

# **Shihlin Paper Co., Ltd. and its Subsidiaries**

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022 and

Independent Auditors' Report

## **Shihlin Paper Co., Ltd.**

No. 31, Fude Rd., Shilin Dist., Taipei City    TEL:(02) 28811111    FAX:(02) 28827099

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Shihlin Paper Co., Ltd. and its Subsidiaries

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## Representation Letter

The entities required to be included in the consolidated financial statements of Shihlin Paper Co., Ltd. as of and for the year ended December 31, 2023 (from January 1 to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Company Name: Shihlin Paper Co., Ltd.  
Chairman: Tai Shih Trading Co., Ltd.  
March 13, 2024

**Earnest & Co.,CPAs.**

4F.,No.501,Sec.2,Tiding Blvd.,  
Taipei,Taiwan(R.O.C)

**Earnest & Co.,CPAs.**

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## Independent Auditors' Report

To the Board of Directors of Shihlin Paper Co., Ltd.,

### Opinion

We have audited the consolidated financial statements of Shihlin Paper Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis of Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards of R.O.C. Our responsibilities under those standards are further described in the CPAs' Responsibilities for the Audit of the consolidated financial statements of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Income recognition

For the accounting policy of revenue, please refer to Note (IV)15 for income recognition of the consolidated financial statements.

As part of the sales income of the Group is from sales to distributors, and the Group shall pay incentives, slotting fees, and advertising sponsorship fees to distributors upon contract signing, and part of the inventory is stored in the distributors' warehouses. Thus, contract conditions may affect income recognition, so income recognition is a key audit item.

Corresponding audit procedure

Our main audit procedure is as follows:

- Assess the reasonableness of the accounting treatment of income recognition (including sales discounts and returns).
- Test the effectiveness of the internal control system design and implementation with regard to income.
- Analyze the new sales customers for the current period who are related parties with a significant transaction amount or rank among the top ten sales customers to confirm that the income recognition is in line with the realization principle .
- Test the sales samples for a period before and after the end of the year according to the delivery conditions to evaluate the correctness during the income recognition period.

### Tangible asset impairment assessment

For the accounting policy for tangible asset impairment, please refer to Note (IV) 11 of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in assessing tangible asset impairment, please refer to Note (V) of the consolidated financial statements.

As of December 31, 2023, the property, plant, and equipment of Shihlin Paper Group was NT\$1,717,729 thousand and the investment property was NT\$4,479,348 thousand. Assess whether or not there are any signs that tangible assets may have been impaired. If there are any signs of impairment, it is necessary to estimate the asset's recoverable amount. If it is impossible to estimate the recoverable amount in an individual asset, estimate the recoverable amount in the cash-generating unit to which the asset belongs. Because the total amount of tangible assets mentioned above was NT\$6,197,077 thousand (71.15% of the total consolidated assets), and the estimation of the recoverable amount involved many assumptions and estimates, the impairment assessment of tangible assets is a key audit matter.

Corresponding audit procedure

Our main audit procedures for the key audit items above include:

- Understand the Company's asset impairment assessment methods and implementation status;
- Obtain the impairment evaluation form from the management and evaluate its reasonableness;
- Assess the reasonableness of the cash-generating unit and recoverable amount in the assets identified by the management.

### **Other Matters**

Shihlin Paper Co., Ltd. has prepared parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report with unqualified opinions for reference.

### **Responsibilities of the Management and the Governance Bodies for the**

#### **Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by the FSC and maintenance of necessary internal control related to the preparation of said statements to ensure that said statements to be free from any material misstatement, either due to fraud or errors.

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

The governance bodies, including the audit committee, are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, either due to fraud or error, and to issue an auditors' report. The term reasonable assurance refers to a high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards cannot guarantee the discovery of material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. If the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken based on these financial statements, they are considered material.

As part of an audit in accordance with the auditing standards of R.O.C., we exercise professional judgment and professional skepticism throughout the audit. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, either due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error. Fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control related to the audit in order to design audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention from the users of the consolidated financial statements in our auditors' report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion. We communicate with the governance bodies, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance bodies with a statement that we have complied

with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, relevant protective measures.

From the matters communicated with the governance bodies, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Ling Hung and Min-Chih Chuo.

Earnest & Co., CPAs.

Taipei, Taiwan (Republic of China)

March 13, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Asset			December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022	
Code	Accounting Items	Note	Amount	%	Amount	%	Code	Accounting Items	Note	Amount	%	Amount	%
Current assets							Current liabilities						
1100	Cash and cash equivalents	(IV) and (VI)	\$ 186,724	2.14	\$ 175,393	1.88	2100	Short-term borrowings	(VI)	\$ 2,255,000	25.89	\$ 2,339,000	25.15
1110	Financial Assets at FVTPL	(IV) and (VI)	1,053	0.01	786	0.01	2110	Short-term bills payable	(VI)	117,994	1.36	—	—
							2130	Contract liability	(IV) and (VII)	41,028	0.47	36,748	0.40
1120	Financial Assets at FVTOCI	(IV) and (VI)	2,109,953	24.23	3,058,871	32.90	2170	Accounts payable		8,999	0.10	10,784	0.12
1136	Financial assets at amortized cost	(IV) and (VI)	35,478	0.41	—	—	2200	Other payables	(VII)	86,747	1.00	35,455	0.38
1150	Note receivable	(IV) and (VI)	273	0.00	336	0.00	2300	Other current liabilities		917	0.01	482	0.00
1170	Net accounts receivable	(IV), (VI), and (VII)	52,662	0.61	52,695	0.57	21XX	Total current liabilities		2,510,685	28.83	2,422,469	26.05
1200	Other receivables	(IV)	1,293	0.02	4,591	0.05		Non-current liabilities					
1300	Net balance of inventory	(IV) and (VI)	15,858	0.18	13,707	0.15	2540	Long-term borrowings	(VI)	291,350	3.35	105,607	1.14
1410	Prepayments	(VI) and (VII)	42,505	0.49	32,212	0.35	2570	Deferred tax liabilities		1,592,156	18.28	1,592,156	17.12
1470	Other current assets	(VI)	243	0.00	126	0.00	2645	Guarantee deposits received		13,468	0.15	13,882	0.15
11XX	Total current assets		2,446,042	28.09	3,338,717	35.91	25XX	Total non-current liabilities		1,896,974	21.78	1,711,645	18.41
							2XXX	Total liabilities		4,407,659	50.61	4,134,114	44.46
Non-current assets								31XX	Equity attributable to owners of parent				
1517	Financial Assets at FVTOCI	(IV) and (VI)	7,360	0.08	7,441	0.08	3100	Share capital	(VI)				
1600	Property, Plant and Equipment	(IV), (VI), and (VIII)	1,717,729	19.72	1,635,475	17.59	3110	Share capital of ordinary shares		2,600,391	29.86	2,600,391	27.97
1760	Investment Property	(IV), (VI), and (VIII)	4,479,348	51.43	4,260,464	45.82		Retained earnings	(VI)				
1780	Intangible asset	(IV) and (VI)	5,292	0.06	6,866	0.07	3320	Special reserve		1,532,258	17.59	1,532,258	16.48
1920	Refundable deposits	(VII)	703	0.01	1,082	0.01	3350	Deficit to be offset		(1,394,475)	(16.01)	(1,480,765)	(15.93)
1975	Net defined benefit assets	(IV) and (VI)	767	0.01	783	0.01	3300	Total retained earnings		137,783	1.58	51,493	0.55
1900	Other non-current assets	(VI)	51,883	0.60	47,460	0.51	3400	Other equity interest		1,563,291	17.95	2,512,290	27.02
15XX	Total non-current assets		6,263,082	71.91	5,959,571	64.09	3XXX	Total equity		4,301,465	49.39	5,164,174	55.54
								Total liabilities and equity		\$ 8,709,124	100.00	\$ 9,298,288	100.00
	Total assets		\$ 8,709,124	100.00	\$ 9,298,288	100.00				\$ 8,709,124	100.00	\$ 9,298,288	100.00

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

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

Code	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	(IV), (VI), and (VII)	\$ 171,105	100.00	\$ 165,058	100.00
5000	Operating costs	(VI) and (VII)	86,151	50.35	88,913	53.87
5900	Gross operating profit		84,954	49.65	76,145	46.13
	Operating expenses					
6100	Selling expenses	(VII)	59,377	34.70	60,196	36.47
6200	Administrative expenses	(VII)	85,893	50.20	114,644	69.46
6300	R&D expenses	(VII)	4,340	2.53	4,529	2.74
6000	Total operating expenses		149,610	87.43	179,369	108.67
6900	Operating losses		(64,656)	(37.78)	(103,224)	(62.54)
	Non-operating revenue and expense					
7010	Other income	(VI)	193,630	113.16	352,545	213.59
7020	Other gains and losses	(VI)	(1,529)	(0.89)	(9,722)	(5.89)
7050	Financial costs	(VI)	(41,093)	(24.02)	(27,819)	(16.85)
7000	Total non-operating revenue and expenses		151,008	88.25	315,004	190.85
7900	Net income before tax		86,352	50.47	211,780	128.31
7950	Income tax expense	(IV) and (VI)	-	-	-	-
8200	Net income for the current period		86,352	50.47	211,780	128.31
	Other comprehensive income - net items that may not be reclassified subsequently to profit and loss					
8311	Gains (losses) on remeasurements of defined benefit plans	(IV) and (VI)	(62)	(0.04)	303	0.18
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	(IV)	(948,999)	(554.63)	(3,505,026)	(2,123.51)
8300	Total other comprehensive income (net of tax) for the current period		(949,061)	(554.67)	(3,504,723)	(2,123.33)
8500	Total comprehensive income (loss) for the current period for the current period		\$ (862,709)	(504.20)	\$ (3,292,943)	(1,995.02)
8600	Net profit (loss) attributable to					
8610	Owners of the parent company		\$ 86,352	50.47	\$ 211,780	128.31
8620	Non-controlling interests		-	-	-	-
	Total comprehensive income attributable to		\$ 86,352	50.47	\$ 211,780	128.31
8700	to					
8710	Owners of the parent company		\$ (862,709)	(504.20)	\$ (3,292,943)	(1,995.02)
8720	Non-controlling interests		-	-	-	-
	Total comprehensive income attributable to		\$ (862,709)	(504.20)	\$ (3,292,943)	(1,995.02)
	Earnings per Share					
9750	Basic earnings per share	(VI)	\$ 0.33		\$ 0.81	

