

Stock Code : 9944



# SHINIH ENTERPRISE CO., LTD.

## 2023 Annual Report

### Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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Link to Annual Report : <http://mops.twse.com.tw>

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## **V. Name of the exchange house where overseas eligible securities are traded and the method of inquiry on the mentioned securities : None.**

## **VI. Company Website: <http://www.shinih.com.tw>**

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# Chapter 1. Letter to Shareholders

Dear shareholders, ladies and gentlemen,

With regard to the 2023 operational result of the Company, in terms of the revenue, the consolidated net revenue of the parent company and subsidiaries was approximately NTD 2.11 billion, representing a decrease of 19.59% compared to approximately NTD 2.63 billion in 2022. The net operating revenue of the parent company for the entire year was approximately NTD 290 million, which is a decrease of 33.09% compared to approximately NTD 434 million in 2022.

In terms of the earnings, the consolidated net profit after tax for the current period amounted to approximately NTD 176 million, representing a decrease of 26.81% compared to the consolidated net profit after tax of approximately NTD 241 million in 2022. This decrease is mainly due to the land acquisition compensation benefit received in 2021 of the Hangzhou Plant. The main reason is that the overall industry has declined due to the impact of inflation, and the cost of raw materials, freight, electricity, labor and other factors have increased, resulting in a decline in gross profit and affecting profitability.

## I. 2023 Business Result

### (I) 2023 Business Plan Implementation Outcome

Unit: NT\$ thousand

Item / Year	2023	2022	Amount increase (decrease)	Percentage of change (%)
Operating revenue	2,114,906	2,630,253	(515,347)	(19.59%)
Cost of revenue	1,645,778	1,926,438	(280,660)	(14.57%)
Gross profit	469,128	703,815	(234,687)	(33.34%)
Operating profit and loss	553,244	604,619	(51,375)	(8.50%)
Operating profit	(84,116)	99,196	(183,312)	(184.80%)
Non-operating income and expenditure	455,793	345,122	110,671	32.07%
Net profit before tax	371,677	444,318	(72,641)	(16.35%)
Net profit	176,466	241,092	(64,626)	(26.81%)

### (II) Budget Implementation status

The Company is allowed to not disclose the financial forecasts publicly in 2023.

### (III) Financial structure and profitability analysis:

Unit: NT\$ thousand

Item / Year		2023	2022	Amount increase (decrease)
Financial revenue/ expenditure	Operating revenue	2,114,906	2,630,253	(19.59%)
	Gross profit	469,128	703,815	(33.34%)
	Net profit	176,466	241,092	(26.81%)
Profitability analysis	Return on assets (%)	3.29	4.39	(25.06%)
	Return on equity (%)	5.04	7.13	(29.31%)
	Profit Before Tax to Capital Stock (%)	34.07	40.72	(16.33%)
	Net profit margin (%)	8.34	9.17	(9.05%)
	Earnings per share (NT\$)	1.49	2.12	(29.72%)

#### (IV) Research and Development Status

The Company integrates existing diverse non-woven fabric manufacturing technologies, implements advanced processes and new function materials, and cooperates with customers' development demands, in order to head toward the development direction of high added value product application of differentiation, diversity, functional and sustainable environment. In addition, the Company also continues to attract and cultivate research and development talents with Taiwan as the R&D center. With the consideration of the business model, customer value and sustainable development, the Company continues to enhance customer trust, strengthen the core value of the Company, in order to establish sustainable competitive advantages and to achieve greater value for shareholders.

### II. 2024 Business Plan Overview

#### (I) 2024 Operational Policy

##### i. Global economic status:

Since 2023, the overall global economic performance has been poor due to weak end demand in the US and Europe, China's post-pandemic recovery not as expected, continued geopolitical disruptions, and high global inflation pressure in the first half of the year. The IMF has revised down the global economic performance to 3.0% this year. The global economic growth in 2024 is expected to be only 2.9%.

(1) Developed economies: Due to the expected impact of high inflation pressure and continued tightening of monetary policies, the overall economic growth is estimated to be 1.5% in 2023 and 1.4% in 2024. The U.S. economy is expected to grow by 2.1% in 2023 and 1.5% in 2024.

(2) Developing economies: In the second half of 2023, the manufacturing industry is nearing the end of the destocking, and the decline in exports will begin to narrow, and slight growth will resume at the end of the year. The consumption of information and communication products in Europe and the United States is expected to recover slowly, driving the economic growth in Southeast Asia in 2024 to be higher than that in 2023. It is estimated that the overall economic growth in 2023 will be 4.0%, and that in 2024 will be 4.0%. Among them, China is expected to account for 5.0% in 2023 and 4.2% in 2024; Vietnam is expected to account for 5.0% in 2023 and 6.3% in 2024.

ii. Nonwoven fabric industry overview: It is still under high industrial growth. Among which Asia indicates the highest growth, and the growth of spunbond shows the highest rate.

##### (1) Global nonwoven fabric:

It is expected that for 2023, the global nonwoven fabric market is approximately 42.6 billion with an annual compound growth rate of 6.1%, such that the global nonwoven fabric industry scale will reach US\$61.2 billion by 2028. Accordingly, it is an industry under stable growth.

##### (2) 2022 Asia nonwoven fabric manufacturing technology percentage

As far as the production process of non-woven fabrics is concerned in Asia, spunmelt fabric can reach up to 50%. Needle-punched non-woven fabric came in second with a 21% share, up 1% from the previous year, followed by hydroentangled nonwoven fabric with a 17% share, down 1% from the previous year.

The technical planning of Shinih is to focus on the PET base, with the all-round structure of resin, needle rolling, hydro-rolling, and hot melting, to develop toward the direction of small but beautiful, multi-composite and comprehensive technology.

##### iii. Operational policy:

Under the complex influence of high inflation, trade wars, tapering and interest rate hikes, geopolitics, anti-globalization, extreme weather, repeated impacts of the pandemic, sustainable development, and supply chain restructuring, the business environment is facing unprecedented challenges, we have established five strategic plans as the countermeasures:

##### (1) Existing core business: Improve overall process technology planning

Based on the existing core foundation, improve and integrate nonwoven fabric technology integrate the processes laterally, and develop materials longitudinally, in order to integrate the technology development and product development, thereby further improving the technology strategy with greater competitiveness, differentiation, high value, low cost and high efficiency, such that the Company's products become the priority choices of customers.

(2) High-end process: Develop high value products

As bicomponent high-end equipment is released consecutively, the existing process capabilities are integrated to head toward the development of differentiation, sub-micron and diverse composition. As for the raw materials, fibers, web formation, post-processing, the development heads toward the direction of diverse and combinational design. Combinational design: Combination of functional fiber/processing function/structure. Expand product application scope with functional combination.

(3) Supply chain integration: Adjust the supply chain in accordance with trends

We will continue to deepen the customer market-oriented supply chain service and adjust accordingly in response to the trend of supply chain restructuring. At the same time, we will develop the European and American markets, conduct R&D in Taiwan, manufacture in ASEAN countries, and obtain material and equipment support from China. Additionally, our existing multinational layout will be leveraged for cross-chain resource integration to mitigate impacts and maximize advantages.

(4) Sustainable development: Energy saving, carbon reduction, sustainability and environmental protection

Promote policies related to sustainable development, green recycling, energy saving and carbon reduction; develop green circular manufacturing, establish water resource recycling systems, and implement recycling and reuse of production waste, etc.; incorporate the awareness of the 5Rs (Reduce, Reuse, Recycle, Recover, and Replace) into the daily operations of employees, internalizing it as part of our basic DNA; externally, align with the sustainable development strategies of customers' supply chain and participate in relevant circular sustainability policies.

(5) Utilize the complementarity among countries and expand international strategic cooperation.

We will actively expand the joint collaboration with international giant business operators in Europe, U.S, China and Japan, etc., in various advantageous aspects (raw materials, equipment, products, markets and talent, etc.)

At the same time, we will focus on replacing the weaving, down, and foam industries with the core foundation of the circular economy as our development direction. This serves as the strategy for the operational growth momentum of our brand's added value.

(II) Sales Volume Forecast and Basis

For the 2024 sales market forecast, the regions of Taiwan and ASEAN are expected to indicate growth in comparison to 2023. For the region of China, to cooperate with the local status adjustment strategy of the Chinese government, the production capacity will be recover consecutively after re-arrangement; while the sales market in the United States will show a flat trend due to the decline of the economy. In terms of product application, the growth of insulation materials will be higher than that of 2023 due to the stabilization of market demand and the introduction of new products; the growth of industrial materials will be due to the mass production of production lines and the integration of automotive materials; and the consumer material field will be challenged by the downturn of the U.S. economy. In general, the Company's overall revenue is expected to show an increasing trend for 2024 in comparison to 2023.

(III) Important Production and Sales Policies

With the customer and market demand as the goal, the Company's principle of coordinating the global resource logistics efficiency of the group is as follows:

1. Develop functional niche products, expand the market share of products of mass production, and utilize advantages in cross-regional trade along with the restructuring of supply chain, in order to increase the overall sales and profit.
2. Promote sustainable, green, and circular manufacturing, and enhance efficiency, improve quality, reduce costs, and enhance long-term competitiveness through digital, automated, and intelligent production management..
3. Horizontally and vertically integrate the global supply chain strategy, stabilize raw material cost, delivery and quality,

in order to increase the value chain value.

### III. Company's Future Development Strategy

1. Integrate all business locations of the group, activate real estate actively, and increase overall return on assets.
2. Continue to develop multi-functional products, expand diverse and broad customer groups and markets.
3. Implement system automation with fast information flow, and control time and cost effectively.

### IV. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

#### (I) External Competitive Environment

##### 1. Information link

Under the improvement of mobile devices and cloud technologies, the business model and delivery service process have been changed with greater convenience, and production automation and internal operation digitization have also been promoted. With the continuous development of Big Data, the optimization of enterprise and replacement have also been implemented progressively.

Transparency of network information accelerates the upstream and downstream information and structural integration of enterprises. The enterprise optimization process also promotes the internal of the Company to focus on re-gaining the advantages over the improvement of competitors in the market.

##### 2. Resource integration

Cross-border trading promotes fast integration of differences among demographic dividend, culture, languages, climate and local natural resources, and all of these resources are also integrated into products, in order to reduce time cost and to transform into benefits.

#### (II) Regulatory Environment

##### 1. Tax laws

The Chinese government has announced the "Regulations Governing Enterprise Information and Networking Inspection System" and the "Golden Tax Project Phase IV" system purchase cross-database integration to include non-tax information exchange. It is expected that the Golden Tax Project Phase IV will allow the taxation institution to audit cross-company declaration information in order to understand the status of materials, cash flows or any tax evasion.

##### 2. Trade agreements

The population of the member states of the "Comprehensive and Progressive Agreement for Trans-Pacific Partnership" (CPTPP) reaches nearly 500 million people (accounting for 7% of the global population), and the total GDP exceeds US\$11 trillion/ accounting for 13.1% of the global GDP, and it is the one of the three global major trade agreements. The Company has established business location in Vietnam, one of the member states of CPTPP.

The GDP of "Regional Comprehensive Economic Partnership" (RCEP) reaches US\$27 trillion, covering approximately half of the total population of the world and 30% of the total global trade amount. The Company has established business locations in China, Indonesia, Cambodia, Thailand and Vietnam.

In comparison to CPTPP, the barrier of liberalization adopted by RCEP is lower and more flexible.

##### 3. Increase of environment protection awareness

As the global consumers place greater emphasis on the green supply chain, manufacturers must comply with relevant inspection standards and relevant laws and regulations of RoHS, REACH, HF, energy saving and carbon reduction for the environmental protection requirements demanded by the upstream and downstream of the supply chain. Accordingly, to increase the advantages of channel deployment, companies must also increase the marketing, sales and production cost at the same time. As the Company has actively promoted the green supply chain, the Company has also obtained the eco-friendly marks of GRS and BlueSign.



The Chinese government has implemented the “Environmental Protection Tax Law” since 2018. In addition to the increase of the factory establishment cost of enterprises in China, the law also increases the risk of possible policy relocation of existing production site at nearby urban areas. Accordingly, its impact on industries and enterprises of high energy consumption, high pollution and low effect is significant.

( III ) Overall Operation Environment

According to the World Economic Outlook (IMF), the global economic growth is expected to be 3.1% in 2024 and 3.2% in 2025. Under the impact of high inflation and significant increase of interest rate along with the tension due to geopolitics, disturbance to the economic environment is caused and the slowing down of global growth will become a common situation.

The U.S. economic growth is expected to drop from 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025, while China's economic growth is expected to be 4.6% in 2024 and 4.1% in 2025.

Major factors affecting the economic outlook:

1. Continuous increase of price pressure: Increase of energy cost and inflation, current supply crisis, marine transportation port congestion and increasing demand for products,
2. Currency environment tightening: Due to the increase of interest rate, tightening of financing environment, depreciation of exchange rate, increase of inflation, the economy will face difficult trade-offs.

“World Economic Outlook” forecast summary information source: IMF Unit: %/Year

Region	2023	2024	2025
World output	1.7	2.7	3.2
U.S.A.	0.5	1.6	1.7
China	4.3	5.0	4.1

Best wishes to all shareholders

May you be blessed with good health and good luck

**Chairman Jui-Jui Chien**

## Chapter 2. Company Profile

I. Establishment Date: September 14, 1962.

### II. Company Profile

Year	Important Events
1962	1. The Company was established by Tien-Sheng Chien, and the former name of the Company as “Shinih Cotton Textile Co., Ltd.”.
	2. The authorized and paid-in capital during the establishment was NT\$2,000 thousand.
	3. The Company was established at Banqiao City, Taipei County, for production of quilts and pillows.
1964	Introduced the automatic quilt production equipment for chemical fiber (polyester) quilts.
1965	Established the first automated production for polyester quilts (space quilts) in Taiwan.
1968	Manufactured the first nylon quilts in the industry for exporting to Southeast Asia and Middle East areas, expanding the sales of quilts to the international market.
1971	Established Gueishan Plant and successfully developed resin cotton, needle-punching cotton, and implemented the automated mass production.
1979	Executed capital increase by cash of NT\$28,000 thousand, and authorized and paid-in capital was increased to NT\$30,000 thousand.
1982	1. Successfully developed nonwoven needle-punching automotive carpets.
	2. Established Yilan Plant, and expanded the northeast region market, leading the industry with widely distributed market and throughout all regions in Taiwan.
1984	Signed contact with DuPont to become the exclusively authorized manufacturer in Taiwan for the production and sale of DuPont’s cotton series of products, improved quality and corporate image.
1986	Authorized as an agent for sale of the high-end carpets from well-known British brand BURMATEX and TYVEK from DuPont.
1987	1. Established Tainan Plant, upgraded production equipment, expanded production capacity, and improved product quality.
	2. Executed capital increase by cash of NT\$30,000 thousand, and authorized and paid-in capital was increased to NT\$60,000 thousand.
1988	1. Engaged in joint venture with Japanese Kureha Fibers Co., Ltd. for reinvestment in the establishment of Taiwan Kureha Co., Ltd. for the production of automotive carpets.
	2. Acquired and merged with Sheng Huang Co., Ltd. for NT\$60,000, and the authorized and paid-in capital was increased to NT\$120,000.
1989	Company name changed to “Shinih Enterprise Co., Ltd.”.
1990	Executed capital increase by cash of NT\$40,000 thousand, and authorized and paid-in capital was increased to NT\$160,000 thousand.
1991	Successfully developed VFT, and applied for patent rights in various countries.
1992	Successfully developed hard cotton, and invested in equipment for trial production.
1993	Reinvested in the establishment of Taichang Plant in China - Shinih Fiber Products (Suzhou) Co., Ltd.
1994	Invited by U.S. DuPont to sign VFT global strategy alliance.
1995	Taichang Plant in China started mass production officially for market expansion in China.
1996	Invested in VFT production equipment and engaged in mass production to supply products to the market, seized business opportunities with leading technology in the industry.
1997	1. Invested in the establishment of Dongguan Plant in China - Dongguan Shinih Fiber Products Co., Ltd., and started mass production.
	2. Executed capital increase by capital reserve of NT\$39,600 thousand, and authorized and paid-in capital was increased to NT\$199,600 thousand.

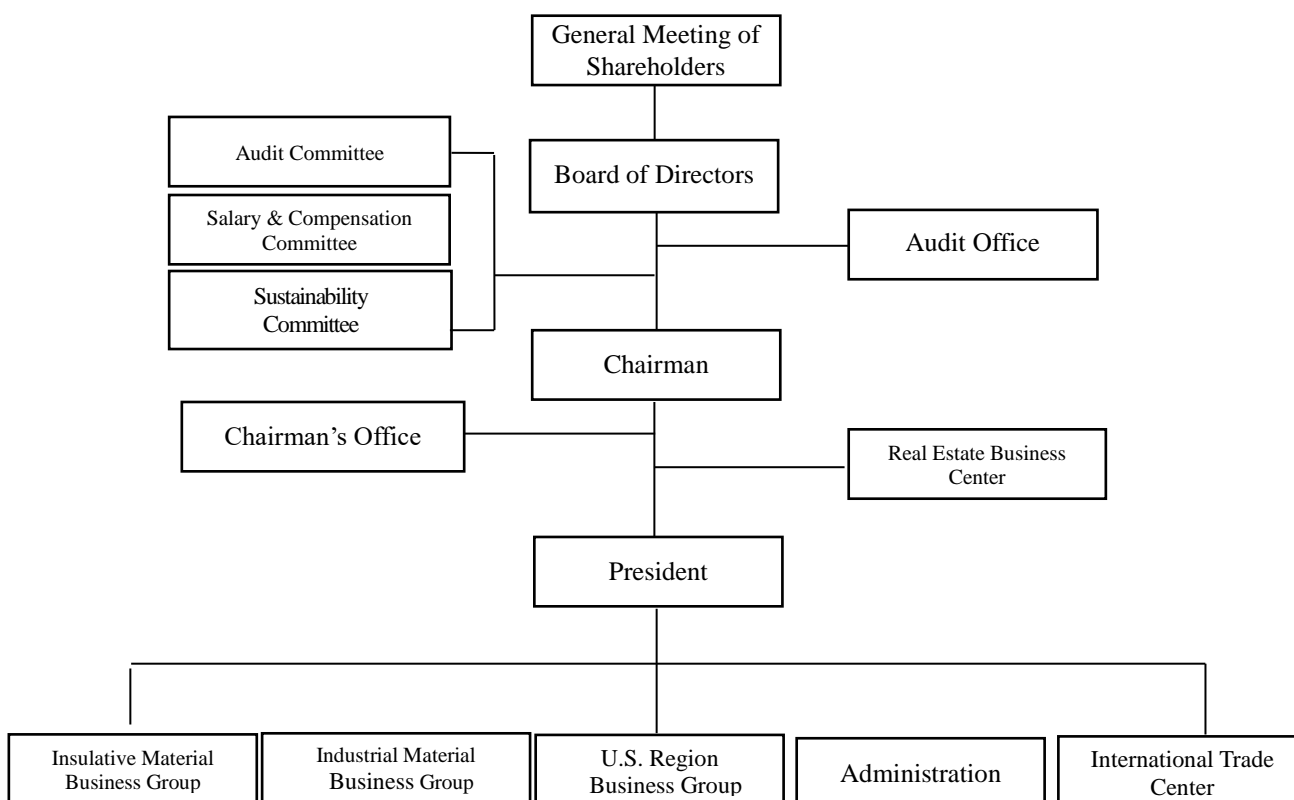
Year	Important Events
1998	1. DuPont China jointed Shinih Fiber Products (Suzhou) Co., Ltd. as corporate shareholder and signed collaborative production and sale contract for Sleeping Baby Bedding.
	2. Executed capital increase by cash of NT\$60,000 thousand, capital increases by undistributed earnings of NT\$59,880 thousand, capital increase by capital reserve of NT\$4,990 thousand, and the paid-in capital after the capital increase was NT\$324,470 thousand.
	3. In addition, supplementary public offering application was approved on July 16, 1998.
1999	1. "Crease Fixation Cotton Improved Structure" received the national invention award.
	2. Executed capital increase by undistributed earnings of NT\$51,915 thousand, capital increase by capital reserve of NT\$6,489 thousand, capital increase by employee bonus of NT\$1,657 thousand, and the paid-in capital after the capital increase was NT\$384,531 thousand.
2000	Executed capital increase by undistributed earnings of NT\$76,906 thousand, capital increase by capital reserve of NT\$19,226 thousand, capital increase by employee bonus of NT\$2,103 thousand, and the paid-in capital after the capital increase was NT\$482,767 thousand.
2001	1. The Company's stocks listed on OTC for trading on 2001.1.16.
	2. Invested in the establishment of Hangzhou Plant in China - Hangzhou Shinih Fiber Products Co., Ltd.
	3. Invested in the establishment of Tangshan Plant in China - Shinih Fiber Products (Tangshan) Co., Ltd.
	4. Engaged in joint venture with Japanese Kureha Fibers Co., Ltd. for investment in the establishment of Kureha Thailand Co., Ltd. for the production of automotive air filters, etc.
	5. Invested in Long fiber production line and spunlace production line.
	6. Executed capital increase by shareholder and employee bonuses and by capital reserve of NT\$117,984 thousand, and the paid-in capital after capital increase was NT\$600,751 thousand.
2002	1. The Company's stocks listed on TWSE for trading on 2002.8.26.
	2. Increased the investment in Shinih (Vietnam) Ltd.
	3. Increased investment in Taishin Fiber Products (Suzhou) Co., Ltd. in China.
	4. Increased investment in Dongguan Taishin Fiber Products Co., Ltd. in China.
	5. Issued convertible corporate bonds of NT\$300,000 thousand.
	6. Executed capital increase by shareholder bonuses of NT\$30,037 thousand, and the paid-in capital after capital increase was NT\$630,788 thousand.
2003	1. Increased investment in AMERICAN OUTDOOR LIVING INC..
	2. Increased investment in SHINIH USA INC..
	3. Executed capital increase by shareholder bonuses of NT\$47,309 thousand, capital converted from corporate bonds of NT\$34,945 thousand, and the paid-in capital after capital increase was NT\$713,042 thousand.
2004	1. Executed capital increase by shareholder bonuses of NT\$43,446 thousand, capital increase by employee bonuses of NT\$6,441 thousand, capital converted from corporate bonds of NT\$11,061 thousand, and the paid-in capital after capital increase was NT\$773,990 thousand.
	2. Signed joint cooperation contract with Department of Industrial Technology, MOEA, and the government provided subsidy of NT\$1.46 million for the implementation of global logistics management center information construction plan, in order to integrate the resources of 15 production and sales locations worldwide, and to develop functional consumer products.
2005	Executed capital increase by shareholder bonuses of NT\$31,084 thousand, capital converted from corporate bonds of NT\$3,100 thousand, and the paid-in capital after capital increase was NT\$808,174 thousand.
2006	1. Established the corporate internal e-learning platform.
	2. Executed capital increase by shareholder bonuses of NT\$40,409 thousand, capital converted from corporate bonds of NT\$16,858 thousand, and the paid-in capital after capital increase was NT\$865,441 thousand.
2007	1. Increased investment in Tangshan Taishin Fiber Products Co., Ltd. in China.
	2. Yilan Plant resumed production for the manufacturing of self-adhesive protection film.

Year	Important Events
	3. Executed capital increase by shareholder bonuses of NT\$43,280 thousand, capital converted from corporate bonds of NT\$372 thousand, and the paid-in capital after capital increase was NT\$909,093 thousand.
2008	1. Increased investment in Qingdao Taishin Fiber Products Co., Ltd. in China.
	2. Received the honor of one of the Top 200 Companies with annual revenue below USD one billion in Asia by Forbes magazine.
2009	1. Increased investment in Taiwan, and established Interbond Co., Ltd.
	2. Planned and designed the transformation of Yilan Plant into Bedding Tourism Factory.
2010	1. Expanded investment in Taiwan, and increased the purchased of Tainan Guantian Plant.
	2. Executed capital increase by shareholder bonuses of NT\$50,000 thousand, and the paid-in capital after capital increase was NT\$959,093 thousand.
2011	1. Increased investment in Hubei Taishin Fiber Products Co., Ltd. in China.
	2. Established the Remuneration Committee.
	3. The joint venture “Japanese Kureha Fibers Co., Ltd.” changed its company name to “Japanese Kureha Technology Co., Ltd.”.
2012	1. Executed capital increase by shareholder bonuses of NT\$47,955 thousand, and the paid-in capital after capital increase was NT\$1,007,048 thousand.
2013	1. Increased the investment in Shinih (Cambodia) Co., Ltd. in Cambodia.
2014	1. Increased the investment in Kunshan Shinih Trading Co., Ltd.
	2. Issued domestic second convertible corporate bonds (99442) of NT\$350 thousand.
	3. Executed capital converted from corporate bonds of NT\$50,916 thousand, and the paid-in capital after capital increase was NT\$1,057,964 thousand.
	4. Expanded investment in Taiwan, and established new Taoyuan Bade Plant.
2015	1. Increased investment in World Furniture Group.
	2. Increased investment in American Furniture Alliance Inc.
	3. Executed capital converted from corporate bonds of NT\$29,123 thousand, and the paid-in capital after capital increase was NT\$1,087,087 thousand.
2016	1. Executed capital converted from corporate bonds of NT\$3,984 thousand, and the paid-in capital after capital increase was NT\$1,091,071 thousand.
	2. Established the Audit Committee.
2017	Increased investment in PT Shinih Nonwovens Indonesia in Indonesia.
2018	1. Implemented A+ enterprise innovative research and development plan for the technology research and development project of MOEA.
2023	Increased investment in S International Inc.

## Chapter 3. Corporate Governance

### I · Organization

#### (I) Organizational Structure



#### (II) Responsibilities of Main Departments

Chairman's Office	Assistance to the Chairman in operation management and project related matters.
Auditing Office	Handling of the soundness, reasonableness, execution effectiveness of internal control system, and execution of internal audit operations, improvement of operation process, and other related matters.
Real Estate Business Center	Revitalization, development, and reuse of the group's assets, land, and idle plants to create non-operating income and increase non-industry value.
Insulative Material Business Group	Insulative material product marketing, sales, research and development, quality control and related matters.
Industrial Material Business Group	Industrial material product marketing, sales, research and development, quality control and related matters.
U.S. Region Business Group	Product marketing, sales, research and development, quality control and related matters for the U.S. region.
Administration	<ol style="list-style-type: none"> <li>1.Management and coordination of personnel matters, salaries and general affairs.</li> <li>2.Administrative and general affair planning and handling, property insurance, and other related matters.</li> <li>3.Planning, supervision of import, export, transportation and customs, and executing relevant matters.Planning, establishment, development and management of the Company's system integration and computer information related management affairs.</li> <li>4.Establishment, assessment and implementation of accounting system, and preparation and analysis of financial statements and budgets related matters.</li> <li>5.Taxation planning and declaration related matters.</li> <li>6.Fund management and financing planning and adjustment related matters.</li> <li>7.Financial service and short-term financial management and long-term investment operation related matters.</li> <li>8.Stock affairs, announcements, and declaration related matters.</li> <li>9.Supervision of financial and accounting related matters of all investment locations.</li> </ol>
Trade Center	<ol style="list-style-type: none"> <li>1. Major purchase related matters of the purchase of large raw materials and machinery, equipment and hardware.</li> <li>2. Planning, supervision of import, export, transportation and customs, and executing relevant matters. Planning, establishment, development and management of the Company's system integration and computer information related management affairs.</li> <li>3.Supplier management, Supervision and evaluation.</li> <li>4. Isolation materials and industrial materials PI business, quality system standard system establishment and quality business execution.</li> </ol>

## II. Information of Directors, President, Vice President, Assistant Vice President, and Managers of Departments and Divisions

### (I) Director Information - 1

April 16, 2024

Title	Nationality or registered place	Name	Gender Age	Date of Taking office	Office term	Date first elected	Shares held upon appointment		Number of shares held currently		Shares held by spouse and underage children currently		Shareholding by nominee arrangement		Main experiences (educational background)	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as Supervisors or other department heads			Remarks
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship	
Chairman / CSO	R.O.C.	Lee Pont Investment Co., Ltd.	N/A	2022.06.17	3years	2022.06.18	24,075,234	22.07%	24,075,234	22.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Jui-Jui Chien	Female 71-80 years old	2022.06.17	3years	2022.06.18	1,221,957	1.12%	1,235,817	1.13%	90,729	0.08%	0	0	National Taipei High School of Business	PT Shinih Nonwovens Indonesia Chairman Sunnex Philippines Industrial Corporation President	None	None	None	None
Directors	R.O.C.	Lee Pont Investment Co., Ltd.	N/A	2022.06.17	3years	2022.06.18	24,075,234	22.07%	24,075,234	22.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Chia-Chin Chien	Female 41-50 years old	2022.06.17	3years	2022.06.17	240,646	0.22%	250,546	0.23%	0	0	0	0	University of California Department of Information Management	Kureha (Thailand) Company LTD Directors Taiwan Kureha Co., Ltd. Directors Shinih Enterprise Co., Ltd. Vice President Taiwan Nonwoven Fabrics Industry Association 16 <sup>th</sup> Chairman	None	None	None	None
Directors	R.O.C.	Xiang Bo International Development Co., Ltd	N/A	2022.06.17	3years	2004.06.15	584,655	0.54%	600,000	0.55%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Chiu-Chiu Chien	Female 41-50 years old	2022.06.17	3years	2004.06.15	0	0	13,200	0.01%	0	0	0	0	UCLA Stanford SLSC	Shinih Co., Ltd. special assistant	None	None	None	None
Directors	R.O.C.	Ying Hung Investment Co., Ltd.	N/A	2022.06.17	3years	2019.06.21	4,442,311	4.07%	4,442,311	4.07%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	None
		Representative: Sheng-Hung Chien	Male 41-50 years old	2022.06.17	3years	2022.06.17	499,513	0.46%	499,513	0.46%	0	0	0	0	Temple University Japan Campus Department of International Business	Nakajima Construction Co., Ltd. Project Manager Kai Sen Construction Co., Ltd. Project Manager Shinih(Cambodia)Co.,Ltd. Chairman Shinih Holding Co., Ltd Director Sunburst International Ltd. Director Shinih Vietnam Co., Ltd Chairman	None	None	None	None
Independent Directors	R.O.C.	Shu-Fen Wang	Female 71-80 years old	2022.06.17	3years	2019.06.21	0	0	0	0	0	0	0	0	PhD in Finance, University of Houston	Original BioMedicals Co.,Ltd. Independent Directors	None	None	None	None
Independent Directors	R.O.C.	Kuang-Wu Lu	Male 71-80 years old	2022.06.17	3years	2019.06.21	0	0	0	0	0	0	0	0	Bachelor of Law, College of Law, National Taiwan University	Tungli Attorneys-At-Law lawyer and consultant	None	None	None	None
Independent Directors	R.O.C.	Tung-Yao Wu	Male 61-70 years old	2022.06.17	3years	2022.06.17	0	0	0	0	0	0	0	0	Feng Chia University Department of Industrial Engineering and Systems Management	None	None	None	None	None

## 2. Major shareholders of corporate shareholders

April 16, 2024

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Lee Pont Investment Co., Ltd	Seng Hung Inv. Co., Ltd. (7.07%)、Chien, Jung-Tsai (7.04%)、Chi Wei Union Inv. Co., Ltd. (7.02%)、Ying Hung Int. Co., Ltd. (5.62%)、Yu Chung Enterprise Co., Ltd. (4.09%)、Fong Ming Int Co., Ltd. (4.05%)、Gin Ho Int. Co., Ltd. (3.97%)、Su Zeng Development Co., Ltd. (3.97%)、Chien、Chen, Jui-Yun (3.18%)、Chien, Chi-Chieh (2.96%)
Ying Hung Int. Co., Ltd.	Chien, Chia-Lin (22.22%)、Chien, Chia-Chun (22.22%)、Chien, Yin-Ping (22.22%)、Chien, Chia-Chin (17.74%)、Chen, Jui-Yun (15.60%)
Xiang Bo Int. Co., Ltd.	Chien, Chi-Chieh (17.90%)、Chien, Yi-Shao (12.50%)、Chien, Yi-Te (12.50%)、Siah, Yin-Xi (12.50%)、Sian, Yin-Xia (12.50%)、Lee, So.o-Yeon (12.50%)、Chien, Jung-Fu (9%)、Tseng, Shun-Hsiang (9%)、Tseng, Ing-Ming (0.4%)、Tseng, Chin-Hsiang (0.4%)

## 3. Major shareholders in Table 1 who are corporate shareholders and their major shareholders

April 16, 2024

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Seng Hung Inv. Co., Ltd.	Chien, Shiu-Hsia (33.93%)、Chien, Sheng-Hung (32.14%)、Chien, Sheng-Ping (31.08%)、Chien, Jung-Tsai (1.43%)、Chien, Zu-Hsing (0.71%)、Chien, Hsiu-Yu (0.71%)
Chi Wei Union Inv. Co., Ltd.	Chien, Chia-Hui (10.48%)、Yu-Shang-Lu (10.35%)、Chien, Chi-Wen (9.82%)、Chien, Kai-En (7.83%)、Chien, Kai-Yu (7.83%)、Chien, Chi-Cheng (7.17%)、Lin, Yu-Gin (7.16%)、Chien, Chen, Fu-Mei (7.03%)、Chien, Chi-Wei (5.07%)、Po Yang Development Co., Ltd. (4.55%)
Yu Chung Enterprise Co., Ltd.	Chiu, Chun-Wen (50%)、Chiu, Yu-San (35%)、Chien, Mei-Yu (15%)
Fong Ming Int Co., Ltd.	Wu, Huei-Ya (18%)、Wu, Liyi (18%)、Wu, Kai-Ting (13%)、Wu, Huei-Na (13%)、Su, Hao-Tien (11%)、Kung, Chia-Hua (8%)、Kung, Chia-En (8%)、Liu, Her-Ting (8%)、Chien, Jui-Jui (3%)
Su Zeng Development Co., Ltd.	Chung, Hun-Jung (38%)、Chung, Lu-Hui (26%)、Chung, Ya-Hui (26%)、Chien, Mei-Chu (10%)
Gin Ho Int. Co., Ltd.	Hsieh, Shang-Tzu (49.5%)、Hsieh, Ya-Nan (25%)、Chen, Kuang-Yu (8%)、Chen, Yu-Wen (6%)、Chen, Yu-Pei (6%)、Chen, Kuo-Jeng (5%)、Chien, Yu-Hsia (0.5%)

Director Information - 2

1. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

April 18, 2023

Name / Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Previously acted as the Chairman of the Company, and also currently act as the Chairman of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; previously acted as the President of the Business Department of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; previously acted as the President of the Company. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A	0
Shu-Fen Wang	Previously acted as the Department Head of Department of Information and Finance Management, Chiao Tung University; Previously acted as the Supervisor of Microelectronics Technology Inc., Committee Member of Hsinchu City Cable TV Review Board, Director of Chinese Association of Valuation, Independent Director of three companies of Phison Electronics Corp., Bothhand Enterprise Inc., and Zhouwei Electronics; External Committee Member of Remuneration Committee of D-Link Corporation; presently act as the Independent Director of Original BioMedicals Co., Ltd. and Committee Member of Hsinchu County Public Debt Board. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	Serve as an Independent Director and meet the independence requirements: 1.including, but not limited to, that the person or the spouse or any relative of the person within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliate; 2.the person or the spouse or any relative of the person within the second degree of kinship does not hold more than 1% of the Company's issued shares; 3.the person is not a director, supervisor, or employee of the Company or any of its affiliates;	1
Kuang-Wu Lu	Equipped with the Attorney license. Previously acted as the Managing Partner and Attorney of Yong Zheng Attorneys-At-Law, Attorney of Far East Law Office, Manager of Feinien International Co., Ltd. Presently act as the attorney and consultant of Tungli Attorneys-At-Law. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	4.the person has not received any remuneration for providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two fiscal years; 5.the person has not served as an Independent Director of the Company for more than 3 terms.	0
Tung-Yao Wu	Equipped with work experience of more than five years in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; Previously acted as the President of Yue Sheng International Co., Ltd. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.		0



(II) Diversity and Independence of the Board of Directors:

1. Diversity of the Board of Directors:

(1) Diversity Policy of the Board of Directors:

Based on the Company’s policy of diversity and strengthening of corporate governance and promotion of board formation and sound structure development, the nomination of director candidates of the Company adopts the candidate nomination system according to the provisions of the Articles of Incorporation, and the profile(experience) qualification and professional background of each candidate is assessed, and after the approval and resolution of the board of directors, it is then submitted to the shareholders’ meeting for election. Regarding the composition of the board of directors, it is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

A. Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one-third of the total number of directors.

B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: Operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, international market perspective, leadership, and decision-making ability.

2. Board of Directors Diversity Specific Management Objectives:

The Board of Directors shall direct the Company's strategies, supervise management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation, or the resolution of the shareholders' meeting. Specific management objectives are as follows:

- A. Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats
- B. At least one-third of directors are females of the total director seats
- C. Independent director has not served more than three terms
- D. Diversification of professional knowledge and skills

3. Progress in Diversity of Board Members:

Management objectives	Achievement situations
Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats	Achieved
At least one-third of directors are females of the total director seats	Achieved
Independent director has not served more than three terms	Achieved
Diversification of professional knowledge and skills	Achieved

Name of Director	Nationality	Gender	Whether or not the Director is also an Company managers of the Company	Age of Director			Independent Director's term of office	Operate Judgment	Financial Accounting	Corporate management	Risk management	Industry knowledge	International market view	Leadership	Decision-making ability
				Below 60 years of age	60-70 years of age	Above 70 years of age									
Jui-Jui Chien	R.O.C.	Female	No			✓		✓	✓	✓	✓	✓	✓	✓	✓
Chia-Chin Chien	R.O.C.	Female	Yes	✓				✓		✓	✓	✓	✓	✓	✓
Chiu-Chiu Chien	R.O.C.	Female	Yes	✓				✓	✓	✓	✓	✓	✓	✓	✓
Sheng-Hung Chien	R.O.C.	Male	No	✓				✓		✓	✓	✓	✓	✓	✓
Shu-Fen Wang	R.O.C.	Female	No			✓	2rd term	✓	✓		✓		✓		✓
Kuang-Wu Lu	R.O.C.	Male	No			✓	2rd term	✓			✓		✓		✓
Tung-Yao Wu	R.O.C.	Male	No		✓		1rd term	✓		✓	✓	✓	✓		✓

## 2. Independence of the Board of Directors:

- (1) According to the Company's "Articles of Incorporation", the election of directors and independent directors adopts a candidate nomination system. Shareholders who hold a certain number of shares or more may propose a list of candidates. The review of candidates' qualifications and compliance with Article 30 of the Company Act are conducted in accordance with the laws and regulations of the competent authorities in order to protect the rights and interests of shareholders, prevent monopoly of nomination, and maintain the independence of nomination.
- (2) Currently the Board of Directors consists of 7 directors, including 3 independent directors (42.86%). In accordance with relevant laws and regulations, through the power and duties of the Audit Committee, Independent Directors review and supervise the Company's management and control of existing or potential risks to ensure effective implementation of internal control. Independent Directors also assist in the selection (dismissal) of CPAs, review of CPA Independence, and preparation of financial statements.
- (3) The directors of the company do not have spouses or relatives within the second degree of affinity, which meets the requirements of Paragraph 3 of Article 26-3 of the Securities and Exchange Act.
- (4) The three current independent directors have not served more than three terms, independent directors may not serve more than three consecutive terms in order to stay independent.

**(III) Information of President, Vice President, Assistant Vice President, and Managers of Departments and Divisions**

April 16, 2024

Title	Nationality or registered place	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experiences (educational background)	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship	
President	R.O.C.	Jung-Fu, Chien	Male	2019.08.01	13,860	0.01%	0	0.00%	0	0.00%	Master, University of Leicester, UK Master, Department of Business Administration, National Taiwan University M.B.A., Fudan University	None	None	None	None	None
Vice President	R.O.C.	Bing-Shu, Yeh	Male	2017.08.10	3,630	0.00%	0	0.00%	0	0.00%	National Pingtung University of Science and Technology Institute of Civil Engineering	None	None	None	None	None
Vice President	R.O.C.	Chuan-Yuan, Tai	Male	2018.08.10	32,831	0.03%	2,000	0.00%	0	0.00%	Feng Chia University Institute of Textile	None	None	None	None	None
Vice President	R.O.C.	Chia-Chin Chien	Female	2022.12.15	250,546	0.23%	0	0.00%	0	0.00%	University of California, USA Department of Information Management	Taiwan Kureha Co., Ltd Directors Kureha(Thailand)Co.,Ltd. Directors	None	None	None	None
Business Group President	R.O.C.	Hun-Jung, Chung	Male	2022.12.15	359,678	0.33%	0	0.00%	0	0.00%	University of California, USA M.B.A., University of California, Irvine	Shinih USA Inc. Chairman American OutdoorLiving Inc. Directors American Furniture Alliance Inc. Directors V.F.T Inc. Chairman American Nonwoven Inc. Chairman S International Inc. Chairman	None	None	None	None
Vice President /Finance Supervisor/ Head of Corporate Governance	R.O.C.	Chung-Nan, Shih	Male	2017.08.10	3,630	0.00%	0	0.00%	0	0.00%	Department of Economics, Tunghai University	Taiwan Kureha Co., Ltd Directors	None	None	None	None
Accounting Supervisor	R.O.C.	Hui-Ju, Huang	Female	2019.01.01	4,630	0.00%	0	0.00%	0	0.00%	Hsing Wu University of Technology Two-year Junior College	Taiwan Kureha Co., Ltd Supervisor	None	None	None	None
Audit Supervisor	R.O.C.	Chia-Fei, Wu	Female	2020.11.10	990	0.00%	0	0.00%	0	0.00%	Shih Chien University Department of Accounting	None	None	None	None	None

### III. Remuneration Paid to Directors, President, and Vice President in the Most Recent Fiscal Year

(I) Remuneration Paid to Directors (including Independent Directors)

December 31, 2023/ Unit: NT\$ thousands

Title	Name	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of Net Income after Tax		Remuneration received as the Company's employee								Total Remuneration (A+B+C+D+E+F+G) as a (%) of Net Income after Tax		Whether or not remuneration from the parent company or investee companies from outside the subsidiaries were received
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C)(Note1)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employee's remuneration (G) (Note1)						
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report		The company	All companies in the financial report			
Directors	Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien	0	0	0	0	787	787	14	14	801 0.51%	801 0.45%	2,616	2,616	0	0	0	0	0	0	3,417 2.17%	3,417 1.94%	0
	Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien	0	0	0	0	525	525	12	12	537 0.34%	537 0.30%	1,667	1,667	100	100	500	0	500	0	2,804 1.79%	2,804 1.59%	0
	Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	0	0	0	0	525	525	14	14	539 0.34%	539 0.31%	1,342	1,342	76	76	500	0	500	0	2,457 1.56%	2,457 1.39%	0
	Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien	0	0	0	0	263	263	14	14	277 0.18%	277 0.16%	0	0	0	0	0	0	0	0	277 0.18%	277 0.16%	360
Independent Directors	Shu-Fen Wang	360	360	0	0	0	0	59	59	419 0.27%	419 0.24%	0	0	0	0	0	0	0	0	419 0.27%	419 0.24%	0
	Kuang-Wu Lu	360	360	0	0	0	0	59	59	419 0.27%	419 0.24%	0	0	0	0	0	0	0	0	419 0.27%	419 0.24%	0
	Tung-Yao Wu	360	360	0	0	0	0	59	59	419 0.27%	419 0.24%	0	0	0	0	0	0	0	0	419 0.27%	419 0.24%	0

Note1 : It refers to the amount appropriated.

Note2 : For information on distribution of directors' remuneration and employee remuneration approved by the board of directors this year, please refer to the distribution of remuneration approved by the board of directors on page 54.

Note3 : In accordance with the "Labor Pension Regulations", the company actually allocates the annual total amount of pensions based on 6% of the employee's monthly salary.

1. Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance to the amount of remuneration paid based on the responsibilities, risks and time commitment:

The company's payment of directors' remuneration is stipulated in the company's articles of association and negotiated with reference to the usual level of the industry.

2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services (e.g. as consultants to the parent company/non-employees of all companies in the financial report/the reinvestment business, etc) in the most recent year: None.

## (II) Remuneration Paid to the President and Vice President

December 31, 2023/ Unit: NT\$ thousands

Title	Name	Compensation (A)		Resignation/retirement pension (B)		Bonuses and Allowances, etc. (C)(Note1)		Employee remuneration amount (D) (Note1)				Total Remuneration (A+B+C+D) as a (%) of Net Income		Whether or not remuneration from the parent company or investee companies from outside the subsidiaries were received
		The Company	All companies in the financial report	The Company (Note1)	All companies in the financial report (Note1)	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Jung-Fu, Chien	9,873	14,918	500	670	0	0	3,250	0	3,250	0	13,623 8.64%	18,838 10.68%	0
Business Group President	Hun-Jung, Chung													
Vice President	Chuan-Yuan, Tai													
Vice President	Bing-Shu, Yeh													
Vice President	Chia-Chin Chien													
Vice President /Finance Supervisor/ Head of Corporate Governance	Chung-Nan, Shih													

Note 1 : It refers to the amount appropriated.

## (III) Compensation of the top five most highly compensated executives

December 31, 2023/ Unit: NT\$ thousands

Title	Name	Compensation (A)		Resignation/retirement pension (B)		Bonuses and Allowances, etc. (C)(Note1)		Employee remuneration amount (D) (Note1)				Total Remuneration (A+B+C+D) as a (%) of Net Income		Whether or not remuneration from the parent company or investee companies from outside the subsidiaries were received
		The Company	All companies in the financial report	The Company (Note1)	All companies in the financial report (Note1)	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Business Group President	Hun-Jung, Chung	0	4,452	0	170	0	0	500	0	500	0	500 0.32%	5,122 2.90%	0
President	Jung-Fu, Chien	2,616	2,616	108	108	0	0	750	0	750	0	3,474 2.20%	3,474 1.97%	0
Vice President / Finance Supervisor/ Head of Corporate Governance	Chung-Nan, Shih	2,151	2,151	108	108	0	0	500	0	500	0	2,759 1.75%	2,759 1.56%	0
Vice President	Bing-Shu, Yeh	2,031	2,031	108	108	0	0	500	0	500	0	2,639 1.67%	2,639 1.50%	0
Vice President	Chuan-Yuan, Tai	1,408	2,001	76	76	0	0	500	0	500	0	1,984 1.26%	2,577 1.46%	0

Note 1 : It refers to the amount appropriated.

