

Stock Symbol: 1903

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

Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

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, 2025 (from January 1 to December 31, 2025), 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 10, 2026

**Earnest & Co.,CPAs.**

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

**Earnest & Co.,CPAs.**

4F, No. 501, Sec. 2, Tiding Boulevard,  
Taipei City  
TEL:(02)87519698 FAX:(02)87515658

## Independent Auditors' Report

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

### Opinion

We have audited the accompanying financial statements of Shihlin Paper Co., Ltd. (the Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets for January 1 to December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity, cash flows for the years then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2025 and 2024, 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 for Opinion

We conducted our audits in accordance with the entrusted 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, 2025. 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, 2025, the property, plant, and equipment of Shihlin Paper Group was NT\$2,420,254 thousand and the investment property was NT\$4,426,568 thousand. Assess whether 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\$6,846,822 thousand (64.84% 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, 2025 and 2024, 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 for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from the 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 group's 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, 2025, 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 Min-Chih Chuo and Wen-Ting Hsiang .

Earnest & Co.,CPAs.  
Taipei, Taiwan (Republic of China)  
March 10, 2026

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, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Asset			December 31, 2025		December 31, 2024		LIABILITIES AND EQUITY			December 31, 2025		December 31, 2024	
Code	Accounting Items	Note	Amount	%	Amount	%	Code	Accounting Items	Note	Amount	%	Amount	%
Current assets							Current liabilities						
1100	Cash and cash equivalents	(IV) and (VI)	\$ 513,921	4.87	\$ 226,564	2.21	2100	Short-term borrowings	(VI)	\$ 2,419,100	22.91	\$ 2,687,100	26.18
1110	Financial Assets at FVTPL	(IV) and (VI)	—	—	138,108	1.34	2110	Short-term bills payable	(VI)	264,726	2.51	—	—
1120	Financial assets at FVTOCI	(IV) and (VI)	3,019,399	28.59	3,103,615	30.23	2130	Contract liability	(IV) and (VII)	1,311	0.01	46,448	0.45
1136	Financial assets at amortized cost	(IV) and (VI)	3,290	0.03	5,093	0.05	2150	Notes payable		1,212	0.01	—	—
1150	Note receivable	(IV) and (VI)	339	0.00	126	0.00	2170	Accounts payable		4,515	0.04	3,363	0.03
1170	Net accounts receivable	(IV), (VI), and (VII)	47,540	0.45	47,331	0.46	2200	Other payables	(VII)	141,954	1.35	144,672	1.41
1200	Other receivables	(IV)	1,907	0.01	1,653	0.02	2230	Current income tax liabilities		32	0.00	—	—
1300	Net balance of inventory	(IV) and (VI)	14,449	0.14	10,954	0.11	2320	Long-term borrowings due within one year	(VI)	432,215	4.09	432,215	4.21
1410	Prepayments	(VI) and (VII)	74,840	0.71	60,137	0.59	2399	Other current liabilities		740	0.01	563	0.01
1470	Other current assets	(VI)	1,709	0.02	925	0.01	21XX	Total current liabilities		3,265,805	30.93	3,314,361	32.29
11XX	Total current assets		3,677,394	34.82	3,594,506	35.02	Non-current liabilities						
non-current assets							2540	Long-term borrowings	(VI)	177,028	1.67	70,348	0.69
1517	Financial assets at FVTOCI	(IV) and (VI)	7,331	0.07	7,363	0.07	2570	Deferred tax liabilities		1,577,379	14.94	1,592,156	15.51
1600	Property, Plant and Equipment	(IV), (VI), and (VIII)	2,420,254	22.92	2,120,153	20.65	2645	Guarantee deposit received		13,929	0.13	13,762	0.13
1760	Investment Property	(IV), (VI), and (VIII)	4,426,568	41.92	4,478,349	43.63	2670	Other non-current liabilities	(IV)	40	0.00	107	0.00
1780	Intangible asset	(IV) and (VI)	2,550	0.02	3,748	0.03	25XX	Total non-current liabilities		1,768,376	16.74	1,676,373	16.33
1915	Prepayments for equipment	(VI)	23,979	0.23	4,162	0.04	2XXX	Total liabilities		5,034,181	47.67	4,990,734	48.62
1920	Refundable deposits	(VII)	657	0.01	670	0.01	Equity attributable to owners of parent						
1975	Net defined benefit assets	(IV) and (VI)	1,220	0.01	1,011	0.01	31XX	Equity attributable to owners of parent					
1900	Other non-current assets	(VI)	105	0.00	55,094	0.54	3100	Share capital	(VI)				
15XX	Total non-current assets		6,882,664	65.18	6,670,550	64.98	3110	Share capital of ordinary shares		2,600,391	24.63	2,600,391	25.33
							Retained earnings						
							(VI)						
							3320	Special reserve		1,528,467	14.47	1,532,258	14.93
							3350	Deficit to be offset		(1,075,585)	(10.18)	(1,415,283)	(13.79)
							3300	Total retained earnings		452,882	4.29	116,975	1.14
							3400	Other equity interest		2,472,604	23.41	2,556,956	24.91
							3XXX	Total equity		5,525,877	52.33	5,274,322	51.38
Total assets			\$ 10,560,058	100.00	\$ 10,265,056	100.00	Total liabilities and equity			\$ 10,560,058	100.00	\$ 10,265,056	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, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

Code	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	(IV), (VI), and (VII)	\$ 153,294	100.00	\$ 155,769	100.00
5000	Operating costs	(VI) and (VII)	53,355	34.81	62,275	39.98
5900	Gross operating profit		99,939	65.19	93,494	60.02
	Operating expenses			19.54		
6100	Selling expenses	(VII)	29,959	58.51	33,336	21.40
6200	Administrative expenses	(VII)	89,691	1.46	105,411	67.67
6300	R&D expenses	(VII)	2,229		3,034	1.95
6000	Total operating expenses		121,879	79.51	141,781	91.02
6900	Operating losses		(21,940)	(14.32)	(48,287)	(31.00)
	Non-operating revenue and expense					
7010	Other income	(VI) and (VII)	203,431	132.71	66,905	42.95
7020	Other gains and losses	(VI)	215,909	140.85	6,512	4.18
7050	Financial costs	(VI)	(52,185)	(34.04)	(46,139)	(29.62)
7000	Total non-operating revenue and expenses		367,155	239.52	27,278	17.51
7900	Net profit (loss) before tax		345,215	225.20	(21,009)	(13.49)
7950	Income tax expense	(IV) and (VI)	9,474	6.18	—	—
8200	Net profit (loss) for the period		335,741	219.02	(21,009)	(13.49)
	Other comprehensive income - net					
	Items that may not be reclassified subsequently to profit and loss					
8310	Gains (losses) on remeasurements of defined benefit plans	(IV) and (VI)	166	0.11	201	0.13
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	(IV)	(84,352)	(55.03)	993,665	637.91
8300	Total other comprehensive income (net of tax) for the current period		(84,186)	(54.92)	993,866	638.04
8500	Total comprehensive income (loss)		\$ 251,555	164.10	\$ 972,857	624.55
8600	Net profit (loss) attributable to					
8610	Owners of the parent company		\$ 335,741	219.02	\$ (21,009)	(13.49)
8620	Non-controlling interests		—	—	—	—
			\$ 335,741	219.02	\$ (21,009)	(13.49)
8700	Comprehensive income (loss) attributable to:					
8710	Owners of the parent company		\$ 251,555	164.10	\$ 972,857	624.55
8720	Non-controlling interests		—	—	—	—
			\$ 251,555	164.10	\$ 972,857	624.55
	Earnings per share					
9750	Basic earnings per share	(VI)	\$ 1.29		\$ (0.08)	