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

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent						
	Share capital		Retained earnings			Other items of equity	
	Shares (thousand)	Amount	Special reserve	Deficit to be offset	Total retained earnings	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total Equity
Balance as of January 1, 2022	260,039	\$ 2,600,391	\$ 1,532,258	\$ (1,692,848)	\$ (160,590)	\$ 6,017,316	\$ 8,457,117
Net profit for 2022	-	-	-	211,780	211,780	-	211,780
Other comprehensive income for 2022	-	-	-	303	303	(3,505,026)	(3,504,723)
Total comprehensive income for 2022	-	-	-	212,083	212,083	(3,505,026)	(3,292,943)
Balance as of December 31, 2022	260,039	2,600,391	1,532,258	(1,480,765)	51,493	2,512,290	5,164,174
Net profit for 2023	-	-	-	86,352	86,352	-	86,352
Other comprehensive income for 2023	-	-	-	(62)	(62)	(948,999)	(949,061)
Total comprehensive income for 2023	-	-	-	86,290	86,290	(948,999)	(862,709)
Balance as of December 31, 2023	<u>260,039</u>	<u>\$ 2,600,391</u>	<u>\$ 1,532,258</u>	<u>\$ (1,394,475)</u>	<u>\$ 137,783</u>	<u>\$ 1,563,291</u>	<u>\$ 4,301,465</u>

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

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Net income before tax for the current period	\$ 86,352	\$ 211,780
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,967	13,314
Amortization expense	1,574	1,544
Net gain on financial assets at FVTPL	(257)	(11)
Interest expense	41,093	27,819
Interest income	(1,956)	(146)
Dividend income	(190,282)	(347,383)
Net loss on disposal of property, plant and equipment	-	330
Loss from disposal of investment property	160	9,564
Changes in operating assets and liabilities:		
Decrease in notes receivable	63	156
Decrease (increase) in accounts receivable	33	(2,782)
Increase (decrease) in other receivables	3,298	(3,570)
Decrease (increase) in inventories	(2,151)	4,951
Increase in prepayments	(10,293)	(9,974)
Increase in other current assets	(117)	(27)
Increase in net defined benefit assets	(46)	(38)
Increase in contract liability	4,280	28,990
Increase (decrease) in accounts payable	(1,785)	357
Increase (decrease) in other payables	1,262	(5,853)
Increase (decrease) in other current liabilities	435	(48)
Cash outflow generated from operations	(55,370)	(71,027)
Interest received	1,956	146
Dividends received	190,282	347,383
Net cash inflow from operating activities	136,868	276,502

(Continued on the next page)

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

(Continued from the previous page)	2023	2022
Cash flows from investing activities:		
Acquisition of Financial Assets at FVTOCI	\$ -	\$ (602)
Decrease (Increase) in financial assets at amortized cost	(35,478)	4,322
Acquisition of financial Assets at FVTPL	(53,000)	-
Proposal of financial assets at FVTPL	52,990	10,509
Acquisition of Property, Plant and Equipment	(261,443)	(162,681)
Acquisition of investment property	(2,582)	(26,236)
Acquisition of intangible assets	-	(215)
Decrease (increase) in refundable deposits	379	(475)
Increase in other non-current assets	(4,423)	(47,460)
Net cash used in investing activities	(303,557)	(222,838)
Cash flows from financing activities:		
Short-term borrowings	10,270,500	11,603,000
Repayment of short-term loans	(10,354,500)	(10,820,000)
Borrowing of short-term bills payable	1,018,000	1,482,500
Repayment of short-term bills payable	(900,000)	(2,261,000)
Borrowing of long-term loans	185,743	105,287
Decrease in guarantee deposits received	(414)	(225)
Interest paid	(41,309)	(26,335)
Net cash inflow from financing activities	178,020	83,227
Increase in cash and cash equivalents for the current period	11,331	136,891
Cash and cash equivalents at the beginning of the year	175,393	38,502
Cash and cash equivalents at year-end	\$ 186,724	\$ 175,393

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

Shihlin Paper Co., Ltd. and its Subsidiaries  
Notes to consolidated financial statements  
For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I) Organization and Operations

Shihlin Paper Co., Ltd., established in 1918, formerly known as Taiwan Paper K.K, was the first paperboard mill established in Taiwan. After the recovery of Taiwan from Japan colonial rule, the government took over five paper mills, including Shilin, Luodong, Dadu, Xinying, and Xiaogang, and established the Taiwan Pulp & Paper Corporation, under the National Resources Commission; then, it was reorganized to be a state-owned enterprise under the Ministry of Economic Affairs. In 1954, the government implemented a policy to allow individual farms to own the land they were farming. The Taiwan Pulp & Paper Corporation was transformed into a private enterprise. In 1958, the shareholders asked for a de-merger. Shilin Paper Mill formally established the Shihlin Paper Co., Ltd. (hereinafter referred to as the “Company”) on January 1, 1959. under which there were two paper mills in Shilin and Yongan. After the closure of the Shilin mill on December 20, 1998, only Yongan mill remained. The Yongan mill ceased production line operations in October 2014.

The Group’s main business items are the sales of paper-processed products, wet wipes, facial masks, skincare products, and toiletries and the leasing of assets and investment and development. Please refer to Notes (IV).2 and (XIV) for details.

The consolidated financial statements of the Company and its subsidiaries are presented in the Company’s functional currency, the New Taiwan dollar.

(II) The Authorization of Financial Statements

The consolidated financial statements were approved by the Company’s Board of Directors on March 13, 2024.

(III) Application of New and Revised International Financial Reporting Standards

1. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into

effect by the Financial Supervisory Commission (FSC)

Initial application of the IFRSs endorsed and issued into effect by the Financial Supervisory Commission (FSC) has no significant influence on the Group's accounting policies.

## 2. IFRSs applicable since 2024 and endorsed by the FSC

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

As of the date of adopting the consolidated financial statements, as evaluated by the Group the standards and interpretations above will not have significant effect on the Group's financial position and financial performance.

## 3. The IFRSs issued by IASB but not yet endorsed by the FSC.

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date of adopting the consolidated financial statements, the Group has continued to evaluate the impact of the standards and interpretations above on the Group's financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

## (IV) Summary of Significant Accounting Policies

### 1. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by the FSC.

### 2. Basis of consolidation

## (1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the Company's financial statements and the entities controlled by the Company (i.e. subsidiaries). When the Company is exposed to the variable remuneration of an entity or is entitled to such variable remuneration and can influence such remuneration through its power over the entity, it controls the entity.

The consolidated statements of comprehensive income already include each subsidiary's income and expenses from the day when control is obtained to the day when control is terminated.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to be in line with those used by the Group.

All intra-group transactions, account balances, income, and expenses are eliminated in full upon consolidation.

### Allocation of the total comprehensive income to non-controlling interests

The total comprehensive income of the subsidiaries is attributable to the equity and non-controlling interests of owners of the Company, even if it results in a loss incurred to the non-controlling interests.

### Changes in equity of ownership of subsidiaries

When the Group's change in the equity of ownership of a subsidiary does not result in the loss of control of the subsidiary, it is an equity transaction. It is treated as a transaction with owners. The carrying amounts of the Company and non-controlling interests have been adjusted to reflect their relative changes in equity of subsidiaries. The difference between the adjustment amount in non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity, which is attributable to the Company's owners.

When the Group loses control of a subsidiary, the gains and losses on disposal are the differences between the two: (1) the sum of the fair value of the consideration received and the fair value of any retained investment in the said subsidiary at the date of loss of control; (2) the total carrying amount in said subsidiary's assets (including any goodwill), liabilities, and non-controlling interests at the date of loss of control. The Group's accounting treatment for all amounts previously recognized in other

comprehensive income related to the said subsidiary is the same as the basis that the Group must follow to directly dispose of relevant assets or liabilities (i.e. reclassified to profit or loss according to the relevant IFRSs or reclassified directly to retained earnings).

## (2) Subsidiaries included in consolidated financial statements

Investee	Main Business	Location of company	% of Ownership	
			December 31, 2023	December 31, 2022
Sunshine Shihlin Development Co., Ltd.	Investment and development	Taipei City	100%	100%
Shihlin Environment Corporation	Investment and development	Taipei City	100%	100%
Sunnyfield Shihlin Co., Ltd.	Wholesale of daily necessities	Taipei City	100%	100%
Da Di Urban Renewal Construction Co., Ltd.	Urban renewal and reconstruction	Taipei City	100%	100%

## 3. Foreign currency

When each entity is preparing the financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are converted into functional currency at the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are translated at the closing rates at the balance sheet date. Exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss in the year in which they occur.

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

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

## 4. Classification of current and non-current assets and liabilities

Current assets include cash or cash equivalents (excluding the assets

restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date); assets held primarily for the purpose of trading; and assets expected to be realized within 12 months after the balance sheet date or to be realized, sold, or consumed in its normal business cycle. Assets that are not current assets are classified as non-current assets. Current liabilities include liabilities held primarily for the purpose of trading; liabilities due to be settled within 12 months after the balance sheet date or in its normal business cycle (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed to be current liabilities); and liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date; however, where equity instruments may be issued for settlement based on the terms of the liabilities agreed by the counterparty, it does not affect the classification. Liabilities that are not current liabilities are classified as non-current liabilities.

#### 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term and highly liquid investments that can be converted into fixed cash deposits at any time with little risk of value changes. Bank time deposits held by the Group with an original contract period of less than 3 months are classified as cash equivalents because they qualify as investments that can be converted into imprest cash at any time, are highly liquid and have little risk of value changes. Bank time deposits with an original contract period of more than 3 months are classified as financial assets at amortized cost.

#### 6. Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheets when the Group becomes a party to the financial instrument contract.

Financial assets and financial liabilities not at FVTPL are recognized initially at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL shall be immediately recognized in profit or loss.

#### Financial asset

Regular trading of financial assets shall be recognized and derecognized

in accordance with trade date accounting. Regular trading refers to the purchase or sale of financial assets delivered within the period set by regulations or market practices.

(1) Measurement types

Financial assets held by the Group are classified as financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

① Financial Assets at FVTPL

Financial assets at FVTPL include financial assets that are mandatorily at FVTPL. Financial assets mandatorily at FVTPL include investments in equity instruments that the Group has not specified to be at FVTOCI and investments in debt instruments that are not classified as at amortized cost or at FVTOCI.

Financial assets at FVTPL are at fair value, and the gains or losses resulting from remeasurement are recognized in profit or loss.