**(IV) Managers with Employee Remuneration Distribution:**

December 31, 2023/ Unit: NT\$ thousands

Title		Name	Share value	Cash amount (Note 1)	Total (Note 1)	Ratio (%) accounted compared to the total net income
Manager	President	Jung-Fu, Chien	0	4,000	4,000	2.54%
	Vice President	Chuan-Yuan, Tai				
	Vice President	Bing-Shu, Yeh				
	Vice President	Chia-Chin Chien				
	Special Assistant	Chiu-Chiu Chien				
	Business Group President	Hun-Jung, Chung				
	Vice President / Finance Supervisor/ Head of Corporate Governance	Chung-Nan, Shih				
	Accounting Supervisor	Hui-Ju, Huang				

Note 1 : It refers to the proposed distribution amount.

**(V) Compare the ratio of the total remuneration paid to the Company's Directors, President, and Vice Presidents in the most recent two years to the net income after tax in the financial report by the Company and all companies in the consolidated statements, and explain the policies, standards and combinations of remuneration payment, the procedures for determining remuneration, and the relevance with business performance and future risks.**

1. Remuneration paid by the Company and all the consolidated entities to the Company's directors, president and vice president as a percentage to the income of the individual financial statement.

Year	2023		2022	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Identity				
Remuneration of the Company's directors, president, and vice president as a percentage to the net income (%) of the individual financial statement	15.12%	16.46%	11.48%	12.02%

2. The policy, criteria and composition of remuneration payments, the procedures for determining remuneration, and the correlation with operating performance and future risks:

## (1) (Professional) Manager remuneration

- The (Professional) manager's remuneration is determined based on the overall market position of the Company, the results of salary surveys in related industries, and the individual work performance of the managers, such as: the achievement of the manager's goals, contributions, and other correlated considerations.
- The (Professional) manager's remuneration includes a fixed salary, 26 supervisor's bonus, fuel subsidy, work bonus (or sales bonus), various allowances, bonuses, year-end bonus, and employee remuneration.
- The distribution of bonuses for managers is determined by the results of performance evaluation conducted in accordance with the Manager salary and remuneration measures.

The evaluation items are as follows:

Evaluation Item	Proportion
Company policy implementation evaluation	60%
KPI indicators/project tasks	20%
Department governance/job management	20%
Improvement proposals (other projects)	Bonus points 10%

- The (Professional) manager's remuneration is determined in accordance with the Company's relevant rules and regulations, and the Remuneration Committee periodically evaluates the reasonableness of the remuneration.

(2) Directors' remuneration:

A. In accordance with Article 22 of the Company's Articles of Incorporation, up to 3% of the Company's profit for the year may be allocated as remuneration to the Company's directors for the year, and the amount shall be allocated based on the results of the performance evaluation of each director for the year. In accordance with Article 09 of the "Board of Directors' Performance Evaluation Guidelines", the performance evaluation results of individual directors shall be used as a reference when determining their individual remuneration.

For the performance evaluation results of the board of directors in 2023, the self-evaluation of various evaluation indicators by the directors is between 5 points of "strongly agreed" and 4 points of "agreed", indicating that the directors have a positive evaluation of the efficiency and effectiveness of the operation of various indicators. The scores of each aspect are shown in the table below, and the self-assessment results of each director are rated as "above standard" and "excellent above standard":

6 major aspects of self-evaluation	Number of questions	Proportion (%)
A. Familiarity with the goals and missions of the company	3	5.00
B. Awareness of the duties of a director	3	5.00
C. Participation in the operation of the company	8	4.95
D. Management of internal relationship and communication	3	4.90
E. The director's professionalism and continuing education	3	4.86
F. Internal control	3	5.00
Total/average score	23	4.95

B. Compensation of directors: It is appropriated according to the provision specified in the Articles of Incorporation of the Company, and compensation of employees is deducted, in order to appropriate an amount not higher than 3% of the net income before tax of the current period as the compensation of directors. In addition, it is distributed according to the Regulations for Performance Evaluation of Directors and Managerial Officer of the Company and the contribution performance of each individual director to the Company respectively.

C. Execution fee: The transportation allowance for directors attending corporate governance related meetings is paid according to the actual attendance status.

(3) Independent directors' remuneration:

A. Independent directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees on a per-meeting basis based on the actual number of meetings attended.

B. The above fixed remuneration is based on each independent director's participation in and contribution to the Company's operations and the value of their contributions to the Company.

It is proposed to the Board of Directors after evaluation and discussion by the Remuneration Committee, taking into account the payout to listed companies in the same industry and related industries.

C. For serving as a member of each functional committee of the Company, the functional committee member shall be paid a fixed monthly remuneration and shall be paid attendance fees in accordance with the actual number of meetings attended.

## IV. Corporate Governance Practices

### (I) 1.Board of Directors Operation Status

In the last year, board meetings were held 6(A) times. The attendance status is as follows:

Title	Name	Number of actual attendee (participant) (B)	Attendance by proxy	Actual attendance (participation) rate (%) [B/A]	Note
Chairman	Lee Pont Investment Co., Ltd. Representative: Jui-Jui Chien	6	0	100%	-
Directors	Lee Pont Investment Co., Ltd. Representative: Chia-Chin Chien	5	1	83.33%	-
Directors	Xiang Bo International Development Co., Ltd Representative: Chiu-Chiu Chien	6	0	100%	-
Directors	Ying Hung Investment Co., Ltd. Representative: Sheng-Hung Chien	6	0	100%	-
Independent Directors	Shu-Fen Wang	6	0	100%	-
Independent Directors	Kuang-Wu Lu	6	0	100%	-
Independent Directors	Tung-Yao Wu	6	0	100%	-

Other matters that should be recorded:

- I 、The operation of the board of directors' meeting shall state the date and period of the board meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply:
- ( I ) Matters listed in Article 14-3 of the Securities and Exchange Act:The Company has established an audit committee,which is not applicable..
- (II) In addition to the above items mentioned, other matters resolved by the Board of Directors with the objection or reservation of the independent directors that are recorded or stated in writing: None.
- II 、The directors' avoidance of interest motion should indicate the names of the directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:None.
- III 、Listed companies should disclose information on the periodicity and duration, scope, method and content of the evaluation of the self (or peer) evaluation by the board of directors, and fill out Exhibit 2.on the implementation of the board evaluation.
- IV 、Goals for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year:
- (I) The Company's important rules and regulations and corporate governance-related regulations are disclosed on the Company's website or on the Market Observation Post System in accordance with regulations.
- (II) Following the "Code of Practice on Governance of Listed and OTC Companies", revising "Internal Major Information Processing Procedure" of the company, prohibiting insiders from buying and selling securities by use of undisclosed information in the market, including stock trading control measures taken by insiders from the date of learning of the company's financial report or related performance content, including (but not limited to) that directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports.
- (III) The Company has taken out the "Directors' and Supervisors' and Key Employees' Liability Insurance" to mitigate the risk of directors' legal liability and enhance corporate governance. The Company has submitted the report of the 10nd meeting of 20thBoard of Directors' Meeting on November 7, 2023.

Note : The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.



2. Board of Directors' Evaluation of Implementation Status

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed once a year	January 1, 2023 to December 31, 2023	Including board of directors, individual board members, and functional committees (Remuneration Committee, and Audit Committee).	<p>(I) The performance of board members is self-evaluated by all board members.</p> <p>(II) The performance of Functional Committee is evaluated by the member of each functional committee.</p> <p>(III) The performance of Board of Directors is evaluated by the Head of Corporate Governance.</p>	<p>(I) The evaluation aspects of board members include: There are 23 items in 6 major categories: mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relations and communication, professionalism and continuing education of directors, as well as internal control.</p> <p>(II) The evaluation aspects of each functional committee include: There are 19-22 items in 5 major categories: participation in the company's operation, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.</p> <p>(III) The evaluation aspects of board of director include: There are 45 items in 5 major categories: participation in company operations, improving the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.</p> <p>The evaluation results are sent to the Remuneration and Nomination Committee for review on March 11, 2024, and the review results will be submitted to the 7th meeting of the 12th board of directors' meeting report on March 11, 2024, as the basis for review and improvement.</p> <p>The content of the relevant evaluation have been disclosed on the Company's website.  <a href="http://www.shinih.com">http://www.shinih.com</a></p>

## (II) Audit Committee Operation Status

In the last year, audit committee meetings were held 6 (A) times. The attendance status of independent directors is as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) [B/A]( Note)	Note
Independent Directors	Shu-Fen Wang	6	0	100%	-
Independent Directors	Kuang-Wu Lu	6	0	100%	-
Independent Directors	Tung-Yao Wu	6	0	100%	-

### Work Agenda:

#### Official powers of the audit committee

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual and semi-annual financial reports. The major financial statements shall also be signed or sealed on each page by the issuer's chairperson, managerial officer, and principal accounting officer.
- (11) Any other material matter so required by the company or the Competent Authority.

#### Other matters that should be recorded:

I. When one of the following situations has occurred to the operations of the Audit Committee, state the date, term, content of proposals as well as any objections, reservations, or major recommendations of the independent directors, along with the results of resolutions by the Audit Committee and the Company's actions in response to the resolutions.

#### (I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date and Time	Content of motion	Audit Committee Resolution result	The Company's handling of the audit committee review opinions
2023.03.24 6th meeting of the 3th board	(1) Proposal for the assessment on the independence and competency of CPAs retained by the Company.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Cooperated with the internal rotation of Crowe (CPA) to replace the CPA report.		
	(3) The Company's 2022 Statement of Internal Control System.		
	(4) The Company's 2022 Business Report and Financial Statements.		
	(5) Endorsement and guarantee of credit facilities to subsidiaries.		
2023.04.06 7th meeting of the 3th board	(1) Approved the authorization for the Chairman and the management team to analyze whether the existing subsidiary in Vietnam, Hanoi Branch, or the new subsidiary, taking into account local investment laws and regulations and preferential tax investment quota.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Approved the aforementioned investment plan, which requires additional purchase of land and plants in North Vietnam, and authorized the Chairman to conduct consultations on the purchase of real estate within the limit of US\$5.5 million.		
2023.05.09 8th meeting of the 3th board	(1) Proposal for the establishment of 2023 ex-dividend date and related matters.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Endorsement and guarantee of credit facilities to subsidiaries.		
	(3) Developing general principles of our company's pre approved non conviction service policy.		
2023.08.08 9th meeting of the 3th board	(1) Quarter 2 consolidated financial reports for 2023.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Endorsement and guarantee of credit facilities to subsidiaries.		
	(3) Approved the dissolution and liquidation of the investees Hangzhou Shinih Fiber Products Co., Ltd., Taishin Fiber Products (Suzhou) Co., Ltd., and Shinih (Cambodia) Co., Ltd.		
2023.11.07 10th meeting of the 3th board	(1) Quarter 3 consolidated financial reports for 2023	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.
	(2) Amendments to the "Procedures for Endorsements and Guarantees" "Guarantees".		
	(3) Endorsement and guarantee of credit facilities to subsidiaries.		
2023.12.19 11th meeting of the 3th board	Endorsement and guarantee of credit facilities to subsidiaries.	All independent directors present agreed to approve the proposal and submit it to the board of directors.	The resolution of the board of directors was approved as written.

(II) In addition to the above mentioned items, other resolutions not approved by the Audit Committee but approved by two-thirds or more of the Company's directors: None.

- II. The independent directors' avoidance of interest motion should indicate the names of the independent directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.
- III. Independent directors' communication with internal auditors and accountants: (for example, methods and results of communication over the Company's financial and business status, etc.):

(I) Communication status between independent directors and accountants:

Prior to the annual review of the financial statements, the independent directors and the certified public accountants will discuss and communicate the scope and manner of the review, and the key audit issues. The certified public accountant communicates with the independent directors at the audit committee meetings on a quarterly basis regarding the review results or financial statement audits of the Company and its subsidiaries, and has reached consensus on relevant matters through adequate and excellent communication. The accountant will explain and communicate with the independent directors on an irregular basis regarding the update of relevant regulations and whether the amendment of laws and regulations affects the way of accounting. Summary of communication for 2023:

Date	Communication content	Handling and implementation results
2023.03.24 Audit Committee	To communicate and discuss the results of the 2022 individual and consolidated financial report audit.	No inconsistency of opinion.
2023.05.09 Audit Committee	To communicate and discuss the results of the 2023 Quarter 1 individual and consolidated financial report audit.	No inconsistency of opinion.
2023.08.08 Audit Committee	To communicate and discuss the results of the 2023 Quarter 2 individual and consolidated financial report audit.	No inconsistency of opinion.
2023.11.07 Audit Committee	To communicate and discuss the results of the 2023 Quarter 3 individual and consolidated financial report audit.	No inconsistency of opinion.
2023.12.19 Separate communication forum	2023 review planning matters communication.	Consensus has been reached on all relevant matters through enough communication with good communication situation.

(II) Communication between independent directors and internal auditors: The Company's head of internal audit sends monthly audit reports and tracking report related information to the independent directors for review, who will provide guidance to the internal audit unit through this communication mechanism. The head of internal audit attends and presents business reports at the board of directors and audit committee meetings. Summary of communication for 2023:

Date	Communication content	Handling and implementation results
2023.03.24 Audit Committee	Audit of business execution improvement report from December 2021 to January 2022, as well as communication and discussion on related issues.	All independent directors present agreed to approve the proposal and submit it to the board of directors.
	Issuance of the Company of "Statement of Internal Control" for the year 2022.	All independent directors present agreed to approve the proposal and submit it to the board of directors for resolution.
2023.05.09 Audit Committee	Audit of business execution improvement report from February to March 2022, as well as communication and discussion on related issues.	All independent directors present agreed to approve the proposal and submit it to the board of directors.
2023.08.08 Audit Committee	Audit of business execution improvement report from April to June 2022, as well as communication and discussion on related issues.	All independent directors present agreed to approve the proposal and submit it to the board of directors.
2023.11.07 Audit Committee	Audit of business execution improvement report from July to September 2022, as well as communication and discussion on related issues.	All independent directors present agreed to approve the proposal and submit it to the board of directors.
2023.12.19 Audit Committee	Audit of business execution improvement report from October 2022, as well as communication and discussion on related issues.	All independent directors present agreed to approve the proposal and submit it to the board of directors.
2023.12.19 Separate communication forum	The audit supervisor communicated separately with the independent directors according to the formulation of the audit plan and related matters of the year 2024.	All independent directors present agreed to approve the proposal and submit it to the board of directors for resolution.

Note : The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.

### (III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the “Corporate Governance Best Practice Principles” and has disclosed these Principles on the Market Observation Post System (MOPS) website and the Company’s website. ( <a href="https://www.shinih.com/corporate-governance">https://www.shinih.com/corporate-governance</a> )	No difference.
2. Shareholding structure & shareholders’ rights  (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?  (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?  (3) Does the company establish and execute the risk management and firewall system within its conglomerate struct  (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓  ✓  ✓  ✓		(1) The Company has established the spokesperson system as the service contact for the shareholders’ recommendations, concerns, disputes and litigations related issues, and the contact information is also disclosed on the Company’s website. (2) The Company obtains the list of shareholders according to the shareholders’ roster on the book closure date. In addition, change status of equity held by insiders is reported monthly according to Article 25 of the Securities and Exchange Act, and the list of major shareholders having substantial control of the Company is also understood at all time. (3) The Company complies with relevant regulatory requirements and has established the “Regulations for Supervision of Subsidiaries” and “Regulations for Handling Transactions with Related Parties, Specific Companies and Group Enterprises” as the compliance basis for business dealings with enterprises. (4) In accordance with Article 5 of the Company’s Critical Internal Material Information Processing Procedures, internal personnel are subject to stock trading controls as of the date they are informed of the Company’s financial or related results, including, but not limited to, directors not trading in the Company’s stock 30 days prior to the publication date of the annual financial report and 15 days prior to the publication date of the quarterly financial report. The Company has publicized laws and regulations related to insider trading by email and will continue to remind all personnel by email before the aforementioned stock trading closure period. And insiders shall be reminded via email before the aforementioned stock trading closure period.	No difference.
3.Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?			(1) The diversity policy of the Board of Directors, management goals, and implementation: 1.Diversity policy of the Board of Directors: In accordance with Article 20 of the “Corporate Governance Best Practice Principles”, the Company shall strengthen the functions and regulations of the Board of Directors, and shall consider diversity in the composition of the Board of Directors and formulate appropriate diversity guidelines for its operations, business model and development needs, including but not limited to the following two major criteria: (1) Basic qualifications and value: Gender, age, nationality and culture. (2) Professional knowledge and skills: Professional background (e.g. legal, accounting, industry, finance, marketing, or technology), professional skills and industry experience, etc. Each board member shall have the necessary knowledge, skill, and ability. To achieve the desired objectives of corporate governance, the board as a whole must have abilities that include: Operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership and decision-making. 2. Board of Directors Diversity Specific Management Objectives: The Board of Directors shall direct the Company’s strategies, supervise management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company’s corporate governance system shall ensure that the Board of Directors exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation, or the resolution of the shareholders’ meeting. Specific management objectives are as follows:	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																																																																																																													
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			<p>a. number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats  b. at least one-third of directors are females of the total director seats  c.independent director has not served more than three terms  d.diversification of professional knowledge and skills.</p> <p>3. Progress in Diversity of Board Members:</p> <table border="1"> <thead> <tr> <th>Management objectives</th> <th>Achievement situations</th> </tr> </thead> <tbody> <tr> <td>Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats</td> <td>Achieved</td> </tr> <tr> <td>At least one-third of directors are females of the total director seats</td> <td>Achieved</td> </tr> <tr> <td>Independent director has not served more than three terms</td> <td>Achieved</td> </tr> <tr> <td>Diversification of professional knowledge and skills</td> <td>Achieved</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Nationality</th> <th rowspan="2">Gender</th> <th rowspan="2">Whether or not the Director is also an Company managers of the Company</th> <th colspan="3">Age of Director</th> <th rowspan="2">Independent Director's term of office</th> <th rowspan="2">Operate Judgment</th> <th rowspan="2">Financial Accounting</th> <th rowspan="2">Corporate management</th> <th rowspan="2">Risk management</th> <th rowspan="2">Industry knowledge</th> <th rowspan="2">International market view</th> <th rowspan="2">Leadership</th> <th rowspan="2">Decision-making ability</th> </tr> <tr> <th>Below 60 years of age</th> <th>60-70 years of age</th> <th>Above 70 years of age</th> </tr> </thead> <tbody> <tr> <td>Jui-Jui Chien</td> <td>R.O.C.</td> <td>Female</td> <td>No</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Chia-Chin Chien</td> <td>R.O.C.</td> <td>Female</td> <td>Yes</td> <td>✓</td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Chiu-Chiu Chien</td> <td>R.O.C.</td> <td>Female</td> <td>Yes</td> <td>✓</td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Sheng-Hung Chien</td> <td>R.O.C.</td> <td>Male</td> <td>No</td> <td>✓</td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Shu-Fen Wang</td> <td>R.O.C.</td> <td>Female</td> <td>No</td> <td></td> <td></td> <td>✓</td> <td>2rd term</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Kuang-Wu Lu</td> <td>R.O.C.</td> <td>Male</td> <td>No</td> <td></td> <td></td> <td>✓</td> <td>2rd term</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Tung-Yao Wu</td> <td>R.O.C.</td> <td>Male</td> <td>No</td> <td></td> <td>✓</td> <td></td> <td>1rd term</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> </tr> </tbody> </table>	Management objectives	Achievement situations	Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats	Achieved	At least one-third of directors are females of the total director seats	Achieved	Independent director has not served more than three terms	Achieved	Diversification of professional knowledge and skills	Achieved	Name of Director	Nationality	Gender	Whether or not the Director is also an Company managers of the Company	Age of Director			Independent Director's term of office	Operate Judgment	Financial Accounting	Corporate management	Risk management	Industry knowledge	International market view	Leadership	Decision-making ability	Below 60 years of age	60-70 years of age	Above 70 years of age	Jui-Jui Chien	R.O.C.	Female	No			✓		✓	✓	✓	✓	✓	✓	✓	✓	Chia-Chin Chien	R.O.C.	Female	Yes	✓				✓		✓	✓	✓	✓	✓	✓	Chiu-Chiu Chien	R.O.C.	Female	Yes	✓				✓	✓	✓	✓	✓	✓	✓	✓	Sheng-Hung Chien	R.O.C.	Male	No	✓				✓		✓	✓	✓	✓	✓	✓	Shu-Fen Wang	R.O.C.	Female	No			✓	2rd term	✓	✓		✓		✓		✓	Kuang-Wu Lu	R.O.C.	Male	No			✓	2rd term	✓			✓		✓		✓	Tung-Yao Wu	R.O.C.	Male	No		✓		1rd term	✓		✓	✓	✓	✓		✓	
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Kuang-Wu Lu	R.O.C.	Male	No			✓	2rd term	✓			✓		✓		✓																																																																																																																																		
Tung-Yao Wu	R.O.C.	Male	No		✓		1rd term	✓		✓	✓	✓	✓		✓																																																																																																																																		

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	Yes	No																					
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) The Company also has a corporate Sustainable Development Committee, in addition to the remuneration committee and audit committee.	No difference.																			
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		<p>(3) Our company develops a performance evaluation method for the board of directors, and reviews and revises it in a rolling manner year after year, and conducts regular performance evaluation for the board of directors every year.</p> <p>● 2023 Board of Directors Performance Evaluation Results:</p> <table border="1"> <thead> <tr> <th>Evaluation Target</th> <th>Board Member</th> <th>Functional Committees</th> <th>Board of Directors</th> </tr> </thead> <tbody> <tr> <td>Aspect</td> <td> <ul style="list-style-type: none"> <li>●Familiarity with the goals and missions of the company</li> <li>●Awareness of the duties of a director</li> <li>●Participation in the operation of the company</li> <li>●Management of internal relationship and communication</li> <li>●The director's professionalism and continuing education</li> <li>●Internal control</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>● Participation in the operation of the company</li> <li>● Awareness of the duties of the functional committee</li> <li>● Improve the quality of functional committee decisions</li> <li>● Composition and selection of functional committee members</li> <li>● Internal control</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>●Participation in the operation of the company</li> <li>●Improvement of the quality of the board of directors' decision making</li> <li>●Composition and structure of the Board of Directors</li> <li>●Election and continuing education of the directors</li> <li>●Internal control</li> </ul> </td> </tr> <tr> <td>Evaluation Items</td> <td>23</td> <td>19~22</td> <td>45</td> </tr> <tr> <td>Average score</td> <td>4.95</td> <td>5.00</td> <td>4.96</td> </tr> <tr> <td>Evaluation results</td> <td>Excellent</td> <td>Excellent</td> <td>Excellent</td> </tr> </tbody> </table> <p>The self-assessment scores of the Directors were between 5 “Strongly Agree” and 4 “Agree”, indicating that the Directors had positive feedback on the efficiency and effectiveness of the indicators.</p> <p>The scores of each aspect are shown in the table below, and the self-assessment results of each director are rated as "excellent above standard".</p> <p>In accordance with Article 09 of the "Board of Directors' Performance Evaluation Guidelines", the performance evaluation results of individual directors shall be used as a reference when determining their individual remuneration.</p> <p>The results of the performance evaluation of the previous board of directors' meeting have been submitted to the 7th session (5th meeting) Remuneration Committee on March 11, 2024, and then presented to the Board of Directors meeting on March 11, 2024; the content, method, execution and results of the relevant evaluation will be disclosed on the Company's website (go to the “Performance Evaluation” section on the English page of Corporate Governance Practices: <a href="https://www.shinih.com/board-of-directors/">https://www.shinih.com/board-of-directors/</a>) and in the annual report (the implementation status of the relevant board evaluation for 2023 is also listed in Schedule 4 of the annual report on the board of directors' operations).</p>		Evaluation Target	Board Member	Functional Committees	Board of Directors	Aspect	<ul style="list-style-type: none"> <li>●Familiarity with the goals and missions of the company</li> <li>●Awareness of the duties of a director</li> <li>●Participation in the operation of the company</li> <li>●Management of internal relationship and communication</li> <li>●The director's professionalism and continuing education</li> <li>●Internal control</li> </ul>	<ul style="list-style-type: none"> <li>● Participation in the operation of the company</li> <li>● Awareness of the duties of the functional committee</li> <li>● Improve the quality of functional committee decisions</li> <li>● Composition and selection of functional committee members</li> <li>● Internal control</li> </ul>	<ul style="list-style-type: none"> <li>●Participation in the operation of the company</li> <li>●Improvement of the quality of the board of directors' decision making</li> <li>●Composition and structure of the Board of Directors</li> <li>●Election and continuing education of the directors</li> <li>●Internal control</li> </ul>	Evaluation Items	23	19~22	45	Average score	4.95	5.00	4.96	Evaluation results	Excellent	Excellent
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	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>the Company evaluates the independence and suitability of the appointed accountants once a year:</p> <p>1. In accordance with the assessed items set forth in the R.O.C. Professional Ethics Guidelines No. 10, "Integrity, Impartiality, Objectivity and Independence", and Article 47 of the Certified Public Accountant Act:</p> <ol style="list-style-type: none"> <li>(1) The CPAs, their spouses and underage children do not have any investment or financial interest-sharing relationship with the Company.</li> <li>(2) The CPAs, their spouses, and underage children do not have any loans from the Company. However, if the principal is a financial institution and the transaction is normal, this restriction does not apply.</li> <li>(3) The CPA firm has not issued a service report to certify the effective operation of the financial information system designed or implemented.</li> <li>(4) The CPAs or members of the audit service team do not serve as directors, managers, or positions that have a significant impact on the audits of the Company currently or in the most recent two years.</li> <li>(5) The non-audit services provided to the Company have no important items that directly affect the audit cases.</li> <li>(6) The CPA or members of the audit service team do not promote or broker the shares or other securities issued by the Company.</li> <li>(7) The CPA or the members of the audit service team do not defend the Company in legal cases or other disputes on behalf of the Company and third parties, except for the services permitted by law.</li> <li>(8) CPAs or members of the audit service team are not spouses, direct relatives by blood, direct relatives by affinity, or collateral blood within two degrees to any directors, managers, or personnel with significant influence on the audits.</li> <li>(9) None of the co-practicing accountants who were discharged within one year did not serve as the Company's director, manager, or position that had a significant impact on the audit.</li> <li>(10) The CPA or members of the audit service team do not receive gifts or special offers of significant value from the Company or its directors, managers or major shareholders.</li> <li>(11) The CPAs do not hold recurring duties, receive fixed salaries, or serve as directors or supervisors for the appointment of principals or persons under investigation.</li> <li>(12) None of the CPAs has audited the Company for seven consecutive years.</li> <li>(13) Has the CPA been recused from performing the assigned task if there is a direct or material indirect interest in the agent that may affect their impartiality and independence?</li> <li>(14) When the accountant performs an audit, review, second review, or professional review of the financial statements and issues an opinion letter, in addition to maintaining sustainable independence, is the formality independence also maintained?</li> <li>(15) Do the audit service team members, other co-practice accountants or corporate accounting firm shareholders, accounting firm, affiliate of the firm and alliance firm also maintain their independence from the Company?</li> <li>(16) Does the accountant uphold an honest and rigorous attitude in executing his/her professional service?</li> <li>(17) During the execution of professional service, has the accountant maintained a fair and objective viewpoint and has prevented personal bias, conflict of interest, or personal benefit that may affect the professional judgment?</li> <li>(18) The CPAs do not have a lack or loss of independence that affects their integrity and impartiality.</li> <li>(19) There is no record of discipline by the CPA Disciplinary Committee in the last two years.</li> <li>(20) Does the CPA firm have sufficient scale, resources and regional coverage to provide corporate audit services?</li> <li>(21) Does the CPA firm have defined quality control procedures? Do the aspects covered include the levels and key points of the audit procedures, the handling of audit issues and judgments, independent quality control and review, and risk management?</li> <li>(22) Does the accounting firm timely inform the board of directors on risk management, corporate governance, financial accounting and related risk control?</li> </ol>	

<p>4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</p>		<p>According to the preliminary evaluation by the Finance and Accounting Division on the independence and suitability of the 2023 CPAs, the CPAs met the independence requirements, and it was appropriate for them to provide the Company various financial, tax consultation, and assurance services.</p> <p>2. Refer to the Audit Quality Indicators (AQIs), and evaluate the independence and suitability of the appointed accountants. The Board of Directors of our Company should refer to the Audit Quality Indicators (AQIs) and evaluate the independence and suitability of the appointed accountants for the year 2024. Referring to the audit quality disclosure framework with 5 major dimensions and 12 audit quality indicators provided by Crowe, the audit quality evaluation of the firm and the audit team is as follows:</p> <table border="1" data-bbox="724 398 1343 940"> <thead> <tr> <th>Five Major Components</th> <th>Thirteen indicators</th> <th>Evaluation Results</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Professionalism</td> <td>1-1 Apricot kernel experience</td> <td><input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>1-2 Training hours</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>1-3 Mobility Rate</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>1-4 Professional Support</td> <td><input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td rowspan="4">Quality Control</td> <td>2-1 Accountant's Load</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>2-2 Audit Input</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>2-3 Case Quality Control Review Situation</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>2-4 Quality Control Support Capability</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>Independence</td> <td>3-1 Non-audit Service</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td rowspan="2">Supervision</td> <td>4-1 External Inspection Failure and Magic Score</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>4-2 Improvement by letter from the competent authority</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> <tr> <td>Innovation</td> <td>5-1 Innovation plan or initiative</td> <td><input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor</td> </tr> </tbody> </table> <p>After having been submitted to the 12rd Audit Committee of the 3rd board for review, the evaluation report was submitted for approval by the 12th meeting of the 20th board on March 11, 2024.</p> <p>The stock affairs is responsible for the Company's corporate governance related affairs, including coordinating the meeting of the Board of Directors and functional committees, preparing meeting minutes and related matters, assisting directors in their onboarding and continuing education, providing directors with information required for business execution, assisting directors in complying with laws and regulations, registering Company changes, and other matters stipulated in the Company's Articles of Incorporation or contracts, etc.</p> <p>At the 20rd session (6th meeting) of the Board of Directors on March 24, 2023, Mr. Chung-Nan Shih, having more than three years of experience in the Company's internal audit as well as in managing units of corporate governance related affairs, Assistant Vice President Mr. Chung-Nan Shih was appointed the Head of Corporate Governance.</p> <p>(一) The corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to board meetings and shareholders meetings according to laws.</li> <li>2. Producing minutes of board meetings and shareholders meetings.</li> <li>3. Assisting in onboarding and continuous development of directors.</li> <li>4. Furnishing information required for business execution by directors.</li> <li>5. Assisting directors with legal compliance.</li> <li>6. Other matters set out in the Articles of Incorporation or contracts.</li> </ol> <p>(二) Business execution in 2023:</p> <ol style="list-style-type: none"> <li>1. Arrange continuing education and training for directors.</li> <li>2. Assisting in the review and reporting of the performance evaluation of the Board of Directors.</li> <li>3. Actively promote corporate governance to improve the functions of the Board of Directors and strengthen the management mechanism.</li> <li>4. Completed the renewal of liability insurance for directors and key staff and submitted it to the meeting of the Board of Directors on March 11, 2024</li> </ol> <p>(三) Training of Cooperate Governance Managers:</p> <p>The total number of continuing professional training hours in 2023 was 15 hours and met the requirement set forth in Paragraph 2 of Article 24 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, which requires current chief corporate governance officers to complete a minimum of 12 continuing professional education (CPE) hours per year.</p>	Five Major Components	Thirteen indicators	Evaluation Results	Professionalism	1-1 Apricot kernel experience	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor	1-2 Training hours	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	1-3 Mobility Rate	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	1-4 Professional Support	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor	Quality Control	2-1 Accountant's Load	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	2-2 Audit Input	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	2-3 Case Quality Control Review Situation	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	2-4 Quality Control Support Capability	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	Independence	3-1 Non-audit Service	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	Supervision	4-1 External Inspection Failure and Magic Score	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	4-2 Improvement by letter from the competent authority	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	Innovation	5-1 Innovation plan or initiative	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	
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5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓	<p data-bbox="711 593 1362 638">Shinih values the rights and opinions of its stakeholders, establishes an open and direct communication channel with them.</p> <p data-bbox="711 638 1362 660">(一) Shareholder communication channel:</p> <ol data-bbox="746 660 1362 940" style="list-style-type: none"> <li>The shareholders' meeting is held in the second quarter of each year and motions are voted on a case-by-case basis. Shareholders can exercise their voting rights through electronic means and fully participate in the voting process.</li> <li>The annual report of the shareholders' meeting is issued annually for investors.</li> <li>The Company holds corporate meetings on an irregular basis. One corporate meetings were held in 2023.</li> <li>The Shareholder Services section of the Company website (English version: <a href="https://www.shinih.com/shareholders-meeting">https://www.shinih.com/shareholders-meeting</a>) discloses information related to shareholders' meetings, announces revenue and significant information, the contact window for the Company's spokesperson, proxy spokesperson, as well as stock transfer agent and stock transfer agent. Shareholders can respond by phone or email.</li> </ol> <p data-bbox="711 940 1362 1019">(二) Community: Participate in local activities from time to time to listen to the opinions of the residents; designate a person responsible for handling the suggestions or reactions of the residents to ensure adequate communication and to establish good relations.</p> <p data-bbox="711 1019 1362 1075">(三) Customers: . Our sales staff visit customers from time to time to gain an in-depth understanding of customer needs and obtain customer feedback</p> <p data-bbox="711 1075 1362 1131">(四) Employees: Employees may file complaints and reports in writing, by e-mail, verbally or by telephone to the unit supervisor or to the management of each plant</p> <p data-bbox="711 1131 1362 1227">(五) A Stakeholders section has been set up on the Company's website (go to CSR &gt; Sustainable Management &gt; Communication with Stakeholders, English website:<a href="https://www.shinih.com/stakeholder/EN/HomeEg/csr/mp_investment">https://www.shinih.com/stakeholder/EN/HomeEg/csr/mp_investment</a>) , providing a contact window for each stakeholder and a complaint mailbox</p>	No difference.												
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓	<p data-bbox="711 1227 1362 1400">The Company's shareholders' meeting will be handled by Transfer Agency Department, CTBC Bank Co., Ltd. Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Tel: (02)6636-5566 (Representative code) Website: <a href="https://www.ctbcbank.com">https://www.ctbcbank.com</a></p>	No difference.												
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓  ✓	<p data-bbox="711 1400 1362 1422">(1) Relevant disclosure information is as follows:</p> <p data-bbox="746 1422 1362 1579">The Company's website is established with the Investor and Governance Section, and the Company's financial and governance related information is disclosed to facilitate investors' review and reference. In addition, the Company has designated relevant personnel to handle the maintenance thereof.</p> <p data-bbox="711 1579 1362 1601">(2) Other information disclosure method is as follows:</p> <ol data-bbox="746 1601 1362 2080" style="list-style-type: none"> <li>Designate specific personnel to be responsible for the collection and disclosure of corporate information: The Company has established the stock affairs unit and dedicated personnel have been assigned to be responsible for the information collection and disclosure.</li> <li>Implementation of spokesperson system: Presently, the Company's President acts the external spokesperson, and the deputy spokesperson's contact information is also provided for the contact and response of relevant matters.</li> <li>Investor conferences process is disclosed on the Company's website: The Company organizes investor conference periodically according to relevant laws and regulations. Relevant information of the investor conference is also provided on the Investor Section of the Company's website for review after the conference.</li> </ol>	No difference.												

<p>(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	✓	<p>(3) The financial reports for the first, second and third quarters as well as the operating results for each month were announced and reported within the prescribed time limits</p>	
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓	<ol style="list-style-type: none"> <li>1. Employees' rights and interests: and employee care: The Company has established various employee welfare measures, continuing education, training, retirement system and numerous employee service regulations, in order to protect the rights and interests of employees. The Company's domestic and overseas business locations have set up employee cafeteria and provides employee accommodation for employees on business trips. To reduce accidents and injuries at work, the Company also applies for employee occupational disaster or accident insurances according to the nature of the job.</li> <li>2. Investor relationship: The Company has established the spokesperson system, and the stock affairs unit and the stock affairs agency provide various investor services, in order to achieve proper investor relationship.</li> <li>3. Supplier relationship: The Company has established the materials unit, and suppliers of great reputation are selected via fair and transparent method for collaboration, in order to protect the rights and interests of both parties.</li> <li>4. Rights of stakeholders: The Company's website has established the stakeholder interaction section, and various stakeholder contact window personnel are provided for interaction.</li> <li>5. Continuing education status of directors: The Company arranges for directors to participate in various continuing education courses every year. In 2023, a total of 15 directors participated in the continuing education courses, amounting to 57 hours, with an average of 8.14 hours per person. The total director training hours met 100% of the requirements set forth in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. For more details about continuing education for directors, please visit the Company's website (go to Investor Services &gt; Corporate Governance &gt; Operations &gt; Continuing Education: (<a href="https://www.shinih.com/board-of-directors/">https://www.shinih.com/board-of-directors/</a>))</li> <li>6. Implementation status of risk management policy and risk measurement criteria: Various internal regulations are established according to the law, and the Audit Committee performs risk management supervision according to the audit report on a quarterly basis.</li> <li>7. Implementation status of customer policy: The Company has established customer credit extension regulations to serve as the compliance standard for business dealings and management of relevant customers.</li> <li>8. The company has purchased liability insurances for directors to reduce and disperse the risks of directors from causing major damages to the company and its shareholders due to illegal actions; After the policy was renewed for the year 2023, it was submitted to the 12th session (20th meeting) Board of Directors on March 11, 2024.</li> </ol>	No difference.
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The following is a description of the evaluation indicators based on the results of the Company's 9th Corporate Governance Review, for which the Company did not achieve the required scores but has made improvements:</p> <p>(1) (Indicator 2.11): : Are the Company's interim financial statements approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution? Improvement measures: Yes, the Company's current interim financial report has been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.</p>			

(IV) If the company has established a remuneration committee, the committee's composition and operations must be disclosed.

1. Remuneration Committee Member Information

Identity	Condition	Professional qualifications and experience	Independence	Also served as a member of remuneration committees for how many other companies
	Name			
Convener Independent Directors	Kuang-Wu Lu	Please refer to (I) the Director Information - 2 Table on Page 19 for more details of the Directors.	Please refer to (I) the Director Information - 2 Table on Page 19 for more details of the Directors.	0
Independent Directors	Shu-Fen Wang			1
Independent Directors	Tung-Yao Wu			0

2. Responsibilities:

The “Remuneration Committee Charter” established by the Company has explicitly specify the responsibilities of the Remuneration Committee. However, to facilitate the implementation of duties and to provide compliance guidance, the board of directors has further approved the amendment of the “Rules for the Responsibility Scope of Remuneration Committee” on December 18, 2020, and its authorities and responsibilities are summarized in the following:

Remuneration Committee shall act as a prudent administrator with due care to perform the following duties faithfully, and shall submit the recommendations proposed to the board of directors for discussion:

- (1) Periodic review the Remuneration Committee Charter periodically and propose revision recommendations.
- (2) Establish and periodically review the performance evaluation of the annual and long-term performance goals of the directors and managerial officers of the Company as well as the policy, system, standard and structure for the remuneration.
- (3) Periodically evaluate the performance goal achievement status of the directors and managerial officers of the Company, review and assess the individual remuneration content and amount based on the evaluation result obtained according to the performance evaluation standard.

3. Remuneration Committee Operation Status

(1) The company's remuneration committee comprised 3 members.

(2) Current term for the members: The term of the 20th board of directors expires on June 17, 2020. The latest remuneration committee has held two meetings (A); member qualifications and attendance records are as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) (B / A) (Note)	Note
Convener	Kuang-Wu Lu	5	0	100%	
Committee Member	Shu-Fen Wang	5	0	100%	
Committee Member	Tung-Yao Wu	4	0	100%	

Other matters that should be recorded:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail).

Date and Time	Content of motion	Remuneration Committee Resolution result	The Company's handling of the Remuneration Committee review opinions
2023.03.24 5th meeting of the 5th board	1. The 2022 performance evaluation of the members of the board of directors, managers, and the Remuneration Committee.	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
	2. Proposal for the distribution of remuneration to employees and directors for 2022.		
	3. Regulations Governing the Remuneration of Directors and Managerial Officers.		
	4. Report to the corporate governance officer.		
2023.05.09 6th meeting of the 5th board	1. Establishment of the "Regulations Governing the Remuneration and Remuneration of Directors" and the "Regulations Governing the Salary and Remuneration of Managerial Officers"	All members present agreed to approve the proposal and submit it to the board of directors for resolution.	The resolution of the board of directors was approved as written.
	2. Promotion of Vice President, Shih, Chung-Nan.		

Note : The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance during the term of office.

II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail. None.

**(V) Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"**

The Company has always emphasized the importance of environmental protection and social participation. Accordingly, during the corporate development process, the Company is committed to the research and development of various pollution-free materials and products, and also values resources recycle and regeneration. Presently, the Company has achieved certain outcome and also returns to the society irregularly at the same time. The Company also donates the Company's products to charity organizations.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company established the "Sustainable Development Committee" on March 11, 2024.	No major difference.
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company's management irregularly assesses external factors according to the principle of materiality and whether the internal of the Company performs risk assessment on the issues of external environment, society and internal corporate governance. Accordingly, the Company has also established the "Sustainable Development Best Practice Principles" and relevant regulations. In the future, if there is management practical needs, the Company will establish relevant risk management policies or strategies.	No major difference.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) The Company has always implemented the management industrial environment in the daily operation, including the processes from collection and evaluation of raw material characteristics to the property analysis and review during the manufacturing process. In addition, the Company has established appropriate environmental management system and has obtained the international environmental protection BLUESIGN certification mark.	No major difference.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) For products manufactured by the Company, their primary raw materials are eco-friendly materials, and during the manufacturing process, the Company has not added any excessive environmental pollution elements. The green supply chain is promoted for the purchase system, and REACH EU's chemical control policy and supply chain with RoHS eco-friendly mark are the main criteria adopted by the Company. In addition, the Company is also equipped with the Global Recycle Standard (GRS) certification mark.	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The Company’s greenhouse gas: emissions complies with the requirements of the competent authority, and relevant operation permits have been obtained. Furthermore, the inspection data is reported on a quarter basis. In addition to the periodic monitoring of data, the Company has also established the emission reduction strategy, and relevant environmental protection data and strategies are disclosed on the Company’s website	No major difference.
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4) All factory areas of the Company in 2022 completed the inventory and third-party verification of ISO 14064-1:2018 Scope 1, 2, and 3, 2023 is yet to be investigated and verified. 1. Statistics on greenhouse gases, water consumption, and waste for the past two years (covering all factory areas): (1) Greenhouse gas: Total amount of Scope 1 plus Scope 2 greenhouse gas in 2022: 4,847.9291 tons of CO <sub>2</sub> e, 2.325 intensity (total greenhouse gases/non-woven fabric production) - Direct emissions (Scope 1): 2,222.986 tons of CO <sub>2</sub> e - Indirect emissions (Scope 2): 2,624.9431 tons of CO <sub>2</sub> e - Other indirect emissions (Scope 3): 11,017.0463 tons of CO <sub>2</sub> e (7 inventory items in total, including transportation, products for use by tissues, and waste treatment) (2) Water consumption: In 2023, the company's water intake was 12,726 tons, and the intensity was 8.21. (Company-wide water intake/non-woven fabric production); In 2022, the company's water intake was 17,100 tons, and the intensity was 8.21. (Company-wide water intake/non-woven fabric production). (3) Waste: In 2023, the total weight of waste in the Company was 321 tons, including 0 tons of hazardous business waste and 321 tons of non-hazardous business waste. In 2022, the total weight of waste in the Company was 292 tons, including 0 tons of hazardous business waste and 292 tons of non-hazardous business waste. The Company has conducted an inventory of greenhouse gas emissions since 2022, participated in voluntary reduction plans, and voluntarily disclosed greenhouse gas management information.	No major difference.
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) During The Company respects and supports internationally recognized human rights norms and principles,including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and complies with the laws and regulations of the jurisdiction where the Company is located. In accordance with the United Nations Guiding Principles on Business and Human Rights, the Company has formulated the human right policy. The Company’s human right policy applies to the Company’s subsidiaries, and other institutions or juristic persons that are effectively controlled by the Company (hereinafter referred to as “group enterprises and organizations”). In accordance with relevant laws and regulations, the	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		<p>Company regularly takes inventory of related forms and documents and reviews the legality of various operation processes. The Company’s Human Rights Policy:</p> <ol style="list-style-type: none"> <li>1. Diversity, Inclusion, and Equal Opportunity               <ol style="list-style-type: none"> <li>(1) In accordance with all national labor laws, the Company prohibits child labor and forced labor and does not tolerate discrimination. The Company strives to create a diverse, open, equal, and harassment-free work environment and provides an effective and appropriate grievance system to protect the rights and interests of its employees.</li> <li>(2) Employment is based on professional abilities and experience, and employees are not to be treated differently or discriminated against in any form based on race, class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, disability, zodiac sign, blood type, or previous union membership; where otherwise provided for in other laws, such provisions shall prevail.</li> </ol> </li> <li>2. Safe and Healthy Work Environment               <ol style="list-style-type: none"> <li>(1) The Company is committed to providing a safe and healthy work environment as well as necessary health and first aid measures to eliminate any factor that may be hazardous to the health and safety of its employees in the work environment, reducing the risk of occupational disasters.</li> <li>(2) The Company regularly provides labor safety related education and training, annual employee health checks, and various health promotion activities, in order to take care of the physical and mental health of its employees.</li> </ol> </li> <li>3. Freedom of Assembly               <p>The Company respects the rights of employees to form and join various social organizations. Diversified communication systems and platforms are provided for employees to ensure a harmonious and win-win labor-management relationship.</p> </li> </ol> <p>1. Employee welfare measures:            The Company recruits employees in accordance with the "Labor Standards Act", "Act of Gender Equality in Employment", "Occupational Safety and Health Act" and other relevant laws and regulations. When hiring employees, they are based on their professional ability and experience, and never based on race, ideology, religion, political party affiliation, place of birth, gender, age, sexual orientation, marital status, physical appearance, physical and mental disability, zodiac sign, blood type, etc. Female employees account for 34.4% of the total workforce, Indigenous employees account for 0.4%, and employees with physical or mental disabilities account for 0.4%. The Company has established a harmonious, friendly, diverse and equal working environment in the workplace.            To fully provide for employees' living conditions, provide reasonable and competitive remuneration to</p>	No major difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>attract, retain, and motivate talents, and for the Company's long-term development and achievement of business objectives, the Company divides salary by stable remuneration as the basis for considering flexible rewards for job descriptions, responsibilities, contributions, and personal work performance.</p> <p>In order to meet the needs of employees, in addition to providing basic protection as required by law, we also provide or sponsor the promotion of various related welfare plans. Through the establishment of joint employee welfare committees in each plant area, the Company organizes various employee welfare activities and subsidies, such as education grants for employees' children, bonuses for three major festivals, birthday gifts, subsidies for weddings, funerals, and retirement. The Company established its employee retirement policies in accordance with the Labor Standards Act and the Labor Pension Act and was approved to establish the Labor Pension Reserve Supervisory Committee. The old system labor pension is actuated on a yearly basis, and 2% of the total monthly salary of the employees is contributed to the employee pension fund. Regular meetings are held to protect the rights and interests of the employees. The labor pension reserve as of the end of 2023 is sufficient to pay the pension of the employees who are eligible to retire in the following year; for the employees eligible for the new pension system, 6% of the monthly pension step will be contributed to the individual pension account of the Company.</p> <p>2. The business performance is reflected in the employees' remuneration policy Upholding the principle of profit sharing, the Company has formulated its remuneration policy and employee performance appraisal measures. The work performance is effectively linked to individual remuneration, and the operating results are appropriated and shared with employees.</p> <p>Article 22 of the Company's Articles of Incorporation also stipulates that when the Company makes a profit for the year, 1% to 5% of the profit will be allocated for employee remuneration. The allocation for employee and director remuneration for 2023 was approved during the 12th session of the 20th Board of Directors on March 11, 2024.</p> <p>(3) The Company has established the Code of Conducts for Employees, and physical health examination and facility site accident prevention drills and seminars are arranged periodically for employees. In addition, the Company also provides employee dormitory and cafeteria to protect the safety and health of employees.</p>	No major difference.
(4) Does the company provide its employees with career development and training sessions?	✓		<p>(4) In addition to internal and external professional education and training as well as internal e-learning online platform for the training of employees' professional skills, the Company also implements internal job promotion system in order to effectively promote outstanding employees and to achieve the vision of adequate development in the professional field.</p>	No major difference.
(5) Do the company's products and services			<p>(5) The Company has been established for decades and has been able to make appropriate and proper adjustments and compliance for the marketing and</p>	



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p> <p>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>	✓		<p>labeling of products and services along with the change of the regulations and environment. Product applicable fields and regions of sales have complied with relevant regulations and international standards broadly and properly.</p> <p>(6) For the raw materials and equipment purchased by the Company, the Company signs purchase agreements/contracts with suppliers according to the nature of the purchase. In addition, the Company also requests suppliers and products to comply with relevant laws and regulations according to the purchase agreement/contract requirements. However, with regard to the corporate social responsibility policy of suppliers and its impact on the environment and society, presently, the contracts and agreements have no binding power or constituent elements.</p>	<p>No major difference.</p> <p>Based on the corporate social responsibility and sustainable protection for the environment, the Company will coordinate suppliers to achieve the protection of environment and to fulfill the social responsibility through joint effort.</p>
<p>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?</p>		✓	<p>Presently, the Company is not an enterprise required for the preparation of ESG Report according to the laws. Nevertheless, the Company will prepare and disclose the ESG Report according to the requirements of the competent authority of the law in the future.</p>	<p>It is under internal evaluation.</p>
<p>6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: Presently, the Company is not an enterprise required for the preparation of ESG Report according to the laws. Consequently, no ESG Report has been prepared.</p>				
<p>7. Other useful information for explaining the status of corporate social responsibility practices:  The Company's four main business philosophies: Ethics, Practice, Innovation and Return. The Company emphasizes the internal commitments made for the environmental protection, social welfare, consumer service, public safety and health during the industrial development process. In practice, the Company has also properly implemented the business philosophies from the purchase of raw materials, R&amp;D of technologies, manufacturing of products to consumer protection and participation and investment in social welfare activities, such that the Company continues to improve and to advance with the time. In the future, the Company plans to contribute further in the public sector and to head toward the systematic design and promotion, in order to further achieve the commitment and implementation of corporate social responsibility.</p>				

Implementation of climate related information : None.

