International Bank Co., Ltd.	35,277	87,778	181,761
	Related party in substance	78	78	78
		<u>\$ 812,453</u>	<u>\$ 342,235</u>	<u>\$ 353,385</u>
Refundable deposits	Chyang Sheng Dyeing & Finishing Co., Ltd.	\$ 3,874	\$ 3,409	\$ 3,202
	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	3,862	3,842	-
	Related party in substance	-	20	222
		<u>\$ 7,736</u>	<u>\$ 7,271</u>	<u>\$ 3,424</u>
Guarantee deposits received	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	\$ 16,289	\$ 16,289	\$ 36,768
	Related party in substance	12,569	12,593	12,572
		<u>\$ 28,858</u>	<u>\$ 28,882</u>	<u>\$ 49,340</u>
Financial assets at amortized cost	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.	<u>\$ 1,800</u>	<u>\$ 501,800</u>	<u>\$ 1,800</u>
Financial Statement Account	Type of Related Party	January 1 to March 31, 2023	January 1 to March 31, 2022	
Non-operating income	Related party in substance	<u>\$ 1,697</u>	<u>\$ 20</u>	
Non-operating expenses	Related party in substance	<u>\$ 13</u>	<u>\$ 7</u>	

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

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

	shares	shares	shares
(XVI) Remuneration to key management			
	January 1 to March 31, 2023	January 1 to March 31, 2022	
Short-term employee benefits	\$ 6,324	\$ 7,743	
Post-employment benefits	154	154	
	<u>\$ 6,478</u>	<u>\$ 7,897</u>	

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

XXXII. Pledged Assets

The following assets have been provided as collateral for financial institutes borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through other comprehensive profit and loss - non-current	\$ 2,083,760	\$ 2,051,880	\$ 2,146,960
Investment properties	2,851,934	2,857,111	2,872,642
Pledged time deposits (recognized as financial assets at amortized cost)	1,800	1,800	1,800
	<u>\$ 4,937,494</u>	<u>\$ 4,910,791</u>	<u>\$ 5,021,402</u>

XXXIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

- (I) As of March 31, 2023, December 31, and March 31, 2022, the guaranteed notes submitted by the Group for import credits and other businesses amounted to NT\$29,706 thousand, NT\$28,851 thousand, and NT\$25,748 thousand, respectively.
- (II) Due to the construction of plant office buildings, the consolidated Company signed the following agreements:
 1. The service contract of architectural planning, design and supervision was NT\$12,897 thousand. As of March 31, 2023, NT\$6,009 thousand of architectural design and supervision has been paid.

2. The service contract of appointment of building manager was NT\$ 6,000 thousand. As of March 31, 2023, NT\$2,400 thousand of project management has been paid.

3. The contract for work of building project was NT\$1,035,000 thousand. As of March 31, 2023, NT\$92,142 thousand of project has been paid.

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

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

March 31, 2023

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

December 31, 2022

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

March 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Assets denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	\$ 22,155	28.625	\$ 634,187
Euro	510	31.92	16,289
 <u>Liabilities denominated in foreign currency</u>			
<u>Monetary items</u>			
USD	46	28.625	1,321
Euro	50	31.92	1,606

The consolidated Company's (realized and unrealized) foreign exchange gains and losses for the three months ended March 31, 2023 and 2022 amounted to a loss of NT\$5,277 thousand and a profit of NT\$20,700 thousand and, respectively. Since the Company transacts in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

XXXV. Additional Disclosures in the following Note

(I) Significant Transactions:

1. Financing provided to others. (Table I)
2. Endorsements and guarantees provided to others. (Table II)
3. Marketable securities held at the end of this period (excluding investments in subsidiaries, associates and controlled joint ventures). (Table III)
4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate with amount of at least NT\$300 million or 20% of the paid-in capital. (None)
7. Related party transactions with purchase or sales amount of at least NT\$100 million or 20% of the paid-in capital. (None)
8. Accounts receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
9. Derivative financial instrument transactions. (None)

10. Others: Intercompany relationships and significant intercompany transactions.
(None)

(II) Related Information on Investees. (Table IV)

(III) Information on Investments in Mainland China:

1. 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 V)
2. 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)
 - (1) Purchase amount and percentage, and the closing balance and percentage of the related payables.
 - (2) Sales amount and percentage, and the closing balance and percentage of the related receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - (5) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current period.
 - (6) Other transactions having a significant influence on profit or loss or financial status of the current period, such as providing or receiving services.

(IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. (Table VI)

XXXVI. Segment Information

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

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

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

Real Estate Department (land development and real estate leasing)

Department revenue and operation performance

The revenue and operation performance of continuing operations by reportable segments are analyzed as follows:

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

	January 1 to March 31, 2022			
	Marketing Department	Retail Department	Real Estate Department	Total
Revenue from external customers	\$ 485,789	\$ 172,646	\$ 90,944	\$ 749,379
Intersegment revenue	8	724	1,846	2,578
Segment revenue	<u>\$ 485,797</u>	<u>\$ 173,370</u>	<u>\$ 92,790</u>	751,957
Internal elimination				(2,578)
Consolidated revenue				<u>\$ 749,379</u>
Segment profit or loss	<u>\$ 14,011</u>	<u>\$ 1,302</u>	<u>\$ 54,185</u>	\$ 69,498
Indirect expenses				(53,378)
Interest income				51
Other income				1,803
Other gains and losses				1,527,737
Finance costs				(6,901)
Share of profit (loss) of associates and joint ventures accounted for using the equity method				18,964
Net income before tax				<u>\$ 1,557,774</u>

Shinkong Textile Co., Ltd. and Subsidiaries
Financing provided to others
For the Three Months Ended March 31, 2023

Table I

Unit: In Thousands of New Taiwan Dollars

No.	The Company provided financing to others	Counterparty	Transaction's Item	Whether A Related Party	Maximum Balance for the Period	Balance at the end of the period	Amount Actually Drawn	Interest Rate	Nature of Financing Provided	Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Name	Value			
1	Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Receivables from related parties	Yes	\$ 80,000	\$ 80,000	\$ 70,000	1.3%-1.725%	Necessity of short-term financing	\$ -	Operating turnover	\$ -		\$ -	\$ 1,239,515	\$ 8,373,551	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	Receivables from related parties	Yes	300,000	300,000	-	1.725%	Necessity of short-term financing	-	Operating turnover	-		-	1,239,515	8,373,551	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: 11,962,216 thousand x 70% = 8,373,551 thousand
The maximum amount permitted to a single borrower: 11,962,216 thousand x 20% = 2,392,443 thousand; 3,098,787 thousand x 40% = 1,239,515 thousand

Shinkong Textile Co., Ltd. and Subsidiaries
Endorsements and guarantees provided to others
For the Three Months Ended March 31, 2023

Table II

Unit: In Thousands of New Taiwan Dollars

No.	Name of Endorsements and Guarantees Company	Endorsee and Guarantee		Limits on Endorsement and Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Endorsement and Guarantee Balance for the Period	Balance of endorsements and guarantees at the end of the period	Amount Actually Drawn	Amount of Endorsement and Guarantee Collateralized by Property	Ratio of Accumulated Endorsement and Guarantee to Net Equity per Latest Financial Statements (%)	Endorsements and guarantees Maximum limit (Note 3)	Endorsement and Guarantee Provided by Parent for Subsidiary	Endorsement and Guarantee Provided by Subsidiary for Parent	Endorsement and Guarantee Provided for Subsidiary in Mainland China	Note
		Name of Company	Relationship											
0	Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	6	\$ 2,392,443	\$ 72,360	\$ 72,360	\$ 72,360	\$ -	0.6%	\$ 5,981,108	N	N	N	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	11,962,216	1,350,000	1,350,000	1,350,000	1,350,000	11.3%	11,962,216	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	11,962,216	710,000	710,000	710,000	710,000	5.9%	11,962,216	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	11,962,216	710,000	710,000	710,000	710,000	5.9%	11,962,216	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 11,962,216 thousand \times 50% = 5,981,108 thousand and the maximum endorsement and guarantee for a single entity was the net worth of 11,962,216 thousand \times 20% = 2,392,443 thousand for the year of 2023.