② Financial assets at amortized cost

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

- a. Held under a certain business model, of which the objective of holding the financial assets is to collect contractual cash flows; and
- b. The cash flows at specific dates that are generated from the contractual terms of the financial assets are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets are measured at amortized cost of the total carrying amount determined by the effective interest method less any impairment losses and any exchange gains or losses are recognized in profit or loss.

③ Investments in equity instruments at FVTOCI

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that an acquirer does not recognize in a business combination or with the contingent consideration.

Investments in equity instruments at FVTOCI are at fair value, and

any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal, cumulative gains or losses are directly transferred to retained earnings and are not reclassified as profit or loss.

Dividends from investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the payment is established unless such dividends clearly represent the recovery of a part of the investment cost.

## (2) Impairment of financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including trade receivables) based on the expected credit loss at each balance sheet date.

Trade receivables are recognized as loss allowance based on the lifetime expected credit losses. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in risks, loss allowance is recognized in an amount equal to 12-month expected credit loss. If the risks have increased significantly, loss allowance shall be in an amount equal to the lifetime expected credit loss.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month expected credit losses represent the expected credit losses from a financial instrument's possible defaults within 12 months after the balance sheet date. The lifetime expected credit losses represent the expected credit losses from all possible defaults in a financial instrument during the expected period of existence.

The carrying amount in the impairment loss of all financial assets is reduced through the allowance account. However, the loss allowance for investment in debt instruments at FVTOCI is recognized in other comprehensive income, and its carrying amount is not reduced.

## (3) Derecognition of financial assets

The Company derecognizes the financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

When derecognizing a financial asset measured at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss. When derecognizing investments in equity instruments at FVTOCI in its entirety, the cumulative profit or loss is transferred directly to retained earnings. It is not reclassified as profit or loss.

#### Equity instrument

The debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the Group are recognized in the amount obtained after deducting the cost of direct issuance.

Redemption of the Company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

#### Financial liability

##### (1) Subsequent measurement

Financial liabilities are at amortized cost by the effective interest method or at FVTPL.

Financial liabilities at FVTPL are at fair value at the balance sheet date. The gains or losses resulting from remeasurement are recognized in profit or loss.

##### (2) Derecognition of financial liabilities

The Group only derecognizes financial liabilities when the obligations are fulfilled, cancelled, or expire. When derecognizing financial liabilities, the difference between its carrying amount and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

#### 7. Inventories

The inventory includes raw materials and commodities. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of the same category's inventory, individual items shall be assessed when comparing the cost and NRV. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average

method.

## 8. Property, Plant and Equipment

Property, plant and equipment are tangible assets used for the production or provision of goods or services, leased to others, or for management purposes and are expected to be used for more than one period. When they are likely to flow into the Group as economic benefits in the future and meet the condition that the cost can be reliably measured, they will be subsequently measured based on the cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment. The cost includes professional service expenses and the cost of loans eligible for capitalization. Such assets are depreciated and classified into the appropriate property, plant and equipment categories when completed and ready for their intended use.

Self-owned land is not recognized in depreciation.

Property, plant and equipment are depreciated using the straight-line method. Each material component is depreciated separately. The Group conducts at least one annual review to assess the estimated useful life, residual value, and depreciation methods at the end of each year. The effects of changes in accounting estimates are applied prospectively.

When it is expected that property, plant and equipment cannot generate future economic benefits from the use or disposal, they will be derecognized. When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the asset's carrying amount is recognized in loss or profit.

## 9. Investment Property

Investment property refers to property held to earn rent or asset appreciation or both (including property in the process of construction for such purposes). An investment property also includes property that has not yet been determined for future use, so it is regarded as being held for capital appreciation.

For property held for undecided future use, when the efforts in obtaining a construction license are being made, it will be transferred property, plant and equipment, or investment property under construction according to the future

use.

Investment property is originally measured at cost (including transaction cost) and subsequently measured at the cost less accumulated depreciation and accumulated impairment losses. Buildings and auxiliary equipment are depreciated on a straight-line basis.

Investment property under construction is recognized at the cost less accumulated impairment losses. The cost includes professional service expenses and the cost of loans eligible for capitalization. Such assets begin to be depreciated when they reach the state of the intended use.

When it is expected that investment property cannot generate future economic benefits from disposal or permanent termination, it will be derecognized. When derecognizing investment property, the difference between the net disposal proceeds and the asset's carrying amount is recognized in loss or profit.

#### 10. Intangible asset

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. The Group performs amortization on a straight-line basis. It conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods. The effects of changes in accounting estimates are applied prospectively. Except that the Group expects to dispose of an intangible asset before the expiry of its useful life, the residual value of the intangible asset with a limited useful life is estimated to be zero.

When it is expected that intangible assets cannot generate future economic benefits from the use or disposal, they will be derecognized. When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount in the asset is recognized in loss or profit.

#### 11. Impairment of tangible and intangible assets (except goodwill)

The Group assesses whether there are any signs that tangible and intangible assets (except goodwill) may have been impaired at each balance sheet date. If there are any signs of impairment, the Company estimates the recoverable amount in the asset. If it is impossible to estimate the recoverable amount in an individual asset, the Group estimates the recoverable amount in

the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value less the cost of disposal or its value in use, whichever is higher. If the recoverable amount in an individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount will be reduced to the recoverable amount and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount in the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or cash-generating unit that was not impaired in the previous years. The reversed impairment loss is recognized in profit or loss.

## 12. Leases

### (1) The Group as lessor

The leases of low-value underlying assets and short-term lease options are recognized on a straight-line basis as expenses.

### (2) The Group as lessee

When almost all the risks and rewards attached to the ownership of the asset are transferred to the lessee in a lease clause, it is classified as a financial lease. All other leases are classified as operating leases.

Lease income from operating leases is recognized as income during the lease period on a straight-line basis. The initial direct costs incurred from negotiating and arranging operating leases are added to the underlying asset's carrying amount and recognized as expenses during the lease period on a straight-line basis.

## 13. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction, or production of a qualified asset (that is, an asset that must reach the intended use or sale status after a considerable period of time) is a part of the cost of the asset until almost all necessary have been completed when the asset reaches the intended use or sale status.

Specific borrowings, such as investment income earned via temporary

investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized in profit or loss.

#### 14. Post-employment benefits

For pension under the defined contribution plan, the amount in pension contribution is recognized as expenses during the employee's service period.

The cost of defined benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) is calculated based on the projected unit credit method. The service cost (including service cost of the current period, service cost of previous periods, and gain or loss on settlement) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refund from the plan or reductions in future contributions.

#### 15. Income recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts. It recognizes them in income upon satisfaction of performance obligations.

##### (1) Income from sales of goods

The income from sales of goods is recognized in income and trade receivable when the control of the ownership of a product has been transferred; advance receipts before the transfer of the product have not been completed are recognized in contract liabilities.

##### (2) Income from labor services

Income from labor services is recognized when labor services are provided.

#### 16. Income tax

The income tax expense represents the sum of the tax currently payable

and deferred tax.

(1) Tax currently payable

The surtax of income tax on undistributed earnings calculated in accordance with the provisions of the Income Tax Act is recognized in expenses based on the resolution of the shareholders' meeting for the year.

The adjustment to income tax payable for previous years is recognized in income tax in the current period.

(2) Deferred tax

Deferred income tax is calculated and recognized based on the temporary difference between the carrying amount in assets and liabilities in the consolidated financial statements and the tax basis of taxable income calculation. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when there are likely to be taxable income, against which the deductible temporary differences, losses, and loss credits can be utilized.

Taxable temporary differences related to investment in subsidiaries and affiliated enterprises are recognized in deferred income tax liabilities, except when the Group can control the timing of the reversal of the temporary differences. The temporary differences are likely to be not be reversed in the foreseeable future. The deferred income tax assets arising from deductible temporary differences related to such investments and equity will only be recognized when they are likely to generate sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The carrying amount in deferred income tax assets is reviewed at each balance sheet date. The carrying amount in those that are no longer likely to generate sufficient taxable income to recover all or part of their assets will be reduced. For those that have not been recognized in deferred income tax assets, they are also reviewed at each balance sheet date. If they are likely to generate taxable income in the future to recover all or part of their assets, the carrying amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the current period in which asset realization or liability settlement is expected to occur. The tax rate is based on the tax rate and tax law that

has been legislated or substantively legislated as of the balance sheet date. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from how an enterprise expects to recover or settle the carrying amount in its assets and liabilities at the balance sheet date.

(3) Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss; however, the current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity are recognized in other comprehensive income or directly in equity, respectively.

(V) Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

In applying the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not accessible from other sources. The judgments, estimations, and assumptions shall be based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The management will continue to review the estimates and basic assumptions. If the estimate's adjustment only affects the current period, it is recognized in the current period. If the accounting estimate's adjustment affects both the current period and future periods, it is recognized in the current period and future periods.

Tangible asset impairment assessment

In the process of asset impairment assessment, the Group must estimate the recoverable amount in the asset. Any changes in economic position or changes brought about by the Company's strategy may cause material impairment in the future.

(VI) Summary of Significant Accounting Items

1. Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash on hand	\$ 300	\$ 282
Check and demand (current) deposit	63,219	170,717
Cash equivalents (bank time deposits with original maturity of less than 3 months)	123,205	4,394
Total	\$ 186,724	\$ 175,393

As of December 31, 2023, bank time deposits with an original contract period of more than 3 months are for NT\$35,478 thousand and classified as financial assets at amortized cost.

2. Financial Assets at FVTPL

Financial Assets Mandatorily at FVTPL	December 31, 2023	December 31, 2022
Fuh Hwa Money Market	\$ 1,053	\$ 786

3. Financial Assets at FVTOCI

Item	December 31, 2023	December 31, 2022
Investment in equity instruments - current		
Domestic investment		
Domestic listed stocks	\$ 2,109,953	\$ 3,058,871
Investment in equity instruments - non-current		
Domestic investment		
Domestic unlisted stocks	7,360	7,441
Total	\$ 2,117,313	\$ 3,066,312

As of the balance sheet date, none of the financial assets at FVTOCI has been provided as a guarantee for borrowings.

4. Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Time deposit	\$ 35,478	-

5. Notes and accounts receivable - net

Item	December 31, 2023	December 31, 2022
Note receivable	\$ 273	\$ 336
Trade receivable	\$ 52,662	\$ 52,695

In principle, the Group's credit period for trade receivable is 30 days after the invoice date or OA 30–90 days. The Group estimates the irrecoverable amount in trade receivable at the balance sheet date in accordance with the expected credit loss provision policy to ensure that appropriate loss allowance for the irrecoverable receivables has been provided. The Group recognizes the loss allowance for trade receivable based on the lifetime expected credit losses. The expected credit losses on trade receivables are estimated regarding the debtor's past default experience and by analyzing the debtor's current financial position, the general economic conditions of the industry in which the debtor operates, and the prospect of said industry.

None of the Group's notes receivable is overdue.

Aging analysis of trade receivable

	December 31, 2023		December 31, 2022	
	Total	Impairment	Total	Impairment
Not Past Due	\$ 52,501	\$ -	\$ 51,283	\$ -
Past Due	161	-	1,412	-
	<u>\$ 52,662</u>	<u>\$ -</u>	<u>\$ 52,695</u>	<u>\$ -</u>

The above is an aging analysis based on the number of overdue days.

6. Inventories

Item	December 31, 2023	December 31, 2022
Merchandise	\$ 14,680	\$ 12,223
Raw materials	1,178	1,484
Net balance of inventory	<u>\$ 15,858</u>	<u>\$ 13,707</u>

The operating costs in relation to inventories in 2023 and 2022 were NT\$52,236 thousand and NT\$56,778 thousand, respectively. The Group suffered a loss on inventory price of NT\$772 thousand in 2023, which is added to the cost of goods. In 2022, the Group sold inventories with valuation losses, and it resulted in gains on inventory price of NT\$1,072 thousand, which was credited/debited to the operating cost.

None of the inventories has been provided as a guarantee for loans as of the balance sheet date above.

7. Prepayments

Item	December 31, 2023	December 31, 2022
Prepayments and payments to suppliers	\$ 3,761	\$ 8,689
Office supplies	4,547	4,541
Offset against value-added tax payable	34,197	18,982
Total	<u>\$ 42,505</u>	<u>\$ 32,212</u>

8. Property, Plant and Equipment

Item	December 31, 2023	December 31, 2022
Land	\$ 1,180,723	\$ 1,403,183
Buildings	25,835	30,308
Equipment	2,609	3,024
Transport Equipment	989	1,337
Other Equipment	1,932	2,384
Unfinished Construction Project	505,641	195,239
Total net amount	<u>\$ 1,717,729</u>	<u>\$ 1,635,475</u>

Cost	Land	Buildings	Equipment	Transport Equipment	Other Equipment	Unfinished Construction Project	Total
Balance as of January 1, 2023	\$ 1,403,183	\$ 117,985	\$ 17,944	\$ 4,683	\$ 23,808	\$ 195,239	\$ 1,762,842
Additions	-	574	-	-	612	310,402	311,588
Transferred from investment property	(222,460)	-	-	-	-	-	(222,460)
Internal transfer	-	-	-	-	-	-	-
Balance as of December 31, 2023	<u>\$ 1,180,723</u>	<u>\$ 118,559</u>	<u>\$ 17,944</u>	<u>\$ 4,683</u>	<u>\$ 24,420</u>	<u>\$ 505,641</u>	<u>\$ 1,851,970</u>

Accumulated depreciation and impairment	Land	Buildings	Equipment	Transport Equipment	Other Equipment	Unfinished Construction Project	Total
Balance as of January 1, 2023	\$ -	\$ 87,677	\$ 14,920	\$ 3,346	\$ 21,424	\$ -	127,367
Depreciation expense	-	5,047	415	348	1,064	-	6,874
Disposal	-	-	-	-	-	-	-
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 92,724</u>	<u>\$ 15,335</u>	<u>\$ 3,694</u>	<u>\$ 22,488</u>	<u>\$ -</u>	<u>\$ 134,241</u>
Net amount as of December 31, 2023	<u>\$ 1,180,723</u>	<u>\$ 25,835</u>	<u>\$ 2,609</u>	<u>\$ 989</u>	<u>\$ 1,932</u>	<u>\$ 505,641</u>	<u>\$ 1,717,729</u>

Cost	Land	Buildings	Equipment	Transport Equipment	Other Equipment	Unfinished Construction Project	Total
Balance as of January 1, 2022	\$ 1,252,071	\$ 108,038	\$ 17,944	\$ 4,683	\$ 23,281	\$ 26,197	\$ 1,432,214
Additions	-	1,282	-	-	527	176,473	178,282
Disposal	-	(3,698)	-	-	-	-	(3,698)
Transferred from investment property	151,112	-	-	-	-	4,932	156,044
Internal transfer	-	12,363	-	-	-	(12,363)	-
Balance as of December 31, 2022	<u>\$ 1,403,183</u>	<u>\$ 117,985</u>	<u>\$ 17,944</u>	<u>\$ 4,683</u>	<u>\$ 23,808</u>	<u>\$ 195,239</u>	<u>\$ 1,762,842</u>
Accumulated depreciation and impairment							
Balance as of January 1, 2022	\$ -	\$ 86,306	\$ 14,494	\$ 2,997	\$ 20,207	\$ -	124,004
Depreciation expense	-	4,739	426	349	1,217	-	6,731
Disposal	-	(3,368)	-	-	-	-	(3,368)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 87,677</u>	<u>\$ 14,920</u>	<u>\$ 3,346</u>	<u>\$ 21,424</u>	<u>\$ -</u>	<u>\$ 127,367</u>
Net amount as of December 31, 2022	<u>\$ 1,403,183</u>	<u>\$ 30,308</u>	<u>\$ 3,024</u>	<u>\$ 1,337</u>	<u>\$ 2,384</u>	<u>\$ 195,239</u>	<u>\$ 1,635,475</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives:

Buildings	2–55 years
Equipment	1-15 years
Transport Equipment	5–6 years
Other Equipment	1-15 years

As of the balance sheet date above, for the property, plant and equipment the Group had provided as a guarantee for short-term borrowings, please refer to Note (VIII) for details.

The capitalized interest of the Group in 2023 and 2022 was NT\$4,429 thousand and NT\$1,073 thousand, respectively, and the capitalized interest rates were 2.14%~2.29% and 1.25%~2.255%, respectively.

#### 9. Investment Property

Item	December 31, 2023	December 31, 2022
Land	\$ 4,329,367	\$ 4,106,907
Land improvements	3,001	2,224
Building	25,072	30,638
Investment property under construction	121,908	120,695
Total net amount	\$ 4,479,348	\$ 4,260,464

Cost	Land	Land improvements	Building	Investment property under construction	Total
Balance as of January 1, 2023	\$ 4,106,907	\$ 2,653	\$ 461,841	\$ 120,695	\$ 4,692,096
Additions	-	226	-	2,356	2,582
Disposal	-	-	(910)	-	(910)
Transfer from Property, Plant and Equipment	222,460	-	-	-	222,460
Internal transfer	-	1,143	-	(1,143)	-
Balance as of December 31, 2023	<u>\$ 4,329,367</u>	<u>\$ 4,022</u>	<u>\$ 460,931</u>	<u>\$ 121,908</u>	<u>\$ 4,916,228</u>
Accumulated depreciation and impairment					
Balance as of January 1, 2023	\$ -	\$ 429	\$ 431,203	\$ -	\$ 431,632
Depreciation expense	-	592	5,501	-	6,093
Disposal	-	-	(845)	-	(845)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,021</u>	<u>\$ 435,859</u>	<u>\$ -</u>	<u>\$ 436,880</u>
Net amount as of December 31, 2023	<u>\$ 4,329,367</u>	<u>\$ 3,001</u>	<u>\$ 25,072</u>	<u>\$ 121,908</u>	<u>\$ 4,479,348</u>
Cost	Land	Land improvements	Building	Investment property under construction	Total
Balance as of January 1, 2022	\$ 4,239,698	\$ 701	\$ 480,228	\$ 119,664	\$ 4,840,291
Additions	18,321	1,952	-	5,963	26,236
Disposal	-	-	(18,387)	-	(18,387)
Transfer to investment property	(151,112)	-	-	(4,932)	(156,044)
Balance as of December 31, 2022	<u>\$ 4,106,907</u>	<u>\$ 2,653</u>	<u>\$ 461,841</u>	<u>\$ 120,695</u>	<u>\$ 4,692,096</u>
Accumulated depreciation and impairment					
Balance as of January 1, 2022	\$ -	\$ 58	\$ 440,481	\$ -	\$ 440,539
Depreciation expense	-	371	6,212	-	6,583
Disposal	-	-	(15,490)	-	(15,490)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 429</u>	<u>\$ 431,203</u>	<u>\$ -</u>	<u>\$ 431,632</u>
Net amount as of December 31, 2022	<u>\$ 4,106,907</u>	<u>\$ 2,224</u>	<u>\$ 30,638</u>	<u>\$ 120,695</u>	<u>\$ 4,260,464</u>

The Group's depreciable investment property is depreciated on a straight-line basis according to the estimated useful life of 1 to 45 years.

As of the balance sheet date above, for the investment property the Group had provided as a guarantee for long/short-term borrowings, please refer to Note (VIII) for details.

The fair value of the Group's investment property as of December 31, 2023 and 2022 was NT\$32,980,094 thousand and NT\$31,407,919 thousand, respectively. The fair value was measured by an independent appraiser by using the third-level inputs and evaluated via the comparative method land development analysis method.

As of the balance sheet date above, the carrying amount in the land located in the Shanhai section and Yongan section of the Xinwu District, Taoyuan City, was NT\$23,168 thousand. The land is registered as agricultural land and ownership registration cannot be handled in the Company's name due to legal restrictions. The ownership of the land is temporarily registered under the name of a third party, who has signed a trust registration contract with the Company. The contract clearly defines both parties' rights and obligations and the ownership will be transferred to the Company after the change of the nature of the land is completed.