Project	Status of implementation
1. State the Board's managers oversight and governance of climate related risks and opportunities.	None.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finance (short-term, medium-term and long-term) of the enterprise.	
3. Describe the financial impacts of extreme weather events and transformational actions.	
4. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.	
5. If situational analysis is used to assess the resilience to climate change risks, describe the contexts, parameters, assumptions, analysis factors, and key financial implications	
6. If there is a transformation plan for managing climate related risks, describe the plan and the metrics and targets used to identify and manage physical and transformation risks. °	
7. If internal carbon pricing is used as a planning tool, the basis for the pricing should be described.	

8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be stated; and if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated.	
9. Greenhouse Gas Inventory and Confirmation.	

**(VI) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"**

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The company, approved by the board of directors, formulated the "Code of Integrity Management" and the "Integrity Management Operating Procedures and Behavior Guidelines" to clearly state the policies and practices of honest management, as well as the commitment of the board of directors and senior management to actively implement the business policies.</p> <p>(2) The Company has established rigorous internal control system, internal audit system and effective accounting system. For all business conducts or transaction modes occurred during the corporate management process, certain procedures are adopted for control and regulation, and written documents are also preserved for post-event tracking and review.</p> <p>(3) The Company's Ethical Corporate Management Best Practice Principles have explicitly specified prevention programs and the scope of prevention programs. In addition, precautions for directors, managerial officers, employees and personnel having substantial control during their execution of duties are specified, and the personnel management rules also specify matters and requirements for employees' compliance.</p>	<p>No major difference.</p> <p>No major difference.</p> <p>No major difference.</p>
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	<p>✓</p>		<p>(1) For transaction counterparties of business activities, including upstream suppliers and downstream customers, the Company has established various basic information of the transaction counterparties and preliminary credit check operation according to the supplier management regulations and customer</p>	<p>No major difference.</p>

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		✓	credit extension system during the early stage of transactions. In addition, the Company also signs commercial contracts whenever necessary in order to prevent occurrence of unethical transactions and behaviors.	No major difference.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(2) The Company designates the General Manager's Office as the responsible unit. The periodic reporting of the supervision execution status to the board of directors has not yet been made; however, it is implemented in the daily rules of each department. In addition, all material matters related to the business operation are reported to the board of directors according to the regulations or submitted to the board of directors for approval before execution. (3) The Company's board meeting convention notice has specified the conflict of interest recusal requirements for directors. When any director or judicial person represented by director is in conflict of interest such that there is a likelihood of damaging the interest of the Company, the director may express his/her opinions and raise questions or provide answers; however, he/she must not participate in the discussion and voting, and shall also recuse himself/herself during discussion or voting; in addition, he/she is prohibited to act as a proxy for other director to exercise the voting right. In addition, all directors shall implement self-discipline and must prevent improper supports with each other. In addition, to prevent conflict of interest, the Company has set up the Shinih newsletter as the report channel for employees, followed by the investigation and understanding of the audit unit and Audit Committee, in order to achieve early prevention and guidance, thereby preventing occurrence of improper conflict of interest.	No major difference.
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		(4) For all business conducts or transaction modes occurred during the corporate management process, the Company has adopted certain procedures for control and regulation, and written documents are also preserved for post-event tracking and review. All operations are performed according to the internal system, and auditors establish relevant audit plan based on the internal control principle and implement and track the same accordingly. Furthermore, improvement requests are made whenever necessary.	No major difference.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The Company implements the ethical management philosophy in the daily requirements of each department. In addition, the Company has established the Procedures for Ethical Management and Guidelines for Conduct in order to regulate precautions for directors, managerial officers, employees and personnel having substantial control during their performance of duties.	No major difference.

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	✓		(1) In order to protect the rights and interests of employees and to follow the rules for reporting improper violations of the company's interests, the Company has established the "Employee Grievance and Reporting Rules" and has set up a grievance box in each factory, where employees can submit complaints and reports to the unit manager or the management of each factory through the grievance box or email, verbally or by phone. When handling a report, the Management Department, the Audit Office, the Legal Office, and the relevant department heads as necessary will form an investigation team to conduct a factual investigation. In addition, the "Code of Ethical Conduct for Directors and Managers" has been established to encourage employees to report to the directors, audit committee members, managers, internal audit supervisors or the head of the management department with sufficient evidence if they discover any violation of laws and regulations or violation of the Code of Ethical Conduct by a director or manager. The Company will reward the whistleblowing employee in accordance with relevant regulations if the report is substantiated. When material violations or concerns involving material impairment to the Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in writing.	No major difference.
<p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	✓		(2) For the investigation standard operation procedure and relevant confidentiality mechanism for the reported matters accepted by the Company, the Company has established the regulations for handling reported illegal cases and misconduct or unethical conduct cases. In addition, the Company has set up the contact window on the Company's website, or utilizes the Shinih electronic newsletter and Audit Department as the reporting channels. In addition, the reporter's identity and reported content are kept confidential properly.	No major difference.
<p>(3) Does the company provide proper whistleblower protection?</p>	✓		(3) With regard to the protective measures for reporters, the Company has established the Procedures for Ethical Management and Guidelines for Conduct" to specify relevant requirements.	No major difference.
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its</p>	✓		The Company has established the Ethical Corporate Management Policy, the Ethical Corporate Management Operating Procedures and Code of Conduct, which have been publicly disclosed on the	No major difference.

Evaluation Item	Implementation Status		Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	
implementation on the company’s website and MOPS?			Company's website and annual report. The Company has also regularly reported on the progress of prevention of unethical conduct to the Board of Directors.
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>The company has established its own principles of integrity management based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies". There are no differences in the company's operation and the regulations specified in the code.</p>			
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>The Company upholds the principle of ethical management operation. In case where there is any concern on violating the best practice principles during the operation process, the Company performs review at all time and makes relevant correction whenever necessary, in order to satisfy the highest standard of corporate ethical management.</p>			

### **(VII) Corporate Governance Guidelines and Regulations**

To establish proper governance system, sound functions of shareholders’ meeting, board of directors’ meeting and independent directors, operation and authority exercise of various functional committees and to protect the rights and interests of shareholders, the Company has established relevant corporate governance rules according to the corporate governance best practice principles specified by the competent authority. In addition, the Company also discloses newly established or amended relevant regulations and rules on the governance regulations of the Corporate Governance Section of the Company's website <https://www.shinih.com/>.

### **(VIII) Other Important Information Regarding Corporate Governance**

In addition to the aforementioned website, relevant information of the Company is also available for inquiry on the MPOS website.

### **(IX) Internal Control Systems**

1. The internal control system implementation status shall disclose the following matters : Please see page 91.
2. If the internal control system was reviewed by CPAs, the CPAs’ review report: None.

### **(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken : None ◦**

## (XI) Major Resolutions of Shareholders' Meeting and Board Meetings

Date	Item	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
2023.03.24	6th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. 2022 Performance Evaluation Report of the Board of Directors.</li> <li>2. Cooperated with the internal rotation of Crowe Horwath (CPA) to replace the CPA report.</li> <li>3. Approved the proposal for the evaluation of the independence and suitability of the Company's CPAs.</li> <li>4. Approved the 2022 statement of the internal control system.</li> <li>5. Approved the distribution of remuneration to employees and Directors for 2022. The total remuneration to employees is NT\$7,230,000 and that of Directors is NT\$2,410,000.</li> <li>6. Approved the 2022 business report and financial statements.</li> <li>7. Approved the 2022 earnings distribution, with a cash dividend of NT\$1.05 per share.</li> <li>8. Approved by the corporate governance officer.</li> <li>9. Approved the convening of the 2023 General Shareholders' Meeting.</li> <li>10. Approved the motion for the Company to apply for an extension of the existing medium-term secured credit line from KGI Bank.</li> <li>11. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for Taishin Bank's existing short-term credit line.</li> <li>12. Approved the motion for the Company to apply for an extension of the existing short-term credit line at Taishin Bank.</li> </ol>	The entire Board adopted without objection.
2023.04.06	7th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. Approved the authorization for the Chairman and the management team to analyze whether the existing subsidiary in Vietnam, Hanoi Branch, or the new subsidiary, taking into account local investment laws and regulations and preferential tax investment quota.</li> <li>2. Approved the aforementioned investment plan, which requires additional purchase of land and plants in North Vietnam, and authorized the Chairman to conduct consultations on the purchase of real estate within the limit of US\$5.5 million.</li> </ol>	The entire Board adopted without objection.
2023.05.09	8th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. Approved setting the ex-dividend base date and payment date for the Company's 2023 cash dividends.</li> <li>2. Approved the motion for the Company to apply for the existing short-term credit line and export credit line from Changhwa Commercial Bank and change the medium-term credit line.</li> <li>3. Approved the proposal for the Company's application for extension of existing short-term comprehensive credit with E. Sun Commercial Bank.</li> <li>4. Approved the motion to extend the endorsement/guarantee for the existing short-term credit line applied by the subsidiary, Taiwan Kure Yu Co., Ltd. to Chang Hwa Commercial Bank.</li> <li>5. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at E-Shan Bank.</li> <li>6. Approved the amendments to the "Procedures for Handling Internal Material Information and Prevention of Insider Trading".</li> <li>7. Approved the "Regulations Governing the Pre-approval of Non-Assurance Services Provided by CPAs."</li> <li>8. Approved the "Regulations Governing the Remuneration and Remuneration of Directors" and "Regulations Governing the Salary and Remuneration of Managerial Officers."</li> <li>9. Appointment of the Company's Vice President.</li> </ol>	The entire Board adopted without objection.
2023.06.16	Shareholder's meeting	<p>Important resolutions of the 2023 annual shareholders' meeting and the implementation status:</p> <ol style="list-style-type: none"> <li>1. Ratifications: <ol style="list-style-type: none"> <li>(1) The 2022 business report and financial report. Status of implementation: Proposal passed.</li> <li>(2) Passed the surplus allocation table for 2022. Status of implementation: Implementation: The proposal was approved. On March 24, 2023, the Board of Directors resolved to distribute cash dividends of NT\$111,203,505 in total and NT\$1.05 per share. On May 9, 2023, the</li> </ol> </li> </ol>	After the chairman consulted all the shareholders present, the case was passed without objection.

		Board of Directors resolved to set the ex-dividend date on June 29, 2023, and the distribution of dividends was completed on July 20, 2023.	
2023.08.08	9th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. Implementation progress report of the Group's greenhouse gas inventory and verification.</li> <li>2. Approval of the Company's 2023 Q2 consolidated financial statements.</li> <li>3. Approved the change of the Company's spokesman, Chien, Chiu-Chiu, Special Assistant to the Chairman.</li> <li>4. Approved the proposal for the Company's application for extension of existing short-term comprehensive credit amount with Taipei Fubon Commercial Bank.</li> <li>5. Approved the motion for the Company to apply for the extension of the existing short-term credit line and increase the short-term credit line from Cathay United Bank.</li> <li>6. Approved the proposal for the Company's application for extension of existing short-term credit amount with CTBC Bank.</li> <li>7. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Taipei Fubon Bank.</li> <li>8. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Taipei Fubon Bank.</li> <li>9. Approved the motion that the subsidiary Taiwan Kureha Co., Ltd. apply for an extension of endorsement/guarantee for the existing short-term credit line at Taipei Fubon Bank.</li> <li>10. Approved the extension of endorsement and guarantee with the existing short-term credit line of subsidiary American Outdoor Living Inc.</li> </ol>	The entire Board adopted without objection.
2023.11.07	10th meeting of the 20th board	<ol style="list-style-type: none"> <li>11. Approved the extension of endorsement and guarantee provided for the existing short-term credit line of subsidiary VFT Inc.</li> <li>12. Approved the dissolution and liquidation of the re-investees Hangzhou Shinih Fiber Products Co., Ltd., Taishin Fiber Products (Suzhou) Co., Ltd., and Shinih (Cambodia) Co., Ltd.</li> </ol>	The entire Board adopted without objection.
2023.12.19	11th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. Director and manager liability insurance report.</li> <li>2. Approval of the Company's 2023 Q3 consolidated financial statements.</li> <li>3. Approved the amendments to the "Operational Procedures for Endorsements/Guarantees."</li> <li>4. Approved the proposal for the Company's application for extension of existing short-term comprehensive credit amount with the Land Bank of Taiwan.</li> <li>5. Approved the motion for the Company to apply for the extension of the existing short-term credit line and increase the short-term credit line from Hua Nan Commercial Bank.</li> <li>6. Approved the motion for the Company to apply for the extension of the existing short-term credit line and increase the short-term credit line from Bank Sinopac.</li> <li>7. Approved the proposal for the Company's application for an extension of the existing short-term credit amount with Shanghai Commercial Bank.</li> <li>8. Approved the motion that the subsidiary Taiwan Kureha Co., Ltd. apply for an extension of endorsement/guarantee for the existing short-term credit line at Shanghai Commercial Bank.</li> </ol>	The entire Board adopted without objection.
2024.03.11	12th meeting of the 20th board	<ol style="list-style-type: none"> <li>1. Approved the Company's 2024 business plan and budget.</li> <li>2. Approved the renewal of the lease of a plant from a subsidiary of the Company upon expiration of the lease contract with a related party of the Company.</li> <li>3. Approved the amendments to the "Rules Governing Operations in relation to Finance and Business between Affiliated Enterprises."</li> <li>4. Approved the amendments to the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct."</li> <li>5. Approved the "Risk Management Policy and Procedures" proposal.</li> <li>6. Approved the "Employee Code of Ethical Conduct."</li> <li>7. Approved the motion for the extension of endorsement/guarantee for the subsidiary Shinih Holding Co., LTD. to apply for the existing short-term credit line at Mega International Commercial Bank.</li> <li>8. Approved the motion for the Company to apply for the extension and increase of the existing short-term credit line from Mega Commercial Bank.</li> <li>9. Approved the motion to relocate the Company's re-investee, Kunshan Shinih Trading Co., Ltd.</li> </ol>	The entire Board adopted without objection.

**(XII) Documented opinions or declarations made by directors against board resolutions in the most recent year and up to the printing date of the annual report: None.**

**(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year and up to the printing date of the annual report: None.**



## V. Information on fees to CPA

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services:

Unit: NT\$thousand

CPA Accounting Firm Name	CPA Name	CPA Audit period	Public expenses for audit	Non-public expenses for audit					Total	Remark
				System design	Business registration	Tax	Others	Subtotal		
Crowe (TW)	Huang Qian Zhe Chen-yu, Yang	Jan. 2023 to Dec.2023	4,998	0	0	350	135	485	5,483	-

(II) If the accounting firm has been changed and the annual audit public expenses were lower for the year of the firm change compared to that of the previous year, then audit public expenses before and after the changes and the reason for such changes should be disclosed: Not applicable.

(III) If the audit public expense has been decreased by over 10% compared to the previous year, the amount, ratio, and reason of the public expense reduction shall be disclosed: Not applicable.

## VI. Information on Replacement of CPAs

(I) Regarding the former CPA

Replacement Date	January 1, 2022		
Replacement reasons and explanations	Due to internal restructuring at Crowe (TW) firm		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		Status
	Termination of appointment		CPA
	No longer accepted (continued) appointment		The Company
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None		✓
	Remarks/specify details:		
Other Revealed Matters	None		

(II) Regarding the successor CPA

Name of accounting firm	Crowe (TW)
Name of CPA	Qian-Zhe, Huang 、 Chen-yu, Yang CPA
Date of appointment	January 1, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

**VII. The Company's Chairman, President, Chief Financial Officer, or managers in charge of its financial and accounting operations who served in the firm of the CPAs or its affiliates in the most recent fiscal year: None.**

**VIII. Share Transfer by directors, managers, and shareholders holding more than 10% equity and changes to share pledging by them in the most recent fiscal year and up to the publication date of this Annual Report**

(I) Share equity change status for directors, managers, and major shareholders

Title	Name	2023		As of April 16, 2024	
		Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)	Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)
Directors	Lee Pont Investment Co., Ltd.	0	0	0	0
Directors	Lee Pont Investment Co., Ltd. Representative : Jui-Jui Chien	0	0	0	0
Directors	Lee Pont Investment Co., Ltd. Representative : Chia-Chin Chien	0	0	0	0
Directors	Xiang Bo International	15,345	0	0	0
Directors	Xiang Bo International Representative : Chiu-Chiu Chien	0	0	0	0
Directors	Ying Hung Investment Co., Ltd.	0	0	0	0
Directors	Ying Hung Investment Co., Ltd. Representative : Sheng-Hung Chien	0	0	0	0
Independent Directors	Kuang-Wu Lu	0	0	0	0
Independent Directors	Shu-Fen Wang	0	0	0	0
Independent Directors (Note 1)	Tung-Yao Wu	0	0	0	0
Chairman/ CSO	Jui-Jui Chien	13,860	0	0	0
President	Hun-Jung, Chung	13,860	0	0	0
Vice President	Bing-Shu, Yeh	3,630	0	0	0
Vice President	Chuan-Yuan, Tai	8,250	0	0	0
Vice President	Chia-Chin Chien	9,900	0	0	0
Business Group President	Hun-Jung, Chung	4,000	0	0	0
Special Assistant	Chiu-Chiu Chien	13,200	0	0	0
Vice President /Finance Supervisor/ Head of Corporate Governance	Chung-Nan, Shih	3,630	0	0	0
Accounting Supervisor	Hui-Ju, Huang	3,630	0	0	0
Major shareholders holding more than 10% of the shares	Lee Pont Investment Co., Ltd.	0	0	0	0

**(II) Share equity transfer information for directors, managers, and shareholders with the shareholding ratio of 10% or greater: None.**

**(III) Equity pledge information for directors, managers, and shareholders with the Shareholding percentage of 10% or greater: None.**

**IX. Information on the Relationship Between Any of the Top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree)**

April 16, 2024

Name	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of shares (Shares)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding percentage (%)	Title (or full name)	Relationship	
Lee Pont Investment Co., Ltd.	24,075,234	22.07%	-	-	-	-	-	-	-
Lee Pont Investment Co., Ltd. Representative : Sheng-Hung Chien	499,513	0.46%	-	-	-	-	-	-	-
Nakajima Construction Co., Ltd.	5,210,000	4.78%	-	-	-	-	-	-	-
Nakajima Construction Co., Ltd. Representative:Sheng-Hung Chien	499,513	0.46%	-	-	-	-	-	-	-
Chi Wei Union Inv. Co., Ltd.	5,095,862	4.67%	-	-	-	-	-	-	-
Chi Wei Union Inv. Co., Ltd. Representative : Yu-Shang Lu	-	-	-	-	-	-	-	-	Note 1
Grateful Inv. Co., Ltd.	4,877,406	4.74%	-	-	-	-	-	-	-
Grateful Inv. Co., Ltd. Representative : Yuan- Ho Hung	-	-	-	-	-	-	-	-	Note 1
Seng Hung Inv. Co., Ltd.	4,632,022	4.25%	-	-	-	-	-	-	-
Seng Hung Inv. Co., Ltd. Representative:Shiu-Hsia Chien	-	-	-	-	-	-	-	-	Note 1
Ying Hung Int. Co., Ltd.	4,442,311	4.07%	-	-	-	-	-	-	-
Ying Hung Int. Co., Ltd. Representative : Ke-Xin Chen	-	-	-	-	-	-	-	-	Note 1
Trillion Capital Co., Ltd.	3,500,000	3.21%	-	-	-	-	-	-	-
Trillion Capital Co., Ltd. Representative : Yuan- Ho Hung	-	-	-	-	-	-	-	-	Note 1
Bo Young Medical Corporation	3,442,701	3.16%	-	-	-	-	-	-	-
Bo Young Medical Corporation Representative : Chao-Wang Chen	-	-	-	-	-	-	-	-	Note 1
Coconut Co., Ltd.	2,100,000	1.92%	-	-	-	-	-	-	-
Coconut Co., Ltd. Representative : Sheng-Hsiang Hung	-	-	-	-	-	-	-	-	Note 1
Fong Ming Int Co., Ltd.	1,942,757	1.78%	-	-	-	-	-	-	-
Fong Ming Int Co., Ltd. Representative : Wu, Huei-Ya	104,893	0.10%	-	-	-	-	-	-	Note 1

Note 1 : The Company is unable to obtain personnel information of spouse, minor children of shareholders (or their corporate representatives) of top ten shareholding percentages and individuals holding shares under the name of others and their relationships.

**X. The shareholding of the Company, directors, management and an enterprise that is directly or indirectly controlled by the Company in the invested company**

December 31, 2023

Reinvestment business (Note)	Investment by the Company		Investments by directors, managers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)
Taiwan Kureha Co., Ltd	55,000	84.62%	-	-	55,000	84.62%
Shinih Holding Company Ltd.	10,000,000	100.00%	-	-	10,000,000	100.00%
Sunburst Internatiomal Ltd.	50,000	100.00%	-	-	50,000	100.00%
VFT INC.	100	100.00%	-	-	100	100.00%
Kureha ( Thailand ) Company Ltd.	37,500	50.00%	-	-	37,500	50.00%
Shinih Vietnam Company Ltd.	-	100.00%	-	-	-	100.00%
Shinih USA INC.	1,100,000	100.00%	-	-	1,100,000	100.00%
Interbond Co., Ltd.	200,000	100.00%	-	-	200,000	100.00%
Dong Guan Taixin Fiber Products Co., Ltd.	-	100.00%	-	-	-	100.00%
Shinih Fiber Products (Suzhou) Co., Ltd.	-	11.22%	-	88.78%	-	100.00%
Dong Guan Shinih Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hangzhou Shinih Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Shinih Fiber Products (TangShan) Co., Ltd.	-	-	-	100.00%	-	100.00%
Taixin Fiber Products (Suzhou) Co., Ltd.	-	-	-	100.00%	-	100.00%
TangShan Taixin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Qingdao Taixin Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Hubei Taixin Shinih Fiber Products Co., Ltd.	-	-	-	100.00%	-	100.00%
Kunshan Shinih Trading Corporation Limited	-	-	-	100.00%	-	100.00%
American Outdoor Living Inc.	-	-	-	100.00%	-	100.00%
American Nonwoven Inc.	-	-	-	100.00%	-	100.00%
MS Nonwoven Inc.	-	-	-	100.00%	-	100.00%
Shinih (Cambodia) Company Ltd.	-	-	-	100.00%	-	100.00%
World Furniture Group	-	-	-	100.00%	-	100.00%
American Furniture Alliance Inc.	-	-	-	80.00%	-	80.00%
PT Shinih Nonwovens Indonesia	-	-	-	99.00%	-	99.00%
S International Inc.	-	-	-	100.00%	-	100.00%

Note: It refers to the Company's long-term investment accounted for under the equity method.

## Chapter 4. Fund-raising Conditions

### I. Capital and Shares

#### (I) Source of Capital

##### a. Type of shares

April 16, 2024/ Unit:Shares

Share Types	Authorized Capital			Remark
	Shares issued and outstanding	Shares unissued	Total	
Listed Common stock	109,107,100	90,892,900	200,000,000	None

##### b. Formation of capital

Year/ month	Par value per share (NT\$)	Authorized Capital		Paid-up Capital		Remark		
		Shares Held (Shares)	Amount (NT\$ thousands)	Shares Held (Shares)	Amount (NT\$ thousands)	Source of capital	Offset share amount with assets other than cash	Others
1962.09	1,000	2,000	2,000	2,000	2,000	Company Establishment Capital	—	—
1979.01	1,000	30,000	30,000	30,000	30,000	Cash offering NT\$28,000 thousand.	—	—
1987.12	1,000	60,000	60,000	60,000	60,000	Cash offering NT\$30,000 thousand.	—	—
1988.10	1,000	120,000	120,000	120,000	120,000	—	Merger of NT\$60,000 thousand	Statutory merger
1990.11	1,000	160,000	160,000	160,000	160,000	Cash offering NT\$40,000 thousand.	—	—
1997.12	10	19,960,000	199,600	19,960,000	199,600	Par value per share of NT\$1,000 divided into NT\$10 per share, and capital increase by capital reserve of NT\$39,600 thousand	—	—
1998.11	10	42,000,000	420,000	32,447,000	324,470	Cash offering NT\$60,000 thousand. Capitalization of NT\$59,880 thousand. capital surplus transferred to common stock NT\$4,990 thousand.	—	Note 1
1999.12	10	42,000,000	420,000	38,453,147	384,531	Capitalization of NT\$51,915 thousand. capital surplus transferred to common stock NT\$6,489 thousand. Employee Bonus to Capital NT\$1,657 thousand.	—	Note 2
2000.09	10	65,000,000	650,000	48,276,736	482,767	Capitalization of NT\$76,906 thousand. capital surplus transferred to common stock NT\$19,226 thousand. Employee Bonus to Capital NT\$2,103 thousand.	—	Note 3
2001.07	10	85,000,000	850,000	60,075,068	600,751	Capitalization of NT\$2022,036 thousand. capital surplus transferred to common stock NT\$4,828 thousand. Employee Bonus to Capital NT\$2,119 thousand.	—	Note 4

Year/ month	Par value per share (NT\$)	Authorized Capital		Paid-up Capital		Remark			
		Shares Held (Shares)	Amount (NT\$ thousands)	Shares Held (Shares)	Amount (NT\$ thousands)	Source of capital	Offset share amount with assets other than cash	Others	
2002.12	10	85,000,000	850,000	63,078,821	630,788	Capitalization of NT\$30,037 thousand.	—	Note 5	
2003.10	10	100,000,000	1,000,000	71,304,263	713,042	Capitalization of NT\$47,309 thousand. Converted corporate bonds of NT\$34,945 thousand.	—	Note 6	
2004.04	10	100,000,000	1,000,000	72,410,362	724,103	Converted corporate bonds of NT\$11,061 thousand.	—	—	
2004.09	10	100,000,000	1,000,000	77,399,030	773,990	Capitalization of NT\$43,446 thousand. Employee Bonus to Capital NT\$6,440 thousand.	—	Note 7	
2005.05	10	100,000,000	1,000,000	77,709,073	777,090	Converted corporate bonds of NT\$3,100 thousand.	—	—	
2005.07	10	100,000,000	1,000,000	80,817,436	808,174	Capitalization of NT\$31,084 thousand.	—	Note 8	
2006.10	10	100,000,000	1,000,000	84,858,307	848,583	Capitalization of NT\$40,409 thousand.	—	Note 9	
2007.02	10	100,000,000	1,000,000	86,544,151	865,441	Converted corporate bonds of NT\$16,858 thousand.	—	—	
2007.04	10	100,000,000	1,000,000	86,559,857	865,598	Converted corporate bonds of NT\$157 thousand.	—	—	
2007.08	10	100,000,000	1,000,000	86,570,328	865,703	Converted corporate bonds of NT\$105 thousand.	—	—	
2007.10	10	200,000,000	2,000,000	90,898,321	908,983	Capitalization of NT\$43,280 thousand.	—	Note 10	
2007.12	10	200,000,000	2,000,000	90,909,310	909,093	Converted corporate bonds of NT\$110 thousand.	—	—	
2010.10	10	200,000,000	2,000,000	95,909,323	959,093	Capitalization of NT\$50,000 thousand.	—	Note 11	
2012.10	10	200,000,000	2,000,000	100,704,790	1,007,048	Capitalization of NT\$47,955 thousand.	—	Note 12	
2014.08	10	200,000,000	2,000,000	103,888,034	1,038,880	Converted corporate bonds of NT\$31,832 thousand.	—	—	
2014.12	10	200,000,000	2,000,000	105,517,492	1,055,175	Converted corporate bonds of NT\$16,295 thousand.	—	—	
2015.02	10	200,000,000	2,000,000	105,796,372	1,057,964	Converted corporate bonds of NT\$2,789 thousand.	—	—	
2015.05	10	200,000,000	2,000,000	106,135,012	1,061,350	Converted corporate bonds of NT\$3,386 thousand.	—	—	
2015.09	10	200,000,000	2,000,000	107,409,900	1,074,099	Converted corporate bonds of NT\$12,749 thousand.	—	—	
2015.12	10	200,000,000	2,000,000	108,573,237	1,085,732	Converted corporate bonds of NT\$11,633 thousand.	—	—	
2016.02	10	200,000,000	2,000,000	108,708,694	1,087,087	Converted corporate bonds of NT\$1,355 thousand.	—	—	
2016.05	10	200,000,000	2,000,000	109,107,100	1,091,071	Converted corporate bonds of NT\$3,984 thousand.	—	—	
Note 1 : (1998) Tai Tsai Cheng (1) No.59643					Note 7 : Jin Kuan Cheng Tzu No.0930137073				
Note 2 : (1999) Tai Tsai Cheng (1) No.101372					Note 8 : Jin Kuan Cheng Tzu No.0940131078				
Note 3 : (2000) Tai Tsai Cheng (1) No. 74606					Note 9 : Jin Kuan Cheng Tzu No.0950134262				
Note 4 : (2001) Tai Tsai Cheng (1) No. 1298708					Note 10 : Jin Kuan Cheng Tzu No.0960040747				
Note 5 : (2002) Tai Tsai Cheng (1) No. 0910148330					Note 11 : Jin Kuan Cheng Tzu No.0990039959				
Note 6 : (2003) Tai Tsai Cheng (1) No.0920140793					Note 12 : Jin Kuan Cheng Tzu No.1010033651				

## (II) Shareholder structure

April 16, 2024

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other legal person	Domestic natural persons	Foreign organizations and foreign individuals	Treasury stock	Total
Number of people	0	2	30	11,429	32	1	11,494
Shareholding (shares)	0	206,970	69,863,243	34,534,458	1,303,429	3,199,000	109,107,100
Percentage (%)	0.00%	0.19%	64.04%	31.65%	1.19%	2.93%	100.00%

## (III) Shareholding distribution status

Denomination of NT\$10 per April 16, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio (%)
1- 999	7,840	1,285,108	1.18%
1,000- 5,000	3,000	5,690,436	5.22%
5,001- 10,000	317	2,513,392	2.30%
10,001- 15,000	76	983,996	0.90%
15,001- 20,000	67	1,241,200	1.14%
20,001- 30,000	45	1,162,868	1.07%
30,001- 40,000	16	565,572	0.52%
40,001- 50,000	28	1,307,913	1.20%
50,001- 100,000	32	2,189,854	2.01%
100,001- 200,000	21	3,090,958	2.83%
200,001- 400,000	16	4,658,688	4.27%
400,001- 600,000	12	5,884,825	5.39%
600,001- 800,000	4	2,996,578	2.75%
800,001-1,000,000	1	803,797	0.74%
1,000,001 and above	19	74,731,915	68.48%
Total	11,494	109,107,100	100.00%

(IV) List of major shareholders: Shareholders with equity ratio of more than 5% or the names of the top 10 shareholders as well as their shareholding amount and ratio.

April 16, 2024

Name of the major shareholders	Shares	Shareholding (shares)	Shareholding ratio (%)
Lee Pont Investment Co., Ltd.		24,075,234	22.07%
Nakajima Construction Co., Ltd.		5,210,000	4.78%
Chi Wei Union Inv. Co., Ltd.		5,095,862	4.67%
Grateful Inv. Co., Ltd.		4,877,406	4.47%
Seng Hung Inv. Co., Ltd.		4,632,022	4.25%
Ying Hung Int. Co., Ltd.		4,442,311	4.07%
Trillion Capital Co., Ltd.		3,500,000	3.21%
Bo Young Medical Corporation		3,442,701	3.16%
Coconut Co., Ltd.		2,100,000	1.92%
Fong Ming Int Co., Ltd.		1,942,757	1.78%

(V) Market price per share, net worth, earnings, dividends, and the related information for the last 2 years.

Unit: NT\$

Item		Year	2022	2023	As of March 31, 2024
Market price per share	Maximum		24.6	24.4	20.50
	Minimum		18.85	19.05	19.80
	Average		20.76	20.53	20.18
Net worth per share	Before distribution		32.27	32.42	N/A
	After distribution (Note 7)		31.22	31.82(Note6)	N/A
Earnings per Share	Weighted average number of shares (thousand shares)		105,731	105,908	N/A
	Earnings per Share	Before retrospective adjustments (Note 2)	2.12	1.49	N/A
		After retrospective adjustments (Note 2)	2.12	1.49	N/A
Dividend per share	Cash dividends (NT\$)		1.0	1.05	N/A
	Stock dividends	Earnings	0	0	N/A
		Capital Reserve	0	0	N/A
	Accumulated unpaid dividends		0	0	N/A
Return on investment	Price to earnings ratio (Note 3)		4.6	9.79	N/A
	Price to dividends ratio (Note 4)		21.67	19.77	N/A
	Cash dividend yield (Note 5) (%)		4.61	5.06	N/A

Note 1: Source: Taiwan Stock Exchange

Note 2: Imputed based on basic earnings per share.



Note 3: Price earning ratio = average closing price per share for the year / earnings per share.

Note 4: Price earning ratio = average closing price per share for the year / cash dividends.

Note 5: Cash dividend yield = cash dividends / average closing price per share for the year.

Note 6: Passed the 2023 amount of cash dividend by resolution of the board of directors on March 11, 2024.

Note 7: Fill-in based on the circumstances of the board meetings for the next year.

## (VI) Dividend policy and implementation status

### 1. Dividend policy:

#### 1. Dividends distribution criteria and timing:

To support the corporate growth needs, the distribution of the dividends of the Company is made for the purpose of satisfying future operational development in principle along with the comprehensive consideration of the criteria of sound financial structure, maintenance of stable dividends and guarantee to the reasonable return of shareholders, etc., following which the board of directors reaches resolution according to Article 240 of the Company Act and Article 22-1 of the Articles of Incorporation in order to execute the distribution and to report to the shareholders' meeting.

#### 2. Cash dividend and stock dividend distribution ratio:

The dividend policy of the Company adopts the three methods of cash dividends, capital increase by surplus earnings and capital increase by capital reserve for cooperative issuance, and the issuance of cash dividends is adopted in priority, with the ratio of cash dividends issued in the current year between 10% and 100%. In case where there is need to investment plan or improvement of financial structure, the cash dividend issuance rate may be decreased and changed to the issuance via the method of capital increase by surplus earnings or capital increase by capital reserve. To prevent excessive inflation of capital that may affect the dividend issuance of next year, the total ratio of the capital increase by surplus earnings and capital increase by capital reserve shall not exceed 90% of all dividends issued in the current year.

### 2. Dividend distribution by resolution of the board of directors:

According March 11, 2024 to the resolution of the board of directors, shareholder bonus of NT\$0.6 per share is to be issued, and all distribution amount is made in cash.

(VII) The effects of the stock dividends proposed by the shareholders' meeting on the company's business performances and earnings per share: Not applicable.

## (VIII) Employee and director compensation

### 1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

Articles of Incorporation	Content
Article 22	<p>For the current profit before tax for a fiscal year of the Company before deduction of the remuneration of employees and the remuneration of directors, an amount equivalent to 1% to 5% of such profit before tax shall be appropriated as the remuneration of employees and an amount not greater than 3% of such profit before tax shall be appropriated as the remuneration of the directors; provided that when there is still accumulated loss, the Company shall reserve amount to compensate such loss first, followed by setting aside amounts for the remuneration of employees and the remuneration of directors according to the aforementioned ratios.</p> <p>The remuneration of employees described in the preceding paragraph may be issued in the form of shares or cash. The subjects for receiving the shares or cash may include employees of subsidiaries meeting criteria specified by the board of directors. The remuneration of directors shall be made in cash only.</p> <p>The proposal for distribution of remuneration described in the preceding two paragraphs shall be executed in accordance with the resolution of the board of directors' meeting, and shall be reported to the shareholders' meeting.</p>

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

- (1) The Company's 2023 remunerations of employees and directors proposed for distribution were estimated according to the Articles of Incorporation of the Company along with the consideration of the business result.
- (2) Regarding the calculation of the distribution of employees' bonus shares, the closing price one day before the resolution date of the shareholders' meeting of next year along with the consideration of the impact of ex-right and ex-dividend is used as the basis for the calculation. However, since all of the amount of the remuneration of employees of the Company is distributed in cash, there is no capital increase with issuance of bonus shares.
- (3) In case of any difference between the actual distribution amount and the estimated amount, it is recognized as the profit/loss of the year of actual distribution.

3. Remuneration proposals passed by the Board of Directors:

- (1) Employee and director remuneration will be distributed in cash or stocks:

Unit: NT\$

Item	Board of Directors resolution (March 11, 2024)
Director remuneration (cash)	2,100,000
Employee remuneration (cash)	5,200,000

- (2) If the amount is different than the estimated annual expense amounts, the discrepancy amount, reason, and disposal status shall be disclosed: There was no discrepancy with estimated annual expense amounts.
- (3) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable as the Company has no plans on distributing employee stock dividends.

4. Any discrepancy between actual distribution of remuneration of employees and directors (including the number of shares, the amount and stock price) and the recognized remuneration of employees and directors and disclosure of the differences, reasons and responses:

Unit: NT\$

Item	Actual allocation amount	Board of Directors resolution (March 24, 2023)	Difference
Director remuneration (cash)	2,410,000	2,410,000	None
Employee remuneration (cash)	7,230,000	7,230,000	None

(IX) Status of company share buy back:

April 18, 2023

Session of repurchase	1st time
Purpose of repurchase	Transfer to employees
Period of repurchase	2021/11/15~2022/01/07
Price range of repurchase	15.65~33.05
Type and Number of Shares Repurchased	Common shares of 3,504,000 shares
Amount of shares repurchased	82,027,639
Ratio of repurchased quantity over the predefined repurchase quantity (%)	70.08%
Number of shares canceled and transferred	305,000 shares
Accumulated number of the Company's shares held	3,199,000 shares
Ratio of accumulated number of the Company's shares held to total number of shares issued (%)	2.93

**II. Issuance of Corporate Bonds:None.**

**III. Issuance of preferred shares: None.**

**IV. Issuance of global depositary receipts (GDR) : None.**

**V. Issuance of employee subscription right : None.**

**VI. restricted stock awards: None.**

**VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.**

**VIII. Implementation status of the capital utilization plan: None.**

## Chapter 5. Business Overview

### I. Business Activities

#### (I) Scope of business

##### 1. Main content of business operated by the Company

- (1) C302010 Weaving of Textiles.
- (2) C303010 Manufacture of Non-woven Fabrics.
- (3) C399990 Other Textile and Products Manufacturing.
- (4) C802160 Adhesive Tapes Manufacturing.
- (5) C805020 Manufacture of Plastic Films and Bags.
- (6) CB01010 Mechanical Equipment Manufacturing.
- (7) CI01010 Rope, Cable and Net Manufacturing.
- (8) CI01020 Rug and Felt Manufacturing.
- (9) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (10) F111090 Wholesale of Building Materials.
- (11) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (12) F401010 International Trade.
- (13) H701010 Housing and Building Development and Rental.
- (14) H701040 Specific Area Development.
- (15) H701060 New Towns, New Community Development.
- (16) H701080 Urban Renewal Reconstruction.
- (17) H703100 Real Estate Leasing.
- (18) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Revenue Breakdown

Unit: NT Thousand

Business type	2022		2023	
	Amount	%	Amount	%
Non-woven fabric	2,562,965	97%	2,045,048	97%
Others	67,288	3%	69,858	3%
Total	2,630,253	100%	2,114,906	100%

##### 3. Present products and service items

###### (1) Nonwoven fabric series of products:

Resin cotton, needle-punching cotton, quilting fabric, VFT vertical cotton, hydro-entanglement fabric, multi-function insulative material and spunbond, meltblowing products, etc.

###### (2) Bedding series of products:

Fabric series manufactured by U.S. Invista and domestic Far Eastern and Nan Ya Corporation are used as the main filling materials. Products can be divided into own-brand bedding series, U.S. Invista brand of bedding series of products, etc.

###### (3) Automotive interior materials, filter materials, fireproof and fire-retardant materials, etc..

###### (4) New products and services planned for development

For the present stage, the main new products planned for development are spunbond, meltblowing and filter related application materials and consumer functional fiber products, such as:

- A. Medical hygiene materials: sanitary napkin materials, diapers, surgical shirts, cap covers, shoe covers, mattress, pillowcase, anti-dust curtain fabrics, etc.
- B. Filter materials: materials for air conditioning cleaning, air conditioning filters, automotive air conditioning interior and air filter materials, etc.
- C. Agricultural materials: Harvest fabric for home use, anti-frost fabric, anti-inspect fabric, soil moisture-retaining fabric, seedling cultivation fabric, greenhouse canopy, etc.

## (II) Industry overview

### 1. Current status and development of the industry

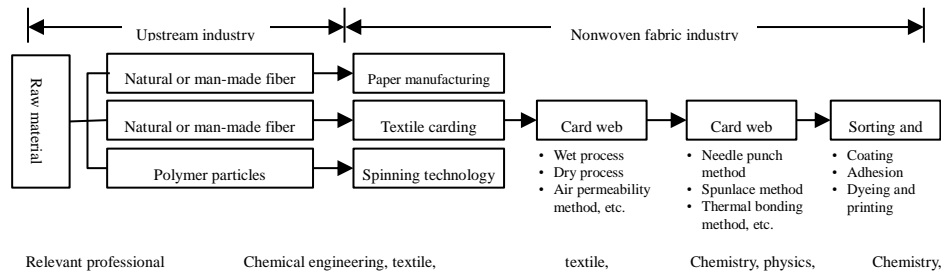
Nonwoven fabric refers to a bonding article formed by using a special formation technique to bond fibers together that is different from the traditional fabric weaving method. In the textile industry, it is the youngest and most potential field, and it also implements newly developed emerging technology that breaks through the traditional textile technology, and sufficiently applies modern physics and chemistry concepts.

In terms of the application aspect, since nonwoven fabric can be designed to provide specific functions, such as water absorbing, buffering, filtering, flame-retardant, waterproof, rebound, soft, elastic and extension, resilience and wash-resistant properties, and also provides the bacterial protective shield and sterility, the application scope of nonwoven fabric is broad, and nonwoven fabric is widely used in diverse products in all fields, including basic civil industry of living, clothing, housing, transportation, education and entertainment fields as well as living supplies.