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

Sihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent						Total Equity
	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	
Balance as of January 1, 2024	260,039	\$ 2,600,391	\$ 1,532,258	\$ (1,394,475 )	\$ 137,783	\$ 1,563,291	\$ 4,301,465
Net loss for 2024	—	—	—	(21,009 )	(21,009 )	—	(21,009 )
Other comprehensive income for 2024	—	—	—	201	201	993,665	993,866
Total comprehensive income for 2024	—	—	—	(20,808 )	(20,808 )	993,665	972,857
Balance as of December 31, 2024	260,039	2,600,391	1,532,258	(1,415,283 )	116,975	2,556,956	5,274,322
Net profit for 2025	—	—	—	335,741	335,741	—	335,741
Other comprehensive income for 2025	—	—	—	166	166	(84,352 )	(84,186 )
Total comprehensive income for 2025	—	—	—	335,907	335,907	(84,352 )	251,555
Reversal of special reserve	—	—	(3,791 )	3,791	—	—	—
Balance as of December 31, 2025	260,039	\$ 2,600,391	\$ 1,528,467	\$ (1,075,585 )	\$ 452,882	\$ 2,472,604	\$ 5,525,877

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, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Net profit (loss) before tax for the period	\$ 345,215	\$ (21,009)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	8,784	9,381
Amortization expense	1,517	1,544
Net gain on financial assets at FVTPL	(625 )	(216)
Interest expense	52,185	46,139
Interest income	(8,528 )	(7,154)
Dividend income	(134,125 )	(58,072)
Gain on disposal of property, plant and equipment	(173 )	(52)
Gain on disposal of investment property	(219,170 )	—
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(213 )	147
Decrease (increase) in accounts receivable	(209 )	5,331
Increase in other receivables	(56 )	(127)
Decrease (increase) in inventories	(3,495 )	4,904
Increase in prepayments	(14,703 )	(17,632)
Increase in other current assets	(911 )	(682)
Increase in net defined benefit assets	(43 )	(43)
Increase (decrease) in contract liability	(1,632 )	2,673
Increase in notes payable	672	—
Increase (decrease) in accounts payable	1,152	(5,636)
Increase in other payables	2,872	1,479
Increase (decrease) in other current liabilities	176	(420)
Cash inflow (outflow) from operating activities	28,690	(39,445)
Interest received	8,330	6,921
Dividends received	134,125	58,072
Income taxes paid	(9,315 )	—
Net cash inflow from operating activities	161,830	25,548

(Continued on the next page)

Shihlin Paper Co., Ltd. and its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2024 and 2023  
(Expressed in Thousands of New Taiwan Dollars)

(Continued from the previous page)	2025	2024
Cash flows from investing activities:		
Acquisition of financial assets at FVTOCI	\$ (104)	\$ —
Acquisition of financial assets at FVTPL	—	(150,000)
Disposal of financial assets at FVTPL	138,733	13,161
Decrease in financial assets at amortized cost	1,803	30,385
Acquisition of Property, Plant and Equipment	(273,371 )	(352,063)
Proceeds from disposal of property, plant and equipment	173	52
Acquisition of investment property	(5,364 )	(2,883)
Proceeds from disposal of investment property	220,682	—
Acquisition of intangible asset	(319 )	—
Increase in prepayments for equipment	(19,817 )	(4,162)
Decrease in refundable deposits	13	33
Decrease (increase) in other non-current assets	54,923	(3,039)
Increase (decrease) in contract liability	(43,505 )	2,747
Net cash inflows (outflows) from investing activities	73,847	(465,769)
Cash flows from financing activities:		
Short-term borrowings	10,932,000	15,358,700
Repayment of short-term loans	(11,200,000 )	(14,926,600)
Borrowing of short-term bills payable	2,237,000	1,234,000
Repayment of short-term bills payable	(1,972,000 )	(1,352,000)
Borrowing of long-term loans	106,680	211,213
Repayment of the principal of the lease	(66 )	(27)
Increase in guarantee deposit received	167	294
Interest paid	(52,101 )	(45,519)
Net cash inflow from financing activities	51,680	480,061
Increase in cash and cash equivalents for the current period	287,357	39,840
Cash and cash equivalents at the beginning of the year	226,564	186,724
Ending balance of cash and cash equivalents	\$ 513,921	\$ 226,564

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, 2025 and 2024

(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 10, 2026.

(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 “IFRS Accounting Standards”) endorsed and issued into effect the Financial Supervisory Commission (FSC)

Application of the amended IFRS Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission (FSC) has no significant impact on the Group’s accounting policies.

2. IFRS Accounting Standards applicable since 2026 and endorsed by the FSC New, Revised, or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
IFRS17 “Insurance Contracts” (including 2020 and 2021 amendments)	January 1, 2023

As of the date of adopting the consolidated financial statements, the Group assesses that the amendments to the above standards and interpretations will not have a significant impact on the Group's financial position and financial performance.

3. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC Accounting Standards

New, Revised, or Amended Standards and Interpretations	Effective Date Issued by IASB
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 "Presentation of Financial Statements"; the major changes of this standard include:

- The income statement shall classify income and expense items into operating, investing, financing, income taxes, and discontinued operations categories.