#### 10. Intangible asset

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computer software	\$ 4,463	\$ 5,952
Trademark	829	914
Total net amount	<u>\$ 5,292</u>	<u>\$ 6,866</u>

Cost	Computer software	Trademark	Total
Balance as of January 1, 2023	\$ 14,994	\$ 1,701	\$ 16,695
Additions	-	-	-
Balance as of December 31, 2023	\$ 14,994	\$ 1,701	\$ 16,695
<u>Accumulated amortization</u>			
Balance as of January 1, 2023	\$ 9,042	\$ 787	\$ 9,829
Amortization expense	1,489	85	1,574
Balance as of December 31, 2023	\$ 10,531	\$ 872	\$ 11,403
Net amount as of December 31, 2023	\$ 4,463	\$ 829	\$ 5,292

Cost	Computer software	Trademark	Total
Balance as of January 1, 2022	\$ 14,779	\$ 1,701	\$ 16,480
Additions	215	-	215
Balance as of December 31, 2022	\$ 14,994	\$ 1,701	\$ 16,695
<u>Accumulated amortization</u>			
Balance as of January 1, 2022	\$ 7,583	\$ 702	\$ 8,285
Amortization expense	1,459	85	1,544
Balance as of December 31, 2022	\$ 9,042	\$ 787	\$ 9,829
Net amount as of December 31, 2022	\$ 5,952	\$ 914	\$ 6,866

The above-mentioned intangible assets with limited useful life are amortized on a straight-line basis based on the useful life as follows:

Computer software	1–10 years
Trademark	20 years

#### 11. Other assets

Item	December 31, 2023	December 31, 2022
Restricted bank deposits - consideration trust account	\$ 41,783	\$ 37,360
Additional cost for acquisition of	10,100	10,100
Others	243	126
Total	\$ 52,126	\$ 47,586
Current	\$ 243	\$ 126
Non-current	51,883	47,460
Total	\$ 52,126	\$ 47,586

## 12. Short-term borrowings

<u>Lending Banks</u>	<u>Financing</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank of Taiwan	Secured borrowings	\$ 1,405,000	\$ 1,808,000
Hua Nan Commercial Bank	Secured borrowings	295,000	-
Hua Nan Commercial Bank	Credit loans	5,000	-
Jihsun Bank	Credit loans	-	218,000
Chang Hwa Commercial Bank, Ltd.	Credit loans	200,000	163,000
Shin Kong Commercial Bank Co., Ltd.	Credit loans	-	-
Mega International Commercial Bank	Secured borrowings	-	118,000
Mega International Commercial Bank	Credit loans	-	32,000
Taipei Star Bank	Credit loans	100,000	-
Entie Commercial Bank	Credit loans	150,000	-
First Commercial Bank	Credit loans	100,000	-
		<u>\$ 2,255,000</u>	<u>\$ 2,339,000</u>
Interest rate per annum		1.71%~1.80%	1.583%~2.025%

## 13. Short-term bills payable

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term bills payable - face value	\$ 118,000	\$ -
Less: Discounts	(6)	-
Short-term bills payable - net	<u>\$ 117,994</u>	<u>\$ -</u>
Interest rate per annum	1.838%	—

#### 14. Long-term borrowings

Lending Banks	Financing	December 31, 2023	December 31, 2022
First Commercial Bank	Secured borrowings	\$ 291,350	\$ 105,607
	Interest rate per annum	2.38%	2.255%

#### 15. Post-employment benefit plans

##### (1) Defined contribution plans

The pension system of the Labor Pension Act applicable to the Company and Sunshine Shihlin Development Co., Ltd. is a defined contribution plan managed by the government. An amount in 6% of each employee's monthly salary is allocated to the employee's individual account of the Bureau of Labor Insurance. Please Note (VI).21 for the pension expenses recognized by the Group in accordance with the defined contribution plan.

##### (2) Defined benefit plan

The pension system of the Labor Pension Act applicable to the Company is a defined benefit plan managed by the government. The payment of employee pension is calculated based on the length of service and the average salary of the 6 months prior to the retirement approval. The Company contributes 2% of each employee's total monthly salary for their retirement pensions, which will be deposited into the special account of Bank of Taiwan by the Supervisory Committee of Business Entities' Labor Retirement Reserve in its own name. Where the estimated balance of the special account before the end of the year is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be compensated before the end of March of the following year. The special account is managed by the Bureau of Labor Funds, Ministry of Labor and the Company has no right to influence its investment management strategy.

The amount in the defined benefit plan is listed as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 2,078	\$ 1,968
Fair value of plan assets	<u>(2,845)</u>	<u>(2,751)</u>
Net defined benefit assets	<u>\$ (767)</u>	<u>\$ (783)</u>

Changes in the present value of the defined benefit obligations are listed as follows:

	2023	2022
Present value of the defined benefit obligations at the beginning of the year	\$ 1,968	\$ 2,064
Service cost	-	-
Interest expense	28	15
Remeasurement		
Actuarial losses - experience adjustments	46	54
Actuarial gains (losses) - changes in financial assumptions	<u>36</u>	<u>(165)</u>
Present value of the defined benefit obligations at year-end	<u>\$ 2,078</u>	<u>\$ 1,968</u>

The changes in the fair value of the plan assets are listed as follows:

	2023	2022
Fair value of plan assets, at the beginning of the year	\$ 2,751	\$ 2,506
Interest income	39	18
Remeasurement		
Return on plan asset (except for the amount that includes net interest)	20	192
Employer's contribution	<u>35</u>	<u>35</u>
Fair value of plan assets at year-end	<u>\$ 2,845</u>	<u>\$ 2,751</u>

The information on the use of labor pension funds includes return on the funds and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds.

The profit (loss) recognized in the defined benefit plan is listed as follows:

	<u>2023</u>	<u>2022</u>
Service cost	\$ -	\$ -
Net interest	<u>(11)</u>	<u>(3)</u>
Total	<u>\$ (11)</u>	<u>\$ (3)</u>

The Company is exposed to the following risks due to the pension system of the Labor Standards Act:

- ① Investment risk: The Bureau of Labor Funds invests the labor pension fund in domestic and foreign equity and debt securities and bank deposits on its own and via commissioned operations. However, the profit received by the Group for the plan assets is calculated based on the interest rate not lower than the local bank's 2-year fixed deposit rate.
- ② Interest rate risk: A decrease in government bonds' interest rates will increase the present value of defined benefit obligations and increase the return on investment in debts through the plan assets. The two items partially offset each other in respect of their impact on the defined benefit liabilities.
- ③ Salary risk: The present value of defined benefit obligations is calculated based on the future salaries of members in the plan. Therefore, an increase in the salaries of the members in the plan will increase the present value of defined benefit obligations.

Certified actuaries calculate the present value of the Company's defined benefit obligations and the critical assumptions on the measurement date are as follows:

	<u>Measurement date</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25%	1.40%
Expected increase rate of salaries	1.00%	1.00%

Sensitivity analysis of critical actuarial assumptions:

	Changes in the defined benefit obligations	
	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	(2.86%)	(3.01%)
Decrease by 0.25%	2.97%	3.13%
Expected increase rate of salaries		
Increase by 0.25%	2.97%	3.13%
Decrease by 0.25%	(2.88%)	(3.03%)

The Company expects to contribute NT\$35 thousand to the defined benefit plan within one year after December 31, 2023.

The average maturity period of the definite benefit obligations as of December 31, 2023 and 2022 was 11 and 12 years, respectively. The undiscounted pension benefit payment maturity analysis is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 54
2024	56	53
2025	56	52
2026	55	51
2027	53	50
2028 onward	2,190	2,086
	<u>\$ 2,410</u>	<u>\$ 2,346</u>

16. Equity

(1) Share capital of ordinary shares

	December 31, 2023	December 31, 2022
Authorized capital	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>
Issued capital	<u>\$ 2,600,391</u>	<u>\$ 2,600,391</u>

Each share's par value is NT\$10, and each share is entitled to one voting right and the right to receive dividends.

(2) Retained earnings and dividends policy

① Dividends policy in the Articles of Incorporation

The Company's annual net income after tax shall be paid in accordance with the law to make up for the losses from previous years, then appropriate 10% for the legal reserve, and 10% of the remaining for dividends. If there is still a surplus, it shall be resolved by the

shareholders' meeting for the distribution of shareholders' dividends.

In addition, according to the Company's dividends policy, the distribution of earnings may be conducted in cash and stock dividends. However, due to the changeable industrial environment of the Company, and it is at a tough stage of development, the Company considers the overall industrial environment and manages to achieve stable development and sustainable operation in line with the long-term financial planning and future capital needs; thus, only after the required funds are financed by means of retained earnings or issuance of stock dividends, the remaining earnings will be distributed by means of cash dividends.

②The legal reserve shall be replenished until its balance reaches the total registered capital of the Company. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to the capital or distributed in cash.

③The Company appropriate funds to and reverses the special reserve in accordance with the requirements of the letters Jin-Guan-Zheng-Fa-Zi No. 1010012865 and Jin-Guan-Zheng-Fa-Zi No. 1010047490 as well as the "Questions and Answers for Special reserve Appropriated Following Adoption of IFRSs." When a deduction in the balance of other shareholders' equity is reversed after that, the earnings may be distributed to the portion reversed.

#### 17. Operating revenue

	2023	2022
Income from sales of goods	\$ 64,053	\$ 78,113
Rental income	75,450	69,225
Guest room income	31,602	17,720
Total	<u>\$ 171,105</u>	<u>\$ 165,058</u>

#### 18. Other income

	2023	2022
Interest income	\$ 1,956	\$ 146
Dividend income	190,282	347,383
Other income	1,392	5,016
Total	<u>\$ 193,630</u>	<u>\$ 352,545</u>

19. Other gains and losses

	<u>2023</u>	<u>2022</u>
Net exchange gain (loss)	\$ (1,626)	\$ 765
Gain on financial assets at FVTPL	257	11
Net loss from the disposal of property, plant, equipment and investment property	(160)	(9,894)
Other losses	-	(604)
Total	<u>\$ (1,529)</u>	<u>\$ (9,722)</u>

20. Financial costs

	<u>2023</u>	<u>2022</u>
Interest expense		
Bank borrowings	\$ 39,687	\$ 24,487
Commercial paper	1,210	3,224
Imputed interest on deposit	196	108
Total	<u>\$ 41,093</u>	<u>\$ 27,819</u>

21. Additional information on the nature of expenses

Net income includes the following items:

	<u>2023</u>	<u>2022</u>
Depreciation and amortization expense		
Depreciation of property, plant and equipment	\$ 6,874	\$ 6,731
Depreciation of investment property	6,093	6,583
Amortization of intangible assets	1,574	1,544
Total	<u>\$ 14,541</u>	<u>\$ 14,858</u>

	<u>2023</u>	<u>2022</u>
Direct operating expenses of investment property		
Direct operating expenses of investment property that generates rental income	\$ 15,410	\$ 15,789
Direct operating expenses of investment property that does not generate rental income	<u>11,437</u>	<u>37,874</u>
Total	<u>\$ 26,847</u>	<u>\$ 53,663</u>
R&D expenditures expensed when incurred	<u>\$ 4,340</u>	<u>\$ 4,529</u>
Employee benefits expense		
Post-employment benefits (Note (VI).15)		
Defined contribution plans	\$ 3,115	\$ 2,977
Defined benefit plan	(11)	(3)
Salaries and bonuses	55,432	53,804
Labor and health insurance expenses	6,972	6,077
Other employee benefit expenses	<u>3,084</u>	<u>3,465</u>
Total	<u>\$ 68,592</u>	<u>\$ 66,320</u>

According to the Articles of Incorporation, if the Company makes profits at the end of a year, it shall allocate 1% for employee compensation. However, if the Company still has accumulated losses, it shall reserve an amount for compensation in advance.