As the technology advances, the field of nonwoven fabric also broadens, and its application is of greater depth and heading toward higher grade of quality. For the next five years, melt spinning nonwoven fabric will continue to be the technology and process main stream. Industrial wiping fabric is of great development potential, and the disposable usage amount is large with decreasing basis weight. As the raw material fiber becomes finer with increased strength, the future production technology and product application will advance further, such as, meltblowing, electrospinning, wet meltblowing, multicomponent spunbond composite technology, natural fiber nano, electronic and smart functional textile applications.

According to the statistics of the Asia Nonwoven Fabrics Association (ANFA), the annual production volume of nonwoven fabrics in the Asia region in 2022 reached 7.05 million tons. Since the Asia region accounts for 60% of world's total population of 7 billion, the Asian market has become an important manufacturing and sales market for nonwoven fabrics in the world. The analysis of the five main production countries (Japan, Korea, Taiwan, China, India and Indonesia) in Asia indicates that the production volume in 2022 reached 6.75 million tons, accounting for 96% of the annual production volume of the Asia region, among which the annual production volume in China was the highest to reach 5.31 million tons and accounted for 75% of the annual production volume in Asia, making China to become the most important production and sales market for nonwoven fabrics in Asia. Among the six major production countries, Taiwan has the least population in Asia, and the annual production volume is approximately 180 thousand tons, ranked as No.6 in Asia. In addition, the annual production volume of main production countries in Asia has increased from 3.22 million tons in 2012 to 7.05 million tons in 2022, and the annual compound growth rate reaches 7.6%. Furthermore, as the population in Asia increases and under the demographic dividend of the Chinese government relaxing the one-child policy, the Asian market is expected to continue to maintain its high level of growth in the future. Among the new emerging markets in Asia, India shows an annual compound growth rate exceeding 10% in recent years and further monitoring of such trend is necessary. In view of the above, the strong driving force of nonwoven fabrics in the Asia region indicates promising future outlook.

## 2. The status of the upper, middle, and downstream relationships for the industry



## 3. Various development trends of products and competition status

### (1) Various development trends of products

Due to the material characteristics, nonwoven fabrics can be applied to various different industrial fields, and the type of products is diverse with broad application. Accordingly, the product development trend can be classified as follows:

#### A. Technology and application of superfine fiber nonwoven fabrics:

Melt blowing, electrospinning, wet spray, Multi-component spunbond composite technology, sea-island fiber and island fiber protection, preparation and application of nanofiber in the wood-pulp fiber, and particularly, the development of new technologies and application fields related to the hot-melt blowing nano-materials.

#### B. Essential type of functional materials:

Based on the consideration of process continuity and environmental protection, the Company will head toward the development of essential type of functional materials, such as fibers with wettability, elasticity, skin compatibility, bacteria resistance, and fibers developed for specific purposes, such as elastic resin, microfiber, and crimped fiber, etc.

#### C. Corresponding performance requirements for textiles used for filtering purposes:

Develop functional products with the properties of high performance, strength, air permeability, temperature resistance, corrosion resistance, waterproof and anti-oil function and filtering performance as well as high temperature resistance.

### (2) Competition status

Nonwoven fabrics have the advantages in the price, broad application, lightweight and multi-function over other materials, and materials satisfying the aforementioned quality characteristics in the market mainly refer to nonwoven fabrics as the main stream product in the market. Presently, there has been no alternative material developed in the market.

The main competitive factors among business operators in the same industry mainly refer to the sales strategy, integration of upstream, midstream and downstream of the supply chain and the elevated barrier for production and technology. Nevertheless, the Company still upholds the consistent strategy and moves forward toward the predefined goals.

## (III) Overview of Technology and R&D

### 1. R&D budget invested in most recent year and up to the printing date of the Annual Report

For 2023 and up to March 31 of 2024, the R&D budgets invested were NT\$98,856 thousand and NT\$27,063 thousand respectively.

### 2. Technology or product successfully developed

For the recent years, the products developed successfully in stages mainly include: Spunbond, melt blowing, filter application related products. In the future, the Company will head toward the development of high physical property, lightweight, structural modification, special performance, soft and composite structure, etc. Expansion material received the top five international certifications of ISPO 2019 Textrends Spring/Summer in 2019.

#### (IV) Long- and short-term business development plans:

Based on the consideration that product applications derived from nonwoven fabrics are broad and are closely related to people's daily lives, for the business development plan framework, the Company has always primarily focused on the long-term business development plan in conjunction with the secondary service philosophy of short-term business plan in order to expand the business. In other words, the Company pays attention on the long-term market development trend and guides the short-term market demands, in order to establish the foundation for corporate sustainable operation.

##### 1. Long-term business development plan

- (1) Expand business scope and market: As the region of Southeast Asia is under economic development stage, in addition to the original sales market in Vietnam, the Company also actively expands the investment in the production line in Indonesia. Furthermore, the feasibility of the Company's investment extending to other countries in the Southeast Asia is also under evaluation, thereby satisfying the appetite of the increasing demands of the Southeast Asia market.
- (2) High quality production line development: As the global population expands rapidly and according to the nonwoven fabrics industry market survey for the advanced European countries and U.S., high quality product market demand continues to increase, and it will progressively extend to Asia and other regions.
- (3) Smart production and sales: Through system technology integration, the Company's resources are effectively allocated and global work allocation can be achieved, thereby increasing the breadth and benefit of the business expansion.

##### 2. Short-term business development plan

- (1) Improve R&D technologies: Under the fundamental operation of long-term business development plan strategy, the Company will focus on the R&D and technology integration and improvement of spunbond application material related products. In addition, through collaboration with pioneers in the US market application, the Asian nonwoven fabric market and development trend can be strategically guided through joint development, thereby expanding the group's future market development.
- (2) Achieve product diverse applications: As the production cost in China increases year after year, it has transformed from the world factory in the past to domestic consumption market. In addition, as the Chinese government relaxes the child birth policy and under the demographic dividend of the middle class, the consumption market has expanded progressively. Nevertheless, under the challenge of price competition in the same industry, the Company will need to actively increase product added value with greater diversity.
- (3) Strategic alliance: Construct interactive platform for the upstream, midstream and downstream, engage in joint development to establish the future product market trend, and actively expand the market demands for nonwoven products.

## II. Market Analysis and Overview of Production and Sales

### (I) Market analysis

#### 1. Sales region for the main products

Unit: NT\$ thousands

Region	2023		2022	
	Amount	%	Amount	%
China	585,577	28%	691,365	26%
U.S.A	589,412	28%	696,610	27%
Taiwan	386,978	18%	557,213	21%
Others	552,939	26%	685,065	26%
Total	2,114,906	100%	2,630,253	100%

## 2. Market share

According to the statistics (as shown in Table 1 and Table 2 below) on the six major nonwoven production countries (Japan, Korea, Taiwan, China, India and Indonesia) provided by the Asia Nonwoven Fabrics Association (ANFA), the annual production volume from 2015 to 2022 increases from 4.28 million tons to 7.05 million tons, where the production volume of the six major production countries accounts for 96% of the production volume in the entire Asia region. For the areas of China, Taiwan and Indonesia invested by the Company for business development, the production volumes in 2022 of these areas account for 75%, 2% and 1.7% of the production volume of the entire Asia region.

Table 1: 2023 Asia 6 Major Regions Nonwovens Industry

Country	K tonnes								
	2015	2016	2017	2018	2019	2020	2021	2022	22/21
Japan	342	340	342	343	321	302	300	293	98%
Korea	216	226	228	227	239	271	263	252	96%
Taiwan	184	188	200	197	191	194	182	151	83%
China	2,941	3,260	3,705	3,960	4,210	5,273	5,340	5,310	99%
India	312	365	410	475	536	514	608	625	103%
Indonesia	69	78	91	100	106	98	104	119	114%
Others	214	228	240	253	267	283	305	301	99%
Total	4,278	4,684	5,216	5,555	5,870	6,935	7,101	7,051	99%

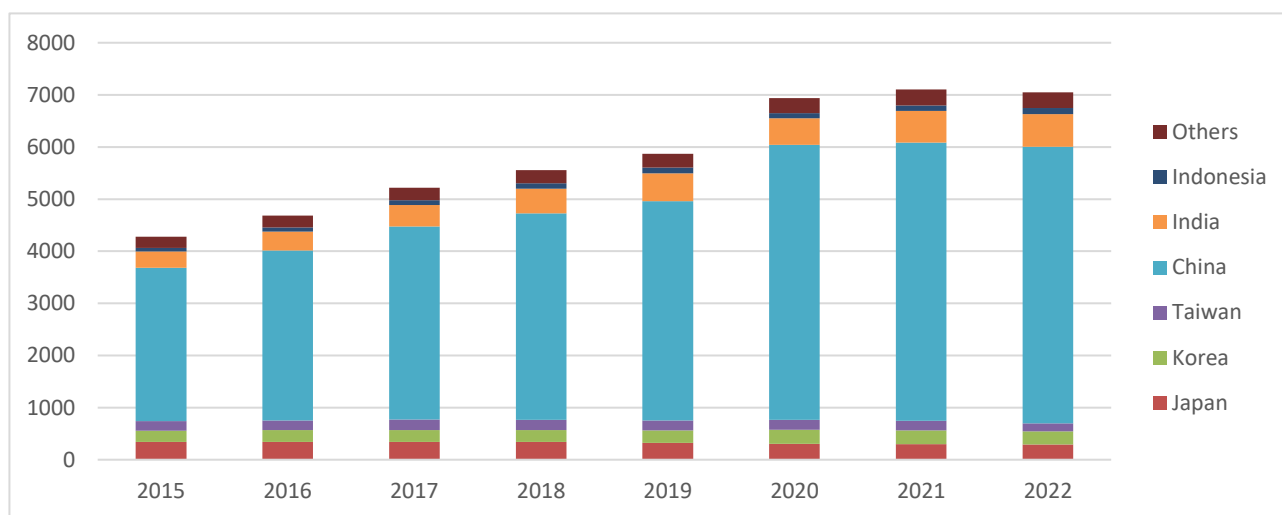
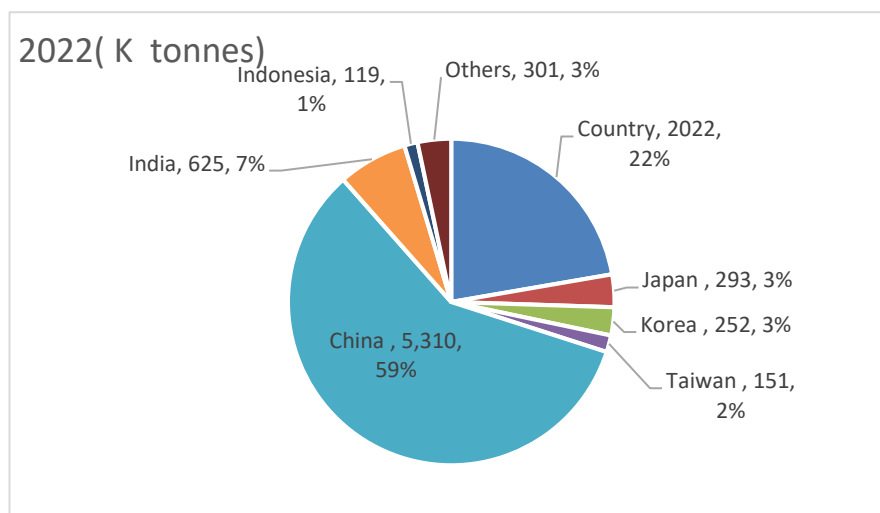




Table 2: 2022 General Status of Asia Nonwovens Industry

Country	2022 (K tonnes)
Japan	293
Korea	252
Taiwan	151
China	5,310
India	625
Indonesia	119
Others	301
Total	7,051



3. Market future supply and demand status and growth

The market of nonwoven fabric expands in the application aspect along with the increasing global population and advancement of network information and transportation industry. Presently, under the cost consideration, there is still no alternative material capable of substituting the function of nonwoven fabric. The nonwoven fabric annual compound growth is approximately 9.2%, and the market grows stably.

4. Competitive niche

Nonwoven fabric is of the characteristics of light weight and fluffy, and in terms of the operating cost, its freight cost accounts for a certain ratio of the total cost. With regard to such aspect, the Company has established various competitive advantages during the corporate development and competition process:

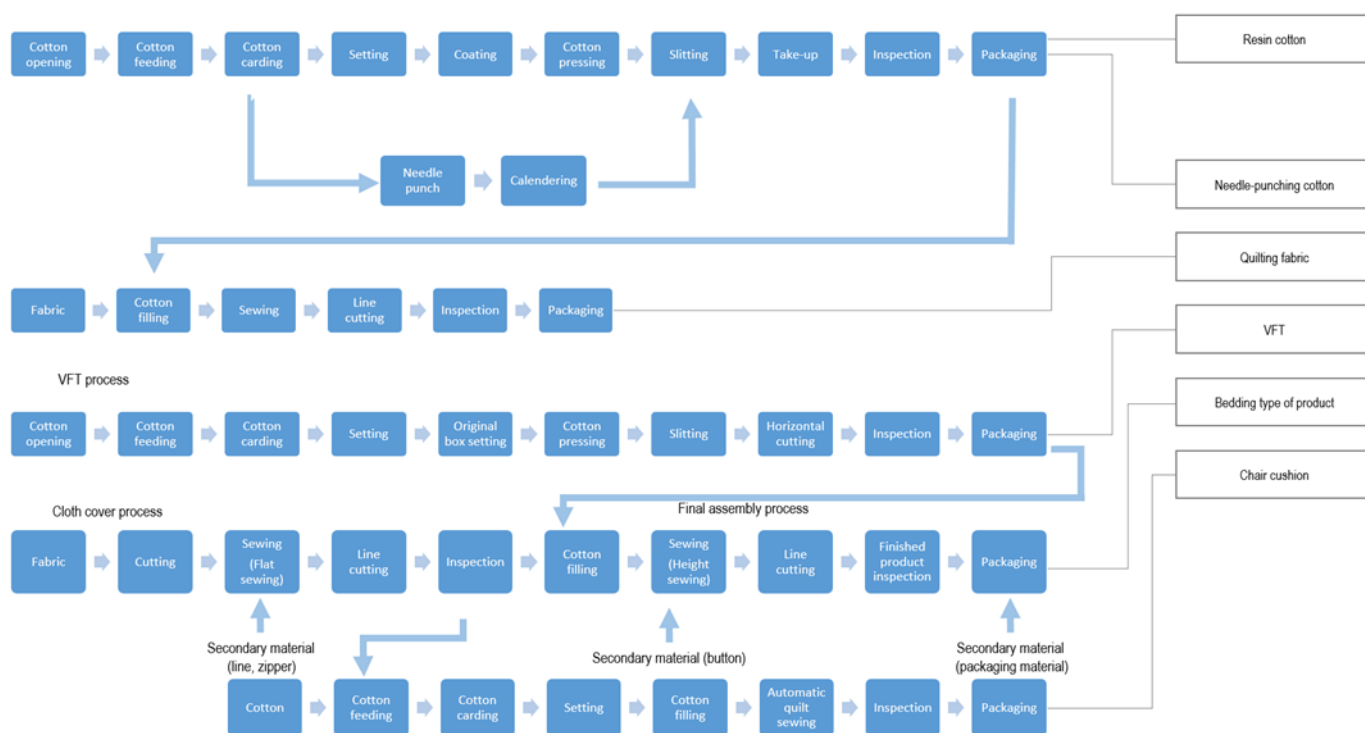
- (1) Global planning: During the early stage of the development, the Company has invested in cross-nation and cross-region industrial services. Presently, the investment of the Company has reached all parts of the world, thereby establishing important foundation for the Company in the competition chain of the industry.
- (2) Technology and equipment with multi-level of development: The Company is committed to continuous research, development and innovation. During the industrial development and transformation process, the Company has gained extensive experience and implemented passing on of knowledge. Particularly, for the field of nonwoven fabrics, the outcome of extensive years of business operation has allowed the Company to establish numerous key technologies and manufacturing processes. The establishment of all of such intangible assets is the key to the sustainable operation of the Company, which is also an important niche for the Company to continue to maintain its leading position in the industry for the future.
- (3) Continuous innovation: The nonwoven fabric industry market changes rapidly, and flexible organization adjustment and quick response capability are key factors to the successful operation of the company. The Company has been active in the implementation of mechanism for organization integration and coordination and effectively manages and coordinates resources for the corporate operation, in order to respond to market changes promptly and effectively.

5. Favorable, unfavorable factors for development outlook and responsive strategies:

All industries have their life cycle and circulation period. The Company has been deep-rooted in the industry for decades, and during the entire corporate development process, the Company has experienced numerous times of industry ups and downs. With such extensive experience and solid foundation in the industry, accordingly, the Company and the Group enterprises are able to properly manage key technologies, to establish product research and development capability, to achieve marketing niche, to upgrade production equipment, to construct e-system, to implement human resource cultivation, to stipulate management strategies and to handle industry environmental changes.

## (II) Major product manufacturing processes

- i. Resin cotton: It uses polyester short fiber as the raw material and is manufactured through resin shaping and processing. Main usage: for thermal insulation material and padding, such as garments, bed sheets, etc.
- ii. Hot-melt cotton: It uses polyester short fiber as the raw material and is manufactured with low-melting fiber passing through oven for melting, shaping and processing. Main usage: thermal insulation materials and paddings, such as garments, outdoor and indoor furniture, etc.
- iii. Vertical cotton: It uses polyester short fiber as the raw material and is manufactured via fiber vertical technology for formation along with low-melting fiber passing through ovens for melting, shaping and processing. Main usage: paddings with excellent permeability, drainability, support and elasticity, and comfortable touch feel as well as high durability, such outdoor furniture, mattress, etc.
- iv. Needle-punching cotton: It uses polyester short fiber as the raw material and is manufactured through needle punching, shaping and processing. Main usage: garments, shoe materials, etc.
- v. Quilting fabric: It is manufactured with the use of quilting machine to perform automatic sewing of fabric and resin cotton or needle-punching cotton together. Main usage: for garments, bed sheets, etc.
- vi. Bedding type of product: It uses polyester short fiber as the raw material, and quilts and pillows are manufactured through a series of automatic machines, in order to provide healthy and comfortable bedding products.
- vii. Chair cushion: Functional consumer products developed based on the VFT patent, and it is equipped with the functions of permeability, water permeability and excellent support.



## (III) Main raw material supply

Raw material name	Supplier	Supply status
Polyester	Toray International, Inc. Fujian Yijin Chemical Fiber Co., Ltd. Kofiber Inc.	Stable The Company selects quality suppliers for purchase according to the region at proper timing, and the supply sources are from various parts around the globe without shortage concerns. In addition, the Company also makes necessary adjustment based on the consideration of appropriate cost of material purchase.

(IV) Names of customers who accounted for more than 10% of the sales in any of the last two years, sales as a percentage of total sales, and the reasons for addition or reduction changes.

1. Customer name for those whose sales volume are more than 10% of the total in any given year for the last 2 years:

Unit: NT\$ thousands

Item	2022				2023			
	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Total annual net purchase ratio (%)	Relationship with the issuer
1	KOFIBER INC.	92,404	9	None	TORAY INTERNATIONAL, INC.	74,061	10	None
2	ILINK BUSINESS MANAGEMENT INC.	51,044	5	None	Fujian Yijin Chemical Fiber	60,828	8	None
	Others	882,754	86	N/A	Others	630,383	82	N/A
	Net Purchases	1,026,202	100	N/A	Net Purchases	765,272	100	N/A

Note 1 : The main reason of change of suppliers with total purchase amount reaching 10% and above in the most recent two years was mainly due to the quality and price consideration.

2. Information on main customers of sales of the Company in the most recent two years

Unit: NT\$ thousands

Item	2022				2023			
	Name	Amount	Total annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Total annual net sales ratio (%)	Relationship with the issuer
	Others	2,630,253	100	-	Others	2,630,253	100	-
	Net sales	2,630,253	100	-	Net sales	2,630,253	100	-

Note 1 : The Company and subsidiaries had no single customer with the sales percentage reaching 10% and above in the most recent two years of the current year.

(V) Annual production value for the last 2 years

Unit: NT\$ thousands/ton/ thousands pcs

Product name	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Nonwoven material		32,102	20,046	2,102,864	32,073	16,156	1,638,040
Others		-	23	2,610	-	4	3,337
Total		32,102	-	2,105,474	32,073	-	1,641,377

(VI) Sales value for the last 2 years

Unit: NT\$ thousands/ton/ thousands pcs

Product name	Year	2022				2023			
		Domestic sales		Foreign sales		Domestic sales		Foreign sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nonwoven material		1,413	176,002	19,030	2,407,074	1,125	134,728	15,721	1,941,769
Others		-	47,177	-	-	-	38,409	-	-
Total		-	223,179	-	2,407,074	-	173,137	-	1,941,769

### III. Number of employees, average years of service, average age, and education of employees for the last two years until the public date of this report

April 16, 2024

Year		2022	2023	As of March 31, 2024
Number of employees (people)	Direct Personnel	476	454	467
	Indirect Personnel	253	266	255
	Sales Personnel	43	40	36
	R & D personnel	14	16	16
	Total	786	776	774
Average age		36.7	36.18	36.41
Average length of service		4.4	3.99	4.21
Degree distribution ratios (%)	Ph.D.	0%	0%	0%
	Masters	4%	5%	5%
	Bachelor's Degree	42%	31%	31%
	Senior High School	22%	24%	25%
	Below Senior High School	32%	39%	39%

### IV. Environmental protection expenditures

(I) For the most recent year and as of the printing date of the annual report, the losses suffered as a result of environmental pollution : None ◦

(II) Estimated amount and response measures for possible future events

The Company values environmental protection and has established preventive measures and response strategies for the routine operations with respect to pollution issues that may be caused by the production process and surrounding environment. In addition, for the most recent year and up to the printing date of the annual report, the Company has not suffered loss due to environmental contamination and due to penalties.

### V. Labor-management relations

(I) Employee welfare measures, continuing education, training, retirement system and implementation status

1. Employee welfare :

- (1) Apply for labor insurance and health insurance according to the laws.
- (2) Employee cafeteria and dormitory are provided in the plant for employees' dining and accommodation.
- (3) "Employee Welfare Committee" is established to handle the following employee welfare items.
  - A. Annual travel allowance.
  - B. Issuance of annual and holiday bonuses and gifts.
  - C. Marriage and funeral subsidies.
  - D. Entitled to fixed-amount gathering party and dinner allowance annually.
  - E. Birthday gift money.

2. Continuing education and training method:

To cope with the development needs of the Company, various education and training systems are established in order to cultivate personnel at all levels such that employees are able to exploit their potentials sufficiently and to develop relevant knowledge and skills, thereby achieving the objectives of mutual coordination and increase of work efficiency, and achieving the overall business goals of the Company. The main methods adopted are as follows:

- (1) Establish mentor system in order to guide the passing on of practical experience.
- (2) Implement professionalism identification system such that personnel above the rank of supervisor (Section Chief) are required to learn various management courses related to their job duties before promotion.
- (3) Implement promotion evaluation system such that supervisors promoted to the rank of Deputy Manager and above are required to be evaluated by the "Human Resource Evaluation Committee" for qualification before promotion.
- (4) Implement occupation diversity system to encourage employees to transfer to various job duties in order to cultivate employees with diverse functions.

### 3. Continuing education :

Through the establishment of the e-learning platform, internal education and training courses of various aspects are implemented. In addition, through the establishment of the management window mechanism, the mutual coordination works among departments of the Group can be operated in order to cultivate outstanding seed personnel as the reserve candidates for future management staff, such that it can be further extended to facilitate the establishment of the corporate internal in structure evaluation system. Based on the field experience of recruitment of outstanding talents in conjunction with the system platform application, the ultimate objective of education and training can be sufficiently reflected in the corporate competitiveness and management performance. In the future, each department will also propose general knowledge courses during the weekly meeting time in order to integrate professional knowledge into the daily operation system, thereby continuously expanding the corporate learning functions and aspects.

In addition, the Company further provides subsidies to employees irregularly for their participation in various external professional training courses and learning, thereby enhancing professional knowledge and skills outside the work field, such employees may apply the knowledge and skills learned at work to develop and exploit greater employee potentials.

### 4. Retirement System :

The Company has stipulated the pension regulations and has established the "Labor Pension Reserve Supervisory Committee" according to the law (establishment approved according to Taipei City Government (76) Bei-Fu-She-Si-Zi No. 120827 Letter dated April 17, 1987) and labor pension is appropriated to the dedicated account at Bank of Taiwan for custody. Employees qualifying the retirement criteria are able to apply for retirement and to receive pension according to the regulations.

In addition, since the implementation of the new labor retirement system, the Company not only appropriates labor pension reserve monthly for employees choosing the old system but also appropriates pension monthly according to the law for employees choosing the new system and new employees.

For the rest of investees, relevant retirement systems are also implemented according to the local laws and regulations.

The company's allocation situation is as follows:

pension system	Old	New
Law	Law Source Retrieving System Labor Laws And Regulations-	Labor Pension Act
How to withdraw funds	Withdraw 2% of the employee's total monthly salary and deposit it into a special account at the Bank of Taiwan (formerly the Central Trust Bureau) in the name of the company.	6% will be transferred to the personal account of the Labor Insurance Bureau according to the employee's insurance level.
Withdrawal amount	The accumulated amount of labor retirement reserve fund is NT\$12,889 thousands.	Provision of NT\$6,525 thousands in 2023

### 5. Status of Industrial Relations Agreement :

The agreements between both parties of labor and management of the Company and each investee are established according to the Labor Standards Act and relevant local labor laws and regulations of each company, along with the cooperation with the personnel management regulations of the Company, such that agreements are entered and implemented when employees enter the Company to provide service.

6. Employee benefit protection measures :

- (1) Establish employee stock option rules, in order to stimulate the entrepreneurial potential of employees.
- (2) Establish employee bonus issuance rules, in order to implement labor and management benefit sharing.
- (3) Implement profit center system, in order specify performance incentive measures clearly.
- (4) Implement protective measures for working environment and personnel safety.

The Company values “Prevention of occupational accident occurrence”, “Construction of sound workplace safety and health”, “Promotion of occupational safety and health management system”, “Establishment of proper working environment”, “Implementation of emergency response mechanism and training” as the priority promotion objectives for the occupational safety and health affairs. In addition, the Company has also established the “Labor Safety and Health Work Rules”, and the management level leads the compliance along with the fire drill once semi-annually and emergency escape and refugee drill once semi-annually, in order to allow all employees to value safety and health and to establish an outstanding working environment with zero occupational accidents.

For on-job employees, periodic health examination is implemented once annually. For operators of special hazards to health, appropriate safety protection equipment is provided. Safety and health education training courses are organized once every three years . New employees are required to receive safety and health education and training during the on-board of the job, in order to ensure that the working environment has no impact on the bodily health of personnel.

(II) Loss due to labor-management disputes in the most recent year and up to the printing date of the annual report: None.

(III) Estimated amount and response measures for present and future possible future events

The Company and the investees have established the labor-management agreements. In case of any labor-management dispute in the future, it will be handled in accordance with the labor-management agreement content. Nevertheless, for the most recent year and up to the printing date of the annual report, there has been no occurrence of major labor-management dispute.

## VI. Information Security Management

(I) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

### 1. Information Security Risk Management Structure

The Information Department is responsible for managing and implementing information security policy, promoting information security information, increasing employee information security awareness, collecting and improving organization information security management system performance and effectiveness of technologies, products or procedures, etc. The Auditing Office performs cyber security audit on the internal control system - information cycle, and evaluates the effectiveness of the information operation internal control of the Company.

### 2. Information Security Policy

To implement information security management, the Company has established the internal control system - information cycle and information machine room management regulations, cyber security inspection control. Accordingly, through the joint effort of all employees, the following policy objectives are expected to be achieved:

- ◆ Ensure the confidentiality and integrity of information assets.
- ◆ Ensure that specification data can be accessed according to the department function.
- ◆ Ensure the continuous operation of information system.
- ◆ Prevent unauthorized modification or use of data and system.
- ◆ Perform information security audit operation periodically, and ensure through execution of information security.

### 3. Specific Management Solutions

- ◆ Internet network information security control.
  - Construction of firewall
  - Perform virus scan on the computer system and data storage medium periodically.
  - Review the system log of each network service item periodically, and track abnormal conditions
- ◆ Data access control.
  - Computer equipment shall be under the custody of dedicated personnel, and account and password shall be set up.
  - Different access authorities are granted according to job functions.
  - Cancel original authorities of transferred or resigned personnel.
  - Prior to scrap of equipment, confidential and sensitive data and licensed software shall be removed or overwritten.
  - Remote login management information system shall be approved appropriately.
- ◆ Response and recovery mechanism.
  - Inspect emergency response plan periodically.
  - Perform periodic system recovery drill annually.
  - Establish system backup mechanism, and implement remote backup.
  - Periodically review computer network security control measures.
- ◆ Promotion and inspection.
  - Promote and educate information security information at all time, in order to increase employees' information security awareness
  - Perform cyber security inspection irregularly on an annual basis.

### 4. Investment in resources for information and communication security management

The Company values cyber security and continues to increase the investment in information security related infrastructure construction and security protection architecture related software and hardware. The Company's total investment in information security related software and hardware expenses in 2022 is approximately NT\$398,905, demonstrating the Company's emphasis on cyber security.

( II ) For the most recent year and up to the printing date of the annual report, the possible impact of losses suffered due to major information and communications security incidents and the measures taken in response:

Presently, the Company has no occurrence of major cyber security events leading to operating loss. The Company will continue to implement information security management policy goals and implement recovery plan drill periodically, in order to protect important system and data security of the Company.

**VII. Significant contracts : None.**



## Chapter 6. Financial Status Overview

### I. Condensed balance sheet and condensed consolidated income statement for the last 5 years

#### (I) Condensed balance sheet - consolidated

Unit: Thousands of New Taiwan Dollars

Year Item		Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,336,510	2,160,889	2,675,072	3,345,276	3,291,043
Property, plant, and equipment		2,124,644	2,185,354	2,189,887	2,185,864	2,167,358
Right-of-use assets		373,753	354,719	287,431	255,828	206,471
Investment properties		161,432	159,354	158,501	157,497	155,920
Intangible assets		10,939	9,840	8,180	7,855	7,847
Other assets		137,684	159,046	345,604	226,118	131,395
Total assets		5,144,962	5,029,202	5,664,675	6,178,438	5,960,034
Current liabilities	Before distribution	1,549,839	1,093,230	1,290,877	1,520,749	1,422,660
	After distribution	1,549,839	1,136,873	1,396,480	1,631,953	1,486,205
Non-current liabilities		722,564	1,019,374	1,097,114	1,171,697	1,024,167
Total liabilities	Before distribution	2,272,403	2,112,604	2,387,991	2,692,446	2,446,827
	After distribution	2,272,403	2,156,247	2,493,594	2,803,650	2,510,372
Equity attributed to the owners of the parent company		2,796,583	2,842,302	3,210,392	3,411,775	3,433,101
Shares		1,091,071	1,091,071	1,091,071	1,091,071	1,091,071
Capital surplus		230,770	230,774	230,774	230,774	230,774
Reserve fund: Surplus	Before distribution	1,456,085	1,530,263	1,999,833	2,120,175	2,166,695
	After distribution	1,456,085	1,486,620	1,894,230	2,008,971	2,103,150
Other equity		18,657	(9,806)	(42,838)	44,643	19,449
Treasury stock		-	-	(68,448)	(74,888)	(74,888)
Non-controlling interest		75,976	74,296	66,292	74,217	80,106
Equity Total Amount	Before distribution	2,872,559	2,916,598	3,276,684	3,485,992	3,513,207
	After distribution	2,872,559	2,872,955	3,171,081	3,374,788	3,449,662

Note 1: The annual financial reports have been audited by certified public accountant.

Note 2: On March 11, 2024, the 2023 cash dividend distribution was approved by resolution of the board of directors.

2. Condense balance sheet - individual

Unit: Thousands of New Taiwan Dollars

Year Item		Financial information for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		475,928	376,796	339,930	591,053	611,999
Investments accounted for using equity method		2,101,221	2,182,910	2,503,552	2,816,176	3,057,842
Property, plant, and equipment		1,242,453	1,348,728	1,343,909	1,409,552	1,426,968
Right-of-use assets		11,058	10,444	9,829	9,215	8,600
Investment properties		263,404	259,805	257,430	254,904	251,938
Intangible assets		9,803	9,163	7,845	7,757	7,823
Other assets		52,846	62,020	297,273	173,228	99,758
Total assets		4,156,713	4,249,866	4,759,768	5,261,885	5,464,928
Current liabilities	Before distribution	764,461	524,623	548,180	780,145	1,079,444
	After distribution	764,461	568,266	653,783	891,349	1,142,989
Non-current liabilities		595,669	882,941	1,001,196	1,069,965	952,383
Total liabilities	Before distribution	1,360,130	1,407,564	1,549,376	1,850,110	2,031,827
	After distribution	1,360,130	1,451,207	1,654,979	1,961,314	2,095,372
Shares		1,091,071	1,091,071	1,091,071	1,091,071	1,091,071
Capital surplus		230,770	230,774	230,774	230,774	230,774
Reserve fund: Surplus	Before distribution	1,456,085	1,530,263	1,999,833	2,120,175	2,166,695
	After distribution	1,456,085	1,486,620	1,894,230	2,008,971	2,103,150
Other equity		18,657	(9,806)	(42,838)	44,643	19,449
Treasury stock		-	-	(68,448)	(74,888)	(74,888)
Equity Total Amount	Before distribution	2,796,583	2,842,302	3,210,392	3,411,775	3,433,101
	After distribution	2,796,583	2,798,659	3,104,789	3,300,571	3,369,556

Note 1: The annual financial reports have been audited by certified public accountant.

Note 2: On March 11, 2024, the 2023 cash dividend distribution was approved by resolution of the board of directors.

## (II)1. Condensed income statement - consolidated

Unit: Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,848,731	2,347,804	2,613,247	2,630,253	2,114,906
Gross profit	631,143	631,050	602,099	703,815	469,128
Operating profit and loss	21,621	95,555	47,525	99,196	(84,116)
Non-operating income and expenditure	(31,336)	57,875	749,049	345,122	455,793
Net profit before tax	(9,715)	153,430	796,574	444,318	371,677
Net profit (loss)	(40,018)	90,366	527,513	241,092	176,466
Other comprehensive income (net income after-tax)	(35,743)	(32,391)	(41,824)	93,033	(24,822)
Total comprehensive income for the period	(75,761)	57,975	485,689	334,125	151,644
Net Income Attributable to: Parent company	(49,557)	75,447	513,224	224,400	157,614
Net profit attributable to non-controlling equity	9,539	14,919	14,289	16,692	18,852
Total comprehensive income attributed to the owners of the parent company	(90,010)	47,570	480,181	313,447	132,530
Total comprehensive income attributed to non-controlling equity	14,249	10,405	5,508	20,678	19,114
Earnings per share	(0.45)	0.69	4.71	2.12	1.49

Note 1: The annual financial reports have been audited by certified public accountant.

## 2. Condensed income statement - individual

Unit: Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	469,494	413,323	406,656	443,926	297,040
Gross profit	133,685	113,731	80,420	124,963	46,066
Operating profit and loss	(80,613)	(80,051)	(127,798)	(104,851)	(198,284)
Non-operating income and expenditure	14,647	153,151	649,316	335,972	401,909
Net profit before tax(loss)	(65,966)	73,100	521,518	231,121	203,625
Net profit (loss)	(49,557)	75,447	513,224	224,400	157,614
Other comprehensive income (net income after-tax)	(40,453)	(27,877)	(33,043)	89,047	(25,084)
Total comprehensive income for the period	(90,010)	47,570	480,181	313,447	132,530
Earnings per share	(0.45)	0.69	4.71	2.12	1.49

Note 1: The annual financial reports have been audited by certified public accountant.

( III ) Names of the certification accountants and their audit opinions for the last 5 years

Year	Names of the certification accountants	Audit opinion	Description
2019	Crowe (TW)	Zha-Bin, Shao 、 Chen-yu, Yang	None
2020	Crowe (TW)	Zha-Bin, Shao 、 Su-Chuan, Huang	None
2021	Crowe (TW)	Zha-Bin, Shao 、 Qian-Zhe, Huang	None
2022	Crowe (TW)	Zha-Bin, Shao 、 Qian-Zhe, Huang	None
2023	Crowe (TW)	Qian-Zhe, Huang 、 Chen-yu, Yang	None

**II. Financial analysis for the last five years**

( I ) Financial analysis—consolidated

Analysis Item		Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure	Debt-to-assets ratio (%)	44.17	42.01	42.16	43.58	41.05
	Long-term capital property, plant, and equipment ratio (%)	169.21	180.11	199.73	213.08	209.35
Solvency	Current ratio (%)	150.76	197.66	207.23	219.98	231.33
	Quick ratio (%)	110.16	139.29	153.85	176.99	195.91
	Interest coverage ratio	0.69	7.93	49.49	19.71	13.76
Operating ability	Receivables turnover ratio (times)	5.04	5.13	6.17	6.69	6.70
	Average collection period	72.38	71.10	59.20	54.56	54.48
	Inventory turnover ratio (times)	3.97	3.16	3.6	3.42	3.49
	Average days of sales	92.02	115.49	101.42	106.73	104.58
	Payable turnover ratio (times)	11.04	10.10	11.56	12.67	14.36
	Property, plant, and equipment turnover ratio (times)	1.34	1.07	1.19	1.20	0.98
	Total asset turnover ratio (times)	0.55	0.47	0.46	0.43	0.35
Profitability	Return on assets (%)	(0.29)	2.12	10.11	4.39	3.29
	Return on equity (%)	(1.37)	3.12	17.04	7.13	5.04
	Paid-in capital to income before tax (%)	(0.89)	14.06	73.01	40.72	34.07
	Net profit margin (%)	(1.40)	3.85	20.19	9.17	8.34
	Earnings per share (NT\$)	(0.45)	0.69	4.71	2.28	1.49
Cash flows	Cash flow ratio (%)	19.60	34.04	6.57	14.68	4.62
	Cash flow adequacy ratio (%)	87.91	97.87	72.51	72.71	68.2
	Cash reinvestment ratio (%)	5.14	6.04	0.64	1.76	(0.70)
Leverage	Operating leverage	72.47	15.04	34.39	14.83	-
	Financial leverage	(2.17)	1.30	1.53	1.31	-

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Solvency: Decrease of Interest earned ratio was mainly due to the Decrease of net income before tax. 2. Profitability: All ratios decreased compared with the previous period, mainly due to the decrease in profit in this period compared with the previous period. 3. Cash flows: The decrease in each ratio was mainly due to the decrease in cash inflow from operating activities. 4. Leverage: The decrease in operating leverage was mainly due to the decrease in operating profits.

Note 1: The annual financial reports have been audited by certified public accountant.

Financial ratio calculation formulae are as follows:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term capital ratio for real estate, plant, and equipment = (total equity + non-current liabilities) / net for real estate, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses - contract assets) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) (Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses  $\times$  (1 - tax rate)) / average total assets.
- (2) Return on equity = net income / average total equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage = operating income / (operating income - interest expenses).

## (II) Financial analysis—individual

Year		Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Analysis Item						
Financial Structure	Debt-to-assets ratio (%)	32.72	33.12	32.55	35.16	37.18
	Long-term capital property, plant, and equipment ratio (%)	273.03	276.20	313.38	317.95	307.33
Solvency	Current ratio (%)	62.26	71.82	62.01	75.76	56.70
	Quick ratio (%)	50.37	53.28	43.93	59.84	48.56
	Interest coverage ratio	(7.77)	11.33	73.25	17.01	9.64
Management capacity	Receivables turnover ratio (times)	6.69	6.05	5.73	7.48	7.65
	Average collection period	54.54	60.38	63.65	48.80	47.71
	Inventory turnover ratio (times)	4.64	3.71	3.82	3.35	2.79
	Average days of sales	78.59	98.51	95.58	108.96	130.82
	Payable turnover ratio (times)	8.43	7.18	7.1	8.65	11.64
	Property, plant, and equipment turnover ratio (times)	0.38	0.31	0.30	0.31	0.21
	Total asset turnover ratio (times)	0.11	0.10	0.09	0.08	0.05
Profitability	Return on assets (%)	(1.04)	1.93	11.52	4.71	3.29
	Return on equity (%)	(1.74)	2.68	16.96	6.78	4.61
	Income before tax Paid-in capital Paid-in capital ratio (%)	(6.05)	6.70	47.80	21.18	18.66
	Net profit margin (%)	(10.56)	18.25	126.21	50.55	53.06
	Earnings per share (NT\$)	(0.45)	0.69	4.71	2.12	1.49
Cash Flow	Cash flow ratio (%)	1.89	4.22	46.55	18.41	3.41
	Cash flow adequacy ratio (%)	39.00	33.71	59.47	57.76	48.63
	Cash reinvestment ratio (%)	0.39	0.55	4.62	0.77	(1.51)
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-
<p>The reasons that caused the changes in financial ratios of more than 20% in the last two years:</p> <p>1. Solvency:</p> <p>(1) The decrease in current ratio and quick ratio was mainly due to the increase in current liabilities.</p> <p>(2) The decrease in interest coverage ratio was mainly due to the decrease in net profit before tax.</p> <p>2. Management capacity</p> <p>(1) The decline in asset turnover rate was mainly due to the decline in net sales</p> <p>(2) The increase in the turnover rate of accounts payable was mainly due to the decrease in accounts payable.</p> <p>3. Profitability</p> <p>The increase in each ratio was mainly due to the increase in cash inflow from operating activities</p> <p>4. Cash Flow</p> <p>The decrease in each ratio was mainly due to the decrease in cash inflow from operating activities.</p>						

Note 1: The annual financial reports have been audited by certified public accountant.

Financial ratio calculation formulae are as follows:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term capital ratio for real estate, plant, and equipment = (total equity + non-current liabilities) / net for real estate, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses - contract assets) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) (Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
- (2) Return on equity = net income / average total equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating income.
- (2) Financial leverage = operating income / (operating income - interest expenses).

**III. Report of the Audit Committee on the Review of Recent Individual and Consolidated Financial Report** : Please refer to page 77.

**IV. Latest financial statements** : Please refer to page 92 to page 181.

**V. Latest accountant audited individual financial report** : Please refer to page 182 to page 260.

**VI. Effects of financial difficulties experienced by the company and its affiliated companies on the Company's financial status from recent year to the publication date of the annual report:** None.



Shinih Enterprise Co., Ltd.  
Audit Committee's Audit Report

Dear Shareholders,

The board of directors of the Company prepares the 2023 Financial Statements (including Business Report, Parent Company Only Financial Report, Consolidated Financial Report and Distribution of Earnings) proposals. The aforementioned Financial Report (including Parent Company Only Financial Report and Consolidated Financial Report) has been audited by two CPAs Chao-Pin Shao and Chien-Chen Huang of Crowe (TW) CPAs retained by the Company and an audit report has been issued for review. After the review of the Financial Report, the Audit Committee considers the content of the reports are consistent and conforming with the requirements properly. Accordingly, the Audit Committee's Review Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

The Company's 2024 General Shareholders Meeting

Shinih Enterprise Co., Ltd.

Audit Committee convener: Shu-Fen Wang

March 11, 2024

## Chapter 7. Financial position and financial performance review analysis and risk assessments

### I. Financial summary

#### (I) Comparative analysis of financial status

Unit: Thousands of New Taiwan Dollars

Item \ Year	2023	2022	Amount increase (decrease)	Percentage of change (%)
Current assets	3,291,043	3,345,276	(54,233)	(1.62%)
Property, plant and equipment	2,167,358	2,185,864	(18,506)	(0.85%)
Right-of-use assets	206,471	255,828	(49,357)	(19.29%)
Investment property	155,920	157,497	(1,577)	(1.00%)
Intangible assets	7,847	7,855	(8)	(0.10%)
Other assets	131,395	226,118	(94,723)	(41.89%)
Total assets	5,960,034	6,178,438	(218,404)	(3.53%)
Current liabilities	1,422,660	1,520,749	(98,089)	(6.45%)
Noncurrent liabilities	1,024,167	1,171,697	(147,530)	(12.59%)
Total liabilities	2,446,827	2,692,446	(245,619)	(9.12%)
Total equity attributable to parent company owners	3,433,101	3,411,775	21,326	0.63%
Share capital	1,091,071	1,091,071	0	0.00%
Capital surplus	230,774	230,774	0	0.00%
Retained earnings	2,166,695	2,120,175	46,520	2.19%
Other equity	19,449	44,643	(25,194)	(56.43%)
Treasury stock	(74,888)	(74,888)	0	0.00%
Non-controlling interest	80,106	74,217	5,889	7.93%
Total equity	3,513,207	3,485,992	27,215	0.78%

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Decrease of Other assets : Other financial assets - non-current to current assets.
2. Decrease of Other equity : Exchange differences arising from the translation of financial statements of foreign operating institutions due to changes in exchange rates.

## II. Financial performance

### (I) Comparative analysis of operating performance

Unit: Thousands of New Taiwan Dollars

Item	Year		Amount increase (decrease)	Percentage of change (%)
	2023	2022		
operating income	2,114,906	2,630,253	(515,347)	(19.59%)
Operating costs	(1,645,778)	(1,926,438)	280,660	(14.57%)
Gross profit	469,128	703,815	(234,687)	(33.34%)
Operating expenses	(553,244)	(604,619)	51,375	(8.50%)
Net operating profit	(84,116)	99,196	(183,312)	(184.80%)
Non-operating income and expenditure	455,793	345,122	110,671	32.07%
Net profit before tax	371,677	444,318	(72,641)	(16.35%)
Income tax expenses	(195,211)	(203,226)	8,015	(3.94%)
Net profit of the term	176,466	241,092	(64,626)	(26.81%)
Other comprehensive income (net income after-tax)	(24,822)	93,033	(117,855)	(126.68%)
Total comprehensive income for the period	151,644	334,125	(182,481)	(54.61%)

The reasons that caused the changes in financial ratios of more than 20% in the last two years:

1. Decrease in operating gross profit: Decline in revenue and increase in labor costs affect costs.
2. Decrease in operating profit: due to decrease in operating profit and gross profit.
3. Increase in non-operating income and expenses: interests from the disposal of Suzhou Xinli's purchasing and storage, interests from the disposal of factories in Cambodia.
4. The decrease in net profit for the current period: due to the decrease in revenue and operating profits.
5. Increase in other comprehensive gains and losses: differences in exchange rate conversion in foreign statements.