- The income statement shall present operating profit or loss, profit or loss before financing and income taxes, as well as subtotals and totals of profit or loss.
- Providing guidance to enhance aggregation and disaggregation requirements: companies must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics, such that each line item presented in the main financial statements has at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the main financial statements and notes. Companies shall label items as "other" only when they are unable to identify a more informative label.
- Increasing disclosure of management-defined performance measures (MPMs): When companies communicate publicly outside of financial statements and convey management's view on an aspect of the company's overall financial performance to users of financial statements, they shall disclose information related to MPMs in a single note to the financial statements, including a description of the measure, how it is calculated, a reconciliation between the measure and the subtotal or total specified by IFRS Accounting Standards, and the effects of income taxes and non-controlling interests on related reconciling items.

Except for the aforementioned impacts, 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 IFRS Accounting Standards 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 IFRS Accounting Standards or reclassified directly to retained earnings).

## (2) Subsidiaries included in consolidated financial statements

Investee	Main Business	Location of company	% of Ownership	
			2025.12.31	2024.12.31
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 for which, at the balance sheet date, there is no substantive right to defer settlement for at least twelve months after the balance sheet date. 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 loss, 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 to 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

Except for leases of low-value underlying assets and short-term leases that are entitled to recognition exemption, lease payments are recognized as expenses on a straight-line basis over the lease term, all other leases are recognized in right-of-use assets and lease liabilities on the lease commencement date.

Right-of-use assets are initially measured at cost, which includes the initial measurement amount of the lease liability, lease payments made at or

before the commencement date, plus initial direct costs and the estimated cost of dismantling and removing the underlying asset, and less any lease incentives received. Subsequently, right-of-use assets are measured at cost less accumulated depreciation.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments, which include fixed payments, payments that are in substance fixed, and variable lease payments that are based on an index or rate. If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. If there is a change in the lease term or the index or rate used to determine lease payments, resulting in a change in future lease payments, the Group remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset, unless the carrying amount of the right-of-use asset has been reduced to zero, in which case the remaining remeasurement amount is recognized in profit or loss.

## (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	2025.12.31	2024.12.31
Cash on hand	\$ 223	\$ 215
Check and demand (current) deposit	49,749	39,732
Cash equivalents (bank time deposits with original maturity of less than 3 months)	463,949	186,617
Total	\$ 513,921	\$ 226,564

As of December 31, 2025 and 2024, bank time deposits with an original contract period of more than 3 months were in the amount of NT\$3,290 thousand and NT\$5,093 thousand, respectively, and classified as financial assets measured at amortized cost.

2. Financial Assets at FVTPL

Financial assets mandatorily at FVTPL	2025.12.31	2024.12.31
Fuh Hwa Money Market	\$ —	\$ 138,108

### 3. Financial assets at FVTOCI

Item	2025.12.31	2024.12.31
Investment in equity instruments - current		
Domestic investment		
Domestic listed stocks	\$ 3,019,399	\$ 3,103,615
Investment in equity instruments - non-current		
Domestic investment		
Domestic unlisted stocks	<u>7,331</u>	<u>7,363</u>
Total	<u>\$ 3,026,730</u>	<u>\$ 3,110,978</u>

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	2025.12.31	2024.12.31
Time deposit	<u>\$ 3,290</u>	<u>\$ 5,093</u>

### 5. Notes and accounts receivable - net

Item	2025.12.31	2024.12.31
Note receivable	<u>\$ 339</u>	<u>\$ 126</u>
Trade receivable	\$ 47,850	\$ 47,331
Less: Allowance for sales returns	<u>(310)</u>	<u>—</u>
Net accounts receivable	<u>\$ 47,540</u>	<u>\$ 47,331</u>

In principle, the Group's credit period for trade receivable is 30 days after the invoice date or OA 30-120 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

	2025.12.31		2024.12.31	
	Total	Impairment	Total	Impairment
Not Past Due	\$ 47,537	\$ —	\$ 47,280	\$ —
Past Due	3	—	51	—
	<u>\$ 47,540</u>	<u>\$ —</u>	<u>\$ 47,331</u>	<u>\$ —</u>

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

6. Inventories

Item	2025.12.31	2024.12.31
Merchandise	\$ 13,266	\$ 9,877
Raw materials	1,183	1,077
Net balance of inventory	<u>\$ 14,449</u>	<u>\$ 10,954</u>

The operating costs in relation to inventories in 2025 and 2024 were NT\$21,039 thousand and NT\$29,148 thousand, respectively.

In 2025, the Group incurred an inventory impairment loss of NT\$125 thousand, which was recognized as an addition to current operating costs. In 2024, the Group sold inventories with valuation losses, and it resulted in gains on inventory value recovery of NT\$2,283 thousand, which was debited to the operating costs.

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

7. Prepayments

Item	2025.12.31	2024.12.31
Prepayments and payments to suppliers	\$ 4,725	\$ 3,186
Office supplies	3,509	3,851
Offset against value-added tax payable	66,606	53,100
Prepayments for equipment	23,979	4,162
Total	<u>\$ 98,819</u>	<u>\$ 64,299</u>
Current	\$ 74,840	\$ 60,137
Non-current	23,979	4,162
Total	<u>\$ 98,819</u>	<u>\$ 64,299</u>

## 8. Property, Plant and Equipment

	Item		2025.12.31		2024.12.31		
Land			\$	1,180,723	\$	1,180,723	
Buildings				22,460		23,701	
Equipment				1,848		2,226	
Transport Equipment				291		640	
Other Equipment				2,413		2,448	
Unfinished construction project				1,212,519		910,415	
<b>Total net amount</b>			<b>\$</b>	<b>2,420,254</b>	<b>\$</b>	<b>2,120,153</b>	

  

Cost	Land	Buildings	Equipment	Transport Equipment	Other Equipment	Unfinished construction project	Total
Balance as of 114.1.1	\$ 1,180,723	\$ 118,559	\$ 17,944	\$ 4,254	\$ 25,616	\$ 910,415	\$ 2,257,511
Additions	—	988	—	—	741	266,876	268,605
Disposal	—	—	—	(956)	(510)	—	(1,466)
Reclassification	—	—	—	—	—	35,228	35,228
<b>Balance as of 114.12.31</b>	<b>\$ 1,180,723</b>	<b>\$ 119,547</b>	<b>\$ 17,944</b>	<b>\$ 3,298</b>	<b>\$ 25,847</b>	<b>\$ 1,212,519</b>	<b>\$ 2,559,878</b>
<b>Accumulated depreciation and impairment</b>							
Balance as of 114.1.1	\$ —	\$ 94,858	\$ 15,718	\$ 3,614	\$ 23,168	\$ —	\$ 137,358
Depreciation expense	—	2,229	378	349	776	—	3,732
Disposal	—	—	—	(956)	(510)	—	(1,466)
<b>Balance as of 114.12.31</b>	<b>\$ —</b>	<b>\$ 97,087</b>	<b>\$ 16,096</b>	<b>\$ 3,007</b>	<b>\$ 23,434</b>	<b>\$ —</b>	<b>\$ 139,624</b>
<b>Net amount as of 114.12.31</b>	<b>\$ 1,180,723</b>	<b>\$ 22,460</b>	<b>\$ 1,848</b>	<b>\$ 291</b>	<b>\$ 2,413</b>	<b>\$ 1,212,519</b>	<b>\$ 2,420,254</b>