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

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

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

Shinkong Textile Co., Ltd. and Subsidiaries
Marketable securities held at the end of the period
March 31, 2023

Table III

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

Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	At the end of the period				Note (Note 3)
				Number of shares (in thousands)	Carrying amount	Shareholding (%)	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	1,205	\$ 146,528	-	\$ 146,528	
	GSO Fund	None	"	18	60,070	-	60,070	
	COTTONWOOD Fund	None	"	9	349,071	-	349,071	
	Stocks - Listed Company Asia Pacific Telecom Co., Ltd.	None	"	524	3,393	0.01	3,393	
	TacBright Optronics Corporation	(6)	"	5,000	32,100	1.08	32,100	
					<u>\$ 591,162</u>		<u>\$ 591,162</u>	
Shinkong Textile Co., Ltd.	Stocks - Listed Company Chyang Sheng Dyeing & Finishing Co., Ltd.	(3)	Financial assets at fair value through other comprehensive profit and loss - current	33,629	\$ 479,207	19.41	\$ 479,207	
	Shinkong Synthetic Fibers Corporation	(4)	"	56,104	1,009,877	3.47	1,009,877	
	Taishin Financial Holding Co., Ltd.	(6)	"	7,500	124,501	0.06	124,501	
	Shin Kong Financial Holding	(6)	"	4,609	38,806	0.03	38,806	
	Chyang Sheng Dyeing & Finishing Co., Ltd.	Shinkong Assets is the company's corporate director	"	413	5,889	0.24	5,889	
					<u>\$ 1,658,280</u>		<u>\$ 1,658,280</u>	
Shinkong Asset Management Co., Ltd.	Stocks - Listed Company Xintec Inc.	None	Financial assets at fair value through other comprehensive profit and loss - non-current	141	\$ 15,228	0.05	\$ 15,228	
	O-Bank Co., Ltd.	None	"	10,385	100,525	0.34	100,525	
	The Great Taipei Gas Corporation	(6)	"	10,738	339,321	2.08	339,321	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(6)	"	228	11,632	0.03	11,632	

(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 thousands)	Carrying amount	Shareholding (%)	Fair value	
Shinkong Asset Management Co., Ltd.	Shinkong Insurance Co., Ltd.	(1)	Financial assets at fair value through other comprehensive profit and loss - non-current	51,540	\$ 2,571,822	16.31	\$ 2,571,822	10,000 thousands of shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT\$998,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second) Unlisted companies	(6)	"	137	6,648	0.05	6,648	
	Tong Hsin Water Business Inc.	(1)	"	1,982	22,763	9.83	22,763	
	Taian Insurance Co., Ltd.	None	"	2,049	60,885	0.69	60,885	
	Shin Kong Chao Feng Co., Ltd.	(5)	"	200	30,865	2.22	30,865	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	"	41,275	1,400,476	3.31	1,400,476	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of NT\$1,085,760 thousand
	Shin Kong Recreation Co., Ltd.	(2)	"	650	210,078	3.32	210,078	
	Eastern International Ad.	None	"	-	284	0.90	284	
	Li Yu Venture Capital Co., Ltd.	None	"	209	2,644	1.79	2,644	
	Taiwan Zeniya Interior Design Co., Ltd.	None	"	-	16,589	8.00	16,589	
	IRSO Precision Co., Ltd.	None	"	1,000	1,117	4.93	1,117	
	KHL IB Venture Capital	None	"	2,489	39,079	2.98	39,079	
	Mega Solar Energy Co., Ltd.	None	"	1,000	10,000	1.25	10,000	
	CYS Investment Co., Ltd.	None	"	10,000	96,852	18.18	96,852	
	Stocks - Listed Company							
	Taishin Financial Holding Co., Ltd.	(6)	"	959	15,918	0.01	15,918	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(6)	"	29	1,487	-	1,487	
	Taiwan Shin Kong Security Co., Ltd.	(6)	"	777	31,679	0.20	31,679	
	Shinkong Textile Co., Ltd.	Parent company	"	804	33,279	0.27	33,279	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (Second)	(6)	"	17	850	-	850	
	Less: Shares of the parent company held by subsidiary				(33,279)		(33,279)	
					<u>\$ 4,986,742</u>		<u>\$ 4,986,742</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 subsidiary accounted for using the equity method is the company's corporate director.
(4): The company's representative of corporate director is the same person as the Company's representative of corporate chairman.
(5): The company's representative of corporate supervisor and the Company's representative of corporate chairman are relatives within the second degree of kinship.
(6): Other related parties.
- Note 3: Where marketable securities held are pledged as security or pledged for borrowings or with restrictions on their uses under some agreements, the numbers of shares and amount pledged as well as restrictions shall be stated in the Note column.
- Note 4: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table IV.