## III. Cash flows

### (I) Changes in consolidated cash flows in 2023:

Unit: Thousands of New Taiwan Dollars

Item	Year		increase (decrease)	
	2023	2022	Amount	%
Operating Activities	65,658	223,247	(157,589)	(70.59%)
Investing Activities	70,591	983,365	(912,774)	(92.82%)
Financing Activities	4,863	(37,110)	41,973	(113.10%)
Total	141,112	1,169,502	(1,028,390)	(87.93%)

Analysis description for items with increase and decrease ratio change of over 50% is as follows:

1. The net cash inflow from operating activities in this period decreased compared with the previous period, mainly due to the decrease in profits compared with last year and the increase in Hangzhou income tax expenses for purchasing and storing last year.
2. The net cash inflow from investing activities in this period decreased compared with the previous period, mainly due to the income from Hangzhou purchase and storage compensation last year.
3. The cash inflow from financing activities in this period increased compared with the previous period, mainly due to the increase in short-term borrowings.
4. To sum up, the net cash inflow in this period decrease compared with the previous period.

## (II) Liquidity analysis for the last two years

Year Item	2023	2022	Increase (decrease) ratio (%)
Cash flow ratio (%)	4.62	14.68	(69%)
Cash flow adequacy ratio (%)	68.2	72.71	(6%)
Cash reinvestment ratio (%)	(0.70)	1.76	(140%)
Explanation of the increase and decrease ratio changes: The cash flow ratio and cash reinvestment ratio of the current period both decreased compared with the previous period, mainly due to the decrease in net cash inflow from operating activities.			

## (III) Cash flow analysis for the coming year

Unit: Thousands of New Taiwan Dollars

Cash balance at beginning of year	Net cash flow from operating activities for the whole year	Net cash outflow for the whole year	Cash surplus at the end of the period	Cash shortfall remedy measures	
				Investment plan	Financing plan
1,786,752	350,000	(150,000)	1,986,752	N/A	N/A
Cash flow status analysis: (1) Analysis of expected cash flow change status of the current year: a. Operating Activities : Continued profitability is expected to generate net cash inflow from operating activities. b. Investing Activities : The outflow is expected to be expenses for factory buildings, land-related ancillary equipment, etc. c. Financing Activities : Cash dividends are expected to be paid, thereby generating net cash outflows from financing activities. In summary, the company expects to have a cash balance of 1,986,752 thousand. (2) Insufficient liquidity improvement plan and liquidity analysis: Not applicable.					

#### **IV. The effects that significant capital expenditures have on financial operations in the recent year**

The major capital expenditures made by the Company in the most recent year mainly refer to the investments in relevant machinery, equipment and factory construction equipment capital demands for Taiwan and Dongguan Taishin. The main source of capital is own funds along with bank financing as the secondary source of funds. Accordingly, the investments have no major impact on the financial status. Since the capital expenditures are utilized for investment planning according to the development strategy of the Company, after the equipment invested is utilized for production and operation in service, it will generate significant positive benefits on the business operation of the Company.

#### **V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year**

- (I) The Company's investment policy has always focused on the regional planning to provide local services, and services are provided to satisfy demands in the market. Based on the consideration that the general public's infrastructure industry is weak in the Southeast Asian region, the Company actively plans the development in Indonesia in order to expand the business scale in the Southeast Asian region.
- (II) Due to the impact of severe competitive environment caused by competitors in China seizing orders with large quantity at low price, the sales volume of the Company decreased and the revenue declined slightly. Accordingly, the internal of the Company focuses on the high quality sales unit price strategy, such that the overall sales profit margin is better than last year. For the long-term planning with investment in large software, hardware and labor resources, its cost has reflected in the increase of annual operating expense, such that the overall profit margin is less than expected. In view of the above, the Company will continue to enhance the internal control in order to reduce cost, and will also exert effort in the development of new products, new technologies and new markets, thereby expanding the operational niche.
- (III) Regarding the investment plan for the next year, the Company will promote the green energy and new functional material applications, establish long-term and stable raw material supply to reduce the impact of oil price fluctuation, and increase the production efficiency internally and loss control, as well as diversify the risk of centralized product and market.

#### **VI. Risk issues and analysis evaluation**

( I ) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

##### 1. Interest rate changes :

Interest rate change: The consolidated interest expenses for and 《2023》 were NT\$23,745 thousand and NT\$29,134 thousand respectively, accounted for the net operating income ratio of 0.9% and 1.38% respectively, and such ratios were not high;

The Company and subsidiaries still irregularly assess the bank loan interest and maintain close relationship with banks in order to obtain preferable discount interest rate in order to reduce the interest cost, and continue to utilize the Company's advantages to increase the bargain power, and to enhance the collection of receivable amounts, properly manage own fund and reduce financial leverage use appropriately. In addition, the short-term fund operation benefit is enhanced in order to increase the non-operating income source, thereby achieving maximum capital efficiency with diverse financial operations and methods.

2. Foreign exchange rate changes : For the revenues of the Company and subsidiaries in Taiwan and each overseas locations worldwide, except that the local sales use the local currency for calculation (including NTD/USD/RMB/VND/THB/IDR), the export sales mainly use USD as the primary currency and RMB as the secondary currency for calculation. Accordingly, despite the recent great fluctuation of exchange rate, its impact on the sustainable profit of business is relatively small under the cross-nation operation and the result of mutual gains and losses among various currencies. Nevertheless, for transactions based on foreign currencies, assessment risk is generated due to value change under the change of foreign exchange rate. For such situation, unless certain currency is expected to generate systematic risk that may lead to major exchange rate loss and exchange rate hedging operation is assessed to be adopted in

advance in order to control the exchange rate change risk within the acceptable range, natural hedging is still the primary method for other situations as the operation strategy for the current stage.

3. To cope with the price fluctuation due to inflation, the Company and subsidiaries adopt the centralized purchase method to reduce cost, and also engage in negotiation with suppliers for various cooperation criteria, in order to reduce the price risk. When it is considered necessary, the Company also timely adjusts the sales price and inventory status depending upon the market condition, in order to reduce impact of inflation, thereby effectively avoiding negative impact caused by inflation on the profit.

( II ) The primary reasons for gain or loss and future response measures for high-risk and high-leveraged investments, loans to others, guarantee endorsements, and derivative transaction policy:

1. The Company and subsidiaries are committed to the operation of core business without participating in high risk and high leverage investment business. The derivative transaction related policies are established in accordance with relevant regulations of the Company, and under the objective of hedging, its main objective is to reduce the interest rate and exchange rate change risk associated with the assets and liabilities sustainable owned by the Company. Up to the present day, the Company and subsidiaries have not engaged in derivative transaction. In the future, in case where the Company or subsidiaries engage in derivate trading, corresponding reverse hedging operation on the sustainable assets and liabilities owned by the Company will be made. Accordingly, despite the derivate transaction, its impact on the sustainable profit will still be managed to be within the controllable range.
2. The Company has established the “Operational Procedures for Loaning Funds to Others” and “Operation Procedures for Making Endorsements/Guarantees” according to regulations of relevant competent authorities, and such procedures have been approved by the board of directors and shareholders’ meeting. Accordingly, the execution of the operation of loaning of funds to others or making of endorsements/guarantees is required to comply with the aforementioned operation procedures. Up the present day, the subjects for the loaning of fund and making of endorsements/guarantees are subsidiaries or second-tier subsidiaries of the Company; therefore, in terms of the risk control, there have been no occurrence of situations that cannot be substantially expected and controlled. In the future, the Company will continue to uphold such principle in order to use it as a basis for the operations of loaning of fund and making of endorsements/guarantees.

(III) Future R&D projects and estimated R&D expenditure:

The Company and subsidiaries have upheld the principles of integrity and innovation. In addition to the continuous release of new products of industrial materials for various industrial purposes, the Company also actively promotes functional product ratio in recent years and is committed to the research development of product differentiation and market diversity, in order to maintain the leading technology advantage and to progressively expand the business operation field and aspect. The research and development expenses of the Company subsidiaries in 《2022》 and 《2023》 were NT\$75,409 thousand and NT\$98,856 thousand respectively. The Company will continue to invest in the research and development plans in order to achieve corporate sustainable development.

《2024》 Estimated research and development plans and expenses:

R&D projects	Investment amount (NT\$1,000)
Process innovation	36,800
Product multi-function application development	82,090
Total	118,890

(IV) The affect that domestic and international policies and law changes have on the company's financial operations as well as the responding measures:

The execution of all businesses of the Company and subsidiaries comply with relevant laws and regulations of the competent authority. To cope with the possible impacts of the domestic and foreign important policies and legal changes, the Company and subsidiaries actively propose response solutions and measures through meeting and video conference method at any time, in order to effectively understand relevant impact information, thereby promoting such impact to

develop toward advantageous and positive direction. For the most recent year and up to the printing date of the annual report, there is no impact of relevant important policies and laws on the financial status and affairs of the Company.

(V) The effect that technological changes and industrial changes have on the company's financial operations as well as the responding measures:

Different areas of the world have different level of technologies and techniques. Presently, the Company is a domestic enterprise with the most comprehensive global planning in the nonwoven fabric industry. As information is widely communicated through network, practical experience is the key to the establishment of solid foundation. The Company utilizes leading and latest information collected from all areas, integrates technologies with practical technical experience and continues to promote automation and smart data, in order to cope with the technology and industrial changes. Consequently, under the rapid changing industrial environment, the Company is able to seize opportunities for sustainable operation.

During the industry evolution process in the future, a globalized group is expected to have absolute business advantages. The information of the group links swiftly and the technologies and product innovations of all areas interact with each other to achieve synergy effect, thereby improving the overall practical experience, elevating the entrance barrier and increasing operational advantages.

(VI) The effects that enterprise image change have on enterprise crisis management as well as the responding measures:

Since the establishment, the Company has upheld four main philosophies of honesty, integrity, innovation and return, and is committed to the business operation and management of the Company. With regard to the corporate image change and maintenance, the Company focuses on the improvement of the entrepreneurial philosophy in order to make upward adjustment progressively, such that the Company is able to satisfy the market needs adequately during the corporate business evolution process while moving forward with the corporate philosophy at the same time. Consequently, the corporate philosophies and actual performance are aligned with synergy, thereby achieving win-win situation.

Accordingly, with the original business philosophy established during the establishment, the corporate image of the Company and subsidiaries have been maintained properly for the most recent year and up to the printing date of the annual report. In addition to the continuous focus on the core business development, the Company also provides contribution and return to the local communities and disadvantaged groups with own products irregularly.

(VII) Expected benefits and potential risks of merger and acquisition and response measures:

Presently, all of the business offices of the Company have been established according to the investment strategy. In addition, up to the present day, there has been no merger and acquisition plan.

(VIII) The expected benefits and possible risks of plant expansion as well as the responding measures:

In recent years, the Company frequently assesses the possibility of facility expansion, regional policy, culture local resources and upstream/downstream supply chain of the Southeast Asia, and also plans, estimates and establishes countermeasures for possible risks and return. In recent years, the Company has established factory in Indonesia, and during the execution process, the investment experience and effects accumulated from the past years have been implemented and applied. In addition, the Company further expands the scope of business, diversifies the regional risks and cultivates future return.

(IX) Risks faced by concentrated sales or purchasing as well as the responding measures:

1. purchasing

The main purchase of large volume of raw material of the Company and subsidiaries for production refers to the purchase of polyester. The market supply for such raw material is sufficient, and the Company and subsidiaries also maintain proper relationship with numerous international suppliers. Presently, the supply market is not a monopoly or oligopoly market, and the Company and subsidiaries actively distribute the supply source for purchase; therefore, there is no risk of centralized purchase.

However, China has gradually become an important country for the supply of chemical fibers. Under the advantages of the environment of RCEP, CPTPP trade agreements, vast consumption market and the policy for assisting the raw material supplier Hengyi Petrochemical in the investment of local development of Brunei chemical fiber raw material, along with the policy of Belt and Road for Southeast Asia, the enterprises of Hengyi Petrochemical, Shenghong, Rongsheng and Tongkun,

etc. have been driven to grow, and such growth also further reduces the production capacity utilization rate of nearby countries for the production of chemical fibers.

As the Company has the advantages of distributed investments in the existing regions, the Company also actively expands the development of environmental protection related products in conjunction with high added-value manufacturing technologies, in order to diversify the risk of raw material price fluctuation that may affect the gross profit.

## 2. sales

The application scope of nonwoven fabric industry is broad, and business opportunities for nonwoven fabrics exist in all fields and sectors. The Company utilizes its R&D advantages to supply products that are applicable and sold to various different industries, such as garment, bedding, sports goods, medical care, building material, furniture, decoration, agriculture, auto industry and other functional consumer goods. In addition, since the Company distributes the production and sales in various locations worldwide, and the sales of products are also distributed to various types of industries and customer groups, consequently, there is no risk of centralized sales.

Product function and application focus on the market demands. Accordingly, for the current year, the Company will continue to promote medical supplies related to epidemic control.

(X) The effects that large share equity transfers by directors or major shareholders holding more than 10% of the company shares have on the company as well as risk and responding measures:

Up to the printing date of the annual report of the Company, the shareholding of directors is approximately 26.69%, and the shareholding percentage has exceeded the minimum percentage specified by the relevant laws and regulations such that the management right is relatively stable. In addition, since the election, up to the present day, the directors and shareholders with shareholding percentage exceeding 10% are not subject to major equity transfer. Furthermore, since the assumption of the present term of office of directors, there is no concern on any large transfer of equity or any change of director that may cause material impact on the Company.

(XI) The effects that change in management has on the company as well as risk and responding measures:

The Company has established the internal control management system, and all operations are executed according to the management system. With regard to the authorization and decentralization management, the organization structure is adjusted depending upon the actual needs at any time, and regardless how the organizational structure is changed, professional managers are established according to the structure, in order to manage and handle various productions, sales and operations. Therefore, both the organization and decentralization management operations are performed in compliance with relevant systems, and corporate management and execution benefits can be generated without the risk of causing major impact on the corporate due to change of management right.

For the most recent year and up to the printing date of the annual report, the Company is not subject to any issue and risk related to the change of management right.

(XII) litigation or non-litigation matters : None ◦

(XIII) Other critical risks and response measures: : None ◦

**VII. Other critical matters: None.**



## Chapter 8. Special note items

### I. Relevant information for the affiliated enterprises

#### (I) Consolidated business reports form the affiliated enterprises

##### 1. Organization chart for the affiliated enterprises

Shinih Co., Ltd.	<u>Percentage of Ownership</u>
Taiwan Kureha Co., Ltd. -----	84.62
Interbond Co., Ltd. -----	100
Shinih Fiber Products (Suzhou) Co., Ltd.-----	11
Shinih Holding Company Ltd. -----	100
Shinih Fiber Products (Suzhou) Co., Ltd. -----	89
Dong Guan Shinih Fiber Products Co., Ltd. ----	100
Hangzhou Shinih Fiber Products Co., Ltd. -----	100
Shinih Fiber Products (TangShan) Co., Ltd. -----	100
Taixin Fiber Products (Suzhou) Co., Ltd. -----	100
TangShan Taixin Fiber Products Co., Ltd. -----	100
Qingdao Taixin Fiber Products Co., Ltd. -----	100
Hubei Taixin Shinih Fiber Products Co., Ltd. ----	100
Shinih (Cambodia) Co.,Ltd. -----	100
Kunshan Shinih Trading Corporation Limited ----	100
PT Shinih Nonwovens Indonesia -----	99
Sunburst International Ltd. -----	100
VFT INC. -----	100
American Nonwoven INC. -----	100
MS Nonwoven INC. -----	100
Kureha (Thailand) Co., Ltd. -----	50
Shinih Vietnam Company Ltd. -----	100
Dong Guan Taixin Fiber Products Co., Ltd. -----	100
Shinih USA INC. -----	100
American Outdoor Living INC. -----	100
World Furniture Group -----	100
American Furniture Alliance Inc.-----	80
S International Inc. -----	100

## 2. Basic information of the various affiliated enterprises

March 31, 2024

Enterprise name	Date of Establishment	Address	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	The main businesses or production items
Shinih Holding Co., Ltd.	1997.12.01	Vistra Corporate Services Centre, Ground Floor Npf Building, Beach Road, Apia, Samoa	USD10,000	Securities trading and investment.
Sunburst International Ltd.	1997.01.20	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, Vg1110, British Virgin Islands.	USD50	Operating textile, polyester cotton and other important export trade and reinvestment business
Taiwan Kureha Co., Ltd.	1988.04.25	No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)	NTD65,000	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters.
Shinih Fiber Products (Suzhou) Co., Ltd.	1993.04.16	No. 35 Jinxiu Avenue, Changshu City, Jiangsu Province	USD2,500	Nonwoven fabric material manufacturing, processing and trading.
Dong Guan Shinih Fiber Products Co., Ltd	1997.04.14	Lihe Village, Dali Management District, Qingxi Town, Dongguan City, Guangdong Province	USD1,720	Nonwoven fabric material manufacturing, processing and trading.
VFT INC.	1997.07.16	1040 S.Vail AVE. Montebello, CA (90640-6020)	USD200	Nonwoven fabric material manufacturing, processing and trading.
Shinih Fiber Products (Tangshan) Co., Ltd.	2000.09.04	Lutai Farm Economic and Technological Development Zone, Tangshan City, Hebei Province	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
Hangzhou Shinih Fiber Products Co., Ltd.	2000.08.14	No. 766 Jianshe Third Road, Xiaoshan Economic Development Zone, Zhejiang Province	USD3,750	Nonwoven fabric material manufacturing, processing and trading.
Kureha (Thailand) Co., Ltd.	2001.04.30	525 Moo 4 Bangpoo Industrial Estate, Sukhumvit RD., Praksa, Muang District, Samutprakarn 10280 Thailand	THB75,000	The manufacture, processing and trading of blankets and air filters
Shinih Vietnam Co., Ltd.	2002.01.10	B3-3 Cu Chi Northwest Industrial Zone, Cu Chi District, HCMC, Vietnam	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
Taixin Fiber Products (Suzhou) Co., Ltd.	2000.12.11	No. 57 Luoyang East Road, New District, Taicang City, Jiangsu Province	USD5,000	Nonwoven fabric material manufacturing, processing and trading.
Dong Guan Taixin Fiber Products Co., Ltd.	2002.10.14	Lihe Village, Dali Management District, Qingxi Town, Dongguan City, Guangdong Province	USD2,000	Nonwoven fabric material manufacturing, processing and trading.
American Outdoor Living Inc.	2003.07.30	820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA	USD1,000	Nonwoven fabric material manufacturing, processing and Trading.
Shinih USA Inc.	2003.10.29	1040 S.Vail AVE. Montebello, CA (90640-6020)	USD1,100	Securities trading and investment.
Tangshan Taixin Fiber Products Co., Ltd.	2007.12.29	Lutai Farm Economic and Technological Development Zone, Tangshan City, Hebei Province	USD2,100	Nonwoven fabric material manufacturing, processing and trading.
Qingdao Taixin Fiber Products Co., Ltd.	2007.06.22	No. 6 Jianquan Road, Jiaobei Town, Jiaozhou City, Shandong Province	USD3,000	Nonwoven fabric material manufacturing, processing and trading.
MS Nonwoven Inc.	2008.07	275 Industrial DR, Pontotoc, MS (38863-1326)	USD7,428	Nonwoven fabric material manufacturing, processing and trading.
American Nonwoven Inc.	2003.06.30	9141 Arrow RTE, Rancho Cucamonga, CA (91730-4414)	USD100	Nonwoven fabric material manufacturing, processing and trading.
Interbond Co., Ltd.	2009.12.01	5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022, Taiwan (R.O.C.)	NTD2,000	Nonwoven fabric material manufacturing, processing and trading.

Enterprise name	Date of Establishment	Address	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	The main businesses or production items
Hubei Taixin Shinih Fiber Products Co., Ltd.	2011.01.20	350 Hangkong Kou Road, Liuhe Industrial Park, Xiaogan Economic Development Zone, Hubei Province	USD3,750	Nonwoven fabric material manufacturing, processing and trading.
Shinih (Cambodia) Co., Ltd.	2013.06.20	Phnom Penh Villa Apartment Room #501 No.124, ST.388, Sangkat Tuol Svay Prey I, Khan Chamkarmorn, Phnom Penh, Cambodia	USD1,500	Nonwoven fabric material manufacturing, processing and trading.
Kunshan Shinih Trading Co., Ltd.	2014.09.24	Room 18, Building 2, Kuncheng Zhongxin Square, Yushan Town, Kunshan City, Jiangsu Province	USD300	Textiles, machinery/equipment, automotive decorative and import/export business, and sales and consultation services for the aforementioned products.
World Furniture Group	2014.11	9141 Arrow Route Rancho Cucamonga, California 91730	USD400	Nonwoven fabric material manufacturing, processing and trading.
American Furniture Alliance Inc.	2014.11	785 E. Harrison Street Corona California 92879	USD500	Nonwoven fabric material manufacturing, processing and trading.
PT Shinih Nonwovens Indonesia	2017.04	Kawasan Industri Indotaisei, Sektor IA Blok D2, Desa Kalihurip, Kec. Cikampek	USD6,500	Nonwoven fabric material and other manufacturing and sales.
S International Inc.	2022.10	1040 S. VAIL AVE. MONTEBELLO, CA	USD100	General merchandise trade.

3. Information on the same shareholders who are presumed to be in a controlling or subordinate relationship: None.

4. Businesses covered by the business operated by the overall affiliated enterprise:

Manufacturing, processing, trading, import/export trading of nonwoven, bedding, textile machineries, nonwoven carpets, tapestries, sound insulation blankets, conveyor belts and air filters, medical materials, and general investment business, etc. For the main businesses or production items of each affiliated enterprise, please refer to the aforementioned affiliated enterprise basic information chart.

## 5.Information on directors, supervisors and general managers of affiliated companies

March 31, 2024

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares (Shares)	Shareholding percentage (%)
Taiwan Kureha Co., Ltd.	Chairman	Shinih Enterprise Co., Ltd. Representative: : Koizumi Shōta	55,000	84.62%
	Directors Directors	Chia-Chin Chien、Yi-Lung,Lu、Chung-Nan,Shih Kureha Limited-Japan(Kureha) Representative: Tanaka Hironori	10,000	15.38%
Shinih Holding Co., Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative: Sheng-Hung Chien	10,000,000	100.00%
Sunburst International Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative:Sheng-Hung Chien	50,000	100.00%
Shinih Vietnam Co., Ltd.	Chairman	Shinih Enterprise Co., Ltd. Representative: Sheng-Hung Chien	Contribution USD2,000,000	100.00%
Kureha ( Thailand ) Company Ltd.	Directors	Shinih Enterprise Co., Ltd. Representative: Koizumi Shōta、Chia-Lin,Chien、James Chiu、Chia-Chin Chien	37,500	50.00%
		Kureha Limited-Japan(Kureha) Representative: Tanaka Hironori、Ueda Takashi	37,500	50.00%
Dong Guan Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien、Liyi、Wu	Contribution USD2,000,000	100.00%
Interbond Co., Ltd.	Chairman	Shinih Co., Ltd. Representative: Mei-Yu, Chien	200,000	100.00%
Shinih Fiber Products (Suzhou) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chin-Yung Wu Shiu-Hsia, Chien、Mei-Yu, Chien	Contribution USD2,500,000	100.00%
Dong Guan Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien、Liyi、Wu	Contribution USD1,720,000	100.00%
Hangzhou Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Shiu-Hsia, Chien Liyi、Wu、Ya-Nan,Hsieh	Contribution USD3,750,000	100.00%
Shinih Fiber Products (TangShan) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Liyi、Wu Ya-Nan,Hsieh、Mei-Yu, Chien	Contribution USD2,000,000	100.00%
Taixin Fiber Products (Suzhou) Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chin-Yung Wu Shiu-Hsia, Chien、Mei-Yu, Chien	Contribution USD5,000,000	100.00%
TangShan Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Liyi、Wu Ya-Nan,Hsieh、Mei-Yu, Chien	Contribution USD2,100,000	100.00%
Qingdao Taixin Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Chun-Wen Chiu Shiu-Hsia, Chien	Contribution USD3,000,000	100.00%
Hubei Taixin Shinih Fiber Products Co., Ltd.	Chairman Directors	Shinih Holding Co., Ltd. Representative: Shiu-Hsia, Chien Ya-Nan,Hsieh、Liyi、Wu	Contribution USD3,750,000	100.00%
Kunshan Shinih Trading Co., Ltd.	Chairman	Shinih Holding Co., Ltd. Representative: Mei-Yu,Chien	Contribution USD300,000	100.00%
Shinih USA Inc.	Chairman	Shinih Co., Ltd. Representative: John Chang	1,100,000	100.00%
American OutdoorLiving Inc	Chairman	Shinih USA Inc.Representative: John Chang	Contribution USD1,000,000	100.00%
World Furniture Group	Chairman	Shinih USA Inc.Representative:Paul Chien	Contribution USD400,000	100.00%
American Furniture Alliance Inc.	Directors	World Furniture Group Representative:John Chang	Contribution USD400,000	80.00%
VFT INC.	Chairman	Shinih Co., Ltd.Representative:John Chang	100	100.00%
American Nonwoven Inc.	Chairman	V.F.T INC. Representative: John Chang	Contribution USD100,000	100.00%
MS Nonwoven Inc.	Chairman	V.F.T INC. Representative: Paul Chien	Contribution USD7,428,565	100.00%
Shinih (Cambodia) Co., Ltd.	Chairman Directors	Shinih Holding Company Ltd. Representative: Sheng-Hung Chien Chi-Wen Chien、Ai-Mei Chien、Chun-Wen Chiu	Contribution USD1,500,000	100.00%
PT Shinih Nonwovens Indonesia	Chairman	Shinih Holding Company Ltd. Representative: Jui-Jui Chien	Contribution USD6,435,000 65,000	99.00% 1.00%
S International Inc.	Chairman	World Furniture Group Representative:John Chang	Contribution USD100,000	100.00%

## 6. Status of operation for various affiliated companies

December 31, 2024 , Unit: Thousands of New Taiwan Dollars

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating net (loss) profit	Current net (loss) profit (After tax)	Earnings per share (After tax)
Taiwan Kureha Co., Ltd.	65,000	127,179	86,584	40,595	106,791	(1,882)	8,223	126.51
Shinih Holding Company Ltd.	307,050	2,321,995	119	2,321,876	0	(1,761)	284,842	28.48
Sunburst International Ltd.	1,635	24,298	1,144	23,154	0	(188)	101	2.02
Kureha ( Thailand ) Company Ltd.	67,628	223,741	58,994	164,747	201,754	44,483	34,449	459.32
Shinih Vietnam Company Ltd.	61,410	315,399	98,063	217,336	320,933	56,922	39,206	-
Dong Guan Taixin Fiber Products Co., Ltd.	71,735	361,804	373,493	(11,689)	310,403	(50,521)	(51,857)	-
Interbond Co., Ltd.	2,000	2,004	798	1,206	0	(130)	(118)	(0.59)
Shinih Fiber Products (Suzhou) Co., Ltd.	82,642	514,749	90,761	423,988	234,776	4,821	209,405	-
Dong Guan Shinih Fiber Products Co., Ltd.	61,694	72,138	3,646	68,492	0	(4,318)	12,401	-
Hangzhou Shinih Fiber Products Co., Ltd.	134,652	240,734	2,461	238,273	5,258	(203)	18,546	-
Shinih Fiber Products (TangShan) Co., Ltd.	71,700	80,914	12,778	68,136	0	(2,423)	5,151	-
Taixin Fiber Products (Suzhou) Co., Ltd.	179,413	266,609	9,937	256,672	2,709	1,318	15,424	-
TangShan Taixin Fiber Products Co., Ltd.	67,703	106,203	42,105	64,098	38,966	(9,712)	(9,149)	-
Qingdao Taixin Fiber Products Co., Ltd.	96,151	70,760	48,501	22,259	55,723	(4,556)	(3,154)	-
Hubei Taixin Shinih Fiber Products Co., Ltd.	106,412	86,598	115,172	(28,574)	68	(7,462)	(10,510)	-
Kunshan Shinih Trading Co., Ltd.	7,981	37,202	24,711	12,491	0	(8,551)	1,387	-
Shinih USA Inc.	33,776	139,469	52,168	87,301	0	(240)	17,048	15.50
American OutdoorLiving Inc	30,705	140,337	4,374	135,963	197,966	9,726	10,183	-
World Furniture Group	12,282	13,396	44,959	(31,563)	0	(37,521)	7,475	-
S International Inc.	3,071	3,616	1,551	2,065	0	(12,096)	(963)	-
American Furniture Alliance Inc.	15,353	29,994	80,181	(50,187)	59,950	5,235	1,897	-
VFT INC.	6,141	404,690	115,092	289,598	138,369	6,554	19,595	195,950
AMERICAN NONWOVEN INC.	3,071	372,419	68,109	304,310	413,329	15,064	13,907	-
MS NONWOVEN INC.	12,282	38,773	8,968	29,805	4,108	(7,533)	(5,952)	-
Shinih (Cambodia) CO.,LTD.	46,058	38,733	2,933	35,800	0	(8,253)	67,675	-
PT Shinih Nonwovens Indonesia	199,583	170,868	18,320	152,548	42,671	(1,631)	(1,711)	-

**II. Status of private solicitation for marketable securities handling for the recent year up to the publication date of this annual report: None.**

**III. Status of company share holding or handling by a subsidiary company for the recent year up to the publication date of this annual report: None.**

**IV. Other necessary supplemental information: None.**

**Chapter 9. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 3, Article 36 of Securities Exchange Act in the past year and up to the date of report: None.**

- I. Dishonored bill due to insufficient deposit, rejected account or other loss of credit incidents: None.
- II. Litigation, non-litigation, administrative disposition, administrative dispute, security procedure or compulsory execution events causing material impact on the finance or business of the Company: None.
- III. Serious reduction of production or all or partial suspension of work, leasing of facility or key equipment of the Company, pledge of all or partial assets causing impact on the Company: None.
- IV. Any one of the matters specified in Subparagraphs of Paragraph 1 of Article 185 of the Company Act: None.
- V. Court ruling on the stocks of the Company being prohibited from transfer according to the provision specified in Subparagraph 5 of Paragraph 1 of Article 287 of the Company Act: None.
- VI. Chairman, President or more than one third of the directors are subject to change: None.
- VII. Change of CPA: None.

The CPA firm retained by the Company was under internal accountant job duty adjustment; therefore, since the first quarter of 2020, one of the previously appointed CPAs, CPA Chen-Yu Yang, was changed to CPA Su-Chuan Huang. In addition, starting from the first quarter of 2021, CPA Su-Chuan Huang has been changed to CPA Chien-Chen Huang.

- VIII. Signing, change, termination or rescission of important memorandums, strategic alliance or other business cooperation plans or important contracts, change of business plan important content, completion of new product development, trial product successfully developed and entering mass production stage officially, acquisition of enterprise of others, acquisition or assignment of patent rights, transactions of trademark exclusive right, copyright or other intellectual property rights that may cause major impact on the finance or business of the Company: None.
- IX. Other major events sufficient to affect the continuous operation of the Company: None.

**Shinih Enterprise Corporation**  
**Internal Control System Statement**

Date: March 11, 2024

Based on the results of self-evaluation, the Company's 2023 internal control system hereby declares the following:

- II. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the company has already established such a system, and that the company has already established such a system. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.
- III. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- IV. The Company shall determine the effectiveness of the internal control system design and execution based on the internal control system effectiveness review items as provided by the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereafter "Handling Regulations"). The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.
- V. The company has already adopted the aforementioned internal control system judgment items to inspect the effectiveness of the internal control system design and implementation.
- VI. Based on the aforementioned evaluation results, the company believes that the design and execution of its December 31, 2023 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the company can reasonably achieve the aforementioned goals.
- VII. This statement will be the main content of the Company's annual report and public statement, and will be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VIII. This declaration statement has been authorized by the Board of Directors on March 11, 2024, and all seven attendees of the Board have approved the contents of the declaration statement.

**Shinih Enterprise Corporation**

Chairman: Jui-Jui Chien

President: Jung-Fu, Chien

## REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of SHINIH ENTERPRISE CO., LTD. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SHINIH ENTERPRISE CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

SHINIH ENTERPRISE CO., LTD.

By

SHINIH ENTERPRISE CO., LTD.  
  
Authorized Signature

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CHIEN JUI JUI  
Chairman

March 11, 2024



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of  
SHINIHI ENTERPRISE CO., LTD.

### Opinion

We have audited the accompanying consolidated financial statements of SHINIHI ENTERPRISE CO., LTD. and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

### Basis for Opinion

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

## Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows :

### 1. Impairment of accounts receivable

As of December 31, 2023, the accounts receivable of SHINIH ENTERPRISE CO., LTD. and its subsidiaries were assessed the impairment loss by its policies. The increase of collection risk of accounts receivable might result from the global economic uncertainty, and the assessments on expected credit impairment loss involved the management exercised their judgments on the assumptions of client's credit risk. Therefore, we identified the impairment of accounts receivable assessment as a key matter for auditing of these consolidated financial statements.

Our main audit procedures include testing the controlled points related to the Group's collection and reviewing the subsequent collection records; obtaining the accounts receivable aging schedule provided by the management and verifying the accuracy of its aging range by selected samples; analyzing the comparison between the aged periods and proportions to assess the reasonableness of impairment of accounts receivable; and assessing the appropriateness about the disclosure of impairment of accounts receivable by the management.

### 2. Valuation of allowance to reduce inventory to market

The accounting policies of loss for market price decline and obsolete and slow-moving inventories of SHINIH ENTERPRISE CO., LTD. and its subsidiaries were based on the loss for obsolete and slow-moving inventories in the inventories aging information. Those information resources were the management based on the sales, obsolete and qualities of inventories to judge and assess the net realized value of inventories and measured the inventories value by the lower of cost and net realized value, and provision for reducing inventory to market. Therefore, we identified the valuation of allowance to reduce inventory to market as a key matter for auditing these consolidated financial statements.

Our main audit procedures include assessing the Group's provision of inventories based on the nature of inventories; inspecting the accuracy of inventories aging schedule by selected samples; assessing the reasonableness of the rate for loss market price decline and obsolete and slow-moving inventories and the Group's management's assumptions; inspecting the correctness of the

Group's previous inventories allowance and comparison with the estimated inventories allowance in the current period to assess the appropriateness of the estimated methods and assumptions for the current period; and assessing the appropriateness of the management's disclosure about the allowance to reduce inventory to market.

### 3. Impairment assessment of property, plant and equipment

As of December 31, 2023, the Group's property, plant and equipment were NT\$2,167,358 thousand, representing 36% of the total assets. The management regularly reviewed whether there were any indications of impairment on property, plant and equipment under the regulations of IAS 36 impairment of assets. Assessing the impairment loss of non-financial assets needs through forecasting and discounting future cash flow to estimate recoverable amounts. The process is, in essence, significant uncertainty; therefore, we identified it as a key matter for auditing these consolidated financial statements.

Our main audit procedures include obtaining the assessment form of impairment of assets by the Group's self-assessment; assessing the reasonableness of the impairment indications identified by the management; inspecting whether the Group's use of property, plant and equipment and the range or methods expected to be used have a material adverse change; and reviewing whether the Company's economic performance on property, plant and equipment was below expectation.

### 4. Recognition of gain on land expropriation and compensation agreement

As mentioned in note 6(26) of the consolidated financial statement, sub-subsidiary of SHINIHI ENTERPRISE CO., LTD., Shinih Fiber Products (Suzhou) Co., Ltd. entered into the "land expropriation and compensation agreement" with Taicang Municipal People's Government in November 2022 for the local people government's construction plan, including that Shinih Fiber Products (Suzhou) Co., Ltd. has to the recovery of non-movable objects such as land-use right, buildings and equipment, suspend production or operations, and compensation such as cease labor contract and relocation expense within the limitation periods. Shinih Fiber Products (Suzhou) Co., Ltd. has been implemented under the contract and received total subsidies in March 2023, those expropriation compensations and its related relocation expense recognized as net profit in profit or loss. Considering the land expropriation is material to the consolidated financial statement, and the management's subjective judgment will influence its recognition of relocation expenses and the revenue recognition. Therefore, we identified this land expropriation and compensation as a key audit matter for auditing these consolidated financial statements.

Our main audit procedures include obtaining the land expropriation and compensation agreement signed with the local government for reviewing the relevant agreement to understand Shinih Fiber Products (Suzhou) Co., Ltd. obtained the rights and obligations on receiving the land expropriation compensation income; inspecting the consistency between the relevant resolution

of the Board meeting minutes and those mentioned by the management; verifying the land expropriation compensation income and relocation expense documents by selected samples to check the consistency between the actual payments and the amounts mentioned in the contracts; verifying the consistency between the derecognition items and documents and checking the correctness of its disposal interest; reviewing the accounting treatment of expropriation transaction and assessing the correctness of its accounting items.

### **Other Matter**

We have also audited the parent company only financial statements of SHINIHI ENTERPRISE CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance including members of 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, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of

China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, 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 in our auditors' report to the related 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 disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended





December 31, 2023 and are therefore 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 Huang, Chien Chen and Yang, Chen Yu.

A handwritten signature in blue ink that reads "Crowe TW CPAs".

CROWE (TW) CPAs  
Taichung, Taiwan (Republic of China)

March 11, 2024

Notice to Readers

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

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

**SHINIH ENTERPRISE CO., LTD. and Subsidiaries**
**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

ASSETS	NOTES	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6(1)	\$ 1,786,752	30	\$ 1,999,100	32
Notes receivable, net	6(2)	16,559	-	35,055	1
Accounts receivable, net	6(3) · 7	260,934	4	318,761	5
Other receivables, net	6(4) · 7	16,545	-	16,464	-
Current income tax assets	6(28)	18,887	-	18,429	-
Inventories, net	6(5)	392,131	7	551,534	9
Prepayments		111,786	2	102,192	2
Non-current assets or disposal groups classified as held for sale	6(6)	340,051	6	63,913	1
Other financial assets - current	6(7)	346,861	6	239,425	4
Other current assets		537	-	403	-
Total current assets		3,291,043	55	3,345,276	54
<b>NONCURRENT ASSETS</b>					
Property, plant and equipment	6(8)	2,167,358	36	2,185,864	35
Right-of-use assets	6(9) · 7	206,471	4	255,828	4
Investment property	6(10)	155,920	3	157,497	3
Intangible assets	6(11)	7,847	-	7,855	-
Deferred income tax assets	6(28)	107,519	2	105,429	2
Prepayments for business facilities		9,054	-	28,875	1
Refundable deposits		13,713	-	13,260	-
Other financial assets - noncurrent	6(1)	-	-	76,954	1
Other noncurrent assets	6(16)	1,109	-	1,600	-
Total noncurrent assets		2,668,991	45	2,833,162	46
<b>TOTAL</b>		<b>\$ 5,960,034</b>	<b>100</b>	<b>\$ 6,178,438</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term loans	6(12)	\$ 820,000	14	\$ 480,687	8
Contract liabilities - current	6(23) · 7	14,429	-	26,387	1
Notes payable		34,330	1	30,127	1
Accounts payable	7	77,929	1	86,853	2
Other payables	6(13)	182,311	3	264,549	4
Other payables - related parties	7	36,818	1	37,318	1
Current income tax liabilities	6(28)	23,965	-	198,405	3
Liabilities related to non-current assets or disposal groups classified as held for sale	6(6)	14,863	-	92,130	1
Lease liabilities - current	6(9) · 7	28,331	1	46,907	1
Receipts in advance		9,519	-	19,396	-
Deferred revenue	6(14)	-	-	63,327	1
Long-term liabilities - current portion	6(15)	178,333	3	166,250	3
Other current liabilities		1,832	-	8,413	-
Total current liabilities		1,422,660	24	1,520,749	25
<b>NONCURRENT LIABILITIES</b>					
Long term loans	6(15)	795,417	13	973,750	16
Deferred income tax liabilities	6(28)	155,555	3	102,359	2
Lease liabilities - noncurrent	6(9) · 7	52,670	1	74,318	1
Long-term deferred revenue	6(9)	8,218	-	8,572	-
Net defined benefit liability - noncurrent	6(16)	7,790	-	7,527	-
Guarantee deposit received		4,517	-	5,171	-
Total noncurrent liabilities		1,024,167	17	1,171,697	19
Total liabilities		2,446,827	41	2,692,446	44
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
Common stocks	6(17)	1,091,071	18	1,091,071	18
Capital surplus	6(18)	230,774	4	230,774	4
Retained earnings	6(19)				
Legal capital reserve		395,229	7	372,632	6
Special capital reserve		106,123	2	148,961	2
Unappropriated earnings		1,665,343	28	1,598,582	25
Others	6(20)	19,449	-	44,643	1
Treasury stock	6(21)	(74,888)	(1)	(74,888)	(1)
Equity attributable to shareholders of the parent		3,433,101	58	3,411,775	55
<b>NON-CONTROLLING INTERESTS</b>	6(22)	80,106	1	74,217	1
Total equity		3,513,207	59	3,485,992	56
<b>TOTAL</b>		<b>\$ 5,960,034</b>	<b>100</b>	<b>\$ 6,178,438</b>	<b>100</b>

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



**SHINIH ENTERPRISE CO., LTD. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	NOTES	2023		2022	
		Amount	%	Amount	%
NET REVENUE	6(23) · 7	\$ 2,114,906	100	\$ 2,630,253	100
COST OF REVENUE	6(5 · 24) · 7	(1,645,778)	(78)	(1,926,438)	(73)
GROSS PROFIT		469,128	22	703,815	27
OPERATING EXPENSES	6(24) · 7				
Marketing		(219,487)	(10)	(237,234)	(9)
General and administrative		(239,372)	(11)	(274,227)	(10)
Research and development		(98,856)	(5)	(75,409)	(3)
Expected credit (loss) gain	6(3 · 4)	4,471	-	(17,749)	(1)
Total operating expenses		(553,244)	(26)	(604,619)	(23)
OPERATING PROFIT (LOSS)		(84,116)	(4)	99,196	4
NONOPERATING INCOME AND EXPENSES					
Interest income		70,568	3	24,288	1
Other income	6(25)	34,067	1	38,394	1
Other gains and losses	6(26)	380,292	18	306,185	12
Finance costs	6(27) · 7	(29,134)	(1)	(23,745)	(1)
Total nonoperating income and expenses		455,793	21	345,122	13
INCOME BEFORE INCOME TAX		371,677	17	444,318	17
INCOME TAX EXPENSE	6(28)	(195,211)	(9)	(203,226)	(8)
NET INCOME		176,466	8	241,092	9
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss :					
Remeasurement of defined benefit obligation	6(16 · 29)	(58)	-	2,000	-
Income tax expenses related to items that will not be reclassified subsequently	6(28 · 29)	12	-	(400)	-
Items that may be reclassified subsequently to profit or loss :					
Exchange differences arising on translation of foreign operations	6(20 · 22 · 29)	(31,075)	(1)	113,303	4
Income tax benefit (expenses) related to items that may be reclassified	6(28 · 29)	6,299	-	(21,870)	-
Other comprehensive income (loss) for the year, net of income tax		(24,822)	(1)	93,033	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 151,644	7	\$ 334,125	13
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 157,614	7	\$ 224,400	9
Non-controlling interests		18,852	1	16,692	-
		\$ 176,466	8	\$ 241,092	9
TOTAL COMPREHENSIVE INCOME :					
Shareholders of the parent		\$ 132,530	6	\$ 313,447	13
Non-controlling interests		19,114	1	20,678	-
		\$ 151,644	7	\$ 334,125	13
EARNINGS PER SHARE (IN DOLLARS)	6(30)				
Basic earnings per share		\$ 1.49		\$ 2.12	
Diluted earnings per share		\$ 1.48		\$ 2.11	

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Capital Surplus			Retained Earnings			Others		Total Attributable to Shareholders of the Parent	Non- controlling Interests	Total Equity
	Common Stocks	Additional Paid-in Capital Arising From Bond Conversion	Others	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Stock			
BALANCE, JANUARY 1, 2022	\$ 1,091,071	213,926	16,848	321,311	115,929	1,562,593	(42,838)	(68,448)	3,210,392	66,292	3,276,684
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	51,321	-	(51,321)	-	-	-	-	-
Special capital reserve	-	-	-	-	33,032	(33,032)	-	-	-	-	-
Cash dividends to shareholders - NT\$1.00 per share	-	-	-	-	-	(105,603)	-	-	(105,603)	-	(105,603)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(12,753)	(12,753)
Net income in 2022	-	-	-	-	-	224,400	-	-	224,400	16,692	241,092
Other comprehensive income in 2022	-	-	-	-	-	1,566	87,481	-	89,047	3,986	93,033
Purchase of treasury stock	-	-	-	-	-	-	-	(13,580)	(13,580)	-	(13,580)
Treasury stock sold to employees	-	-	-	-	-	(21)	-	7,140	7,119	-	7,119
BALANCE, DECEMBER 31, 2022	1,091,071	213,926	16,848	372,632	148,961	1,598,582	44,643	(74,888)	3,411,775	74,217	3,485,992
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	22,597	-	(22,597)	-	-	-	-	-
Special capital reserve	-	-	-	-	(42,838)	42,838	-	-	-	-	-
Cash dividends to shareholders - NT\$1.05 per share	-	-	-	-	-	(111,204)	-	-	(111,204)	-	(111,204)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,225)	(13,225)
Net income in 2023	-	-	-	-	-	157,614	-	-	157,614	18,852	176,466
Other comprehensive income (loss) in 2023	-	-	-	-	-	110	(25,194)	-	(25,084)	262	(24,822)
BALANCE, DECEMBER 31, 2023	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 395,229	\$ 106,123	\$ 1,665,343	\$ 19,449	\$ (74,888)	\$ 3,433,101	80,106	3,513,207

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

## SHINIH ENTERPRISE CO., LTD. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 371,677	\$ 444,318
Adjustments to reconcile profit (loss)		
Expected credit loss (gain)	(4,471)	17,749
Depreciation	208,141	196,441
Amortization	2,108	1,862
Interest expense	29,134	23,745
Interest income	(70,568)	(24,288)
Gain on disposal of property, plant and equipment	(8,321)	(1,787)
Gain on disposal of non-current assets held for sales	(90,999)	-
Gain on lease modification	-	(149)
Impairment loss on non-financial assets	-	49,966
Gain on land expropriation compensation from government	(282,284)	(326,361)
Changes in operating assets and liabilities		
Notes receivable	18,003	8,729
Accounts receivable	61,240	51,827
Inventories	159,403	22,216
Other receivables	6,379	(5,625)
Prepayments	(10,773)	13,114
Other current assets	(134)	122
Contract liabilities	(11,958)	10,911
Notes payable	4,203	(19,937)
Accounts payable	(7,517)	(50,308)
Other payables	(17,767)	4,381
Advance payment	(9,877)	13,766
Deferred revenue	(214)	(215)
Other current liabilities	(6,581)	2,945
Net defined benefit liability	(437)	(831)
Cash provided from operations	338,387	432,591
Interest received	62,403	21,883
Interest paid	(31,709)	(25,207)
Income taxes paid	(303,423)	(206,020)
Net cash provided by operating activities	65,658	223,247
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of non-current assets classified as held for sales	63,753	-
Acquisition of property, plant and equipment	(174,115)	(247,344)
Proceeds from disposal of Property, plant and equipment	14,089	9,603
Acquisition of intangible assets	(1,651)	(1,044)
Decrease in prepayments for business facilities	11,698	15,453
Increase in receipts in advance - disposal of assets	-	92,130
Increase in refundable deposits	(526)	(3,848)
Decrease (increase) in other financial assets	(45,834)	643,646
Decrease (increase) in other noncurrent assets	698	(579)
Receipts in advance of land expropriation compensation from government	243,178	491,626
Net expenditure for plant relocating	(40,699)	(16,278)
Net cash provided by investing activities	70,591	983,365

(Continued)

## SHINIH ENTERPRISE CO., LTD. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	\$ 339,313	\$ 38,485
Proceeds from long-term loans	-	150,000
Repayment of long-term loans	(166,250)	(50,000)
Repayment of the principal portion of lease liabilities	(43,185)	(50,475)
Decrease in guarantee deposit	(586)	(303)
Cash dividends paid	(111,204)	(105,603)
Decrease in non-controlling interests	(13,225)	(12,753)
Payments to acquire treasury stock	-	(13,580)
Treasury stock sold to employees	-	7,119
Net cash provided by (used in) financing activities	<u>4,863</u>	<u>(37,110)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(33,309)</u>	<u>75,327</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	107,803	1,244,829
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,999,100</u>	<u>754,271</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,106,903</u></u>	<u><u>\$ 1,999,100</u></u>
<b>ADJUSTMENT OF CASH AND CASH EQUIVALENT AT THE END OF YEAR</b>		
	2023	2022
<b>CASH AND CASH EQUIVALENT ON CONSOLIDATED BALANCE SHEETS</b>	\$ 1,786,752	\$ 1,999,100
Cash and cash equivalents included in disposal groups classified as held for sale	320,151	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,106,903</u></u>	<u><u>\$ 1,999,100</u></u>

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

(Concluded)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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**1. GENERAL INFORMATION**

SHINIH ENTERPRISE CO., LTD. ("the Company") was established under the laws of the Republic of China in accordance with the Company Act of 1962, initiating its commercial activities within that calendar year. The Company's operational scope encompasses the production and refinement of nonwoven fabric materials, alongside the fabrication of insulation and industrial materials. Additionally, the Company is actively involved in the commerce of ancillary products, textile machinery, and engages in the real estate sector through the development, marketing, and leasing of mixed-use edifices.