  

Cost	Land	Buildings	Equipment	Transport Equipment	Other Equipment	Unfinished construction project	Total
Balance as of 113.1.1	\$ 1,180,723	\$ 118,559	\$ 17,944	\$ 4,683	\$ 24,420	\$ 505,641	\$ 1,851,970
Additions	—	—	—	—	1,196	404,774	405,970
Disposal	—	—	—	(429)	—	—	(429)
<b>Balance as of 113.12.31</b>	<b>\$ 1,180,723</b>	<b>\$ 118,559</b>	<b>\$ 17,944</b>	<b>\$ 4,254</b>	<b>\$ 25,616</b>	<b>\$ 910,415</b>	<b>\$ 2,257,511</b>
<b>Accumulated depreciation and impairment</b>							
Balance as of 113.1.1	\$ —	\$ 92,724	\$ 15,335	\$ 3,694	\$ 22,488	\$ —	\$ 134,241
Depreciation expense	—	2,134	383	349	680	—	3,546
Disposal	—	—	—	(429)	—	—	(429)
<b>Balance as of 113.12.31</b>	<b>\$ —</b>	<b>\$ 94,858</b>	<b>\$ 15,718</b>	<b>\$ 3,614</b>	<b>\$ 23,168</b>	<b>\$ —</b>	<b>\$ 137,358</b>
<b>Net amount as of 113.12.31</b>	<b>\$ 1,180,723</b>	<b>\$ 23,701</b>	<b>\$ 2,226</b>	<b>\$ 640</b>	<b>\$ 2,448</b>	<b>\$ 910,415</b>	<b>\$ 2,120,153</b>

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 long- and short-term borrowings, please refer to Note (VIII) for details.

The amount of interest capitalization of the Group in 2025 and 2024 was NT\$14,591 thousand and NT\$10,838 thousand, and the capitalized interest rate was 1.19%-2.505% and 1.46%-2.505%, respectively.

#### 9. Investment Property

Item	2025.12.31	2024.12.31
Land	\$ 4,265,944	\$ 4,329,367
Land improvements	2,151	2,591
Building	29,399	19,675
Investment property under construction	129,074	126,716
Total net amount	<u>\$ 4,426,568</u>	<u>\$ 4,478,349</u>

Cost	Land	Land improvements	Building	Investment property under construction	Total
Balance as of 114.1.1	\$ 4,329,367	\$ 4,022	\$ 460,864	\$ 126,716	\$ 4,920,969
Additions	6	—	117,195	2,358	119,559
Disposal	(13,424)	—	(102,925)	—	(116,349)
Reclassification	(50,005)	—	—	—	(50,005)
Balance as of 114.12.31	<u>\$ 4,265,944</u>	<u>\$ 4,022</u>	<u>\$ 475,134</u>	<u>\$ 129,074</u>	<u>\$ 4,874,174</u>
Accumulated depreciation and impairment					
Balance as of 114.1.1	\$ —	\$ 1,431	\$ 441,189	\$ —	\$ 442,620
Depreciation expense	—	440	4,546	—	4,986
Balance as of 114.12.31	<u>\$ —</u>	<u>\$ 1,871</u>	<u>\$ 445,735</u>	<u>\$ —</u>	<u>\$ 447,606</u>
Net amount as of 114.12.31	<u>\$ 4,265,944</u>	<u>\$ 2,151</u>	<u>\$ 29,399</u>	<u>\$ 129,074</u>	<u>\$ 4,426,568</u>

Cost	Land	Land improve ments	Building	Investment property under construction	Total
Balance as of 113.1.1	\$ 4,329,367	\$ 4,022	\$ 460,931	\$ 121,908	\$ 4,916,228
Additions	—	—	—	4,808	4,808
Disposal	—	—	(67)	—	(67)
Balance as of 113.12.31	<u>\$ 4,329,367</u>	<u>\$ 4,022</u>	<u>\$ 460,864</u>	<u>\$ 126,716</u>	<u>\$ 4,920,969</u>
Accumulated depreciation and impairment					
Balance as of 113.1.1	\$ —	\$ 1,021	\$ 435,859	\$ —	\$ 436,880
Depreciation expense	—	410	5,397	—	5,807
Disposal	—	—	(67)	—	(67)
Balance as of 113.12.31	<u>\$ —</u>	<u>\$ 1,431</u>	<u>\$ 441,189</u>	<u>\$ —</u>	<u>\$ 442,620</u>
Net amount as of 113.12.31	<u>\$ 4,329,367</u>	<u>\$ 2,591</u>	<u>\$ 19,675</u>	<u>\$ 126,716</u>	<u>\$ 4,478,349</u>

Investment property are depreciated on a straight-line basis over their estimated useful lives:

Land improvements	2–7 years
Buildings	1–45 years

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

The fair value of the Group's investment property as of December 31, 2025 and 2024, were NT\$38,631,974 thousand and NT\$38,294,114 thousand, respectively. The fair value was appraised by an independent appraiser using the third-level inputs and evaluated using the comparative method, income method, and 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 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; therefore, it is temporarily registered under the name of a third party. The third party has signed a trust registration contract with the Company.

The contract clearly defines the rights and obligations of both parties, and the ownership will be transferred to the Company after the change of the nature of the land is completed.