Shinkong Textile Co., Ltd. and Subsidiaries
Names, locations, and other information of investees
January 1 to March 31, 2023

Table IV

Unit: In Thousands of Shares / New Taiwan Dollars

Investor	Name of investee company	Location	Principal Business Activities	Initial Investment Amount		Holding at the end of the period			Income (Loss) of the Investee	Investment Gain (Loss)	Note
				At the end of the current period	End of Last Year	Number of shares	%	Carrying amount			
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	F15, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	\$ 664,719	\$ 664,719	25,490	100.00	\$ 3,065,508	\$ 21,522	\$ 21,522	Note 1, Subsidiary
"	Lian Quan Investment Co., Ltd.	F6, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Reinvestment in a wide range of businesses, including manufacturing, banking, insurance, recreation, securities, trading, general merchandises, cultural undertakings and the construction of commercial buildings and public housing units.	83,113	83,113	11,193	48.89	378,490	(788)	(385)	
"	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box 1225, Apia, Samoa	General investment	21,424	21,424	700	100.00	7,132	(978)	(978)	Subsidiaries
"	Shang De Motor Co., Ltd.	No. 518, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	Trading and maintenance of motor vehicles and trading of auto parts.	269,699	269,699	9,715	33.50	315,285	45,568	15,257	
"	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	General investment	74,656	74,656	-	35.71	52,856	-	-	
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	F15, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, and development of specific areas	834,862	764,862	27,000	100.00	837,636	650	650	Second-tier subsidiary
"	Hua Yang Motor Co., Ltd.	F15, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	349,065	349,065	33,700	100.00	353,343	10,092	10,092	Second-tier subsidiary
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	F11, No. 44, Section 2, Zhongshan N Road, Zhongshan District, Taipei	Retail sale of cloths, retail sale, retail sale without storefront, other integrated retail sale, and international trade.	76,000	76,000	7,600	100.00	30,990	(2,436)	(2,436)	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 V for information on investments in mainland China.

Shinkong Textile Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
January 1 to March 31, 2023

Table V

Unit: In Thousands of New Taiwan Dollars; Foreign Currencies

Name of mainland investee company	Principal Business Activities	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan at the beginning of the current period	The amount of investment remitted or recovered during the current period		Accumulated Outward Remittance for Investment from Taiwan at the end of the current period	Net Income (Loss) of the Investee in the current period	% Ownership of Direct or Indirect Investment	Investment profit or loss recognized in the current period (Note 2)	Investment carrying value at the end of the current	Accumulated Repatriation of Investment Income as of the current period	Note
					Outflow	Inflow							
Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	\$ 21,362	Note 1 (2)	\$ 21,362	\$ -	\$ -	\$ 21,362	(\$ 978)	100	(\$ 978) (2)－C	\$ 7,129	\$ -	-

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

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

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

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

Accumulated Outward Remittance for Investment in Mainland China at the end of the current period	Investment Amounts Authorized by Investment Commission	Upper Limit on the Amount of Investment Stipulated by Investment Commission
\$ 21,362	\$1,000 USD 30,450 TWD	\$ 7,177,330

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

Table VI

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

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