As of December 31, 2023 and 2022, the Company had no earnings available for distribution, so it did not distribute employee compensation. Disclosure of employee compensation and other information is not applicable to the Company.

## 22. Income tax

### (1) Income tax recognized in profit or loss

The adjustment to current accounting income and income tax expenses recognized in profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 86,352</u>	<u>\$ 211,780</u>
Income tax expense at the statutory tax rate (20%) for net income before tax	\$ 17,270	\$ 42,356
Tax effects of adjustments:		
Income from tax cessation and exemption	(38,135)	(70,450)
Effects of non-deductible expenses when determining taxable income	103	264
Temporary difference	346	(704)
Loss carryforwards in the current period	<u>20,416</u>	<u>28,534</u>
Tax currently payable	<u>\$ -</u>	<u>\$ -</u>

(2) Information on loss carryforwards

As of December 31, 2023, the Group's losses have not yet been carried forward and the deadlines are as follows:

<u>Balance</u>	<u>Deadline</u>
\$ 163,339	2024
330,936	2025
105,952	2026
141,882	2027
192,139	2028
148,941	2029
137,795	2030
76,625	2031
112,565	2032
67,369	2033
<u>\$ 1,477,543</u>	

(3) Not recognized as unused loss carryforwards for deferred income tax assets and deductible temporary difference

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards	\$ 1,438,927	\$ 1,511,540
Deductible temporary difference	<u>16,082</u>	<u>14,812</u>
Total	<u>\$ 1,455,009</u>	<u>\$ 1,526,352</u>

#### (4) Income tax assessments

The filings of profit-seeking enterprise income tax by the Company and Sunshine Shihlin Development Co., Ltd. have been assessed by the tax authorities up to 2019 except for 2018. Sunnyfield Shihlin and Shihlin Environment Corporation have been assessed up to 2021.

#### 23. Earnings per Share

	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 0.33</u>	<u>\$ 0.81</u>

The net income and weighted average number of ordinary shares outstanding in calculating basic earnings per share were as follows:

	<u>2023</u>	<u>2022</u>
Net profit attributed to the owners of the parent company (NT\$ thousand)	<u>\$ 86,352</u>	<u>\$ 211,780</u>
Weighted average number of ordinary shares in computation of basic earnings per share (thousand shares)	<u>260,039</u>	<u>260,039</u>

#### 24. Non-cash transaction

	<u>2023</u>	<u>2022</u>
Investing activities for which partial cash payments were made.		
Purchase of property, plant and equipment	\$ 311,588	\$ 178,282
Increase in other payables	<u>(50,145)</u>	<u>(15,601)</u>
Pay cash	<u>\$ 261,443</u>	<u>\$ 162,681</u>
Disposal of investment property		
Increase in other payables	<u>\$ (95)</u>	<u>(6,667)</u>

#### 25. Material lease arrangements

As of December 31, 2023 and 2022, the total amount in lease payments that the Group will receive in the future for the lease of investment property under operating leases is as follows:

Summary	December 31, 2023	December 31, 2022
Less than 1 year	\$ 53,040	\$ 53,213
1-2 years	49,538	51,201
2-3 years	47,580	48,448
3-4 years	31,197	46,934
4-5 years	27,268	31,173
Over 5 years	283,987	311,255
Total	<u>\$ 492,610</u>	<u>\$ 542,224</u>

## 26. Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while planning the required working capital and cash according to the characteristics of the industry and the future development of the Company, as well as the external environmental changes and other factors. In order to maintain or adjust the capital structure, the Company may issue new shares, return cash to shareholders, or redeem the Company's shares.

## 27. Financial instruments

### (1) Information on fair value

① The carrying amount in the Group's financial instruments that are not measured at fair value is a reasonable approximate value to their fair value, or their fair value cannot be reliably measured.

### ② Financial instruments at fair value

The fair value is divided into three levels based on observability:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 fair value refers to the fair value of the inputs for an asset or liability based on unobservable market data (unobservable inputs) measured through valuation techniques.

The fair value levels of the Group's financial instruments at fair value on a repetitive basis are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Open-end bond funds	\$ 1,053	\$ -	\$ -	\$ 1,053
Financial Assets at FVTOCI				
Stocks	2,109,953	-	7,360	2,117,313
Total	<u>\$ 2,111,006</u>	<u>\$ -</u>	<u>\$ 7,360</u>	<u>\$ 2,118,366</u>
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Open-end bond funds	\$ 786	\$ -	\$ -	\$ 786
Financial Assets at FVTOCI				
Stocks	3,058,871	-	7,441	3,066,312
Total	<u>\$ 3,059,657</u>	<u>\$ -</u>	<u>\$ 7,441</u>	<u>\$ 3,067,098</u>

There were no transfers between Levels 1 and 2 in 2023 and 2022.

Reconciliation of Level 3 fair value measurements on financial instruments:

Financial asset	Financial Assets at FVTOCI	
	December 31, 2023	December 31, 2022
Beginning retained earnings	\$ 7,441	\$ 5,116
Purchase of financial assets at FVTOCI	-	2
Unrealized (losses) gains from investments in equity instruments at FVTOCI are recognized.	(81)	2,323
Ending balance	<u>\$ 7,360</u>	<u>\$ 7,441</u>

③Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted equity investment is evaluated by the market approach. The market approach refers to the transaction price and relevant information of the identical underlying target in the market

to estimate the underlying investment target's fair value. The significant unobservable input is a discount based on market liquidity.

(2) Categories of financial instruments

Financial asset	December 31, 2023	December 31, 2022
Financial Assets at FVTPL	\$ 1,053	\$ 786
Financial Assets at FVTOCI	2,117,313	3,066,312
Financial assets at amortized cost (Note)	<u>318,916</u>	<u>271,457</u>
Total	<u>\$ 2,437,282</u>	<u>\$ 3,338,555</u>

  

Financial liability	December 31, 2023	December 31, 2022
At amortized cost		
Short-term borrowings	\$ 2,255,000	\$ 2,339,000
Short-term bills payable	117,994	-
Accounts payable	8,999	10,784
Other payables and other current liabilities	87,481	35,763
Long-term borrowings	291,350	105,607
Guarantee deposits received	<u>13,468</u>	<u>13,882</u>
	<u>\$ 2,774,292</u>	<u>\$ 2,505,036</u>

Note: Including cash and cash equivalents, financial assets at amortized cost, notes, and trade receivables, other receivables, refundable deposits, and restricted bank deposits (recognized under other non-current assets).

(3) Financial risk management objective and policies

The Group's financial risk management aims to manage interest rate risk, credit risk, and liquidity risk related to operating activities. In order to reduce relevant financial risks, the Group is committed to identifying, evaluating, and avoiding market uncertainties to reduce the potential adverse impact of market changes on the Company's financial performance.

The Board of Directors reviews the important financial activities of the Group in accordance with relevant regulations and the internal control system. Internal auditors also continue to review compliance with policies and various limits of risk exposure.

(4) Market risk

The Group is exposed to currency exchange risks, market risks, including changes in interest rates and price changes of equity instruments. The Group does not manage relevant risks with derivative financial instruments.

①Exchange risk

The Company's exchange risk is primarily from time deposits in foreign currencies. The Company refers to the estimated exchange rate development reports of financial companies to estimate the appreciation of the USD to determine the time of sales.

The information on the Group's assets and liabilities denominated in non-functional currencies with significant exposure to exchange rate fluctuations on the balance sheet date and the sensitivity analysis are as follows:

Unit: thousand in each foreign currency/NT\$ thousand  
December 31, 2023

<u>Financial asset</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u> (NTD)	<u>Sensitivity analysis</u>		
				<u>Range of change</u>	<u>Impact on profit and loss</u>	<u>Impact on equity</u>
<u>Monetary item</u> USD	2,165	30.705	66,467	±10%	±6,647	±6,647

The sensitivity analysis includes only monetary items denominated in foreign currencies in circulation on the balance sheet date, and the year-end translation is adjusted based on a 10% change in exchange rates.

As of December 31, 2022, the foreign currency financial assets and liabilities held by the Group were not significant; therefore, there is no significant exchange rate risk expected.

②Interest rate risk

The Group's interest rate risk arises from long-term and short-term borrowings with floating interest rates. The Group maintains an appropriate fixed and floating rate for the portfolio and also negotiates interest rates with correspondent banks irregularly in order to manage interest rate risk. Accordingly, no derivative financial instruments are used to manage the interest rate risk.

The sensitivity analysis of interest rate risk is based on the assumption that the amount of liabilities outstanding at the balance sheet date is outstanding throughout the reporting period. If the interest

rate increases/decreases by 0.25% and all other variables remain unchanged, the Group's net loss for 2023 and 2022 will increase/decrease by NT\$6,661 thousand and NT\$6,112 thousand, respectively.

### ③Other price risks

The Group is exposed to price risks due to investment in equity securities. Said investment is not held for trading but is a strategic investment. The Group has not actively engaged in such investment. In order to manage the price risk arising from equity securities investment, all major equity instrument investments must be approved by the Company's Board of Directors.

If the equity price increases/decreases by 5%, the Group's other comprehensive income for 2023 and 2022 will increase/decrease by NT\$105,866 thousand and NT\$153,316 thousand due to changes in the fair value of financial assets at FVTOCI.

## (5) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk mainly arises from receivables from operating activities, bank deposits from investing activities, fixed-income investments, and other financial instruments. Operation-related credit risks and financial credit risks are managed separately.

As of the balance sheet date, the maximum amount of credit risk exposure that may cause financial losses to the Group due to the counterparty's failure to perform its obligations is the carrying amount in the financial assets recognized on the consolidated balance sheets.