#### 10. Intangible asset

Item	2025.12.31	2024.12.31
Computer software	\$ 1,891	\$ 3,004
Trademark	659	744
Total net amount	<u>\$ 2,550</u>	<u>\$ 3,748</u>

Cost	Computer software	Trademark	Total
Balance as of 114.1.1	\$ 14,994	\$ 1,701	\$ 16,695
Additions	319	—	319
Balance as of 114.12.31	<u>\$ 15,313</u>	<u>\$ 1,701</u>	<u>\$ 17,014</u>
<u>Accumulated amortization</u>			
Balance as of 114.1.1	\$ 11,990	\$ 957	\$ 12,947
Amortization expense	1,432	85	1,517
Balance as of 114.12.31	<u>\$ 13,422</u>	<u>\$ 1,042</u>	<u>\$ 14,464</u>
Net amount as of 114.12.31	<u>\$ 1,891</u>	<u>\$ 659</u>	<u>\$ 2,550</u>

Cost	Computer software	Trademark	Total
Balance as of 113.1.1	\$ 14,994	\$ 1,701	\$ 16,695
Additions	—	—	—
Balance as of 113.12.31	<u>\$ 14,994</u>	<u>\$ 1,701</u>	<u>\$ 16,695</u>
<u>Accumulated amortization</u>			
Balance as of 113.1.1	\$ 10,531	\$ 872	\$ 11,403
Amortization expense	1,459	85	1,544
Balance as of 113.12.31	<u>\$ 11,990</u>	<u>\$ 957</u>	<u>\$ 12,947</u>
Net amount as of 113.12.31	<u>\$ 3,004</u>	<u>\$ 744</u>	<u>\$ 3,748</u>

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	2025.12.31	2024.12.31
Restricted bank deposit - value trust account	\$ —	\$ 44,822
Additional cost for acquisition of contracts	—	10,100
Others	1,814	1,097
<b>Total</b>	<b>\$ 1,814</b>	<b>\$ 56,019</b>
Current	\$ 1,709	\$ 925
Non-current	105	55,094
<b>Total</b>	<b>\$ 1,814</b>	<b>\$ 56,019</b>

#### 12. Short-term borrowings

Financing	2025.12.31	2024.12.31
Credit loans	\$ 779,100	\$ 824,100
Secured borrowings	1,640,000	1,863,000
<b>Total</b>	<b>\$ 2,419,100</b>	<b>\$ 2,687,100</b>
Interest rate per annum	1.85%~2.075%	1.85%~2.02%

#### 13. Short-term bills payable

Item	2025.12.31	2024.12.31
Short-term bills payable - face value	\$ 265,000	\$ —
Less: Discounts	(274)	—
<b>Short-term bills payable - net</b>	<b>\$ 264,726</b>	<b>\$ —</b>
Interest rate per annum	1.978%~1.998%	—

#### 14. Long-term borrowings

Item	2025.12.31	2024.12.31
Secured borrowings	\$ 609,243	\$ 502,563
Less: Due within one year	(432,215)	(432,215)
<b>Total</b>	<b>\$ 177,028</b>	<b>\$ 70,348</b>
Interest rate per annum	2.278%~2.505%	2.278%~2.505%

## 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:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Present value of the defined benefit obligations	\$ (339)	\$ (325)
Fair value of plan assets	<u>1,559</u>	<u>1,336</u>
Net defined benefit assets	<u>\$ 1,220</u>	<u>\$ 1,011</u>

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

	<u>2025</u>	<u>2024</u>
Present value of the defined benefit obligations at the beginning of the year	\$ 325	\$ 2,078
Service cost	—	—
Interest expense	6	25
Remeasurement		
Actuarial loss (gain) – experience adjustments	(1)	59
Actuarial gains (losses) - changes in financial assumptions	9	(16)
Amount of benefits paid	—	(1,821)
Present value of the defined benefit obligations at year-end	<u>\$ 339</u>	<u>\$ 325</u>

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

	<u>2025</u>	<u>2024</u>
Fair value of plan assets, at the beginning of the year	\$ 1,336	\$ 2,845
Interest income	22	35
Remeasurement		
Return on plan asset (except for the amount that includes net interest)	174	244
Employer's contribution	27	33
Amount of benefits paid	—	(1,821)
Fair value of plan assets at year-end	<u>\$ 1,559</u>	<u>\$ 1,336</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>2025</u>	<u>2024</u>
Service cost	\$ —	\$ —
Net interest	(16)	(10)
Total	<u>\$ (16)</u>	<u>\$ (10)</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:

	Measurement date	
	2025.12.31	2024.12.31
Discount rate	1.40%	1.65%
Expected increase rate of salaries	1.00%	1.00%
Sensitivity analysis of critical actuarial assumptions:		
	Changes in the defined benefit obligations	
	2025.12.31	2024.12.31
Discount rate		
Increase by 0.25%	(2.74%)	(2.95%)
Decrease by 0.25%	2.84%	3.07%
Expected increase rate of salaries		
Increase by 0.25%	2.84%	3.08%
Decrease by 0.25%	(2.75%)	(2.98%)

The Company expects to contribute NT\$25 thousand to the defined benefit plan within one year after December 31, 2025.

The average maturity period of the definite benefit obligations as of December 31, 2025 and 2024, was 11 and 12 years, respectively. The undiscounted pension benefit payment maturity analysis is as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
2028	\$ 55	\$ 55
2029	10	10
2030	10	10
2031 and onward	<u>323</u>	<u>324</u>
	<u>\$ 398</u>	<u>\$ 399</u>

## 16. Equity

### (1) Share capital of ordinary shares

	<u>2025.12.31</u>	<u>2024.12.31</u>
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 (Jin-Guan-Zheng-Fa-Zi No. 1090150022 applicable from the distribution of 2021 earnings) 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.

(3) Information regarding the reversal of the special reserve initially appropriated by the Company upon the first-time adoption of IFRS Accounting Standards due to the elimination of the reason for appropriation is as follows:

	<u>2025</u>	<u>2024</u>
Beginning retained earnings	\$ 1,532,258	\$ 1,532,258
Reversal of special reserve due to elimination of original appropriation reasons:		
Disposal of land by a subsidiary	<u>(3,791)</u>	<u>—</u>
Ending balance	<u>\$ 1,528,467</u>	<u>\$ 1,532,258</u>

17. Operating revenue

	<u>2025</u>	<u>2024</u>
Income from sales of goods	\$ 38,078	\$ 43,596
Rental income	78,315	76,995
Guest room income	<u>36,901</u>	<u>35,178</u>
Total	<u>\$ 153,294</u>	<u>\$ 155,769</u>

18. Other income

	<u>2025</u>	<u>2024</u>
Interest income	\$ 8,528	\$ 7,154
Dividend income	134,125	58,072
Other income	<u>60,778</u>	<u>1,679</u>
Total	<u>\$ 203,431</u>	<u>\$ 66,905</u>

19. Other gains and losses

	<u>2025</u>	<u>2024</u>
Net exchange gain (loss)	\$ (4,059)	\$ 6,273
Gain on financial assets at FVTPL	625	216
Gain on disposal of property, plant and equipment	173	52
Gain on disposal of investment property	219,170	—
Other losses	<u>—</u>	<u>(29)</u>
Total	<u>\$ 215,909</u>	<u>\$ 6,512</u>