The equity shares of the Company have been publicly listed and are actively traded on the Taiwan Stock Exchange (TWSE) since the 26th of August, 2002. The principal business activities of the Company and its subsidiaries (the "Group") are described in the aforementioned section and note 4.3 B.

**2. THE AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS**

**3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):**

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note A)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note B)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note C)
Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”	(Note D)

Note A: An entity shall apply the amendments for annual reporting periods beginning on or after January 1, 2023.

Note B: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting period beginning on or after January 1, 2023.

Note C: Except for the temporary differences associated with leases and decommissioning obligations that should be in compliance with additional regulations, the amendments will be applied prospectively to transactions occur on or after the beginning of the earliest period presented, January 1, 2022.

Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (i.e. May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023

(1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial

statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented.

(4) Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments stipulate that, as a temporary exception to IAS 12, company shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, company shall disclose in its financial reports that it has applied this exception. In addition, company shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, company should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

Based on the Group’s assessment, the application of the New IFRSs above will not have any significant impact on the Group’s financial position and financial performance.

**3.2 Effect of new issuances and amendments to IFRSs endorsed by the FSC but not yet adopted by the Company:**

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024(Note A)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024(Note B)

Note A: The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B: The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless of whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity’s equity instruments to the counterparty to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the entity’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation”, then the classification of the liability will not be affected.



(3) Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendment to IAS 1 “Non-current Liabilities with Covenants”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Group’s assessment, the application of the New IFRSs above will not have any significant impact on the Group’s financial position and financial performance.

### 3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
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 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

### 4.1 Statement of Compliance

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

### 4.2 Basis of Preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost basis:
- (a) Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.
  - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### 4.3 Basis of consolidation

#### A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a

deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

**B. Subsidiaries included in the consolidated financial statements:**

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			December 31,2023	December 31,2022
The Company	TAIWAN KUREHA CO., LTD	Manufacturing and sale of nonwoven fabric material	84.62%	84.62%
"	SHINIH HOLDING CO., LTD.	Investing	100%	100%
"	SUNBURST INTERNATIONAL LTD.	International trading	100%	100%
"	VFT INC.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	KUREHA(THAILAND)CO., LTD.	Manufacturing and sale of nonwoven fabric material	50%	50%
"	SHINIH USA INC.	Investing	100%	100%
"	SHINIH VIETNAM COMPANY LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Dong Guan Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	INTERBOND CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			December 31,2023	December 31,2022
"	Shinih Fiber Products (Suzhou) Co., Ltd. (Note 2)	Manufacturing and sale of nonwoven fabric material	11%(Note 1)	11%(Note 1)
SHINIH HOLDING CO., LTD.	Shinih Fiber Products (Suzhou) Co., Ltd. (Note 2)	Manufacturing and sale of nonwoven fabric material	89%(Note 1)	89%(Note 1)
	Dong Guan Shinih Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
	Hangzhou Shinih Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Shinih Fiber Products (TangShan) Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Taixin Fiber Products (Suzhou) Co., Ltd. (Note 2)	Manufacturing and sale of nonwoven fabric material	100%	100%
"	TangShan Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	QINGDAO TAIKIN FIBER PRODUCTS CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Hubei Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	SHINIH (CAMBODIA) CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	KUNSHAN SHINIH TRADING CORPORATION LIMITED	Trading	100%	100%
"	PT. SHINIH NONWOVENS INDONESIA	Manufacturing and sale of nonwoven fabric material	99%	99%
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Manufacturing, processing and trading nonwoven material	100%	100%
"	WORLD FURNITURE GROUP	Manufacturing, processing and trading nonwoven material	100%	100%
WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	Manufacturing, processing and trading nonwoven material	80%	80%
"	S INTERNATIONAL INC.	Trading	100%	100%
VFT INC.	MS NONWOVEN INC.	Manufacturing, processing and trading nonwoven material	100%	100%

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			December 31,2023	December 31,2022
"	AMERICAN NONWOVEN INC.	Manufacturing, processing and trading nonwoven material	100%	100%

Note 1 : The consolidated shareholding of the Company and its subsidiary were 100%.

Note 2 : Taixin Suzhou and Shinih Suzhou entered into the land expropriation and compensation agreement with Loudong Subdistrict Office of the People's Government of Taicang Municipality (Taicang Municipal People's Government) in November 2022. Please refer to Note 6(26) for the information.

### C. Subsidiaries that have non-controlling interests that are material to the Group

Name of subsidiary	Percentage of Ownership of Non-controlling Interest	
	December 31, 2023	December 31, 2022
KUREHA (THAILAND) CO., LTD. (THAILAND KUREHA)	50%	50%

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest	
	2023	2022
THAILAND KUREHA	\$ 17,224	\$ 17,765
Others	1,628	(1,073)
Total	\$ 18,852	\$ 16,692

Name of subsidiary	Non-controlling Interest	
	December 31, 2023	December 31, 2022
THAILAND KUREHA	\$ 82,374	\$ 78,210
Others	(2,268)	(3,993)
Total	\$ 80,106	\$ 74,217

(1) Please refer to Note 13 Table 4 for the information about the principal place of business and the country of incorporation of the subsidiaries abovementioned.

(2) The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

#### Balance Sheets

	THAILAND KUREHA	
	December 31, 2023	December 31, 2022
Current assets	\$ 171,398	\$ 161,963
Non-current assets	52,343	61,184
Current liabilities	(35,032)	(31,779)
Non-current liabilities	(23,961)	(34,948)
Equity	<u>\$ 164,748</u>	<u>\$ 156,420</u>
Equity attributable to:		
Shareholder of the parent	\$ 82,374	\$ 78,210
Non-controlling Interests of THAILAND KUREHA	82,374	78,210
	<u>\$ 164,748</u>	<u>\$ 156,420</u>

### Statements of Comprehensive Incomes

	THAILAND KUREHA	
	2023	2022
Revenue	\$ 201,754	\$ 226,902
Net profit for the period	\$ 34,448	\$ 35,530
Other comprehensive income (net of income tax)	330	9,996
Total comprehensive income for the period	<u>\$ 34,778</u>	<u>\$ 45,526</u>
Net profit attributable to:		
Shareholder of the parent	\$ 17,224	\$ 17,765
Non-controlling Interests of THAILAND KUREHA	17,224	17,765
Total	<u>\$ 34,448</u>	<u>\$ 35,530</u>
Total comprehensive income attributable to:		
Shareholder of the parent	\$ 17,389	\$ 22,763
Non-controlling interests of THAILAND KUREHA	17,389	22,763
Total	<u>\$ 34,778</u>	<u>\$ 45,526</u>

	THAILAND KUREHA	
	2023	2022
Dividends paid to non-controlling interests		
THAILAND KUREHA	\$ 13,225	\$ 12,753

#### Statements of Cash Flows

	THAILAND KUREHA	
	2023	2022
Net cash generated from operating activities	\$ 29,243	\$ 42,864
Net cash used in investing activities	(6,349)	(3,644)
Net cash used in financing activities	(36,693)	(34,797)
Effect of exchange rate changes on cash and cash equivalents	9,442	10,082
Net increase (decrease) in cash and cash equivalents	(4,357)	14,505
Cash and cash equivalents at beginning of year	77,845	63,340
Cash and cash equivalents at the end of year	\$ 73,488	\$ 77,845

#### **D. Subsidiaries not included in the consolidated financial statements: None.**

#### **4.4 Foreign Currencies**

- A. Items included in the financial statements of each of the Group's entities are measured using the functional currency of each entity. The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional currency.
- B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also

recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.

- C. When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and allocated appropriately to the non-controlling interest).
- D. On disposal of a foreign operation that result in a loss of control, joint control, or significant influence, all related to that foreign operation could attributed to equity of the Company's owners that will be reclassified as profit or loss.
- E. On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other equity is re-attributed to the non-controlling interests in that subsidiary. On any other partial disposal of a foreign operation, being the Company's ownership interest is reduced from an associate or a jointly controlled entity, that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other equity is reclassified to profit or loss.

#### **4.5 Classification of Current and Noncurrent Assets and Liabilities**

- A. Assets that meet one of the following criteria are classified as current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the end of reporting period;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of reporting period.

The Group classifies all assets that do not meet the above criteria as noncurrent.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to



more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as noncurrent.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.7 Financial Instruments**

Financial assets and liabilities shall be recognized when the Group becomes a party of the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### **A. Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

##### **(a) Measurement categories**

The category of the financial assets of the Group is financial assets at amortized cost.

##### **i. Financial assets at amortized cost**

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for:

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

(ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, and contract assets.

The Group recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investment that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- iii. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of financial asset and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss

that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

#### **B. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

#### **C. Financial liabilities**

##### **(a) Subsequent measurement**

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

##### **(b) Derecognition of financial liabilities**

The Group derecognizes a financial liability when, and only when, it is extinguished—i.e. when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### **D. Modification of Financial Instruments**

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical

expedient does not apply.

#### **4.8 Inventories**

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

#### **4.9 Property, Plant and Equipment**

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	5 years
Buildings	3~39 years
Machinery	3~15 years
Other equipment	2~15 years

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### 4.10 Leases

At the inception of a contract, the Group evaluates a contract to determine whether it is or contains a lease component. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### A. The Group as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

##### **Right-of-use assets**

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer the ownership of the underlying assets is transferred to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

##### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed lease payments. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be payable by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-

use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a separate line item in the consolidated balance sheets.

#### B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and buildings elements, the Group assesses the classification of each element as a finance lease or an operating lease separately, allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. The initial direct costs incurred from received the operating lease plus to the carrying amount of the underlying asset adopted the same basic of lease income. The Group recognizes the lease payments as expense over the lease terms. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification.

#### **4.11 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use.

Investment properties are measured at cost (including transaction costs) on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The investment properties are depreciated using the straight-line basis over 5 to 60 years.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### **4.12 Intangible Assets**

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows:

- Computer software: 1 to 3 years;
- Trademarks: the estimated useful life or contract term.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.13 Impairment of non-financial assets**

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

#### **4.14 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. If the provisions are measured at the estimated cash flow to settle the obligation, its carrying amounts are those present value of the cash flow.

#### **4.15 Employee Benefits**

##### **A. Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

##### **B. Pensions**

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and the amount can be reliably estimated. Any differences between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

#### **4.16 Capital Stock and Treasury Stock**

A. Capital stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or share options are recorded as a deduction in equity.

B. Treasury stock

The Group's treasury stocks that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury stocks are sold, if the selling price is above the book value, the difference is credited to the capital surplus-treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury stocks is calculated using the weighted-average approach in



accordance with the purpose of repurchase.

Upon retirement, treasury stocks are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury stocks in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury stocks in excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

#### **4.17 Income Tax**

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. According to Income Tax Act of ROC, an additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit nor loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

#### **4.18 Revenue Recognition**

The Group applies the following steps for revenue recognition:

- (a) Identifying the contract;
- (b) Identifying performance obligations;
- (c) Determine the transaction price;
- (d) Allocating the transaction price to performance obligations; and
- (e) Recognizing revenue when (or as) a performance obligation is satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within one year, the Group does not adjust the promised amount of consideration for the effect of a significant financing component.

##### **A. Revenue from sale of goods**

The Group sells nonwoven fabric material, bedding, and related products. Sales are recognized when control of the products has been transferred to the customers since the customers obtain the rights to list price, use the products and assume the obligation to resale them as well as to bear the risk of obsolescence. The Group recognizes revenue and accounts receivable on transferring the control of the products. Revenue is presented net of sales return, quantity discounts and sales allowance.

The Group does not recognize revenue on materials delivered to subcontractors because such delivery does not involve a transfer of control.

##### **B. Service revenue**

Service revenue is recognized when the services are provided according to the relevant agreements.

#### **4.19 Government Grants**

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to noncurrent assets are recognized as noncurrent liabilities and are amortized to profit or loss over the

estimated useful lives of the related assets using the straight-line method.

#### **4.20 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

#### **4.21 Share-based payment transactions**

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity.

### **5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY**

The Group incorporates the economic impacts of climate change, related government policies and regulations, inflation, and market interest rate fluctuations into its significant accounting estimates. The Group will continue to review the fundamental assumptions and estimates. If the revision of estimates affects only the current period, they are recognized in the period of revision. If the revision of accounting estimates affects both the current and future periods, they are recognized in both the current period and future periods.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made, and the major sources of estimation and assumption uncertainty are described as follows:

#### **5.1 Critical judgments in applying accounting policies**

##### **A. Investment property**

The Group's properties are mainly held for owner-occupied, and some are held to earn rentals or for capital appreciation. If these portions could be sold separately, which will be disposal of as investment property and property, plant and equipment separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

##### **B. Lease terms**

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected

changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs.

## **5.2 Critical accounting estimation and assumption**

### **A. Estimated impairment of financial assets**

The provision for impairment of accounts receivable and financial guarantee contracts is based on assumptions on risk of default and expected loss rates. The Group makes these assumptions and selects inputs for the impairment calculation, based on the Group's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

### **B. Realizability of deferred tax assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. The Group's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, and laws and regulations might result in material adjustments to deferred tax assets.

### **C. Evaluation of inventories**

As inventories are stated at the lower of cost and net realizable value; thus, the Group needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date. The Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

### **D. Calculation of accrued pension obligations**

When calculating the present value of defined pension obligations, the Group uses judgements and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate at the end of reporting period. Any changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligation.

### **E. The useful lives of the property, plant and equipment and investment property**

The property, plant and equipment and investment property are average amortized using the straight-line method. The Group regularly assesses the useful lives and

residual value of the property, plant and equipment and investment property. A significant change in the relevant estimate would be adjusted for that period and the following years.

F. Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

G. The lessee's incremental borrowing rate

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### 6.1 CASH AND CASH EQUIVALENTS

Items	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 1,972	\$ 1,693
Checking accounts and demand deposits	504,201	664,072
Cash equivalents		
Deposit at call	577,017	723,142
Time deposits	703,562	610,193
Total	<u>\$ 1,786,752</u>	<u>\$ 1,999,100</u>

(1) The cash and cash equivalents of the Group are not pledged to others.

(2) The Group inward remittance of \$8,000 thousand in accordance with the Regulations Governing the Investment of Repatriated Offshore Funds approved by the National Taxation Bureau, MOF, and submitted an investment plan to the MOEA on October 12, 2022. The approval letter was received on November 1, 2022. That amount is only used for the examined investment plan project under the relevant regulations, it should not be used for other purposes. As of December 31, 2023 and 2022, \$175,019 thousand and \$144,158 thousand were transferred to other current financial assets, respectively. As of December 12, 2022, \$76,954 thousand was transferred to other noncurrent financial assets.

(3) Please refer to Note 12 for relevant credit risk management and assessment methods.

## 6.2 NOTES RECEIVABLE, NET

Items	December 31, 2023	December 31, 2022
Gross carrying amount at amortized cost	\$ 16,559	\$ 35,055
Less: Loss allowance	-	-
Notes receivable, net	\$ 16,559	\$ 35,055

(1) The Group has no notes receivable pledged to others.

(2) Please refer to Note 6.3 for the loss allowance for notes receivable.

## 6.3 ACCOUNTS RECEIVABLE, NET

Items	December 31, 2023	December 31, 2022
Gross carrying amount at amortized cost	\$ 279,624	\$ 343,161
Less: Loss allowance	(18,690)	(24,400)
Accounts receivable, net	\$ 260,934	\$ 318,761

(1) The average credit period of sales of goods ranges from 30 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

(2) The Group has no accounts receivable pledged to others.

(3) Please refer to Note 7 for the related party transaction.

(4) The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

(5) The following table detailed the loss allowance of notes and accounts receivable based on the Group's provision matrix (include related parties):

December 31, 2023

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 247,558	\$ (115)	\$ 247,443
Past due 1-90 days	29,140	(78)	29,062
Past due 91-180 days	1,214	(442)	772
Past due 181-360 days	594	(397)	197
Past due over 361 days	17,677	(17,658)	19
Total	\$ 296,183	\$ (18,690)	\$ 277,493

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 324,011	\$ (1,623)	\$ 322,388
Past due 1-90 days	41,500	(14,093)	27,407
Past due 91-180 days	4,520	(2,833)	1,687
Past due 181-360 days	4,811	(2,477)	2,334
Past due over 361 days	3,374	(3,374)	-
Total	\$ 378,216	\$ (24,400)	\$ 353,816

- (6) Movements of the loss allowances of notes receivable and accounts receivable (including related parties') were as follows:

Items	2023	2022
Balance, January 1	\$ 24,400	\$ 9,371
Add: Provision for impairment (Reversal)	(4,471)	17,783
Less: Write-offs	(576)	(3,392)
Less: Transfer to disposal groups classified as held for sale	(680)	-
Effect of exchange rate changes	17	638
Balance, December 31	\$ 18,690	\$ 24,400

The Group did not hold any collaterals or other credit enhancements for these accounts receivable.

(7) Please refer to Note 12 for the relevant credit risk management and assessment methods.

#### 6.4 OTHER RECEIVABLES, NET

Items	December 31, 2023	December 31, 2022
Gross carrying amount at amortized cost	\$ 16,682	\$ 16,601
Less: Loss allowance	(137)	(137)
Other receivables, net	\$ 16,545	\$ 16,464

(1) Please refer to Note 7 for the related party transaction.

(2) Movements of the loss allowance for other receivables were as follows:

Items	2023	2022
Balance, January 1	\$ 137	\$ 170
Less: Reversal of bad debts	-	(34)
Effect of exchange rate changes	-	1
Balance, December 31	\$ 137	\$ 137

#### 6.5 INVENTORIES AND OPERATING COSTS

Items	December 31, 2023	December 31, 2022
Raw materials	\$ 252,240	\$ 355,616
Work-in-process	7,123	8,462
Finished goods	117,175	176,093
Inventory in transit	15,593	11,363
Total	\$ 392,131	\$ 551,534

(1) The cost of inventories recognized as expenses for the period:

Items	2023	2022
Gain on reversal in market value of inventories	\$ (9,386)	\$ (5,170)
Inventory gain	(20)	(2,455)



Items	2023	2022
Loss on inventory disposed	\$ 11,806	\$ 16,019
Unallocated production overheads	79,868	40,723
Total	<u>\$ 82,268</u>	<u>\$ 49,117</u>

(2) The Group has no inventories pledged to others.

## 6.6 NONCURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

(1) Disposal groups classified as held for sale

The Group has been approved by the board of directors on August 8, 2023 to proceed with the dissolution and liquidation of reinvested companies, Hangzhou Shinih Fiber Products Co., Ltd., Taixin Fiber Products (Suzhou) Co., Ltd., and Shinih (Cambodia) Co., Ltd., after the reinvested companies have completed the outstanding orders, the Group will proceed with the dissolution and liquidation matters. On December 31, 2023, the Group transfer the related assets and liabilities to disposal groups classified as held for sale are as below :

A. Assets of the disposal groups classified as held for sale

Items	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 320,151	\$ -
Notes receivable, net	493	-
Accounts receivable, net	1,057	-
Other receivables, net	1,705	-
Prepayments	1,179	-
Other financial assets-current	15,353	-
Property, plant and equipment	40	-
Other noncurrent assets	73	-
Total	<u>\$ 340,051</u>	<u>\$ -</u>

B. Liabilities related to disposal groups classified as held for sale

Items	December 31, 2023	December 31, 2022
Accounts payable and other payables	\$ 13,890	\$ -
Current income tax liabilities	905	-
Refundable deposits	68	-

Items	December 31, 2023	December 31, 2022
Total	\$ 14,863	\$ -

(2) Noncurrent assets classified as held for sale

In November 2022, the Group entered into a contract for the sale of real estate located in Cambodia, with the contract valued at USD 5 million (equivalent to approximately NTD 155,883 thousand). The transfer of ownership was officially registered on January 17, 2023, at which point the Group also received the complete payment. The profit realized from this asset disposal amounted to USD 2,919 thousand (approximately NTD 90,999 thousand), which has been recorded as a gain from the sale of noncurrent assets held for sale.

A. Noncurrent assets classified as held for sale

Items	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ -	\$ 26,068
Land use right	-	37,845
Total	\$ -	\$ 63,913

B. Liabilities related to non-current assets classified as held for sale

Items	December 31, 2023	December 31, 2022
Temporary receipts	\$ -	\$ 92,130
Total	\$ -	\$ 92,130

## 6.7 OTHER FINANCIAL ASSETS - CURRENT

Items	December 31, 2023	December 31, 2022
Time deposits with medium and long term	\$ 171,842	\$ 95,267
Cash in banks for project investment plan	175,019	144,158
Total	\$ 346,861	\$ 239,425

The Group has no financial assets pledged to others.

## 6.8 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2023	December 31, 2022
Land	\$ 525,621	\$ 525,621
Land improvements	7,465	6,931
Buildings	715,391	771,469
Machinery	2,141,812	2,058,207
Other equipment	289,210	289,039
Equipment to be inspected and construction in progress	482,478	574,093
Total cost	4,161,977	4,225,360
Less: Accumulated depreciation and impairment	(1,994,619)	(2,039,496)
Total	\$ 2,167,358	\$ 2,185,864

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
<b>Cost</b>							
Balance, January 1, 2023	\$ 525,621	\$ 6,931	\$ 771,469	\$ 2,058,207	\$ 289,039	\$ 574,093	\$ 4,225,360
Additions	-	-	15,134	28,623	8,426	109,212	161,395
Disposals	-	-	-	(84,303)	(7,525)	(681)	(92,509)
Reclassification (Note 1)	-	534	1,689	196,833	8,781	(199,714)	8,123
Transfer to the land expropriation and compensation agreement, shown as a deduction	-	-	(66,479)	(22,375)	(5,160)	-	(94,014)
Transfer to the disposal groups classified as held for sale	-	-	-	(25,069)	(2,053)	-	(27,122)
Effect of exchange rate difference	-	-	(6,422)	(10,104)	(2,298)	(432)	(19,256)
Balance, December 31, 2023	<u>\$ 525,621</u>	<u>\$ 7,465</u>	<u>\$ 715,391</u>	<u>\$ 2,141,812</u>	<u>\$ 289,210</u>	<u>\$ 482,478</u>	<u>\$ 4,161,977</u>
<b>Accumulated depreciation and impairment</b>							
Balance, January 1, 2023	\$ -	\$ 3,190	\$ 472,682	\$ 1,364,052	\$ 199,572	\$ -	\$ 2,039,496
Depreciation expense	-	1,315	26,772	115,688	15,877	-	159,652
Disposals	-	-	-	(79,500)	(7,241)	-	(86,741)
Transfer to the land expropriation and compensation agreement, shown as a deduction	-	-	(57,713)	(17,106)	(4,369)	-	(79,188)
Transfer to the disposal groups classified as held for sale	-	-	-	(25,069)	(2,013)	-	(27,082)
Effect of exchange rate difference	-	-	(3,635)	(7,052)	(831)	-	(11,518)
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 4,505</u>	<u>\$ 438,106</u>	<u>\$ 1,351,013</u>	<u>\$ 200,995</u>	<u>\$ -</u>	<u>\$ 1,994,619</u>
<b>Cost</b>							
Balance, January 1, 2022	\$ 525,621	\$ 12,670	\$ 777,275	\$ 1,825,575	\$ 276,011	\$ 805,606	\$ 4,222,758
Additions	-	-	4,510	66,581	14,163	165,458	250,712

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Disposals	\$ -	\$ (5,739)	\$ (129)	\$ (51,259)	\$ (9,762)	\$ (41)	\$ (66,930)
Reclassification (Note 2)	-	-	9,933	148,937	(8,029)	(401,671)	(250,830)
Transfer to noncurrent asset classified as held for sale	-	-	(38,402)	-	-	-	(38,402)
Effect of exchange rate difference	-	-	18,282	68,373	16,656	4,741	108,052
Balance, December 31, 2022	<u>\$ 525,621</u>	<u>\$ 6,931</u>	<u>\$ 771,469</u>	<u>\$ 2,058,207</u>	<u>\$ 289,039</u>	<u>\$ 574,093</u>	<u>\$ 4,225,360</u>
Accumulated depreciation and impairment							
Balance, January 1, 2022	\$ -	\$ 7,650	\$ 487,362	\$ 1,343,925	\$ 193,934	\$ -	\$ 2,032,871
Depreciation expense	-	1,279	26,672	112,887	14,967	-	155,805
Impairment loss	-	-	-	49,966	-	-	49,966
Disposals	-	(5,739)	(105)	(45,725)	(7,545)	-	(59,114)
Reclassification (Note 2)	-	-	(39,734)	(155,703)	(13,227)	-	(208,664)
Transfer to noncurrent asset held for sale	-	-	(13,064)	-	-	-	(13,064)
Effect of exchange rate difference	-	-	11,551	58,702	11,443	-	81,696
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 3,190</u>	<u>\$ 472,682</u>	<u>\$ 1,364,052</u>	<u>\$ 199,572</u>	<u>\$ -</u>	<u>\$ 2,039,496</u>

Note 1: Reclassification in 2023 was transferring prepayments for business facilities into PPE in the amount of \$8,123.

Note 2: Reclassification in 2022 includes transferring to the land expropriation and compensation agreement as a deduction in the amount of \$41,403 thousand, and transferring into investment property in the amount of \$763 thousand.

(1) The reconciliations of the current additions and the property, plant and equipment stated in the statement of cash flow are as follows:

Items	2023	2022
Additions to the property, plant and equipment	\$ 161,395	\$ 250,712
(Increase) in payables to contractor and equipment suppliers	12,720	(3,368)
Payments for acquisition of property, plant and equipment	<u>\$ 174,115</u>	<u>\$ 247,344</u>

(2) Please refer to Note 6.27 for information on the capitalization of interest.

(3) Please refer to Note 8 for property, plant and equipment pledged by the Group as a guarantee for loans.

(4) Please refer to Note 6.26 for the land expropriation and compensation agreement of Shinih Suzhou.

## 6.9 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	December 31, 2023		December 31, 2022	
Land use right	\$	145,879	\$	152,228
Land		3,540		3,541
Buildings		231,048		228,585
Machinery		36,003		35,700
Total cost		416,470		420,054
Less: Accumulated depreciation and impairment		(209,999)		(164,226)
Total	\$	206,471	\$	255,828

	Land use right	Land	Buildings	Machinery	Total
<u>Cost</u>					
Balance, January 1, 2023	\$ 152,228	\$ 3,541	\$ 228,585	\$ 35,700	\$ 420,054
Additions	-	-	5,409	-	5,409
Derecognition (Note)	(7,089)	-	(2,546)	-	(9,635)
Effect of exchange rate difference	740	(1)	(400)	303	642
Balance, December 31, 2023	<u>\$ 145,879</u>	<u>\$ 3,540</u>	<u>\$ 231,048</u>	<u>\$ 36,003</u>	<u>\$ 416,470</u>
<u>Accumulated depreciation and impairment</u>					
Balance, January 1, 2023	\$ 8,839	\$ 2,404	\$ 128,725	\$ 24,258	\$ 164,226
Depreciation expense	1,863	621	38,668	5,760	46,912
Derecognition (Note)	(1,199)	-	-	-	(1,199)
Effect of exchange rate difference	262	(9)	(408)	215	60
Balance, December 31, 2023	<u>\$ 9,765</u>	<u>\$ 3,016</u>	<u>\$ 166,985</u>	<u>\$ 30,233</u>	<u>\$ 209,999</u>

	Land use right	Land	Buildings	Machinery	Total
<u>Cost</u>					
Balance, January 1, 2022	\$ 194,577	\$ 3,192	\$ 176,394	\$ 33,328	\$ 407,491
Additions	-	-	40,713	-	40,713
Derecognition (Note)	(8,027)	-	(4,716)	-	(12,743)
Transfer to noncurrent asset classified as held for sale	(40,162)	-	-	-	(40,162)

	Land use right	Land	Buildings	Machinery	Total
Effect of exchange rate difference	\$ 5,840	\$ 349	\$ 16,194	\$ 2,372	\$ 24,755
Balance, December 31, 2022	<u>\$ 152,228</u>	<u>\$ 3,541</u>	<u>\$ 228,585</u>	<u>\$ 35,700</u>	<u>\$ 420,054</u>
Accumulated depreciation and impairment					
Balance, January 1, 2022	\$ 9,522	\$ 1,615	\$ 91,617	\$ 17,306	\$ 120,060
Depreciation expense	2,997	595	29,804	5,473	38,869
Derecognition (Note)	(963)	-	(2,829)	-	(3,792)
Transfer to noncurrent asset classified as held for sale	(3,378)	-	-	-	(3,378)
Effect of exchange rate difference	661	194	10,133	1,479	12,467
Balance, December 31, 2022	<u>\$ 8,839</u>	<u>\$ 2,404</u>	<u>\$ 128,725</u>	<u>\$ 24,258</u>	<u>\$ 164,226</u>

Note : The amount includes transfer to expropriation and compensation income reduction items, with the amounts \$5,890 thousand and \$7,064 thousand in 2023 and 2022 respectively.

(2) Lease liabilities

Items	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 28,331	\$ 46,907
Noncurrent	\$ 52,670	\$ 74,318

Range of discounts rate for lease liabilities is as follow:

Items	December 31, 2023	December 31, 2022
Land	3.25%	3.25%
Buildings	1.40%~6.375%	1.40%~6.375%
Machinery	6.375%	6.375%

Please refer to Note 12 for the maturity analysis of the lease liabilities.

(3) Other lease information

The Company leases the investment properties under operating lease agreements, please refer to Note 6.10 investment property.

The Company elected to apply the recognition exemption to short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases in 2023 and 2022. Details for the relevant expense are as follows:

Items	2023	2022
Expenses relating to short-term leases	\$ 8,130	\$ 5,330
Total cash outflow for leases	\$ 56,304	\$ 60,964

(4) Please refer to Note 6.26 for the land expropriation and compensation agreement of Shinih Suzhou and Taixin Suzhou.

(5) Material lease-in activities and terms

A. The Group's subsidiaries, sub-subsidiaries in PRC, SHINIH VIETNAM COMPANY LTD. entered into the land use contracts with the local government respectively. The terms of the contract are 20 to 50 years respectively.

B. Hubei Taixin Fiber Products Co., Ltd. obtained the land use right subsidy from the local government, which is classified as long-term deferred revenue and transferred to revenue at its deferred years.

C. The abovementioned companies are entitled the land use rights, income rights and act of disposition for transferring and leasing within the land use terms. They should pay taxes for using lands. The lands are used to build plants, office buildings and employees' dormitories.

D. PT. SHINIH NONWOVENS INDONESIA obtained the land use right in Indonesia in June 2017. The lands are used to build plants, office buildings and employees' dormitories.

E. The Group has no land use rights pledged to others.

## 6.10 INVESTMENT PROPERTY

Items	December 31, 2023	December 31, 2022
Land	\$ 143,069	\$ 143,069
Buildings	88,297	88,297
Total cost	231,366	231,366
Less: accumulated depreciation and impairment	(75,446)	(73,869)
Investment property, net	\$ 155,920	\$ 157,497





Group's management by reference to the transaction prices of similar properties, but did not be assessed by independent valuer.

- (3) The Group will receive the total rent from leasing the investment properties under the operating lease agreement as follows:

Items	December 31, 2023	December 31, 2022
Within 1 year	\$ 11,890	\$ 24,774
More than 1 year but less than 5 years	14,870	13,169
More than 5 years	4,009	5,751
Total	\$ 30,769	\$ 43,694

- (4) Please refer to Note 8 for investment properties pledged by the Group as a guarantee for loans.

## 6.11 INTANGIBLE ASSETS

Items	December 31, 2023	December 31, 2022
Trademarks	\$ 9,178	\$ 9,180
Computer software	4,984	16,229
Other intangible assets – spunbond technology and rights	7,392	7,392
Total costs	21,554	32,801
Less: Accumulated amortization	(13,707)	(24,946)
Total	\$ 7,847	\$ 7,855

Items	2023			
	Trademarks	Computer software	Spunbond technology and rights	Total
<b>Cost</b>				
Balance, January 1	\$ 9,180	\$ 16,229	\$ 7,392	\$ 32,801
Additions	-	1,651	-	1,651
Disposals	-	(12,853)	-	(12,853)
Effect of exchange rate difference	(2)	(43)	-	(45)
Balance, December 31	\$ 9,178	\$ 4,984	\$ 7,392	\$ 21,554
<b>Accumulated amortization</b>				
Balance, January 1	\$ 9,179	\$ 15,767	\$ -	\$ 24,946
Amortization expense	-	1,658	-	1,658

Items	2023			
	Trademarks	Computer software	Spunbond technology and rights	Total
Disposals	\$ -	\$ (12,853)	\$ -	\$ (12,853)
Effect of exchange rate difference	(1)	(43)	-	(44)
Balance, December 31	\$ 9,178	\$ 4,529	\$ -	\$ 13,707

Items	2022			
	Trademarks	Computer software	Spunbond technology and rights	Total
<b>Cost</b>				
Balance, January 1	\$ 8,274	\$ 15,000	\$ 7,392	\$ 30,666
Additions	-	1,044	-	1,044
Effect of exchange rate difference	906	185	-	1,091
Balance, December 31	\$ 9,180	\$ 16,229	\$ 7,392	\$ 32,801
<b>Accumulated amortization</b>				
Balance, January 1	\$ 8,274	\$ 14,212	\$ -	\$ 22,486
Amortization expense	-	1,385	-	1,385
Effect of exchange rate difference	905	170	-	1,075
Balance, December 31	\$ 9,179	\$ 15,767	\$ -	\$ 24,946

Other intangible assets, such as proprietary spunbond technology and the rights associated with it, are assessed to have an indefinite useful life. Consequently, these assets are exempt from amortization and are rigorously tested for impairment on an annual basis, with no evidence of impairment detected to date.

## 6.12 SHORT-TERM LOANS

The nature of loans	December 31, 2023	December 31, 2022
Unsecured loans	\$ 730,000	\$ 360,687
Secured loans	90,000	120,000
Total	\$ 820,000	\$ 480,687
Interest rate range	1.76%~1.95%	1.50%~6.50%

Please refer to Note 8 for the assets pledged by the Group as a guarantee for the abovementioned loans.

### 6.13 OTHER PAYABLES

Items	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 47,039	\$ 41,747
Payable for equipment and construction	27,752	40,472
Compensation payable to employees and directors	7,300	9,640
Taxes payable	5,071	19,256
Payable for economic compensation	-	37,193
Others	95,149	116,241
Total	\$ 182,311	\$ 264,549

### 6.14 DEFERRED REVENUE

Items	2023	2022
Revenue on relocating compensation	\$ -	\$ 103,621
Less: Economic compensation to employees	-	(37,551)
Expenses of moving and installing assets	-	(2,743)
Subtotal	-	(40,294)
Total	\$ -	\$ 63,327

Please refer to Note 6.26 for the land expropriation and compensation agreement of Shinih Suzhou.

### 6.15 LONG-TERM LOANS

The nature of loans	December 31, 2023	December 31, 2022
Secured loans	\$ 973,750	\$ 1,140,000
Less: current portion	(178,333)	(166,250)
Total	\$ 795,417	\$ 973,750
Interest rate range	1.90%~2.37%	1.65%~2.02%
Year to maturity	2025~2027	2024~2027

NOTE 1: The method of repayment for the Group's long-term loans is paid in instalments to Chang Hwa Bank and Bank of Shanghai. The principal amount will be paid in full to KGI Bank at the maturity date.

NOTE 2: Please refer to Note 8 for the assets pledged by the Group as a guarantee for the abovementioned loans.

## 6.16 RETIREMENT BENEFIT PLANS

### (1) Defined contribution plans

- A. The employ pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company and TAIWAN KUREHA CO., LTD. have made monthly contributions equal to 6% of each employee's salary to employees' pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$17,168 thousand and \$19,278 thousand under the contributions rates specified in the plans for the years ended December 31, 2023 and 2022, respectively.

### (2) Defined benefit plans

- A. The Company and TAIWAN KUREHA CO., LTD. have defined benefit plans in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Those companies have made monthly contributions equal to 2% of each employee's salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. The Fund is managed by the Government's designated authorities and the Group have no right to influence their investment strategies.
- B. Amounts recognized in the consolidated balance sheet are as follows:

Items	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 24,229	\$ 24,730
Fair value of plan assets	(17,389)	(17,499)
Net defined benefit liability	\$ 6,840	\$ 7,231

As of December 31, 2023 and 2022, the defined benefit plans included \$950 thousand and \$296 thousand of the prepaid pension cost of TAIWAN KUREHA CO., LTD., which is classified under the other noncurrent assets.

C. Movements in net defined benefit liability are as follows:

Items	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 24,730	\$ (17,499)	\$ 7,231
Service costs			
Current service cost	595	-	595
Past service cost	(1,202)	-	(1,202)
Interest expense (revenue)	315	(217)	98
Remeasurements of employee benefit	231	-	231
Amounts recognized in profit and loss	(61)	(217)	(278)
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(166)	(166)
Impact of changes in demographic assumptions	789	-	789
Effect of changes in financial assumptions	(644)	-	(644)
Experience adjustments	79	-	79
Amounts recognized in other comprehensive income (losses)	224	(166)	58
Pension fund contributions	-	(115)	(115)
Paid pension	(721)	608	(113)
Effect of exchange rate difference	57	-	57
Balance, December 31	\$ 24,229	\$ (17,389)	\$ 6,840

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 28,502	\$ (18,440)	\$ 10,062
Service costs			
Current service cost	570	-	570

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Interest expense (revenue)	\$ 231	\$ (120)	\$ 111
Amounts recognized in profit and loss	801	(120)	681
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(1,376)	(1,376)
Effect of changes in financial assumptions	(1,139)	-	(1,139)
Experience adjustments	515	-	515
Amounts recognized in other comprehensive income (losses)	(624)	(1,376)	(2,000)
Pension fund contributions	-	(1,321)	(1,321)
Paid pension	(4,391)	3,758	(633)
Effect of exchange rate difference	442	-	442
Balance, December 31	\$ 24,730	\$ (17,499)	\$ 7,231

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

Items	2023	2022
Operating costs	\$ (198)	\$ 516
Administrative expenses	(80)	165
Total	\$ (278)	\$ 681

D. Information about fair value of plan assets are as follows:

Items	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 17,389	\$ 17,499

E. Because of the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc.

at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

F. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on measurement date were as follows:

Items	December 31, 2023	December 31, 2022
Discount rate	1.20%、1.24% and 2.70%-3.05%	1.30%、1.35% and 0.74%-1.5%
Expected salary increase rate	1.50% and 4.00%	1.50% and 4.00%

Reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Items	December 31, 2023	December 31, 2022
Discount rate		
Increase 0.5%	\$ (1,106)	\$ (1,176)
Decrease 0.5%	1,161	1,234
Expected salary increase rate		
Increase 0.5%	1,108	1,162
Decrease 0.5%	(1,038)	(1,076)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

G. The Group expects to make a contribution to its defined benefit pension plans next year is \$104 thousand. The weighted average maturity periods of the defined benefit obligation are 8.7 and 11.6 years.

## 6.17 COMMON STOCKS

- (1) As of December 31, 2023, the Company's authorized capital was \$2,000,000 thousand, consisting of 200,000 thousand shares, and the total amount of paid-in capital was \$1,091,071 thousand with a nominal value of \$10 each. The number of shares issued by the Company has been fully paid-up.
- (2) The reconciliation of the number and amount of the Company's common stocks outstanding is as follows:

Items	(Unit: Shares in thousand)	
	2023	2022
On January 1	105,908	106,170
Purchase of treasury stock	-	(567)
Treasury stock sold to employees	-	305
On December 31	105,908	105,908

## 6.18 CAPITAL SURPLUS

Items	December 31, 2023	December 31, 2022
Additional paid-in capital arising from bond conversion	\$ 213,926	\$ 213,926
Recognition of changes in ownership interest in subsidiaries	4	4
Others	16,844	16,844
Total	\$ 230,774	\$ 230,774

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including additional paid-in capital from issuance of common stocks and additional paid-in capital arising from bond conversion) and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal capital reserve is insufficient. The capital surplus from long-term investments and stock options may not be used for any purpose.



## 6.19 RETAINED EARNINGS AND DIVIDEND POLICY

(1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws or as requested by the authorities in charge. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting to distribute dividend to shareholders.

The distribution of dividends and bonuses to shareholders, or the disbursement of the full amount or a portion of the statutory capital reserve designated for retained earnings as mandated by Article 241, Paragraph 1 of the Company Act, shall be executed in monetary form. The Board of Directors holds the authority to enact such distributions pursuant to a decree established under Article 240 of the Company Act, with an obligation to report on these actions at the subsequent shareholders' meeting. Cash dividends distribute the allocation of the abovementioned dividends as a priority, but it depends on the proportion of cash dividends on the Company's capital expenditure plan. Among these, the aggregate proportion of capitalization of retained earnings and capital surplus transferred to common stock should not exceed 90% of the total dividends for the year.

(2) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal capital reserve shall not be used for any other purpose. The use of legal capital reserve for the issuance of new stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.

(3) Special capital reserve

Items	December 31, 2023	December 31, 2022
Provisions on initial application of IFRSs	\$ 106,123	\$ 106,123
Provisions on debited other equity	-	42,838
Total	\$ 106,123	\$ 148,961

A. In accordance with the regulation, the Company shall set aside special capital reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. The amounts set aside by the Company as \$106,123 thousand of special capital reserve on the initial application of IFRSs in accordance with rule NO.1010012865 issued by the FSC, dated April 6, 2012, are unrealized revaluation reserve

transferred to retained earnings, shall be reversed proportionately to retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

- (4) The appropriations of 2022 and 2021 earnings have been approved by shareholders' meetings held on March 24, 2023 and March 25, 2022, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal capital reserve	\$ 22,597	\$ 51,321		
Special capital reserve	(42,838)	33,032		
Cash dividends	111,204	105,603	\$ 1.05	\$ 1.00
Total	<u>\$ 90,963</u>	<u>\$ 189,956</u>		

The abovementioned legal capital reserve and special capital reserve have been approved by shareholder's meeting held on June 16, 2023 and June 17, 2022, respectively.

- (5) The Company's appropriation of earnings for 2023 had been approved in the Board meeting held on March 11, 2024. The appropriations of earnings were as follows:

Items	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal capital reserve	\$ 15,772	
Cash dividends	63,545	\$ 0.6
Total	<u>\$ 79,317</u>	

The abovementioned legal capital reserve is to be presented for approval in the shareholders' meeting held on June 14, 2024.

- (6) Information on the resolution of the Board and shareholder meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

## 6.20 OTHER EQUITY

### A. Exchange differences on translation of foreign operations

Items	December 31, 2023	December 31, 2022
Balance, January 1	\$ 44,643	\$ (42,838)

Items	December 31, 2023	December 31, 2022
Exchange differences on translation of foreign operations	\$ (31,493)	\$ 109,351
Income taxes arising from exchange differences on translation of foreign operations	6,299	(21,870)
Balance, December 31	<u>\$ 19,449</u>	<u>\$ 44,643</u>

The exchange differences arising from the translation of the net assets of foreign operations from their functional currency to the presentation currency of the Company are directly recognized in other comprehensive income and accumulated to the exchange differences arising from exchange differences on translation of foreign operations. Those previous exchange differences will be reclassified to profit or loss when the disposal of foreign operations.