### ①Credit risk related to operations

In order to maintain the quality of trade receivable, the Group has established operations-related credit risk management procedures and continuously evaluates the recovery of trade and notes receivable to avoid credit risk.

As of December 31, 2023 and 2022, the top three customers accounted for 77.69% and 77.31% of the Group's balance of trade receivables.

### ②Financial credit risk

The credit risk arising from bank deposits, fixed-income investments, and other financial instruments is measured and monitored by the financial department. As the Group's transaction and contract counterparties are creditworthy banks and financial institutions with stable ratings, there are no material concerns about default, so there is no material credit risk.

(6) Liquidity risk management

The Group manages and maintains sufficient cash and cash equivalents to support its operations and reduce the impact of cash flow fluctuations. The Group's management monitors the drawdown of banks' financing facilities and ensures compliance with the terms of the borrowing contracts.

Bank loans are an essential source of liquidity for the Group. As of December 31, 2023 and 2022, the Group's undrawn financing facilities of bank loans and bills companies were NT\$2,910,650 thousand and NT\$3,470,393 thousand, respectively.

The contract maturity analysis of the non-derivative financial liabilities is conducted based on the earliest date. The Group may be required to repay, and the undiscounted cash flow of financial liabilities.

	December 31, 2023				Total
	Less than 30 days	31-60 days	61-90 days	Over 90 days	
Non-derivative financial liabilities					
Short-term borrowings	\$ 150,000	\$ -	\$ 2,105,000	\$ -	\$ 2,255,000
Short-term bills payable	117,994	-	-	-	117,994
Accounts payable	5,518	3,464	4	13	8,999
Other payables	25,354	10,236	220	50,937	86,747
Other current liabilities	573	161	-	-	734
Long-term borrowings	-	-	-	291,350	291,350
Guarantee deposits received	-	-	-	13,468	13,468
	<u>\$ 299,439</u>	<u>\$ 13,861</u>	<u>\$ 2,105,224</u>	<u>\$ 355,768</u>	<u>\$ 2,774,292</u>

		December 31, 2022				
		Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
Non-derivative financial liabilities						
Short-term borrowings	\$	-	\$ 173,000	\$ 208,000	\$ 1,958,000	\$ 2,339,000
Accounts payable		7,459	3,004	12	309	10,784
Other payables		11,743	1,527	48	22,137	35,455
Other current liabilities		140	168	-	-	308
Long-term borrowings		-	-	-	105,607	105,607
Guarantee deposits received		-	-	-	13,882	13,882
		<u>\$ 19,342</u>	<u>\$ 177,699</u>	<u>\$ 208,060</u>	<u>\$ 2,099,935</u>	<u>\$ 2,505,036</u>

(VII) Related party transaction

1. Name and relationship

Related Party Name	Relationship with the Group
AP EZ GO Digital Information Co., Ltd.	Substantive related party
Shanghai Yixing International Trade Co., Ltd.	Substantive related party
Ta Shing Securities Co., Ltd.	Substantive related party
Zhi Yi Investment Co., Ltd.	Substantive related party
Asia Pacific Logistics International Co., Ltd.	Substantive related party
AP Tour Co., Ltd.	Substantive related party
Taiwan Evervaliant Corp.	Substantive related party
Taian Insurance Co, Ltd.	Substantive related party
Tian He Foundation	Substantive related party
New Taipei City Jin Li Social Welfare and Charity Foundation	Substantive related party
Wan Hai Charitable Foundation	Substantive related party
New Sincere Transportation Corp.	Substantive related party
Wan Hai Lines Ltd.	Substantive related party
Dao Qi Co., Ltd.	Substantive related party

Related Party Name	Relationship with the Group
Shi Feng Investment Co., Ltd.	Substantive related party
Yi Da Investment Co., Ltd.	Substantive related party
BAO Sheng Shipping Agency Co., Ltd.	Substantive related party
Dao Pu Co., Ltd.	Substantive related party
Yabo Oil Enterprise Co., Ltd.	Substantive related party
New Safety Transportation Corp.	Substantive related party
Tianhe Investment Co., Ltd.	Substantive related party
Dao Kuan Co.,Ltd.	Substantive related party
Tian He Culture and Art Foundation	Substantive related party
Feng Tan Pai Lou Co.,Ltd.	Substantive related party
Asia-Pacific Charitable Foundation	Substantive related party
Yeong Yi Asia Corp.	Substantive related party

2. All transactions, account balances, income and expenses between the Group and its subsidiaries are written off completely upon consolidation; therefore, they are not disclosed in this Note. The transactions between the Group and other related parties are as follows:

(1) Business transaction

	2023				
	<u>Operating revenue</u>	<u>Cost of rental sales</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research expenses</u>
Other related parties	\$ 15,185	\$ 68	\$ 393	\$ 475	\$ 57
	2022				
	<u>Operating revenue</u>	<u>Cost of rental sales</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research expenses</u>
Other related parties	\$ 22,999	\$ 66	\$ 189	\$ 454	\$ 2

	December 31, 2023				
	Trade receivable	Prepayments	Refundable deposits	Contract liability	Other payables
Other related parties	\$ 643	\$ 62	\$ 34	\$ 169	\$ 6

	December 31, 2022				
	Trade receivable	Prepayments	Refundable deposits	Contract liability	Other payables
Other related parties	\$ 1,045	\$ 65	\$ 6	\$ 52	\$ 18

For transactions between the Group and related parties, the transaction price and terms of receipt and payment are not significantly different from those with non-related parties. Rental expense is determined by market conditions and is paid monthly.

(2) The agricultural land is temporarily registered under the name of a related party, and its protection measures are detailed in Note (VI).9.

(3) Remuneration to key management personnel

	2023		2022	
Short-term benefits	\$	2,617	\$	2,633
Post-employment benefits		101		101
	\$	<u>2,718</u>	\$	<u>2,734</u>

The remuneration to key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

#### (VIII) Assets pledged

The Group has pledged the following assets for long/short-term borrowings, and the details of their carrying amounts are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment:		
Land	\$ 1,050,861	\$ 1,202,691
Buildings	<u>1,164</u>	<u>1,049</u>
	<u>1,052,025</u>	<u>1,203,740</u>
Investment property:		
Land	1,920,834	1,920,117
Building	<u>19,944</u>	<u>23,395</u>
	<u>1,940,778</u>	<u>1,943,512</u>
Total	<u>\$ 2,992,803</u>	<u>\$ 3,147,252</u>

(IX) Significant Contingent Liabilities and Unrecognized Commitments

- 1.As of December 31, 2023 and 2022, the amount in guaranteed notes issued by the Group for bank borrowings was NT\$2,040,000 thousand and NT\$2,200,000 thousand, respectively.
- 2.For the information on endorsement/ guarantee provided by the Group for others, please refer to Table 2.
- 3.As of December 31, 2023, for the outsourcing construction contracts signed by the Group, the contract total amount was NT\$964,254 thousand, among which the construction amount already paid was NT\$424,941 thousand.

(X) Material disaster losses: None.

(XI) Material events after the balance sheet date: None.

(XII) Others: None.

(XIII) Additional Disclosures

- 1.The Group's significant transactions
  - (1) Financing provided to others: See Table 1.
  - (2) Endorsements/ guarantees provided. See Table 2.
  - (3) Marketable securities held at year-end (excluding investment in subsidiaries, associates, and joint venture equity): See Table 3.
  - (4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
  - (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - (6) Disposal of individual real estate at costs of at least NT\$300 million or 20%

of the paid-in capital: None.

- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Others: Significant transactions between the parent company and its subsidiaries, as well as between subsidiaries: See Table 4.

2. Information on investees: See Table 5.

3. Information on investments in mainland China: None.

4. Information on major shareholders: Refer to Table 6.

#### (XIV) Segments Information

Information reported to the chief operating decision-maker for resource allocation, and segment performance evaluation focuses on the types of goods or services delivered or provided. The Group's segments to be reported include the Consumer Goods Department and the Real Estate Development Department. The Consumer Goods Department is responsible for the sales of wet wipes and facial masks and leasing real estate. The Real Estate Development Department is in charge of developing, leasing, and urban renewal and reconstruction of residential property and buildings.

1. Information on the income and operating results of the Group's segments are as follows:

	Consumer Goods Department	Real Estate Development Department	Internal write-off	Total
<u>2023</u>				
Income from external customers	\$ 112,933	\$ 58,172	\$ -	\$ 171,105
Inter-segment income	19	39	(58)	-
Total income	<u>\$ 112,952</u>	<u>\$ 58,211</u>	<u>\$ (58)</u>	<u>\$ 171,105</u>
	Consumer Goods Department	Real Estate Development Department	Internal write-off	Total
<u>2023</u>				
Interest income	<u>\$ 1,671</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 1,956</u>
Interest expense	<u>\$ 16,129</u>	<u>\$ 24,964</u>	<u>\$ -</u>	<u>\$ 41,093</u>
Depreciation and amortization	<u>\$ 8,466</u>	<u>\$ 6,075</u>	<u>\$ -</u>	<u>\$ 14,541</u>
Segment profit or loss	<u>\$ 124,987</u>	<u>\$ (38,635)</u>	<u>\$ -</u>	<u>\$ 86,352</u>
Capital expenditure of non-current assets	<u>\$ 2,014</u>	<u>\$ 312,156</u>	<u>\$ -</u>	<u>\$ 314,170</u>
Assets from external entities	\$ 2,596,807	\$ 6,112,317	\$ -	\$ 8,709,124
Inter-segment transactions	29,458	-	(29,458)	-
Segment assets	<u>\$ 2,626,265</u>	<u>\$ 6,112,317</u>	<u>\$ (29,458)</u>	<u>\$ 8,709,124</u>
Liabilities from external entities	<u>\$ 950,339</u>	<u>\$ 3,457,320</u>	<u>\$ -</u>	<u>\$ 4,407,659</u>
	Consumer Goods Department	Real Estate Development Department	Internal write-off	Total
<u>2022</u>				
Income from external customers	\$ 126,982	\$ 38,076	\$ -	\$ 165,058
Inter-segment income	33	-	(33)	-
Total income	<u>\$ 127,015</u>	<u>\$ 38,076</u>	<u>\$ (33)</u>	<u>\$ 165,058</u>
Interest income	<u>\$ 266</u>	<u>\$ 65</u>	<u>\$ (185)</u>	<u>\$ 146</u>
Interest expense	<u>\$ 11,409</u>	<u>\$ 16,595</u>	<u>\$ (185)</u>	<u>\$ 27,819</u>
Depreciation and amortization	<u>\$ 9,020</u>	<u>\$ 5,838</u>	<u>\$ -</u>	<u>\$ 14,858</u>
Segment profit or loss	<u>\$ 294,292</u>	<u>\$ (82,512)</u>	<u>\$ -</u>	<u>\$ 211,780</u>
Capital expenditure of non-current assets	<u>\$ 4,656</u>	<u>\$ 200,077</u>	<u>\$ -</u>	<u>\$ 204,733</u>
Assets from external entities	\$ 3,420,587	\$ 5,877,701	\$ -	\$ 9,298,288
Inter-segment transactions	6,667	-	(6,667)	-
Segment assets	<u>\$ 3,427,254</u>	<u>\$ 5,877,701</u>	<u>\$ (6,667)</u>	<u>\$ 9,298,288</u>
Liabilities from external entities	<u>\$ 979,503</u>	<u>\$ 3,154,611</u>	<u>\$ -</u>	<u>\$ 4,134,114</u>

## 2. Information on segments by location

	<u>2023</u>	<u>2022</u>
Income from external customers		
Region:		
Taiwan	\$ 170,622	\$ 163,093
Europe	66	1,209
Asia	<u>417</u>	<u>756</u>
	<u>\$ 171,105</u>	<u>\$ 165,058</u>

All non-current assets of the Group are located in Taiwan.