20. Financial costs

	<u>2025</u>	<u>2024</u>
Interest expense		
Bank borrowings	\$ 49,095	\$ 44,167
Commercial paper	2,893	1,789
Imputed interest on deposit	<u>197</u>	<u>183</u>
Total	<u>\$ 52,185</u>	<u>\$ 46,139</u>

21. Additional information on the nature of expenses

Net income includes the following items:

	<u>2025</u>	<u>2024</u>
Depreciation and amortization expense		
Depreciation of property, plant and equipment	\$ 3,732	\$ 3,546
Depreciation of right-of-use assets	66	28
Depreciation of investment property	4,986	5,807
Amortization of intangible assets	<u>1,517</u>	<u>1,544</u>
Total	<u>\$ 10,301</u>	<u>\$ 10,925</u>

	<u>2025</u>	<u>2024</u>
Direct operating expenses of investment property		
Direct operating expenses of investment property that generates rental income	\$ 18,180	\$ 17,560
Direct operating expenses of investment property that does not generate rental income	<u>15,525</u>	<u>26,972</u>
Total	<u>\$ 33,705</u>	<u>\$ 44,532</u>
R&D expenditures expensed when incurred	<u>\$ 2,168</u>	<u>\$ 3,034</u>
Employee benefits expense		
Post-employment benefits (Note (VI).15)		
Defined contribution plans	\$ 2,872	\$ 2,814
Defined benefit plan	(16)	(10)
Salaries and bonuses	56,313	53,030
Labor and health insurance expenses	5,751	5,795
Other employee benefit expenses	<u>3,371</u>	<u>3,243</u>
Total	<u>\$ 68,291</u>	<u>\$ 64,872</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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Net profit (loss) before tax	<u>\$ 345,215</u>	<u>\$ (21,009)</u>
	<u>2025</u>	<u>2024</u>
Income tax expense at the statutory tax rate (20%) for net profit (loss) before tax	\$ 69,043	\$ (4,202)
Tax effects of adjustments:		
Income from tax cessation and exemption	(74,267)	(11,621)
Effects of non-deductible expenses when determining taxable income	95	111
Generation and reversal of temporary differences	1,006	(1,905)
Loss carryforwards in the current period	4,193	17,617
Land value increment tax	9,404	—
Income tax expense	<u>\$ 9,474</u>	<u>\$ —</u>

### (2) Information on loss carryforwards

As of December 31, 2025, the Group's losses have not yet been carried forward and the deadlines are as follows:

<u>Balance</u>	<u>Deadline</u>
\$ 105,952	2026
141,882	2027
192,139	2028
148,941	2029
137,795	2030
71,967	2031
112,565	2032
68,256	2033
69,087	2034
24,523	2035
<u>\$ 1,073,107</u>	

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

	<u>2025.12.31</u>	<u>2024.12.31</u>
Loss carryforwards	\$ 1,033,608	\$ 1,340,424
Deductible temporary difference	11,670	11,952
Total	<u>\$ 1,045,278</u>	<u>\$ 1,352,376</u>

- (4) Income tax assessments

The Group's profit-seeking enterprise income tax returns have been approved by the tax authorities through 2023. However, the Company disagrees with the 2021 tax assessment results for Shihlin Development Company Limited and has filed an application for administrative reassessment under the consolidated tax return system.

### 23. Earnings per share

	<u>2025</u>	<u>2024</u>
Basic earnings per share (NTD)	\$ 1.29	\$ (0.08)

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

	<u>2025</u>	<u>2024</u>
Net profit (loss) attributable to owners of the parent company (NT\$ thousand)	\$ 335,741	\$ (21,009)
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>2025</u>	<u>2024</u>
Investing activities for which partial cash payments were made.		
Purchase of property, plant and equipment	\$ 268,605	\$ 405,970
Decrease (increase) in other payables	4,766	(53,907)
Pay cash	<u>\$ 273,371</u>	<u>\$ 352,063</u>
Acquisition of investment property	\$ 119,559	\$ 4,808
Increase in notes payable	(540)	—
Decrease (increase) in other payables	1,182	(1,925)
Exchange of land and buildings	(114,837)	—
Pay cash	<u>\$ 5,364</u>	<u>\$ 2,883</u>

## 25. Material lease arrangements

As of December 31, 2025 and 2024, 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:

<u>Summary</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Less than 1 year	\$ 54,009	\$ 52,593
1-2 years	34,747	48,566
2-3 years	28,518	31,397
3-4 years	28,587	27,269
4-5 years	31,200	28,587
Over 5 years	<u>224,200</u>	<u>255,400</u>
Total	<u>\$ 401,261</u>	<u>\$ 443,812</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 Group's management believes that the carrying amount in financial instruments that are not measured at fair value is close to their fair value, or their fair value cannot be reliably measured.

### ② Financial instruments at fair value

Fair value measurements are classified into Level 1 to Level 3 based on the observability of the relevant inputs:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are available on the measurement date.

- Level 2: Inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs are unobservable inputs for assets or liabilities.

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

	2025.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Stocks	<u>\$ 3,019,399</u>	<u>\$ —</u>	<u>\$ 7,331</u>	<u>\$ 3,026,730</u>
	2024.12.31			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Open-end bond funds	\$ 138,108	\$ —	\$ —	\$ 138,108
Financial assets at FVTOCI				
Stocks	<u>3,103,615</u>	<u>—</u>	<u>7,363</u>	<u>3,110,978</u>
Total	<u>\$ 3,241,723</u>	<u>\$ —</u>	<u>\$ 7,363</u>	<u>\$ 3,249,086</u>

There were no transfers between Levels 1 and 2 in 2025 and 2024.

Reconciliation of Level 3 fair value measurements on financial instruments:

Financial asset	Financial assets at FVTOCI	
	2025.12.31	2024.12.31
Beginning retained earnings	\$ 7,363	\$ 7,360
Unrealized gains (losses) from investments in equity instruments at FVTOCI are recognized.	<u>(32)</u>	<u>3</u>
Ending balance	<u>\$ 7,331</u>	<u>\$ 7,363</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	2025.12.31	2024.12.31
Financial Assets at FVTPL	\$ —	\$ 138,108
Financial assets at FVTOCI	3,026,730	3,110,978
Financial assets at amortized cost (Note 1)	<u>567,654</u>	<u>326,259</u>
Total	<u>\$ 3,594,384</u>	<u>\$ 3,575,345</u>

  

Financial liability	2025.12.31	2024.12.31
Financial liabilities at amortized cost (Note 2)	<u>\$ 3,455,209</u>	<u>\$ 3,351,976</u>

Note 1: 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).

Note 2: Including short-term borrowings, short-term notes payable, notes and accounts payable, other payables, current income tax liabilities, other current liabilities, long-term borrowings (including those due within one year), guarantee deposits received, and other non-current liabilities.

(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 market risks, including changes in foreign exchange rates, changes in interest rate, rates and price changes of equity instruments. The Group does not manage relevant risks with derivative financial instruments.

① Foreign exchange rate risk

The Company's exchange rate risk mainly comes from foreign currency time deposits. The Company estimates the appreciation of the US dollar to determine the timing of selling, with reference to the estimated exchange rate trend reports of the financial industry.

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

Unit: Each in foreign currency thousand/NTD thousand

<u>Financial asset</u> <u>Monetary items</u>	December 31, 2024					
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Sensitivity analysis</u>		
				<u>Range of change</u>	<u>Impact on profit and loss</u>	<u>Impact on equity</u>
USD	3,306	32.785	108,372	±10%	±10,837	±10,837

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

As of December 31, 2025, the foreign currency financial assets and liabilities held by the Group were not significant; no significant exchange rate risk is expected.

## ② Interest 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 pre-tax net income for 2025 would decrease/increase by NT\$8,233 thousand, and the pre-tax net loss for 2024 would increase/decrease by NT\$7,974 thousand.

## ③ Other 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 2025 and 2024 will increase/decrease by NT\$151,336 thousand and NT\$155,549 thousand, respectively, 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, 2025 and 2024, the top three customers accounted for 85.98% and 85.24% 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, 2025 and 2024, the Group's undrawn financing facilities of bank loans and bills companies were NT\$2,688,872 thousand and NT\$2,878,337 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, 2025				
	Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 500,000	\$ 300,000	\$ 180,400	\$ 1,438,700	\$ 2,419,100
Short-term bills payable	265,000	-	-	-	265,000
Notes payable	438	597	-	177	1,212
Accounts payable	2,629	1,838	-	48	4,515
Other payables	25,085	6,872	14,902	95,095	141,954
Current income tax liabilities	-	-	-	32	32
Other current liabilities	389	-	-	69	458
Long-term borrowings	-	-	-	609,243	609,243
Guarantee deposit received	-	-	-	13,929	13,929
Other non-current liabilities	-	-	-	40	40
	<u>\$ 793,541</u>	<u>\$ 309,307</u>	<u>\$ 195,302</u>	<u>\$ 2,157,333</u>	<u>\$ 3,455,483</u>

	December 31, 2024				
	Less than 30 days	31–60 days	61–90 days	Over 90 days	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 190,000	\$ 1,608,000	\$ 865,000	\$ 24,100	\$ 2,687,100
Accounts payable	1,850	1,487	-	26	3,363
Other payables	41,019	19,268	4,786	79,599	144,672
Other current liabilities	209	145	5	50	409
Long-term borrowings	-	-	-	502,563	502,563
Guarantee deposit received	-	-	-	13,762	13,762
Other non-current liabilities	-	-	-	107	107
	<u>\$ 233,078</u>	<u>\$ 1,628,900</u>	<u>\$ 869,791</u>	<u>\$ 620,207</u>	<u>\$ 3,351,976</u>

(VII) Related party transaction

1. Name and relationship

Related Party Name	Relationship with the Group
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
Asia Pacific Charity Foundation	Substantive related party
Taiwan Evervaliant Corp.	Substantive related party
Taian Insurance Co, Ltd.	Substantive related party
New Taipei City Jin Li Social Welfare and Charity Foundation	Substantive related party
Wan Hai Charitable Foundation	Substantive related party
Wan Hai Lines Ltd.	Substantive related party
Wan Hai Lines Ltd. Employee Welfare Committee	Substantive related party
WAN HAI LINES (JAPAN), LTD	Substantive related party
Tian He Foundation	Substantive related party
Tianhe Investment Co., Ltd.	Substantive related party
New Sincere Transportation Corp.	Substantive related party
New Safety Transportation Corp.	Substantive related party
New Speed Transportation & Storage Co., Ltd.	Substantive related party
Dao Qi Co., Ltd.	Substantive related party
Dao Pu Co., Ltd.	Substantive related party
Shi Feng Investment Co., Ltd.	Substantive related party
Yi Da Investment Co., Ltd.	Substantive related party
Yi Hsiang Industrial Co.,Ltd.	Substantive related party
Yi Yuan Industrial Co.,Ltd.	Substantive related party
Yi Chao Industrial Co.,Ltd.	Substantive related party
BAO Sheng Shipping Agency Co., Ltd.	Substantive related party
Xiaoting Investment Co., Ltd.	Substantive related party
Jiu Fu Garden Co., Ltd.	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

		2025					
		Operating revenue	Cost of rental sales	Selling expenses	Administrative expenses	R&D expenses	Other income
Other related parties		\$ 16,872	\$ 15	\$ 443	\$ 455	\$ 24	\$ 31
		2024					
		Operating revenue	Cost of rental sales	Selling expenses	Administrative expenses	R&D expenses	Other income
Other related parties		\$ 16,324	\$ 17	\$ 427	\$ 462	\$ 3	\$ 30
		2025.12.31					
		Trade receivable	Prepayments	Refundable deposits	Contract liability	Other payables	
Other related parties		\$ 948	\$ 42		\$ 34	\$ 1,170	\$ 19
		2024.12.31					
		Trade receivable	Prepayments	Refundable deposits	Contract liability	Other payables	
Other related parties		\$ 1,041	\$ 43	\$ 34	\$ 2,306		\$ 21

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

	2025	2024
Short-term benefits	\$ 6,319	\$ 3,052
Post-employment benefits	187	121
	<u>\$ 6,506</u>	<u>\$ 3,173</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>2025.12.31</u>	<u>2024.12.31</u>
Property, plant and equipment:		
Land	\$ 1,105,158	\$ 1,105,158
Buildings	<u>1,000</u>	<u>1,082</u>
	<u>1,106,158</u>	<u>1,106,240</u>
Investment property:		
Land	2,017,649	2,017,650
Building	<u>11,819</u>	<u>14,975</u>
	<u>2,029,468</u>	<u>2,032,625</u>
Total	<u>\$ 3,135,626</u>	<u>\$ 3,138,865</u>

(IX) Significant Contingent Liabilities and Unrecognized Commitments

- 1.As of December 31, 2025 and 2024, the amount in guaranteed notes issued by the Group for bank borrowings was NT\$2,135,000 thousand and NT\$2,150,000 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, 2025, for the outsourcing construction contracts signed by the Group, the contract total amount was NT\$1,501,496 thousand, among which the construction amount already paid was NT\$1,056,911 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) Material marketable securities held at year-end (excluding investment in subsidiaries, associates, and joint venture equity): See Table 3.