## 3. Information on major customers

The income from a single customer that exceeds at least 10% of the Group's operating revenue is listed as follows:

	<u>2023</u>	<u>2022</u>
Customer A from the Consumer Goods Department	<u>\$ 17,966</u>	<u>\$ 17,933</u>

Shihlin Paper Co., Ltd.  
Financing provided to others

2023

Table 1

Expressed in Thousands of New Taiwan Dollars

Serial No.	Lender	Borrower	Business relationship	Whether it is a related party	Maximum balance for the current period	Ending balance	Transaction Amounts	Interest Rate (%)	Nature of financing provided	Business Transaction Amounts	Reason for the necessity of short-term financing	Amount in provision of loss allowance	Collateral		Limit of financing for individual borrowers (Note 1)	Total limit of financing (Note 2)
													Name	Value		
0	Shihlin Paper Co., Ltd.	Shihlin Environment Corporation	Other receivables	Yes	\$300,000	\$300,000	\$22,350	1.838~1.868	Need for short-term financing	-	Operating capital	-	-	-	\$860,293	\$1,720,586

Note 1: The amount in financials to an individual borrower is limited to 20% of the net value of the financial statements of the most recent year due to that the borrower is an investee, in which the Company directly holds more than 90% of the equity of the common stock.

Note 2: The limit shall not exceed 40% of the net value of the Company's financial statements of the most recent year.

Shihlin Paper Co., Ltd. and its Subsidiaries

Endorsement/ guarantee provided

2023

Table 2

Expressed in Thousands of New Taiwan Dollars

Serial No.	Name of endorser/ guarantor	Guaranteed Party		Limit of endorsement/ guarantee for a single enterprise	Maximum balance of endorsements / guarantees for the current period	Balance of endorsements / guarantees at year-end	Transaction Amounts	Amount in endorsement/ guarantee secured by assets	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Limit of endorsement/ guarantee (Note 2)	Endorsement/ guarantee provided by a parent company to subsidiary	Endorsement/ guarantee provided by a subsidiary to parent company	Endorsement/ guarantee provided to entity in mainland China
		Company name	Relationship (Note 1)										
0	Shihlin Paper Co., Ltd.	Sunshine Shihlin Development Co., Ltd.	1	\$2,600,391 (Note 2)	\$800,000	\$800,000	\$300,000	-	18.60%	\$5,200,782 (Note 2)	Y	-	-
1	Sunshine Shihlin Development Co., Ltd.	Shihlin Environment Corporation	2	\$2,001,000 (Note 3)	\$553,000	\$553,000	\$553,000	\$553,000	21.59%	\$30,015,000 (Note 3)	-	-	-

Note 1: The relationship between the party endorsed/ guaranteed and the endorser/ guarantor is divided into the following two types:

1. A company, in which the Company directly or indirectly holds at least 50% of the voting shares.
2. A company, in which the Company directly or indirectly holds at least 90% of the voting shares.

Note 2: The individual party endorsed and guaranteed, and the calculation method of the total limit of the Company's endorsement and guarantee is as follows:

1. The party endorsed/guaranteed is a subsidiary that the Company directly or indirectly holds at least 90% of its ordinary shares, so it is limited to not more than 1x of the Company's paid-in capital and the remainder shall not exceed 10% of the paid-in capital.
2. The total amount in the Company's endorsement and guarantee provided to external parties is limited to no more than twice the Company's paid-in capital.
3. The total amount of endorsement and guarantee by the Company and its subsidiaries as a whole and the amount of endorsement and guarantee to a single enterprise shall not exceed 12 times the Company's paid-in capital.

Note 3: The calculation method of the amount to the individual party and the total amount of the endorsement and guarantee of the subsidiary, Sunshine Shihlin Development Co., Ltd., is as follows:

1. For companies which directly or indirectly holds 100% of the voting shares of the Company, the Company may endorse a guarantee for companies in which the aforementioned companies directly or indirectly hold 100% of the voting shares up to double the amount of paid-in capital.
2. The total amount of external endorsement and guarantee shall not exceed 15 times the paid-in capital.

Shihlin Paper Co., Ltd. and its Subsidiaries

Marketable Securities Held at Year-End (excluding investment in subsidiaries, associates, and joint venture equity)

December 31, 2023

Table 3

Expressed in Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the year			
				Shares/Units	Carrying amount	Shareholding percentage	Fair value
Shihlin Paper Co., Ltd.	Stocks of Wan Hai Lines Ltd.	Substantive related party	Financial assets at FVTOCI - Current	37,887,724	2,083,825	1.35%	2,083,825
	Stocks of China Development Financial Holding Corporation	-	Financial assets at FVTOCI - Current	114,445	1,436	0.00%	1,436
	Stocks of First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - Current	278,550	7,632	0.00%	7,632
	Stocks of Far Eastern International Bank Co., Ltd.	-	Financial assets at FVTOCI - Current	99,240	1,256	0.00%	1,256
	Stocks of Cathay Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - Current	184,466	8,440	0.00%	8,440
	Stocks of Chia Hsin Cement Corporation	-	Financial assets at FVTOCI - Current	69,508	1,324	0.01%	1,324
	Stocks of China Bills Finance Corporation	-	Financial assets at FVTOCI - Current	400,000	6,040	0.03%	6,040
	Stocks of Taiwan Felt Co., Ltd.	-	Financial Assets at FVTOCI - Non-Current	3,330	7,358	4.17%	7,358
Sunshine Shihlin Development Co., Ltd.	Shares of Tamshui First Credit Bank	-	Financial Assets at FVTOCI - Non-Current	20	2	0.00%	2
Shihlin Environment Corporation	Fuh Hwa Money Market	-	Financial assets at FVTPL - current	71,173.20	1,053	-	1,053

Note: Refer to Table 5 for the information on subsidiaries, associates, and joint venture equity.

Shihlin Paper Co., Ltd. and its Subsidiaries  
Significant intercompany transactions

2023

Table 4

Expressed in Thousands of New Taiwan Dollars

Serial No.	Transaction Company	Counterparty	Relationship with transaction counterparty (Note 1)	Transaction			
				Account	Amount (Note 2)	Transaction Terms	Percentage of the consolidated total revenue or assets
0	Shihlin Paper Co., Ltd.	Sunnyfield Shihlin	1	Sale	62,679	Same as general transaction counterparties	36.63%
				Income from labor services	16,157		9.44%
				Other income	932		0.54%
Purchase	202			0.12%			
Trade receivable	13,608			0.16%			
Other payables	1,979			0.02%			
		Shihlin Environment	1	Other receivables	22,358	Same as general transaction counterparties	0.26%
		Sunshine Shihlin	1	Selling expenses	7	Same as general transaction counterparties	0.00%
				Administrative expenses	11		0.01%
				Other receivables	7,100		0.08%
1	Sunnyfield Shihlin	Sunshine Shihlin	2	Sale	19	Same as general transaction counterparties	0.01%
				Selling expenses	21		0.01%

Note 1: The relationship with the related party refers to

1. Parent to subsidiary
2. Subsidiary to subsidiary

Note 2: Eliminated in full in the consolidated financial statements.

Shihlin Paper Co., Ltd. and its Subsidiaries  
Information on Investees (Name and Location)

2023

Table 5

Expressed in Thousands of New Taiwan Dollars

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		Shares held at year-end			Profit or loss on investee for the current period	Profit or loss on investment recognized (Note 2)	Remarks
				End of the period	End of Last Year	Shares	Ratio	Carrying amount (Note 2)			
Shihlin Paper Co., Ltd.	Shihlin Environment Corporation	Taipei City	Investment and development	115,075	115,075	11,500,000	100.00	123,576	84	84	
	Sunshine Shihlin Development Co., Ltd.	Taipei City	Investment and development	3,806,419 (Note 1)	3,806,419	200,100,000	100.00	2,560,880	(38,718)	(38,718)	
	Sunnyfield Shihlin Co., Ltd.	Taipei City	Wholesale of daily necessities	300,000	300,000	30,000,000	100.00	52,347	(29,686)	(29,672)	
Sunshine Shihlin Development Co., Ltd.	Da Di Urban Renewal Construction Co., Ltd.	Taipei City	Urban renewal and reconstruction	1,000	1,000	100,000	100.00	102	-	-	(Note 3)

Note 1: Of the amount, NT\$3,805,419 thousand was transferred to Sunshine Shihlin Development Co., Ltd. through demerger and transfer as the operating value of the Company's property development and other relevant business was transferred to purchase new shares issued by Sunshine Shihlin Development Co., Ltd.

Note 2: Eliminated in full in the consolidated financial statements.

Note 3: It has closed business since January 1, 2022.

Shihlin Paper Co., Ltd.  
Information on main investors  
December 31, 2023

Table 6

Name of major shareholder	Shares	No. of shares held	Shareholding percentage
Wan Hai Charitable Foundation		18,150,259	6.97%
Tai Chuan Investment Co., Ltd.		17,986,525	6.91%
Yeong Yi Asia Corp.		16,521,434	6.35%

Note 1: This table is based on the information on shareholders holding at least 5% of the Company's ordinary shares and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day at the end of each quarter.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees If the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).