- (4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (6) Others: Material 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.

(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:

2025	Consumer Goods Department	Real Estate Development Department	Internal write-off	Total
Income from external customers	\$ 87,246	\$ 66,048	\$ —	\$ 153,294
Inter-segment income	50	73	(123)	—
Total income	<u>\$ 87,296</u>	<u>\$ 66,121</u>	<u>\$ (123)</u>	<u>\$ 153,294</u>
Interest income	<u>\$ 5,504</u>	<u>\$ 3,096</u>	<u>\$ (72)</u>	<u>\$ 8,528</u>
Interest expense	<u>\$ 22,870</u>	<u>\$ 29,387</u>	<u>\$ (72)</u>	<u>\$ 52,185</u>
Depreciation and amortization	<u>\$ 7,426</u>	<u>\$ 2,875</u>	<u>\$ —</u>	<u>\$ 10,301</u>
Segment profit or loss	<u>\$ 101,941</u>	<u>\$ 233,800</u>	<u>\$ —</u>	<u>\$ 335,741</u>
Capital expenditure of non-current assets	<u>\$ 2,421</u>	<u>\$ 271,225</u>	<u>\$ —</u>	<u>\$ 273,646</u>
Assets from external entities	<u>\$ 3,412,037</u>	<u>\$ 7,148,021</u>	<u>\$ —</u>	<u>\$ 10,560,058</u>
Inter-segment transactions	—	—	—	—
Segment assets	<u>\$ 3,412,037</u>	<u>\$ 7,148,021</u>	<u>\$ —</u>	<u>\$ 10,560,058</u>
Liabilities from external entities	<u>\$ 1,282,901</u>	<u>\$ 3,751,280</u>	<u>\$ —</u>	<u>\$ 5,034,181</u>

2024	Consumer Goods Department	Real Estate Development Department	Internal write-off	Total
Income from external customers	\$ 92,638	\$ 63,131	\$ —	\$ 155,769
Inter-segment income	36	47	(83)	—
Total income	<u>\$ 92,674</u>	<u>\$ 63,178</u>	<u>\$ (83)</u>	<u>\$ 155,769</u>
Interest income	<u>\$ 7,399</u>	<u>\$ 679</u>	<u>\$ (924)</u>	<u>\$ 7,154</u>
Interest expense	<u>\$ 19,307</u>	<u>\$ 27,756</u>	<u>\$ (924)</u>	<u>\$ 46,139</u>
Depreciation and amortization	<u>\$ 8,252</u>	<u>\$ 2,673</u>	<u>\$ —</u>	<u>\$ 10,925</u>
Segment profit or loss	<u>\$ 35,134</u>	<u>\$ (56,143)</u>	<u>\$ —</u>	<u>\$ (21,009)</u>
Capital expenditure of non-current assets	<u>\$ 2,841</u>	<u>\$ 408,137</u>	<u>\$ —</u>	<u>\$ 410,978</u>
Assets from external entities	<u>\$ 3,553,675</u>	<u>\$ 6,711,381</u>	<u>\$ —</u>	<u>\$ 10,265,056</u>
Inter-segment transactions	—	—	—	—
Segment assets	<u>\$ 3,553,675</u>	<u>\$ 6,711,381</u>	<u>\$ —</u>	<u>\$ 10,265,056</u>
Liabilities from external entities	<u>\$ 1,207,591</u>	<u>\$ 3,783,143</u>	<u>\$ —</u>	<u>\$ 4,990,734</u>

## 2. Information on segments by location

	2025	2024
Income from external customers		
Region:		
Taiwan	\$ 153,277	\$ 155,366
Asia	10	250
America	—	98
Europe	7	55
	<u>\$ 153,294</u>	<u>\$ 155,769</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:

	2025	2024
Customer A from the Consumer Goods Department	\$ 17,978	\$ 17,972
From Customer B of the Real Estate Development Department	16,373	16,322
	<u>\$ 34,351</u>	<u>\$ 34,294</u>

Shihlin Paper Co., Ltd. and its Subsidiaries  
 Financing provided to others  
 2025

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 of allowance for doubtful accounts provided	Collateral		Limit of financing for individual borrowers	Total limit of financing
													Name	Value		
0	Shihlin Paper Co., Ltd.	Shihlin Environment Corporation	Other receivables	Yes	\$400,000	\$400,000	—	—	Need for short-term financing	—	Operating capital	—	—	—	\$ 1,105,175 (Note 1)	\$2,210,351 (Note 2)

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  
2025

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 of endorsements/ guarantees collateralized by property	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Limit of endorsement/ guarantee	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	—	14.48%	\$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	20.20%	\$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/guaranteed, and the calculation method of the total limit of the Company's endorsement/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/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

Material marketable securities held at year-end (excluding investment in subsidiaries, associates, and joint venture equity)

December 31, 2025

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	2,985,553	1.35%	2,985,553
	Stocks of KGI Financial Holding Co., Ltd.	—	Financial assets at FVTOCI - current	115,589	1,994	0.00%	1,994
	Stocks of First Financial Holding Co., Ltd.	—	Financial assets at FVTOCI - current	294,078	8,646	0.00%	8,646
	Stocks of Far Eastern International Bank Co., Ltd.	—	Financial assets at FVTOCI - current	116,289	1,494	0.00%	1,494
	Stocks of Cathay Financial Holdings Co., Ltd.	—	Financial assets at FVTOCI - current	184,466	13,982	0.00%	13,982
	Stocks of China Bills Finance Corporation	—	Financial assets at FVTOCI - current	400,000	6,760	0.03%	6,760
	Stocks of Taiwan Felt Co., Ltd.	—	Financial Assets at FVTOCI - non-current	3,330	7,329	4.17%	7,329

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

Shihlin Paper Co., Ltd. and its Subsidiaries  
Material intercompany transactions  
2025

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 Co., Ltd.	1	Sale	29,413	Same as general transaction counterparties	19.19%
				Income from labor services	10,517		6.86%
				Selling expenses	4,602		3.00%
				Trade receivable	8,821		0.08%

Note 1: The relationship with the related party refers to

1. Parent 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)  
2025

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	650,075	415,075	65,000,000	100.00	659,438	905	905	
	Sunshine Shihlin Development Co., Ltd.	Taipei City	Investment and development	3,806,419 (Note 1)	3,806,419	200,100,000	100.00	2,737,303	232,895	232,895	
	Sunnyfield Shihlin Co., Ltd.	Taipei City	Wholesale of daily necessities	300,000	300,000	30,000,000	100.00	33,198	(7,886)	(7,886)	
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.