## 6.21 TREASURY STOCK

A. Reasons for share repurchase and movements in the number of the treasury stock are as follows:

(Unit: Shares in thousand)

Reasons for share repurchase	2023		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	3,199	-	3,199
Reasons for share repurchase	2022		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	2,937	262	3,199

- a. The Company held the Board meeting on November 9, 2021, when the board approved repurchasing the Company's common stock and transfer to employees. It is estimated to repurchase 5,000 shares. The repurchase terms are from November 10, 2021 to January 9, 2022, with the value ranging from \$15.65 to \$33.05. There are 3,504 thousand treasury stocks during the repurchase period; the average price is \$23.41 for each for \$82,028 thousand. As of December 31, 2023, the Company has transferred 305 thousand shares; the remaining repurchase amount is \$74,888 thousand.
- b. The Company transferred treasury stock to employees under the Regulation of Transferring the Repurchased Treasury Stock approved by the board on August 9, 2022. The transfer price was the actual repurchased price of \$23.41. The subscription benchmark date was August 9, 2022, and the price per share was \$20.50 on the subscription benchmark date. The fair value of the subscription per share was \$0.

As of December 31, 2023, there were 305 thousand shares for transferred shares with fully paid. All of them are transferred.

- c. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- d. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and are not entitled to dividends before they are reissued.
- e. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should be reissued to the employees within three years from the repurchase date and shares not reissued within the five-year period are to be retired.

## 6.22 NON-CONTROLLING INTEREST

Items	2023	2022
Balance, January 1	\$ 74,217	\$ 66,292
Share attributable to non-controlling interests:		
Net income	18,852	16,692
Remeasurements of defined benefit plans	(156)	34
Exchange differences on translation of foreign operations	418	3,952
Cash dividends paid by subsidiaries	(13,225)	(12,753)
Balance, December 31	\$ 80,106	\$ 74,217

## 6.23 OPERATING REVENUE

Items	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 2,045,048	\$ 2,562,965
Processing revenue	41,854	38,985
Subtotal	2,086,902	2,601,950
Rent revenue		
Rental revenue from property	28,004	28,303
Total	\$ 2,114,906	\$ 2,630,253

A. Description of customer contract

The customer agreement delineates the revenue generated from the sales of nonwoven and insulation materials. The primary clients encompasses purchasers of the produced apparel and industrial materials. Transactions are conducted at prices specified within the contractual agreement. The financial consideration received is categorized as short-term receivables and is consequently valued at the invoiced amount.

B. Disaggregation of revenue from contracts with customers

The Group classifies revenue from the following categories of main products:

Items	2023				
	China	U.S.	Taiwan	Southeast Asia	Total
<u>Major products/ Service line</u>					
Nonwoven material	\$ 555,070	\$ 589,412	\$ 348,381	\$ 527,412	\$ 2,020,275
others	30,507	-	10,593	25,527	66,627
Total	<u>\$ 585,577</u>	<u>\$ 589,412</u>	<u>\$ 358,974</u>	<u>\$ 552,939</u>	<u>\$ 2,086,902</u>
<u>Timing of revenue recognition</u>					
Performance obligation satisfied at a point in time	<u>\$ 585,577</u>	<u>\$ 589,412</u>	<u>\$ 358,974</u>	<u>\$ 552,939</u>	<u>\$ 2,086,902</u>

Items	2022				
	China	U.S.	Taiwan	Southeast Asia	Total
<u>Major products/ Service line</u>					
Nonwoven material	\$ 673,213	\$ 696,610	\$ 510,042	\$ 664,232	\$ 2,544,097
others	18,152	-	18,868	20,833	57,853
Total	<u>\$ 691,365</u>	<u>\$ 696,610</u>	<u>\$ 528,910</u>	<u>\$ 685,065</u>	<u>\$ 2,601,950</u>
<u>Timing of revenue recognition</u>					
Performance obligation satisfied at a point in time	<u>\$ 691,365</u>	<u>\$ 696,610</u>	<u>\$ 528,910</u>	<u>\$ 685,065</u>	<u>\$ 2,601,950</u>

C. Contract balances

The Group recognizes contract liabilities related to the revenue from contracts with customers as follows:

Items	December 31, 2023	December 31, 2022
Contract liabilities - current	<u>\$ 14,429</u>	<u>\$ 26,387</u>

**6.24 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES**

By nature	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefit expenses						
Salary	\$ 285,562	\$ 205,445	\$ 491,007	\$ 318,275	\$ 202,073	\$ 520,348
Insurance	25,751	17,914	43,665	26,524	18,001	44,525
Pension	8,529	8,361	16,890	11,256	8,703	19,959
Others	16,308	11,424	27,732	14,658	13,025	27,683
Depreciation	137,883	70,258	208,141	136,721	59,720	196,441
Amortization	67	2,041	2,108	16	1,846	1,862
Total	<u>\$ 474,100</u>	<u>\$ 315,443</u>	<u>\$ 789,543</u>	<u>\$ 507,450</u>	<u>\$ 303,368</u>	<u>\$ 810,818</u>

- A. The profit before tax represents the amount before the Company deducts the employee's and directors' remuneration for the year. The Company is stipulated to distribute compensation of employees at the rate between 1% to 5% of profit before tax, and directors' remuneration at the rate not higher than 3% of profit before tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in the next fiscal year. The number of employee stock compensation shares is calculated based on the closing price of the day before the board resolution date of the following year and taking into account the effects of ex-rights and ex-dividend.
- B. The appropriations of employees' compensation and directors' remuneration for 2023 and 2022 have been approved by the board of directors held on March 11, 2024, and March 24, 2023, respectively. The amount of approved and recognized in financial statement is shown as follows:

	2023		2022	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ 5,200	\$ 2,100	\$ 7,230	\$ 2,410
Amounts recognized in financial statement	<u>5,200</u>	<u>2,100</u>	<u>7,230</u>	<u>2,410</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The aforementioned employees' compensation is distributed in cash.

- C. Information regarding employees' compensation and directors' remuneration of the Company is available from the Market Observation Post System on the website of the TWSE.

## 6.25 OTHER INCOME

Items	2023	2022
Research and development subsidies	\$ 11,384	\$ 5,722
Others	22,683	32,672
Total	<u>\$ 34,067</u>	<u>\$ 38,394</u>

## 6.26 OTHER GAINS AND LOSSES

Items	2023	2022
Gain on the land expropriation and compensation	\$ 282,284	\$ 326,361
Gain on disposal of property, plant and equipment	8,321	1,787
Gain on disposal of noncurrent assets classified as held for sale	90,999	-
Net foreign exchange gain (loss)	2,895	29,781
Impairment loss	-	(49,966)
Others	(4,207)	(1,778)
Total	<u>\$ 380,292</u>	<u>\$ 306,185</u>

### (1) Gain on the land expropriation and compensation

#### **2023 Shinih Suzhou**

On November 24, 2022, Shinih Fiber Products (Suzhou) Co., Ltd. (Shinih Suzhou) entered into a land expropriation and compensation agreement with the Loudong Subdistrict Office of the Taicang Municipal People's Government. The agreement stipulates compensation for the acquisition of land and buildings, including fixtures and fittings, as well as for the cessation of operations and business activities. Additionally, the agreement provides for a government incentive, compensation, and a bonus related to the expropriation contract. The principal terms of the contract are outlined below:

- a. The total compensation amounts to CNY78,414 thousand.
- b. Taicang Municipal People's Government shall pay CNY 23,500 thousand of the total compensation within 10 working days once the agreement is signed. CNY 23,500 thousand of the total compensation shall be paid within 10 working days when the certificates and relevant de-registration documents for the expropriated building of Shinih Suzhou are submitted to Taicang Municipal People's Government. Shinih Suzhou transferred the whole assets to Taicang Municipal People's Government,

and the government shall pay CNY 31,414 thousand within 10 working days once signing an asset delivery list.

- c. Loss from disposal of the immovable items, termination of labor contracts and related relocation expenses are recognized as a deduction of deferred income on occurrence. Deferred net income shall be recognized in profit or loss upon the transfer of the immovable items.
- d. The agreement also states that Shinih Suzhou should transfer the land, buildings and ground attachments to Taicang Municipal People's Government before February 25, 2023. If Shinih Suzhou fails to transfer the land as agreed, it should pay the penalties at 0.05% of the total compensation daily to Taicang Municipal People's Government from the due date. Besides, Taicang Municipal People's Government is entitled to take some compulsory actions for the power and water outages. When Shinih Suzhou fully completed the obligations of the agreement, if Taicang Municipal People's Government fails to pay the compensation as agreed, it should pay the damages at 0.05% of the total compensation daily to Shinih Suzhou.

#### **2022 Taixin Suzhou**

On November 9, 2022, Taixin Fiber Products (Suzhou) Co., Ltd. (Taixin Suzhou) entered into a compensation and land expropriation agreement with the Loudong Subdistrict Office of the Taicang Municipal People's Government. The agreement provides for compensation related to the acquisition of land and structures, including all associated fixtures and fittings. It also covers compensation for the suspension of manufacturing and commercial operations, a government incentive, compensation, and a bonus associated with the expropriation agreement. The principal terms of the agreement are outlined below:

- a. The total compensation amounts to CNY 87,423 thousand.
- b. Taicang Municipal People's Government shall pay CNY 26,000 thousand of the total compensation within 10 working days once the agreement is signed. CNY 26,000 thousand of the total compensation shall be paid within 10 working days when the certificates and relevant de-registration documents for the expropriated building of Taixin Suzhou are submitted to Taicang Municipal People's Government. Taixin Suzhou transferred the whole assets to Taicang Municipal People's Government, and the government shall pay CNY 35,423 thousand within 10 working days once signing an asset delivery list.
- c. Loss from disposal of the immovable items, termination of labor contracts and related relocation expenses are recognized as a deduction of deferred income on occurrence. Deferred net income shall be recognized in profit or loss upon the transfer of the immovable items.
- d. The agreement also states that Taixin Suzhou should transfer the land, buildings and ground attachments to Taicang Municipal People's Government before



November 30, 2022. If Taixin Suzhou fails to transfer the land as agreed, it should pay the penalties at 0.05% of the total compensation daily to Taicang Municipal People's Government from the due date. Besides, Taicang Municipal People's Government is entitled to take some compulsory actions for the power and water outages. When Taixin Suzhou fully completed the obligations of the agreement, if Taicang Municipal People's Government fails to pay the compensation as agreed, it should pay the damages at 0.05% of the total compensation daily to Taixin Suzhou.

Shinih Suzhou and Taixin Suzhou have completed the relevant expropriation and compensation agreements, and the net gain on relocating compensation is recognized as follows:

Items	2023	2022
Revenue on the land expropriation and compensation	\$ 346,800	\$ 388,005
Less: Relocation expenses		
(Loss) on disposal of property, plant and equipment	(14,183)	(26,574)
Loss on disposal of right-of-use asset, net	(5,890)	(7,064)
Expenses on moving and installing assets	(6,779)	(7,396)
Economic compensation to employee	(37,664)	(20,610)
Total	(64,516)	(61,644)
Gain on expropriation compensation	\$ 282,284	\$ 326,361

## 6.27 FINANCIAL COSTS

Items	2023	2022
Interest expense		
Bank loans	\$ 34,412	\$ 25,577
Interest on lease liabilities	4,989	5,159
Less: Capitalized amount for qualified assets	(10,267)	(6,991)
Financial costs	\$ 29,134	\$ 23,745
Interest capitalization rates	1.99%	1.43%

## 6.28 INCOME TAX

### A. Income tax expense

#### (1) Components of income tax expense

Items	2023	2022
Current tax expense recognized in the current year	\$ 134,283	\$ 193,024
Adjustments on prior years	(3,439)	5,136
Tax on undistributed surplus earnings	6,750	16,163
The origination and reversal of temporary differences	57,617	(11,097)
Income tax expense recognized in profit or loss	<u>\$ 195,211</u>	<u>\$ 203,226</u>

(2) Income tax expenses (benefits) recognized in other comprehensive income

Items	2023	2022
Exchange differences on translation of foreign operations	\$ (6,299)	\$ 21,870
Remeasurements of defined benefit plans	(12)	400
Total	<u>\$ (6,311)</u>	<u>\$ 22,270</u>

B. Reconciliation between accounting profit and income tax expense recognized in profit or loss:

Items	2023	2022
Income before tax	<u>\$ 371,677</u>	<u>\$ 444,318</u>
Income tax expense at the statutory rate	\$ 176,578	\$ 235,210
Tax effect of adjusting items:		
Deductible items in determining taxable income	(42,295)	(42,186)
Income tax adjustments on prior years	(3,439)	5,136
Income tax on unappropriated earnings	6,750	16,163
Deferred income tax expense (benefit) related to temporary differences	57,617	(11,097)
Income tax expense recognized in profit or loss	<u>\$ 195,211</u>	<u>\$ 203,226</u>

The income tax rate for the Group subject to the ROC, Income Tax Act is 20%, and the tax rate for unappropriated earnings is 5%. The income tax rate for the subsidiaries in mainland China 25%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

C. Income tax assets and liabilities:

Items	December 31, 2023	December 31, 2022
Income tax assets	\$ 18,887	\$ 18,429
Income tax liabilities	\$ 23,965	\$ 198,405

D. Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward :

Items	2023				
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Deferred income tax assets					
Operating loss carryforward	\$ 14,757	\$ (10,343)	\$ -	\$ 65	\$ 4,479
Temporary differences					
Allowance for bad debts	4,882	(4,613)	-	67	336
Unrealized loss on Inventories	7,787	(1,389)	-	14	6,412
Investment income and unrealized profits/ losses of subsidiaries	11,986	10,371	-	-	22,357
Unrealized profits/ losses of subsidiaries	830	(293)	-	-	537
Net defined benefit liability	3,367	(64)	12	17	3,332
Exchange differences on translation of foreign operations	9,810	-	6,299	-	16,109
Unrealized profit on debt conversion	40,851	(132)	-	-	40,719
Impairment loss	9,683	1,064	-	-	10,747
Others	1,476	1,030	-	(15)	2,491
Subtotal	105,429	(4,369)	6,311	148	107,519
Deferred tax liabilities					
Temporary differences					
Investment income and unrealized profits/ losses of subsidiaries	(11,844)	(50,556)	-	-	(62,400)
Property, plant and equipment taxable differences	(20,866)	(3,225)	-	52	(24,039)
Foreign exchange gain or loss	(4,542)	533	-	-	(4,009)

2023					
Items	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ -	\$ (65,107)
Subtotal	(102,359)	(53,248)	-	52	(155,555)
Total	\$ 3,070	\$ (57,617)	\$ 6,311	\$ 200	\$ (48,036)
2022					
Items	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Deferred income tax assets					
Operating loss carryforward	\$ 9,972	\$ 4,476	\$ -	\$ 309	\$ 14,757
Temporary differences					
Allowance for bad debts	240	4,498	-	144	4,882
Unrealized loss on Inventories	8,691	(1,139)	-	235	7,787
Investment income and unrealized profits/ losses of subsidiaries	-	11,986	-	-	11,986
Unrealized accrued expenses	1,532	(1,651)	-	119	-
Unrealized profits/ losses of subsidiaries	1,310	(480)	-	-	830
Net defined benefit liability	3,730	(98)	(400)	135	3,367
Exchange differences on translation of foreign operations	31,680	-	(21,870)	-	9,810
Unrealized profit on debt conversion	40,984	(133)	-	-	40,851
Impairment loss	-	9,683	-	-	9,683
Others	3,311	(1,859)	-	24	1,476
Subtotal	101,450	25,283	(22,270)	966	105,429
Deferred tax liabilities					
Temporary differences					
Investment income and unrealized profits/ losses of subsidiaries	(10,842)	(1,002)	-	-	(11,844)
Property, plant and equipment taxable differences	(10,792)	(8,642)	-	(1,432)	(20,866)
Foreign exchange gain or loss	-	(4,542)	-	-	(4,542)
Provision on land value increment tax	(65,107)	-	-	-	(65,107)

Items	2022				
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Subtotal	\$ (86,741)	\$ (14,186)	\$ -	\$ (1,432)	\$ (102,359)
Total	\$ 14,709	\$ 11,097	\$ (22,270)	\$ (466)	\$ 3,070

E. The income tax returns of the Company and TAIWAN KUREHA CO., LTD. have examined through 2021 by tax authority.

## 6.29 OTHER COMPREHENSIVE INCOME

Items	2023		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ (58)	\$ 12	\$ (46)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(31,075)	6,299	(24,776)
Recognized in other comprehensive income	\$ (31,133)	\$ 6,311	\$ (24,822)

Items	2022		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 2,000	\$ (400)	\$ 1,600
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	113,303	(21,870)	91,433
Recognized in other comprehensive income	\$ 115,303	\$ (22,270)	\$ 93,033

## 6.30 EARNINGS PER SHARE

Items	2023	2022
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 157,614	\$ 224,400
Weighted average shares outstanding (in thousands)	105,908	105,731
Basic earnings per share (after tax) (in dollars)	\$ 1.49	\$ 2.12
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 157,614	\$ 224,400
Net income for calculating diluted earnings per share	\$ 157,614	\$ 224,400
Weighted average shares outstanding (in thousands)	105,908	105,731
Effect of dilutive potential common shares		
Employees' compensation (in thousands)	338	523
Weighted average shares outstanding for diluted earnings per share (in thousands)	106,246	106,254
Diluted earnings per share (after tax) (in dollars)	\$ 1.48	\$ 2.11

If the Group is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

## 7. RELATED PARTY TRANSACTIONS

### A. Names of related parties and relationship

Names of related parties	Relationship with the Group
KUREHA LIMITED-JAPAN(KUREHA)	Investors with significant influence over the Group
CHIEN JUI JUI	Chairman of the Company
CHIEN JUNG TSAI	Other related parties
CHIEN YU HSIA	Other related parties

Names of related parties	Relationship with the Group
CHIEN SHENG HUNG	Other related parties
CHIEN TIEN SHENG MEMORIAL FOUNDATION	Substantive related party
Sunnex Industrial Co., Ltd. (Sunnex)	Substantive related party
Shinih (Thailand) Co., Ltd.	Substantive related party
Suntex Textile Vietnam Co., Ltd (Suntex)	Substantive related party
Sunfiber (Vietnam) Co., Ltd.	Substantive related party
Corona MS LLC	Substantive related party
Big Jung Inc.	Substantive related party
Tien Sheng Corp.	Substantive related party
Jianbao Health Product Technical Co., Ltd.	Substantive related party
SUN JUNG UNITED CO., LTD.	Substantive related party
KAI SHEN CONSTRUCTION CO., LTD.	Substantive related party

Other related parties (hereinafter the same) represent individuals with relatives within the second degree of kinship of the Company's chairman.

B. Significant transactions between related parties (Excepts as disclosed in other notes)

(a) Operating revenue

Categories/Names of related parties	2023	2022
Investors with significant influence over the subsidiaries	\$ 50,716	\$ 48,611
Substantive related party	11,152	3,668
Total	<u>\$ 61,868</u>	<u>\$ 52,279</u>

Sales prices between related parties were determined and negotiated referring to the relevant market prices. The payment terms were ranging from approximately 30 to 90 days for advance receipts.

(b) Purchases

Categories/Names of related parties	2023	2022
Investors with significant influence over the Group	\$ 18,512	\$ 28,342

Categories/Names of related parties	2023	2022
Substantive related party	6,756	13,056
Total	\$ 25,268	\$ 41,398

Purchase prices between related parties were determined and negotiated referring to the relevant market prices. The payment terms were ranging from approximately 30 to 90 days for advance receipts.

(c) Lease arrangements

(a) Lease liabilities

Categories/Names of related parties	December 31, 2023	December 31, 2022
Substantive related party	\$ 27,386	\$ 52,759
Other related parties	8,884	9,455
Total	\$ 36,270	\$ 62,214

(b) Interest payable

Categories/Names of related parties	December 31, 2023	December 31, 2022
Substantive related party	\$ 100	\$ 49
Total	\$ 100	\$ 49

(c) Interest expense

Categories/Names of related parties	2023	2022
Substantive related party	\$ 2,252	\$ 3,684
Other related parties	130	137
Total	\$ 2,382	\$ 3,821

(d) Accounts receivable

Categories/Names of related parties	December 31, 2023	December 31, 2022
Investors with significant influence over the Group	\$ 8,184	\$ 6,582
Substantive related party	7,420	1,505
Total	\$ 15,604	\$ 8,087



(e) Other receivables		
Categories/Names of related parties	December 31, 2023	December 31, 2022
Substantive related party	\$ 884	\$ 4,980
Total	<u>\$ 884</u>	<u>\$ 4,980</u>
(f) Accounts Payable		
Categories/Names of related parties	December 31, 2023	December 31, 2022
Substantive related party	\$ 2,415	\$ 5,235
Investors with significant influence over the Group	589	121
Total	<u>\$ 3,004</u>	<u>\$ 5,356</u>
(g) Other payables		
Categories/Names of related parties	December 31, 2023	December 31, 2022
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Investors with significant influence over the Group	3,437	3,647
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Substantive related party	311	601
Total	<u>\$ 36,818</u>	<u>\$ 37,318</u>

The other payables above included TAIWAN KUREHA CO., LTD. obtaining interest-free and security-free funds from related parties. The financing is as follows:

**Maximum balance**

Categories/Names of related parties	December 31, 2023	December 31, 2022
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Total	<u>\$ 33,070</u>	<u>\$ 33,070</u>

**Closing balance**

Categories/Names of related parties	December 31, 2023	December 31, 2022
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Total	<u>\$ 33,070</u>	<u>\$ 33,070</u>

(h) Advance sales receipts

Categories/Names of related parties	December 31, 2023	December 31, 2022
Substantive related party	\$ 168	\$ 2,957
Total	<u>\$ 168</u>	<u>\$ 2,957</u>

(i) Property transaction- Purchase of property, plant and equipment

Categories/Names of related parties	2023	2022
Investors with significant influence over the Group	\$ 3,187	\$ -
Total	<u>\$ 3,187</u>	<u>\$ -</u>

(j) Property transaction-disposals of property, plant and equipment

Related Party	2023		2022	
	Proceeds from disposal	Gain on disposal	Proceeds from disposal	Gain (loss) on disposal
Substantive related party	\$ -	\$ -	\$ 1,949	\$ 393
Other related parties	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,949</u>	<u>\$ 393</u>

(k) Other related party transactions

Items	Related Party	2023	2022
Rental revenue	Substantive related party	\$ 1,714	\$ 1,714
Deduction of operating costs	Substantive related party	-	-
		<u>\$ -</u>	<u>\$ 227</u>

Items	Related Party	2023	2022
Production overheads	Substantive related party	\$ -	\$ 1,014
Selling expenses	Investors with significant influence over the Subsidiaries	\$ 617	\$ 660
Administrative expenses	Investors with significant influence over the Subsidiaries	\$ 3,143	\$ 3,214
Other income-Commission income	Substantive related party	\$ 2,604	\$ 402
Other income	Substantive related party	\$ 174	\$ 90

#### C. Compensation of key management personnel

Items	2023	2022
Salaries and other short-term employee benefits	\$ 27,669	\$ 22,134
Post-employment benefits	809	612
Total	\$ 28,478	\$ 22,746

#### 8. PLEDGED ASSETS

The following assets have already provided various performance guarantees and collateral for long-term and short-term loans:

Items	December 31, 2023	December 31, 2022
Property, plant and equipment, net	\$ 639,092	\$ 634,906
Investment property, net	119,059	147,403
Total	\$ 758,151	\$ 782,309

#### 9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

A. The letters of credit opened with the banks but not yet used are as follows:

Items	December 31, 2023	December 31, 2022
Letters of credit	\$ 4,740	\$ 10,900

B. Material capital expenditures contracted but not yet incurred are as follows :

Items	December 31, 2023	December 31, 2022
Property, plant, and equipment	\$ 18,031	\$ 66,974

C. Contingency : None.

**10. SIGNIFICANT DISASTERS: NONE.**

**11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.**

**12. OTHERS:**

**12.1 Capital risk management**

The Group requires an adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

**12.2 Financial risks on financial instruments**

**A. Financial risk management policies**

The Group's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

**B. Significant financial risks and degrees of financial risks**

**(a) Market risk**

**i. Foreign exchange risk**

- (i) The Group's sales purchase and borrowing activities denominated in foreign currencies are exposed to foreign currency risk. The Group's functional currencies are New Taiwan dollars, CNY, US dollars, and THB. The main foreign currencies of those thousand transactions are US dollars and CNY, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Group might hedge its foreign exchange risk exposure by using foreign currency loans and derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Group to reduce but not completely eliminate the influence of changes in foreign exchange rates.
- (ii) Foreign currency risk and sensitivity analysis

December 31, 2023				
	Foreign Currency		Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>				
Monetary Items				
USD	\$	19,022	30.705	\$ 584,071
JPY		27,092	0.2172	5,884
CNY		12,850	4.3352	55,706
<u>Financial Liabilities</u>				
Monetary Items				
USD		5,675	30.705	174,276
JPY		14,476	0.2172	3,144
CNY		52	4.3352	225
December 31, 2022				
	Foreign Currency		Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>				
Monetary Items				
USD	\$	19,738	30.71	\$ 606,159
JPY		51,210	0.2324	11,901
CNY		11,949	4.4094	52,689
<u>Financial Liabilities</u>				
Monetary Items				
USD		4,041	30.71	124,114
JPY		14,416	0.2324	3,350
CNY		623	4.4094	2,745

The Group is mainly exposed to US dollar and CNY. The sensitivity analysis rate for the Group is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currencies with all other variables held constant in the amounts of \$4,680 thousand and \$5,405 thousand for the years ended December 31, 2023 and 2022, respectively.

**ii. Price risk**

The Group does not hold the financial assets in the form of equity securities measured at fair value through profit or loss and has no other price risk items.

**iii. Interest rate risk**

The carrying amounts of interest - bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts	
	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	\$ 1,934,731	\$ 926,573
Financial liabilities	(260,000)	(250,000)
Net	<u>\$ 1,674,731</u>	<u>\$ 676,573</u>
Cash flow interest rate risk		
Financial assets	\$ 423,836	\$ 1,264,927
Financial liabilities	(1,533,750)	(1,370,687)
Net	<u>\$ (1,109,914)</u>	<u>\$ (105,760)</u>

Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate

increases/decreases 0.25%, the profit before tax will increase/decrease \$2,775 thousand and \$264 thousand for the years ended December 31, 2023 and 2022, respectively.

(b) **Credit risk**

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 is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

**Business - related credit risk**

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

**Financial credit risk**

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

The credit concentration risk of accounts receivable is relatively immaterial because the Group has not concentrated on the minority as target customers.

ii. Measurement of expected credit loss

(i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.3 for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost

Please refer to Note 6.3 for information on the Group's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit loss. Therefore, the loss allowance is assessed based on the 12-month expected

credit loss. After the assessment, the Group determines that no material impairment occurred.

(c) Liquidity risk

i. Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

For the years ended December 31, 2023 and 2022, the Group's unused financing facilities were \$2,046,000 thousand and \$2,025,000 thousand, respectively.

ii. Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative financial liabilities	December 31, 2023				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 822,084	\$ -	\$ -	\$ 822,084	\$ 820,000
Notes payable	34,330	-	-	34,330	34,330
Accounts payable	77,929	-	-	77,929	77,929
Other payables	154,550	-	-	154,550	154,550
Lease liabilities	31,532	51,434	6,300	89,266	81,001
Long-term loan (include current portion)	198,367	820,120	-	1,018,487	973,750
Guarantee deposits received	-	4,517	-	4,517	4,517
<b>Total</b>	<b>\$ 1,318,792</b>	<b>\$ 876,071</b>	<b>\$ 6,300</b>	<b>\$ 2,201,163</b>	<b>\$ 2,146,077</b>

Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 483,369	\$ -	\$ -	\$ 483,369	\$ 480,687
Notes payable	30,127	-	-	30,127	30,127
Accounts payable	86,853	-	-	86,853	86,853
Other payables	239,986	-	-	239,986	239,986
Lease liabilities	51,836	68,512	13,971	134,319	121,225
Long-term loan (include current portion)	185,351	988,079	-	1,173,430	1,140,000



Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Guarantee deposits received	\$ -	\$ 5,171	\$ -	\$ 5,171	\$ 5,171
Total	\$ 1,077,522	\$ 1,061,762	\$ 13,971	\$ 2,153,255	\$ 2,104,049

The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### 12.3 Categories of financial instruments

Items	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at		
amortized cost (Note 1)	\$ 2,440,704	\$ 2,696,264
<u>Financial liabilities</u>		
Financial liabilities at		
amortized cost (Note 2)	2,065,076	1,982,824

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, notes payable, accounts payable, other payables, long-term loan and guarantee deposits received.

### 12.4 Fair value information of financial instruments

A. Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.

B. Financial instruments that are not measured at fair value

The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loan, accounts payables, long-term loan and other financial liabilities approximate their fair value.

- C. Fair value of financial instruments that are measured at fair value: None.
- D. The methods and assumptions the Group used to measure fair value are as follows:
  - (a) The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
  - (b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
  - (c) Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- E. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- F. Changes in level 3 instruments: None.

### 13. SUPPLEMENTARY DISCLOSURES

#### 13.1 Significant transactions information (before inter-company eliminations):

- A. Financings provided to others: Please see Table 1 attached.
- B. Endorsement and guarantee provided to others: Please see Table 2 attached;
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): None.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None.
- E. Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital: Please see Table 3 attached.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please see Table 4 attached.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5 attached.
- I. Information on the derivative instrument transactions: None.
- J. The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 6 attached.

#### 13.2 Information on investees (before inter-company eliminations): Please see Table 7 attached.

#### 13.3 Information on investment in Mainland China (before inter-company eliminations)

- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached.
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 6 attached.
- 13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 9 attached.

#### 14. SEGMENT INFORMATION

##### 14.1 General information

The Group's management has identified the reportable segment under the reporting information used for making decisions adopted by the chief operating decision maker. The Group has provided the chief operating decision maker the information on resource allocation and assessment of segment performance, focusing on the financial information by geographic plants.

##### 14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, the information of assets and liabilities do not report to chief operating decision maker for operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

##### 14.3 Segment information

Please refer to Table 10 for the reportable segment information provided to the chief operating officer.

##### 14.4 Reconciliation for segment income (loss)

The segment revenue and segment income (loss) reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statements of comprehensive income.

##### 14.5 Information on product and service

Items	2023	2022
Nonwoven material department	\$ 2,020,275	\$ 2,544,097

Items	2023	2022
Others	\$ 94,631	\$ 86,156
Total	\$ 2,114,906	\$ 2,630,253

#### 14.6 Information on geographic area

The information on the revenue and noncurrent assets of the Group on the geographic area for the years ended December 31, 2023 and 2022 were as follows:

Areas	Sales from external customers		Noncurrent assets	
	2023	2022	2023	2022
China	\$ 585,577	\$ 691,365	\$ 429,751	\$ 485,268
Taiwan	386,978	557,213	1,715,287	1,705,405
America	589,412	696,610	118,274	132,579
Southeast Asia	552,939	685,065	283,503	314,267
Total	\$ 2,114,906	\$ 2,630,253	\$ 2,546,815	\$ 2,637,519

#### 14.7 Major customer information

For the years ended December 31, 2023 and 2022, the Group had no customers accounting for more than 10% of its consolidated operating revenue.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	SHINIH HOLDING CO., LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	2.5%	2	-	Operating capital	-	-	-	NTD 2,321,876 (USD 75,619)	NTD 4,643,752 (USD 151,238)
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 32,514 (CNY 7,500)	NTD 32,514 (CNY 7,500)	NTD 32,514 (CNY 7,500)	2.5%	2	-	Operating capital	-	-	-		
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	2.5%	2	-	Operating capital	-	-	-		
			Other receivables	Yes	NTD 46,058 (USD 1,500)	NTD 46,058 (USD 1,500)	NTD 46,058 (USD 1,500)	3.5%	2	-	Operating capital	-	-	-		
		SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 1,878 (USD 61)	-	-	-	2	-	Operating capital	-	-	-		
		SHINIH VIETNAM COMPANY LTD.	Other receivables	Yes	NTD 122,820 (USD 4,000)	NTD 92,115 (USD 3,000)	NTD 92,115 (USD 3,000)	5%	2	-	Operating capital	-	-	-		
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 30,705 (USD 1,000)	-	-	-	2	-	Operating capital	-	-	-		
PT. SHINIH NONWOVENS INDONESIA	Other receivables		Yes	NTD 30,705 (USD 1,000)	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	5%	2	-	Operating capital	-	-	-			
2	SUNBURST INTERNATIONAL LTD.	SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 9,921 (USD 323)	-	-	-	1	-	Operating capital	-	-	-	NTD 23,154	NTD 46,309
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 17,341 (CNY 4,000)	NTD 17,341 (CNY 4,000)	NTD 17,341 (CNY 4,000)	3%	2	-	Operating capital	-	-	-	NTD 423,987 (CNY 97,801)	NTD 847,974 (CNY 195,602)
		KUNSHAN SHINIH TRADING CO., LTD.	Other receivables	Yes	NTD 8,670 (CNY 2,000)	NTD 4,335 (CNY 1,000)	NTD 4,335 (CNY 1,000)	3%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 50,721 (CNY 11,700)	NTD 43,352 (CNY 10,000)	NTD 43,352 (CNY 10,000)	3%	2	-	Operating capital	-	-	-	NTD 423,987 (CNY 97,801)	NTD 847,974 (CNY 195,602)
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		
4	AMERICAN NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 76,763 (USD 2,500)	NTD 76,763 (USD 2,500)	NTD 43,950 (USD 1,431)	4%	2	-	Operating capital	-	-	-	NTD 304,310 (USD 9,911)	NTD 608,620 (USD 19,822)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 55,269 (USD 1,800)	NTD 55,269 (USD 1,800)	NTD 55,269 (USD 1,800)	4%	2	-	Operating capital	-	-	-	NTD 91,293 (USD 2,973)	NTD 121,724 (USD 3,964)
5	AMERICAN OUTDOOR LIVING INC.	SHINIH USA INC.	Other receivables	Yes	NTD 24,564 (USD 800)	NTD 24,564 (USD 800)	NTD 9,874 (USD 322)	4%	2	-	Operating capital	-	-	-	NTD 135,963 (USD 4,428)	NTD 271,926 (USD 8,856)
		WORLD FURNITURE GROUP	Other receivables	Yes	NTD 3,071 (USD 100)	-	-	4%	2	-	Operating capital	-	-	-		
		S INTERNATIONAL INC.	Other receivables	Yes	NTD 12,282 (USD 400)	NTD 12,282 (USD 400)	-	4%	2	-	Operating capital	-	-	-		
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 30,705 (USD 1,000)	NTD 30,705 (USD 1,000)	NTD 18,423 (USD 600)	4%	2	-	Operating capital	-	-	-		
6	MS NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 19,958 (USD 650)	NTD 19,958 (USD 650)	NTD 16,888 (USD 550)	3.5%	2	-	Operating capital	-	-	-	NTD 29,805 (USD 971)	NTD 59,610 (USD 1,941)
7	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 52,022 (CNY 12,000)	NTD 52,022 (CNY 12,000)	NTD 52,022 (CNY 12,000)	3%	2	-	Operating capital	-	-	-	NTD 68,491 (CNY 15,799)	NTD 136,983 (CNY 31,598)
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 28,179 (CNY 6,500)	NTD 28,179 (CNY 6,500)	NTD 28,179 (CNY 6,500)	3%	2	-	Operating capital	-	-	-	NTD 68,136 (CNY 15,717)	NTD 136,272 (CNY 31,433)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 6,503 (CNY 1,500)	NTD 6,503 (CNY 1,500)	NTD 6,503 (CNY 1,500)	3%	2	-	Operating capital	-	-	-		

(Continued)

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
9	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-	NTD 256,671 (CNY 59,206)	NTD 513,343 (CNY 118,413)
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		
10	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 36,849 (CNY 8,500)	NTD 36,849 (CNY 8,500)	NTD 36,849 (CNY 8,500)	3%	2	-	Operating capital	-	-	-	NTD 64,098 (CNY 14,785)	NTD 128,196 (CNY 29,571)
11	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 184,246 (CNY 42,500)	NTD 184,246 (CNY 42,500)	NTD 184,246 (CNY 42,500)	3%	2	-	Operating capital	-	-	-	NTD 238,272 (CNY 54,962)	NTD 476,544 (CNY 109,924)

Note 1 : The numbers filled in for the financing company represent the following :

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2 : Nature for Financing as follows :

(1) Business transactions.

(2) The need for short-term financing.

Note 3 : The financing limits for each foreign companies directly and indirectly held by the Company is 100% of the net value of the lending company, and the rest is 30% of the net value of the lending company.

Note 4 : The total financing limits for foreign companies directly and indirectly held by the Company is 200% of the net value of the lending company, and the rest is 40% of the net value of the lending company.

Note 5 : All the transactions had been eliminated when preparing consolidated financial statements.

## SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

## ENDORSEMENTS / GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

NO.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
○	The Company	VFT INC.	2	NTD 1,716,550	NTD 184,230 (USD 6,000)	NTD 92,115 (USD 3,000)	-	-					
○	The Company	SHINIH HOLDING CO., LTD.	2		NTD 829,035 (USD 27,000)	NTD 675,510 (USD 22,000)	-	-					
○	The Company	AMERICAN OUTDOOR LIVING INC.	3		NTD 184,230 (USD 6,000)	NTD 92,115 (USD 3,000)	-	-	28.99%	NTD 3,433,101	Y	N	N
○	The Company	TAIWAN KUREHA CO., LTD.	2		NTD 170,000 NTD 15,353 (USD 500)	NTD 120,000 NTD 15,353 (USD 500)	NTD 30,000 -	-					

Note 1 : The Company is '○'.

Note 2 : '2' The subsidiary invested directly by the Company.

'3' The sub-subsidiary invested directly by the Company.

Note 3 : The limits on endorsement to a single enterprise : 50% of equity attributable to shareholders of the parent.

Note 4 : The maximum limits for endorsement/guarantee : 100% of equity attributable to shareholders of the parent.

Note 5 : The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limits or amount for others that occurred on the date of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).



SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 3

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Disposed of by	Types of Property	Date of Occurrence	Date of Acquisition	Carrying Amount	Transaction Amount (Note 2)	Status of Collection	Gain (loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Basis or Reference Used in Setting the Price	Other Commitments
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Property, plant, and right-of-use assets	November 24, 2022	Note 1	CNY 2,857	CNY 78,414	Note 2	Note 2	Loudong Subdistrict Office of Taicang Municipal People's Government	NIL	To cooperate with the local government's urban planning division	Note 3	Note 2

Note 1 : SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. obtained the land use rights and built factories in succession in 1993.

Note 2 : Transaction amount included the compensations for collecting the immovable items such as the land use rights, buildings, and equipment, and cessation of production and business, termination of labor contracts and related relocation expenses. Please refer to Note 6.26 for the information.

Note 3 : The land expropriation compensation and appraisal report from the local government.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	Please refer to Note 4 of consolidated financial statements	Sales	(NTD 133,166)	(67%)	As prescribed by the agreement	—	—	—	—	Note

Note : All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	Ending Balance (Note)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 184,348	-	-	-	-	-

Note 1 : All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Sales revenue	\$ 4,572	Note 3	-
		TAIWAN KUREHA CO., LTD.	1	Rental revenue	3,600	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Sales revenue	6,003	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Other revenue	9,941	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Commission revenue	532	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Commission revenue	3,376	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other revenue	12,444	Note 3	1%
		PT. SHINIH NONWOVENS INDONESIA	4	Other revenue	2,567	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other revenue	3,758	Note 3	-
		1	TAIWAN KUREHA CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	3	Sales revenue	2,210
2	SHINIH HOLDING COMPANY LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	2,026	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Interest revenue	5,283	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Interest revenue	889	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
2	SHINIH HOLDING COMPANY LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	\$ 829	Note 3	-
3	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Sales revenue	1,812	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Sales revenue	624	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Other revenue	7,215	Note 3	-
4	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	5,316	Note 3	-
5	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Sales revenue	8,365	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	1,331	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	500	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	7	Sales revenue	791	Note 3	-
6	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Rental revenue	19,541	Note 3	1%
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	1,311	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
7	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	\$ 6,613	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	825	Note 3	-
8	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	8	Sales revenue	2,038	Note 3	-
		TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	1,727	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	1,079	Note 3	-
9	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	45,821	Note 3	2%
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Rental revenue	2,948	Note 3	-
10	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Sales revenue	64,800	Note 3	3%
		AMERICAN NONWOVEN INC.	8	Sales revenue	133,166	Note 3	6%
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	566	Note 3	-

(Continued)

## SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

## SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
11	WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	8	Other revenue	\$ 1,871	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	8	Other revenue	3,741	Note 3	-
		S INTERNATIONAL INC.	8	Other revenue	2,619	Note 3	-
		AMERICAN NONWOVEN INC.	8	Other revenue	25,627	Note 3	1%
		VFT INC.	7	Other revenue	11,785	Note 3	1%
		MS NONWOVEN INC.	8	Other revenue	748	Note 3	-
12	VFT INC.	AMERICAN NONWOVEN INC.	6	Sales revenue	15,155	Note 3	1%
		AMERICAN NONWOVEN INC.	6	Other revenue	9,353	Note 3	-
13	AMERICAN NONWOVEN INC.	VFT INC.	7	Sales revenue	8,638	Note 3	-
		VFT INC.	7	Interest revenue	2,426	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	2,184	Note 3	-
14	SHINIH VIETNAM COMPANY LTD.	S INTERNATIONAL INC.	8	Sales revenue	516	Note 3	-
		SHINIH ENTERPRISE CO., LTD.	2	Sales revenue	2,481	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Sales revenue	5,020	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Sales revenue	1,468	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
14	SHINIH VIETNAM COMPANY LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	6	Sales revenue	\$ 3,450	Note 3	-
15	S INTERNATIONAL INC.	SHINIH VIETNAM COMPANY LTD.	7	Other revenue	6,222	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Other revenue	4,970	Note 3	-
16	MS NONWOVEN INC.	VFT INC.	7	Interest revenue	668	Note 3	-

(Continued)



SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions					
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets		
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Accounts receivable	\$ 1,275	Note 3	-		
		TAIWAN KUREHA CO., LTD.	1	Other receivables	532	Note 3	-		
		SHINIH VIETNAM COMPANY LTD.	1	Other receivables	6,796	Note 3	-		
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Other receivables	2,959	Note 3	-		
		AMERICAN OUTDOOR LIVING INC.	4	Other receivables	2,290	Note 3	-		
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	4	Other receivables	1,315	Note 3	-		
		PT. SHINIH NONWOVENS INDONESIA	4	Other receivables	1,139	Note 3	-		
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	1	Other receivables	1,877	Note 3	-		
		1	SHINIH HOLDING COMPANY LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Other receivables	1,434	Note 3	-
				SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Other receivables	23,611	Note 3	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6			Other receivables	72,067	Note 3	1%		
PT. SHINIH NONWOVENS INDONESIA	6			Other receivables	15,575	Note 3	-		
		SHINIH VIETNAM COMPANY LTD.	3	Other receivables	61,801	Note 3	1%		

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
1	SHINIH HOLDING COMPANY LTD.	SHINIH USA INC.	3	Other receivables	\$ 2,323	Note 3	-
		SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	6	Other receivables	11,708	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Other receivables	35,125	Note 3	1%
2	SUNBURST INTERNAL LTD.	SHINIH VIETNAM COMPANY LTD.	3	Other receivables	9,045	Note 3	-
3	TAIWAN KUREHA CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Other receivables	836	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	3	Accounts receivable	622	Note 3	-
4	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	184,348	Note 3	3%
5	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	10,870	Note 3	-
		KUNSHAN SHINIH TRADING CO., LTD.	8	Other receivables	4,335	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	43,569	Note 3	1%
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	17,341	Note 3	-
6	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	10,838	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
6	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	\$ 10,838	Note 3	-
7	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	36,849	Note 3	1%
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	28,179	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	6,503	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	2,087	Note 3	-
9	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	57,315	Note 3	1%
10	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Accounts receivable	8,663	Note 3	-
11	MS NONWOVEN INC.	VFT INC.	7	Other receivables	16,888	Note 3	-
		AMERICAN NONWOVEN INC.	8	Other receivables	3,272	Note 3	-
12	S INTERNATIONAL INC.	SHINIH ENTERPRISE CO., LTD.	5	Other receivables	1,847	Note 3	-
13	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Accounts receivable	15,090	Note 3	-
		SHINIH USA INC.	7	Other receivables	8,263	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
13	AMERICAN OUTDOOR LIVING INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	\$ 18,423	Note 3	-
14	AMERICAN NONWOVEN INC.	S INTERNATIONAL INC.	8	Accounts receivable	508	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	55,269	Note 3	1%
		VFT INC.	7	Other receivables	44,115	Note 3	1%
		VFT INC.	7	Notes receivable	5,764	Note 3	-
15	WORLD FURNITURE GROUP	SHINIH USA INC.	7	Other receivables	921	Note 3	-
		VFT INC.	7	Other receivables	7,738	Note 3	-
16	AMERICAN FURNITURE ALLIANCE INC.	SHINIH USA INC.	7	Other receivables	6,769	Note 3	-
17	SHINIH VIETNAM COMPANY LTD.	SHINIH ENTERPRISE CO., LTD.	2	Accounts receivable	1,687	Note 3	-

(Continued)

Note 1: The parent company and subsidiaries are coded as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below:

- '1' represents parent company to subsidiary.
- '2' represents subsidiary to parent company.
- '3' represents subsidiary to subsidiary.
- '4' represents parent company to sub-subsidiary.
- '5' represents sub-subsidiary to parent company.
- '6' represents subsidiary to sub-subsidiary.
- '7' represents sub-subsidiary to subsidiary.
- '8' represents sub-subsidiary to sub-subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing the consolidated financial statements.

## SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	TAIWAN KUREHA CO., LTD.	Note 1	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters	NTD 54,800	NTD 54,800	55,000	84.62%	NTD 34,349	NTD 8,223	NTD 6,749	Note 19, 20
	SHINIH HOLDING CO.,LTD.	Note 2	Securities trading and investment	USD 6,700	USD 6,700	10,000,000	100%	NTD2,321,865	NTD 284,842	NTD 284,814	Note 19, 20
	SUNBURST INTERNATIONAL LTD.	Note 3	Operating textile, polyester cotton and other import and export trade and reinvestment business	USD 50	USD 50	50,000	100%	NTD 14,328	NTD 101	NTD 2,095	Note 19, 20
	VFT INC.	Note 4	Nonwoven fabric material manufacturing, processing and trading	USD 1,800	USD 1,800	100	100%	NTD 289,529	NTD 19,595	NTD 20,450	Note 19, 20
	KUREHA (THAILAND) CO.,LTD.	Note 5	The manufacture, processing and trading of blankets and air filters	USD 1,018	USD 1,018	37,500	50%	NTD 82,374	NTD 34,449	NTD 17,224	Note 20

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
SHINIH ENTERPRISE CO., LTD.	SHINIH VIETNAM COMPANY LTD.	Note 6	Nonwoven fabric material manufacturing, processing and trading	USD 2,000	USD 2,000	-	100%	NTD 216,331	NTD 39,206	NTD 39,054	Note 19, 20
	SHINIH USA INC.	Note 7	Securities trading and investment	USD 1,100	USD 1,100	1,100,000	100%	NTD 66,006	NTD 17,048	NTD 17,740	Note 19, 20
	INTERBOND CO., LTD.	Note 8	Nonwoven fabric material manufacturing, processing and trading	NTD 2,000	NTD 2,000	200,000	100%	NTD 1,206	NTD (118)	NTD (118)	Note 20
SHINIH HOLDING CO.,LTD.	SHINIH (CAMBODIA) CO.,TLD	Note 9	Nonwoven fabric material and other manufacturing and sales	USD 1,500	USD 1,500	-	100%	USD 1,166	USD 2,171	Note 17	Note 20
	PT.SHINIH NONWOVENS INDONESIA	Note 10	Nonwoven fabric material and other manufacturing and sales	USD 6,435	USD 6,435	-	99%	USD 4,918	USD (55)	Note 17	Note 20

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Note 11	Nonwoven fabric material manufacturing, processing and trading	USD 1,000	USD 1,000	-	100%	USD 4,428	USD 326	Note 17	Note 20
	WORLD FURNITURE GROUP	Note 12	Investment business	USD 400	USD 400	-	100%	USD (1,028)	USD 240	Note 17	Note 20
WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	Note 13	Nonwoven fabric material manufacturing, processing and trading	USD 400	USD 400	-	80%	USD (1,308)	USD 61	Note 17	Note 20
	S INTERNATIONAL INC.	Note 14	General merchandise trade	USD 100	USD 100	-	100%	USD 67	USD (31)	Note 17	Note 20
VFT INC.	MS NONWOVEN INC.	Note 15	Nonwoven fabric material manufacturing, processing and trading	USD 7,428	USD 7,428	-	100%	USD 1,139	USD (80)	Note 17	Note 20
	AMERICAN NONWOVEN INC.	Note 16	Nonwoven fabric material manufacturing, processing and trading	USD 100	USD 100	-	100%	USD 9,911	USD 446	Note 17	Note 20

(Continued)



- Note 1: No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)
- Note 2: OFFSHORE CHAMBERS P.O.BOX 217.APIA WESTERN SAMOA
- Note 3: P.O.BOX 957,OFFSHORE INCOPORATIONS CENTRE ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLANDS
- Note 4: 1040 S.Vail AVE. Montebello,CA
- Note 5: 525 Moo 4 Bangpoo Industrial Estate, Sukhumvit RD., Praksa, Muang District, Samutrpakarn 10280 Thailand
- Note 6: B3-3 Cu Chi Northwest Industrial Zone,Cu Chi District, HCMC,Vietnam
- Note 7: 1040 S VAIL AVENUE MONTEBELLO,CA 90640 LOS ANGELES COUNTY CALIFORNIA
- Note 8: 5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022 , Taiwan (R.O.C.)
- Note 9: Phnom Penh Special Economic Zone (Sangkat Kantouk, Sangkat Phleung Chhes Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh)
- Note 10: Kawasan Industri Indotaisei Sektor IA Blok D-Z, Kalihurip Cikampek, Karawang-Jawa Barat
- Note 11: 820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA
- Note 12: 9141 Arrow Route, Rancho Cucamonga, CA
- Note 13: 785 E. Harrison Street, Corona, CA
- Note 14: 785 E. Harrison Street, Corona, CA
- Note 15: 275 Industrial DR, Pontotoc, MS
- Note 16: 9141 Arrow Route, Rancho Cucamonga, CA
- Note 17: According to the regulations, it can be exempted from filling in columns.
- Note 18: Please refer to Table 8 for information of investees in Mainland China.
- Note 19: The difference between the investment income and loss recognized in the current period and the income and loss of the invested company recognized according to the shareholding ratio in the current period is the unrealized income and loss of the upstream and downstream transactions within the group.
- Note 20: All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 8

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,410 (USD 2,000)	Note 2	NTD 60,000	-	-	NTD 60,000	NTD (51,857)	100%	NTD (53,863)	NTD (11,768)	NTD 131,709
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 76,763 (USD 2,500)	Note 2	NTD 8,430	-	-	NTD 8,430	NTD 209,405	11%	NTD 23,502	NTD 31,854	NTD 40,172
“	Nonwoven fabric material manufacturing, processing and trading	“	Note 1	Note 1			Note 1	NTD 209,405	89%	NTD 185,910	NTD 385,589	-
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 52,813 (USD 1,720)	Note 1	Note 1	-	-	Note 1	NTD 12,401	100%	NTD 12,401	NTD 68,492	-
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,144 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD 18,546	100%	NTD 18,546	NTD 238,273	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 8 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/ Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,410 (USD 2,000)	Note 1	Note 1	-	-	Note 1	NTD 5,151	100%	NTD 5,151	NTD 68,136	-
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 153,525 (USD 5,000)	Note 1	Note 1	-	-	Note 1	NTD 15,424	100%	NTD 15,361	NTD 256,670	-
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 64,481 (USD 2,100)	Note 1	Note 1	-	-	Note 1	NTD (9,149)	100%	NTD (9,769)	NTD 64,080	-
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 92,115 (USD 3,000)	Note 1	Note 1	-	-	Note 1	NTD (3,154)	100%	NTD (3,154)	NTD 22,259	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,144 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD (10,510)	100%	NTD (10,510)	NTD (28,574)	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 8

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/ Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Outflow						
KUNSHAN SHINIH TRADING CO., LTD.	General merchandise trade	NTD 9,212 (USD 300)	Note 1	Note 1	-	-	Note 1	NTD 1,387	100%	NTD 1,387	NTD (1,801)	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 160,545	NTD 882,155 (USD 28,730)	NTD 2,059,861

Note 1 : The Company remitted US\$3,000 thousand from Taiwan to invest in SHINIH HOLDING CO., LTD., and pass through SHINIH HOLDING CO., LTD. to invest in SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD., SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD., HANGZHOU SHINIH FIBER PRODUCTS CO., LTD., SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD., TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD., TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD., QINGDAO TAIXIN FIBER PRODUCTS CO., LTD., HUBEI TAIXIN FIBER PRODUCTS CO., LTD. and KUNSHAN SHINIH TRADING CO., LTD.

Note 2 : Directly invest in a company in Mainland China.

Note 3 : It is recognized according to the financial statements audited by Taiwan accountants for the same period.

Note 4 : All the transactions had been eliminated when preparing the consolidated financial statements.

Note 5 : According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland Area", investors who remit dividends or profits from mainland investment enterprises back to Taiwan shall deduct their accumulated investment amount. As of December 31, 2023, the accumulated amount of investment remitted out was \$160,545 thousand; the accumulated profit remitted back from the mainland was \$171,881 thousand.

SHINIHI ENTERPRISE CO., LTD. AND SUBSIDIARIES  
 MAJOR SHAREHOLDERS INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 9

Share	Total Shares Owned	Ownership Percentage
Major shareholders		
LEE PONT INVESTMENT CO., LTD.	24,075,234	22.06%

TABLE 10

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
SEGMENT INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Amounts in Thousands of New Taiwan Dollars

	2023					
	China	U.S.	Taiwan	Southeast Asia	Eliminations	Total
Revenue						
Revenue from external customers	\$ 585,577	\$ 589,412	\$ 386,978	\$ 552,939	\$ -	\$ 2,114,906
Revenue from intersegments	62,327	198,591	13,253	12,419	(286,590)	-
Total	<u>\$ 647,904</u>	<u>\$ 788,003</u>	<u>\$ 400,231</u>	<u>\$ 565,358</u>	<u>\$ (286,590)</u>	<u>\$ 2,114,906</u>
Financial costs	<u>\$ 17,777</u>	<u>\$ 3,166</u>	<u>\$ 24,272</u>	<u>\$ 8,472</u>	<u>\$ (24,553)</u>	<u>\$ 29,134</u>
Depreciation and amortization	<u>\$ 66,926</u>	<u>\$ 35,833</u>	<u>\$ 90,123</u>	<u>\$ 46,434</u>	<u>\$ (29,067)</u>	<u>\$ 210,249</u>
Gain on relocating compensation	<u>\$ 282,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,284</u>
Segment profit or loss	<u>\$ 286,959</u>	<u>\$ 52,359</u>	<u>\$ (145,917)</u>	<u>\$ 177,514</u>	<u>\$ 762</u>	<u>\$ 371,677</u>
Profit before tax						<u>\$ 371,677</u>
Total assets						<u>\$ 5,960,034</u>

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES  
SEGMENT INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Amounts in Thousands of New Taiwan Dollars

2022

	China	U.S.	Taiwan	Southeast Asia	Eliminations	Total
Revenue						
Revenue from external customers	\$ 691,365	\$ 696,610	\$ 557,213	\$ 685,065	\$ -	\$ 2,630,253
Revenue from intersegments	57,688	267,661	17,993	1,544	(344,886)	-
Total	<u>\$ 749,053</u>	<u>\$ 964,271</u>	<u>\$ 575,206</u>	<u>\$ 686,609</u>	<u>\$ (344,886)</u>	<u>\$ 2,630,253</u>
Financial costs	<u>\$ 16,173</u>	<u>\$ 5,024</u>	<u>\$ 15,451</u>	<u>\$ 6,689</u>	<u>\$ (19,592)</u>	<u>\$ 23,745</u>
Depreciation and amortization	<u>\$ 55,424</u>	<u>\$ 33,105</u>	<u>\$ 95,780</u>	<u>\$ 45,520</u>	<u>\$ (31,526)</u>	<u>\$ 198,303</u>
Impairment loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,966</u>
Gain on relocating compensation	<u>\$ 326,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,361</u>
Segment profit or loss	<u>\$ 357,530</u>	<u>\$ 60,118</u>	<u>\$ (94,127)</u>	<u>\$ 128,146</u>	<u>\$ (7,349)</u>	<u>\$ 444,318</u>
Profit before tax						<u>\$ 444,318</u>
Total assets						<u>\$ 6,178,438</u>





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of  
SHINIHI ENTERPRISE CO., LTD.

### Opinion

We have audited the accompanying parent company only financial statements of SHINIHI ENTERPRISE CO., LTD. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

## Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

### 1. Recognition of gain on land expropriation and compensation agreement of the PRC subsidiary

As mentioned in note 6(6) of the parent company only financial statements, sub-sub-subsidiary of SHINIH ENTERPRISE CO., LTD., Shinih Fiber Products (Suzhou) Co., Ltd., entered into the "land expropriation and compensation agreement" with Taicang Municipal People's Government in November 2022 for the local people government's construction plan, including that Shinih Fiber Products (Suzhou) Co., Ltd. has to the delivery of non-movable objects such as land-use right, buildings and equipment, suspend production or operations, and compensation such as cease labor contract and relocation expense within the limitation periods. Shinih Fiber Products (Suzhou) Co., Ltd. has been implemented under the contract and received total subsidies in March 2023, those expropriation compensations and its related relocation expense recognized as net profit in profit or loss. Considering the land expropriation is material to the parent company only financial statements, and the management's subjective judgment will influence its recognition of relocation expenses and the revenue recognition. Therefore, we identified this expropriation transaction as a key audit matter for auditing these parent company only financial statements.

Our main audit procedures include obtaining the land expropriation and compensation agreement signed with the local government for reviewing the relevant agreement to understand Shinih Fiber Products (Suzhou) Co., Ltd. obtained the rights and obligations on receiving the expropriation compensation income; inspecting the consistency between the relevant resolution of the Board meeting minutes and those mentioned by the management; verifying the expropriation compensation income and relocation expense documents by selected samples to check the consistency between the actual received and paid and the amounts mentioned in the contracts; verifying the consistency between the derecognition items and documents and checking the correctness of its disposal interest; reviewing the accounting treatment of expropriation transaction and assessing the correctness of its accounting items.

## 2. Impairment assessment of property, plant and equipment

As of December 31, 2023, the Company's property, plant and equipment were \$1,426,968 thousand, representing 26% of the total assets. The management regularly reviewed whether there were any indications of impairment on property, plant and equipment under the regulations of IAS 36 impairment of assets. Assessing the impairment loss of non-financial assets needs through forecasting and discounting future cash flow to estimate recoverable amounts. The process is, in essence, significant uncertainty. Therefore, we identified it as a key matter for auditing these parent company only financial statements.

Our main audit procedures include obtaining the assessment form of impairment of assets by the Company's self-assessment; assessing the reasonableness of the impairment indications identified by the management; inspecting whether the Company's use of property, plant and equipment and the range or methods expected to be used have a material adverse change; and reviewing whether the Company's economic performance on property, plant and equipment was below expectation.

## 3. Impairment of accounts receivable

As of December 31, 2023, the accounts receivable of the Company was assessed the impairment loss by its policies. The increase of collection risk of accounts receivable might result from the global economic uncertainty, and the assessments on expected credit impairment loss involved the management exercised their judgments on the assumptions of client's credit risk. Therefore, we identified the impairment of accounts receivable assessment as a key matter for auditing of these parent company only financial statements.

Our main audit procedures include testing the controlled points related to the collection and reviewing the subsequent collection records; obtaining the accounts receivable aging schedule provided by the management and verifying the accuracy of its aging range by selected samples; analyzing the comparison between the aged periods and proportions to assess the reasonableness of impairment of accounts receivable; and assessing the appropriateness about the disclosure of impairment of accounts receivable by the management.

## 4. Valuation of allowance to reduce inventory to market

The accounting policies of loss for market price decline and obsolete and slow-moving inventories of the Company was based on the loss for obsolete and slow-moving inventories in the inventories aging information. Those information resources were the management based on the sales, obsolete and qualities of inventories to judge and assess the net realized value of inventories and measured the inventories value by the lower of cost and net realized value, and provision for reducing

inventory to market. Therefore, we identified the valuation of allowance to reduce inventory to market as a key matter for auditing these parent company only financial statements.

Our main audit procedures include assessing the Company's provision of inventories based on the nature of inventories; inspecting the accuracy of inventories aging schedule by selected samples; assessing the reasonableness of the rate for loss market price decline and obsolete and slow-moving inventories and the Company management's assumptions; inspecting the correctness of the Company's previous inventories allowance and comparison with the estimated inventories allowance in the current period to assess the appropriateness of the estimated methods and assumptions for the current period; and assessing the appropriateness of the management's disclosure about the allowance to reduce inventory to market.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the Audit Committee are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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



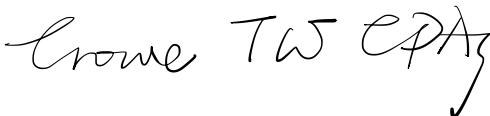
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore 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 Huang, Chien Chen and Yang, Chen Yu.



CROWE (TW) CPAs  
Taichung, Taiwan (Republic of China)

March 11, 2024

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# SHINIH ENTERPRISE CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6(1)	\$ 283,175	5	\$ 233,237	4
Notes receivable, net	6(2)	8,850	-	10,639	-
Accounts receivable, net	6(3)	18,843	1	34,268	1
Accounts receivable, net - related parties	7	2,941	-	2,089	-
Other receivables, net	6(4)	3,611	-	2,936	-
Other receivables, net - related parties	7	18,038	1	27,099	1
Current tax assets	6(25)	13,685	-	12,376	-
Inventories	6(5)	71,706	1	108,293	2
Prepayments		16,131	-	15,958	-
Other financial assets - current	6(1)	175,019	3	144,158	3
Total current assets		611,999	11	591,053	11
<b>NONCURRENT ASSETS</b>					
Investments accounted for using equity method	6(6)	3,057,842	56	2,816,176	54
Property, plant and equipment	6(7) · 8	1,426,968	26	1,409,552	27
Right-of-use assets	6(8)	8,600	-	9,215	-
Investment properties	6(9) · 8	251,938	5	254,904	5
Intangible assets	6(10)	7,823	-	7,757	-
Deferred income tax assets	6(25)	97,039	2	79,964	2
Other financial assets - non-current	6(1)	-	-	76,954	1
Other non-current assets		2,719	-	16,310	-
Total non-current assets		4,852,929	89	4,670,832	89
<b>TOTAL ASSETS</b>		<b>\$ 5,464,928</b>	<b>100</b>	<b>\$ 5,261,885</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term loans	6(11)	\$ 790,000	15	\$ 450,687	9
Contract liabilities - current	6(20)	6,198	-	7,327	-
Notes payable		9,473	-	11,844	-
Accounts payable		4,693	-	8,297	-
Accounts payable - related parties	7	2,655	-	6,155	-
Other payables	6(12)	66,045	1	85,432	2
Other payables - related parties	7	3,073	-	6,025	-
Current income tax liabilities	6(25)	7,832	-	16,262	-
Lease liabilities - current	6(8) · 7	578	-	570	-
Long-term liabilities-current portion	6(13)	178,333	4	166,250	4
Other current liabilities		10,564	-	21,296	-
Total current liabilities		1,079,444	20	780,145	15
<b>NONCURRENT LIABILITIES</b>					
Long-term loans	6(13)	795,417	15	973,750	19
Deferred income tax liabilities - noncurrent	6(25)	131,516	2	81,493	1
Lease liabilities - non-current	6(8) · 7	8,306	-	8,884	-
Net defined benefit liability - noncurrent	6(14)	920	-	884	-
Guarantee deposits received		4,456	-	4,954	-
Credit balance of investments accounted for using equity method	6(6)	11,768	-	-	-
Total non-current liabilities		952,383	17	1,069,965	20
Total liabilities		2,031,827	37	1,850,110	35
<b>EQUITIES</b>					
Capital - common stocks	6(15)	1,091,071	20	1,091,071	21
Capital surplus	6(16)	230,774	4	230,774	4
Retained earnings	6(17)				
Legal capital reserve		395,229	7	372,632	7
Special capital reserve		106,123	2	148,961	3
Unappropriated earnings		1,665,343	31	1,598,582	30
Others	6(18)	19,449	-	44,643	1
Treasury stock	6(19)	(74,888)	(1)	(74,888)	(1)
Total equity		3,433,101	63	3,411,775	65
<b>TOTAL LIABILITIES AND EQUITIES</b>		<b>\$ 5,464,928</b>	<b>100</b>	<b>\$ 5,261,885</b>	<b>100</b>

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



SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earning Per Share)

	NOTES	2023		2022	
		Amount	%	Amount	%
REVENUE	6(20) 、 7	\$ 297,040	100	\$ 443,926	100
COST OF REVENUE	6(5 、 21) 、 7	(250,974)	(84)	(318,963)	(72)
GROSS PROFIT		46,066	16	124,963	28
Unrealized gross profit on sales		(654)	-	(382)	-
Realized gross profit on sales		382	-	611	-
GROSS PROFIT		45,794	16	125,192	28
OPERATING EXPENSES	6(21) 、 7				
Marketing		(37,378)	(14)	(51,421)	(12)
General and administrative		(108,414)	(36)	(102,663)	(23)
Research and development		(98,286)	(33)	(75,421)	(17)
Expected credit loss	6(3)	-	-	(538)	-
Total operating expenses		(244,078)	(83)	(230,043)	(52)
OPERATING LOSS		(198,284)	(67)	(104,851)	(24)
NON-OPERATING INCOME AND EXPENSES					
Interest income		18,104	6	4,915	1
Other income	6(22)	46,671	16	40,260	9
Other gains and losses	6(23)	3,050	1	(10,158)	(2)
Finance costs	6(24)	(23,563)	(8)	(14,439)	(3)
Share of profit or loss of subsidiaries accounted for using equity method		357,647	120	315,394	71
Total non-operating income and expenses		401,909	135	335,972	76
INCOME BEFORE INCOME TAX		203,625	68	231,121	52
INCOME TAX EXPENSE	6(25)	(46,011)	(15)	(6,721)	(2)
NET INCOME		157,614	53	224,400	50
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	6(14 、 26)	(71)	-	1,725	-
Remeasurements of defined benefit plans of the subsidiary accounted for using equity method	6(26)	166	-	186	-
Income tax benefit (expense) related to items that will not be reclassified	6(25 、 26)	15	-	(345)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	6(18 、 26)	(31,493)	(10)	109,351	25
Income tax benefit related to items that may be reclassified	6(18 、 25 、 26)	6,299	2	(21,870)	(5)
Other comprehensive income (loss) for the current period		(25,084)	(8)	89,047	20
TOTAL COMPREHENSIVE INCOME FOR THE CURRENT PERIOD		\$ 132,530	45	\$ 313,447	70
EARNINGS PER SHARE (IN DOLLARS)	6(27)				
Basic earnings per share		\$ 1.49		\$ 2.12	
Diluted earnings per share		\$ 1.48		\$ 2.11	

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

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Capital Surplus			Retained Earnings			Others		Total Equity
	Capital - Common Stocks	Additional Paid-in Capital Arising From Bond Conversion	Others	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Stock	
BALANCE, JANUARY 1, 2022	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 321,311	\$ 115,929	\$ 1,562,593	\$ (42,838)	\$ (68,448)	\$ 3,210,392
Appropriations of prior year's earnings									
Legal capital reserve	-	-	-	51,321	-	(51,321)	-	-	-
Special capital reserve	-	-	-	-	33,032	(33,032)	-	-	-
Cash dividends to shareholders - NT\$1 per share	-	-	-	-	-	(105,603)	-	-	(105,603)
Net income in 2022	-	-	-	-	-	224,400	-	-	224,400
Other comprehensive income in 2022	-	-	-	-	-	1,566	87,481	-	89,047
Purchase of treasury stock	-	-	-	-	-	-	-	(13,580)	(13,580)
Treasury stock sold to employees	-	-	-	-	-	(21)	-	7,140	7,119
BALANCE, DECEMBER 31, 2022	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 372,632	\$ 148,961	\$ 1,598,582	\$ 44,643	\$ (74,888)	\$ 3,411,775
Appropriations of prior year's earnings									
Legal capital reserve	-	-	-	22,597	-	(22,597)	-	-	-
Special capital reserve	-	-	-	-	(42,838)	42,838	-	-	-
Cash dividends to shareholders - NT\$1.05 per share	-	-	-	-	-	(111,204)	-	-	(111,204)
Net income in 2023	-	-	-	-	-	157,614	-	-	157,614
Other comprehensive income (loss) in 2023	-	-	-	-	-	110	(25,194)	-	(25,084)
BALANCE, DECEMBER 31, 2023	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 395,229	\$ 106,123	\$ 1,665,343	\$ 19,449	\$ (74,888)	\$ 3,433,101

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

# SHINIH ENTERPRISE CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 203,625	\$ 231,121
Adjustments to reconcile profit (loss)		
Depreciation	77,120	76,150
Amortization	1,585	1,132
Interest expense	23,563	14,439
Interest income	(18,104)	(4,915)
Net investment income accounted for using equity method	(357,647)	(315,394)
Unrealized gain from sales	(1,469)	(850)
Net gain on disposals of property, plant and equipment	(230)	(274)
Impairment loss on non-financial assets	-	49,966
Net changes in operating assets and liabilities		
Notes receivable	1,789	1,958
Accounts receivable	14,573	22,756
Inventories	36,587	(26,318)
Other receivables	10,195	6,014
Prepayments	(173)	1,159
Contract liabilities	(1,129)	1,706
Notes payable	(2,371)	(18,084)
Accounts payable	(7,104)	(3,099)
Other payables	(7,570)	(8,921)
Other current liabilities	(10,732)	14,666
Net defined benefit liability	(35)	(1,160)
Cash provided from (used in) operations	(37,527)	42,052
Interest received	16,295	3,651
Dividends received	97,891	113,158
Interest paid	(23,381)	(13,908)
Income taxes paid	(16,488)	(1,324)
Net cash provided by operating activities	36,790	143,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(107,759)	(181,918)
Acquisition of intangible assets	(1,651)	(1,044)
Proceeds from disposal of Property, plant and equipment	2,083	279
Decrease (increase) in refundable deposits	22	(39)
Prepayments - decrease in noncurrent	13,569	6,877
Decrease (increase) in other financial assets	46,093	(31,781)
Net cash used in investing activities	(47,643)	(207,626)

(Continued)

## SHINIH ENTERPRISE CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$ 339,313	\$ 189,309
Proceeds from long-term loans	-	100,000
Repayment of long-term loans	(166,250)	-
Repayments of the principal portion of lease liabilities	(570)	(563)
Guarantee deposit received	(498)	14
Payments to acquire treasury stock	-	(13,580)
Treasury stock sold to employees	-	7,119
Cash dividends paid	(111,204)	(105,603)
Net cash provided by financing activities	<u>60,791</u>	<u>176,696</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,938	112,699
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	233,237	120,538
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 283,175</u>	<u>\$ 233,237</u>

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

(Concluded)

SHINIH ENTERPRISE CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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1. GENERAL INFORMATION

SHINIH ENTERPRISE CO., LTD. ("the Company") was established under the laws of the Republic of China in accordance with the Company Act of 1962, initiating its commercial activities within that calendar year. The Company's operational scope encompasses the production and refinement of nonwoven fabric materials, alongside the fabrication of insulation and industrial materials. Additionally, the Company is actively involved in the commerce of ancillary products, textile machinery, and engages in the real estate sector through the development, marketing, and leasing of mixed-use edifices.

The equity shares of the Company have been publicly listed and are actively traded on the Taiwan Stock Exchange (TWSE) since the 26th of August, 2002.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

**3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):**

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note A)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note B)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note C)
Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"	(Note D)

- Note A: An entity shall apply the amendments for annual reporting periods beginning on or after January 1, 2023.
- Note B: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting period beginning on or after January 1, 2023.
- Note C: Except for the temporary differences associated with leases and decommissioning obligations that should be in compliance with additional regulations, the amendments will be applied prospectively to transactions occur on or after the beginning of the earliest period presented, January 1, 2022.
- Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (i.e. May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023, and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal

taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented.

(4) Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments stipulate that, as a temporary exception to IAS 12, company shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, company shall disclose in its financial reports that it has applied this exception. In addition, company shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, company should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Company’s assessment, the New IFRSs above have no significant effect on the Company’s financial position and financial performance.

Based on the Company’s assessment, the application of the New IFRSs above will not have any significant impact on the Company’s financial position and financial performance.

**3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2024:**

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024(Note A)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024(Note B)

Note A: The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B: The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless of whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity's equity instruments to the counterparty to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Presentation", then the classification of the liability will not be affected.

(3) Amendment to IAS 1 "Non-current Liabilities with Covenants"

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendment to IAS 1 "Non-current Liabilities with Covenants"

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the



financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Company's assessment, the application of the New IFRSs above will not have any significant impact on the Company's financial position and financial performance.

### 3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Announced 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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9-Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date the parent company only financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are used in the preparation of the parent company only financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 4.1 Statement of Compliance

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

### 4.2 Basis of Preparation

- A. Except for the financial assets and liabilities at fair value through profit or loss (including derivative financial instruments), the parent company only financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.
- B. When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to align with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.
- C. The preparation of financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

#### **4.3 Foreign Currencies**

- A. Items included in the parent company only financial statements are measured using the functional currency of the Company. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.
- B. In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.
- C. When preparing the parent company only financial statements, the assets and

liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

- D. On disposal of a foreign operation that result in a loss of control, joint control, or significant influence, all related to that foreign operation could attributed to equity of the Company's owners that will be reclassified as profit or loss.
- E. On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other equity is re-attributed to the non-controlling interests in that subsidiary. On any other partial disposal of a foreign operation, being the Company's ownership interest is reduced from an associate or a jointly controlled entity, that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other equity is reclassified to profit or loss.

#### **4.4 Classification of Current and Noncurrent Assets and Liabilities**

- A. Assets that meet one of the following criteria are classified as current assets:
  - (a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the end of reporting period;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to liabilities more than twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as noncurrent.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (a) Liabilities that are expected to be paid off within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above conditions as

noncurrent.

#### **4.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.6 Financial Instruments**

Financial assets and liabilities shall be recognized when the Company becomes a party of the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### **A. Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

##### **(a) Measurement categories**

The category of the financial assets of the Company is financial assets at amortized cost.

##### **i. Financial assets at amortized cost**

Financial assets that meet both of the following conditions are measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, and contract assets.

The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e. ECLs) for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- iii. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt investment measured at FVTOCI, the difference between the asset's carrying

amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

## **B. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

## **C. Financial liabilities**

### **(a) Subsequent measurement**

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

### **(b) Derecognition of financial liabilities**

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e. when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### **(c) Modification of Financial Instruments**

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to

a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

#### **4.7 Inventories**

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

#### **4.8 Investments Accounted for Using the Equity Method**

- A. A subsidiary is an entity that is controlled by the Company (including structured entity). The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains and losses on transactions between the Company and subsidiaries have been eliminated proportionately to the subsidiaries' interests. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies applied by the Company.
- C. The Company's share of subsidiaries' profit or loss is recognized in the Company's statement of comprehensive income, and its share of subsidiaries' other comprehensive income is recognized in the Company's other comprehensive income. When the Company's share of losses in a subsidiary equal to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.
- D. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition as a financial asset or the cost on initial recognition of an associate or a joint venture. Any difference between the fair value and the carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified

to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary will be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

#### **4.9 Property, Plant and Equipment**

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized, for property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the carrying amount of asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	5 years
Buildings	3~35 years
Machinery	3~15 years
Other equipment	2 ~ 5 years

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.10 Leases**



At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

**A. The Company as lessee**

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be payable by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the

lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented separately in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

**B. The Company as lessor**

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as an operating lease.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. The initial direct costs incurred from received the operating lease plus to the carrying amount of the underlying asset adopted the same basic of lease income. The Company recognizes the lease payments as expense over the lease terms. The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification.

**4.11 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation and include land held for a currently undetermined future use (including property under construction for such purposes) and include land held for a currently undetermined future use.

Investment properties are measured at cost (including transaction costs) on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The investment properties are depreciated using the straight-line basis over 5 to 60 years.

Investment property that is being constructed or developed is measured at cost less accumulated impairment loss. The cost of an investment property includes professional

fees, borrowing costs eligible for capitalization. The properties shall start to depreciate as they achieve their expected condition for providing services.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss.

#### **4.12 Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: trademarks and patents - the patent term or the contract term; computer software 1 to 3 years. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.13 Impairment of non-financial assets**

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the carrying amount of asset exceeds its recoverable amount. The recoverable amount is the higher of a fair value of asset less costs to sell or value in use. When the indication of impairment loss recognized in prior years for an asset no longer exist, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

#### **4.14 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. If the

provisions are measured at the estimated cash flow to settle the obligation, it carrying amounts are those present value of the cash flow.

#### **4.15 Employee Benefits**

##### **A. Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

##### **B. Pensions**

###### **(a) Defined contribution plans**

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

###### **(b) Defined benefit plans**

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Company in current or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

##### **C. Employees' compensation and directors' remuneration**

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amount can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

#### **4.16 Capital Stock and Treasury Stock**

##### **A. Capital stock**

Common stock is classified as equity. Incremental costs directly attributable to the

issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

**B. Treasury stock**

The Company's treasury stocks that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury stocks are sold, if the selling price is above the book value, the difference is credited to the capital surplus-treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury stocks is calculated using the weighted-average approach in accordance with the purpose of repurchase.

Upon retirement, treasury stocks are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury stock in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury stocks in excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

**4.17 Income Tax**

- A.** The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.
- B.** The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C.** Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and

taxable temporary differences at the time of transaction. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

#### **4.18 Revenue Recognition**

The Company recognizes revenue based on the principle of revenue from customer contracts by applying the following steps:

- (a) Identifying the contract;
- (b) Identifying performance obligations;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to performance obligation; and
- (e) Recognize revenue when a performance obligation is satisfied.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within one year, the Company does not adjust the promised amount of consideration for the effect of a significant financing component.

##### **A. Revenue from sale of goods**

The Company sells nonwoven fabric material, bedding, and related products. Sales are recognized when control of the products has been transferred to the customers since the customers obtain the rights to list price, use the products and assure the obligation to resale them as well as to bear the risk of obsolescence. The Company recognizes revenue and accounts receivable on transferring the control of the products. Revenue is presented net of sales return, quantity discounts and sales

allowance.

The Company does not recognize sales revenue on materials delivered to processing subcontractors due to the delivery does not transfer control of materials.

#### **B. Service Revenue**

Service revenue is recognized when services are provided according to the relevant agreements.

#### **4.19 Government Grants**

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to noncurrent assets are recognized as noncurrent liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

#### **4.20 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

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

#### **4.21 Share-based payment transactions**

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity.

### **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY**

The Company incorporates the economic impacts of climate change, related government policies and regulations, inflation, and market interest rate fluctuations into its significant accounting estimates. The Company will continue to review the fundamental assumptions and estimates. If the revision of estimates affects only the current period, they are recognized in the

period of revision. If the revision of accounting estimates affects both the current and future periods, they are recognized in both the current period and future periods.

In the preparation of these parent company only financial statements, the critical accounting judgments the Company has made, and the major sources of estimation and assumption uncertainty are described as follows:

## **5.1 Critical judgments in applying accounting policies**

### **A. Investment property**

The Company's properties are mainly held for owner-occupied, and some are held to earn rentals or for capital appreciation. If these portions could be sold separately, which will be disposal of as investment property and property, plant and equipment separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

### **B. Lease terms**

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Company occurs.

## **5.2 Critical accounting estimation and assumption**

### **A. Estimated impairment of financial assets**

The provision for impairment of accounts receivable and debt investments is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for the impairment calculation, based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

### **B. Realizability of deferred income tax assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax



assets.

**C. Evaluation of inventories**

As inventories are stated at the lower of cost or net realizable value, and the Company uses judgements and actuarial assumptions to determine the net realizable value of inventory at the end of each reporting period. The Company needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

**D. Calculation of accrued pension obligations**

When calculating the present value of defined pension obligations, the Company uses judgements and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate at the end of reporting period. Any changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligation.

**E. The useful lives of the property, plant and equipment and investment property**

The property, plant and equipment and investment property are average amortized using the straight-line method. The Company regularly assesses the useful lives and residual value of the property, plant and equipment and investment property. A significant change in the relevant estimate would be adjusted for that period and the following years.

**F. Impairment assessment of tangible and intangible assets**

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

**G. The lessee's incremental borrowing rate**

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

**6. CONTENTS OF SIGNIFICANT ACCOUNTS**

**6.1 CASH AND CASH EQUIVALENTS**

Items	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 394	\$ 330

Items	December 31, 2023	December 31, 2022
Checking accounts and demand deposits	\$ 129,256	\$ 110,067
Cash equivalents		
Time deposits	153,525	122,840
Total	<u>\$ 283,175</u>	<u>\$ 233,237</u>

- (1) The cash and cash equivalents of the Company are not pledged to others.
- (2) The Company inward remittance of \$8,000 thousand in accordance with the Regulations Governing the Investment of Repatriated Offshore Funds approved by the National Taxation Bureau, MOF, and submitted an investment plan to the MOEA on October 12, 2022. The approval letter was received on November 1, 2022. That amount is only used for the examined investment plan project under the relevant regulations, it should not be used for other purposes. As of December 31, 2023 and 2022, \$175,019 thousand and \$144,158 thousand were transferred to other current financial assets, respectively. As of December 12, 2022, \$76,954 thousand was transferred to other noncurrent financial assets.
- (3) Please refer to Note 12 for relevant credit risk management and assessment methods.

## 6.2 NOTES RECEIVABLE

Items	December 31, 2023	December 31, 2022
Gross carrying amount at amortized cost	\$ 8,850	\$ 10,639
Notes receivable, net	<u>\$ 8,850</u>	<u>\$ 10,639</u>

- (1) The Company has no notes receivable pledged to others.
- (2) Please refer to Note 6.3 for the loss allowance for notes receivable.

## 6.3 ACCOUNTS RECEIVABLE - NON-RELATED PARTIES

Items	December 31, 2023	December 31, 2022
Gross carrying amount at amortized cost	\$ 19,607	\$ 35,549
Less: loss allowance	(764)	(1,281)
Accounts receivable, net	<u>\$ 18,843</u>	<u>\$ 34,268</u>

- (1) The average credit period of sales of goods ranges from 30 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.
- (2) The Company has no accounts receivable pledged to others.
- (3) The Company applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base.
- (4) The following table detailed the loss allowance of notes and accounts receivable based on the Company's provision matrix (include related parties):

December 31, 2023

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 27,606	\$ -	\$ 27,606
Past due 1-90 days	3,009	-	3,009
Past due over 361 days	783	(764)	19
Total	<u>\$ 31,398</u>	<u>\$ (764)</u>	<u>\$ 30,634</u>

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 44,134	\$ -	\$ 44,134
Past due 1-90 days	1,981	-	1,981
Past due 91-180 days	842	-	842
Past due 181-360 days	246	(207)	39
Past due over 361 days	1,074	(1,074)	-
Total	<u>\$ 48,277</u>	<u>\$ (1,281)</u>	<u>\$ 46,996</u>

- (5) Movements of the loss allowance for notes and accounts receivable (including related parties') were as follows:

Items	2023	2022
Balance, January 1	\$ 1,281	\$ 770
Add : Provision for- impairment	-	538
Less: Write-offs	(517)	(27)
Balance, December 31	<u>\$ 764</u>	<u>\$ 1,281</u>

The Company did not hold any collaterals or other credit enhancements for these accounts receivable.

(6) Please refer to Note 12 for the relevant credit risk management and assessment methods.

#### 6.4 OTHER RECEIVABLES, NET - NON-RELATED PARTIES

Items	2023	2022
Gross carrying amount at amortized cost	\$ 3,748	\$ 3,073
Less: Loss allowance	(137)	(137)
Other receivables, net	<u>\$ 3,611</u>	<u>\$ 2,936</u>

#### 6.5 INVENTORIES AND OPERATING COSTS

Items	December 31, 2023	December 31, 2022
Raw materials	\$ 51,133	\$ 64,141
Work-in-process	130	2,465
Finished goods	20,443	41,687
Total	<u>\$ 71,706</u>	<u>\$ 108,293</u>

(1) The cost of inventories recognized as expense for the period:

Items	2023	2022
Loss on decline (gain on reversal) in market value of inventories	\$ (2,252)	\$ 1,888
Inventories gain on physical taking	(16)	(954)
Loss on inventory disposed	2,086	71
Unallocated Production overheads	71,472	27,657
Total	<u>\$ 71,290</u>	<u>\$ 28,662</u>

(2) The Company has no inventories pledged to others.

## 6.6 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments accounted for using the equity method consisted of the following:

Items	December 31, 2023	December 31, 2022
Subsidiaries – Investments accounted for using equity method	\$ 3,057,842	\$ 2,816,176
Subsidiaries – Credit balance of Investments accounted for using equity method	(11,768)	-
Total	\$ 3,046,074	\$ 2,816,176

Subsidiaries consisted of the following:

Investee companies	December 31, 2023		December 31, 2022	
	Amount	Equity ratio	Amount	Equity ratio
<u>Investments accounted for using equity method</u>				
SHINIH HOLDING CO., LTD.	\$ 2,321,865	100%	\$ 2,060,585	100%
SHINIH VIETNAM COMPANY LTD.	216,331	100%	258,486	100%
SUNBURST INTERNATIONAL LTD.	14,328	100%	12,233	100%
VFT INC.	289,529	100%	269,512	100%
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	-	100%	41,844	100%
KUREHA (THAILAND) CO., LTD.	82,374	50%	78,210	50%
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (NOTE 1)	31,854	11%	18,241	11%
TAIWAN KUREHA CO., LTD.	34,349	84.62%	27,208	84.62%
INTERBOND CO., LTD.	1,206	100%	1,324	100%
SHINIH USA INC.	66,006	100%	48,533	100%
Total	\$ 3,057,842		\$ 2,816,176	
<u>Credit balance of Investments accounted for using equity method</u>				
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	\$ (11,768)	100%	\$ -	100%
Total	\$ (11,768)		\$ -	

NOTE 1: The consolidated shareholding of the Company and subsidiary SHINIH HOLDING CO., LTD. (please refer to Table 8 for relevant information) is 100%.

- (1) For the information of the subsidiaries of the Company, please refer to Note 4.3 of 2023 consolidated financial statements.
- (2) The shares of profit or loss and other comprehensive profit and loss of the subsidiaries under equity method for the years ended 2023 and 2022 are recognized according to the audited financial statements for the same periods.
- (3) In November 2022, Shinih Fiber Products (Suzhou) Co., Ltd., jointly owned by the

Company and SHINIH HOLDING CO., LTD., entered into an agreement for land expropriation and compensation with the Taicang Municipal People's Government. The agreement encompasses compensation for the acquisition of land use rights, buildings and its facilities, as well as for the discontinuation of operations and business activities, the dissolution of employment agreements, and associated relocation costs. By March 2023, Shinih Fiber Products (Suzhou) Co., Ltd. had finalized the pertinent agreement and received the entire payment amount. Please refer to Note 6.26 of the consolidated financial statements for the relevant information.

- (4) In November 2022, Taixin Fiber Products (Suzhou) Co., Ltd., owned by the Company through SHINIH HOLDING CO., LTD., entered into an agreement for land expropriation and compensation with the Taicang Municipal People's Government. The agreement encompasses compensation for the acquisition of land use rights, buildings and its facilities, as well as for the discontinuation of operations and business activities, the dissolution of employment agreements, and associated relocation costs. By December 2022, Taixin Fiber Products (Suzhou) Co., Ltd., had finalized the pertinent agreement and received the entire payment amount. Please refer to Note 6.26 of the consolidated financial statements for the relevant information.

## 6.7 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2023	December 31, 2022
Land	\$ 438,525	\$ 438,525
Land improvements	7,465	6,931
Buildings	207,636	204,231
Machinery	804,703	668,229
Other equipment	59,660	53,019
Equipment to be inspected and construction in progress	455,119	520,419
Total cost	1,973,108	1,891,354
Less: Accumulated depreciation and impairment	(546,140)	(481,802)
Total	<u>\$ 1,426,968</u>	<u>\$ 1,409,552</u>

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Cost							
Balance, January 1, 2023	\$ 438,525	\$ 6,931	\$ 204,231	\$ 668,229	\$ 53,019	\$ 520,419	\$ 1,891,354
Additions	-	-	1,716	6,899	421	83,772	92,808

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Disposals	\$ -	\$ -	\$ -	\$ (10,419)	\$ (635)	\$ -	\$ (11,054)
Reclassification (Note)	-	534	1,689	139,994	6,855	(149,072)	-
Balance, December 31, 2023	\$ 438,525	\$ 7,465	\$ 207,636	\$ 804,703	\$ 59,660	\$ 455,119	\$ 1,973,108
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2023	\$ -	\$ 3,189	\$ 98,054	\$ 340,010	\$ 40,549	\$ -	\$ 481,802
Depreciation expense	-	1,315	7,992	60,788	3,444	-	73,539
Disposals	-	-	-	(8,566)	(635)	-	(9,201)
Balance, December 31, 2023	\$ -	\$ 4,504	\$ 106,046	\$ 392,232	\$ 43,358	\$ -	\$ 546,140

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
<u>Cost</u>							
Balance, January 1, 2022	\$ 438,525	\$ 12,670	\$ 199,245	\$ 409,956	\$ 49,075	\$ 600,894	\$ 1,710,365
Additions	-	-	851	7,152	2,033	178,588	188,624
Disposals	-	(5,739)	-	(1,109)	(24)	-	(6,872)
Reclassification (Note)	-	-	4,135	252,230	1,935	(259,063)	(763)
Balance, December 31, 2022	\$ 438,525	\$ 6,931	\$ 204,231	\$ 668,229	\$ 53,019	\$ 520,419	\$ 1,891,354
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2022	\$ -	\$ 7,649	\$ 90,456	\$ 230,921	\$ 37,430	\$ -	\$ 366,456
Depreciation expense	-	1,279	7,598	60,227	3,143	-	72,247
Disposals	-	(5,739)	-	(1,104)	(24)	-	(6,867)
Impairment loss	-	-	-	49,966	-	-	49,966
Balance, December 31, 2022	\$ -	\$ 3,189	\$ 98,054	\$ 340,010	\$ 40,549	\$ -	\$ 481,802

Note : Reclassification in 2022 was transferring assets into investment property in the amount of \$763.

(1) The reconciliations of the current additions and the property, plant and equipment stated in the statement of cash flow are as follows:

Items	2023	2022
Additions to the property, plant and equipment	\$ 92,808	\$ 188,624
(Increase) decrease in payables to contractor and equipment suppliers	14,951	(6,706)
Payments for acquisition of property, plant and equipment	\$ 107,759	\$ 181,918

(2) Please refer to Note 6.24 for information on capitalization of interest.

(3) Please refer to Note 8 for property, plant and equipment pledged by the Company as a guarantee for loans.

## 6.8 LEASE AGREEMENT

### (1) Right-of-use assets

Items	December 31, 2023	December 31, 2022
Buildings	\$ 11,672	\$ 11,672
Total cost	11,672	11,672
Less: Accumulated depreciation and impairment	(3,072)	(2,457)
Total	\$ 8,600	\$ 9,215

	Buildings	Total
<u>Cost</u>		
Balance, January 1, 2023	\$ 11,672	\$ 11,672
Balance, December 31, 2023	\$ 11,672	\$ 11,672
<u>Accumulated depreciation and impairment</u>		
Balance, January 1, 2023	\$ 2,457	\$ 2,457
Depreciation expense	615	615
Balance, December 31, 2023	\$ 3,072	\$ 3,072

	Buildings	Total
<u>Cost</u>		
Balance, January 1, 2022	\$ 11,672	\$ 11,672
Balance, December 31, 2022	\$ 11,672	\$ 11,672
<u>Accumulated depreciation and impairment</u>		
Balance, January 1, 2022	\$ 1,843	\$ 1,843
Depreciation expense	614	614
Balance, December 31, 2022	\$ 2,457	\$ 2,457

### (2) Lease liabilities



Items	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 578	\$ 570
Noncurrent	\$ 8,306	\$ 8,884

Range of discounts rate for lease liabilities is as follow:

	December 31, 2023	December 31, 2022
Buildings	1.40%	1.40%

Please refer to Note 12 for the maturity analysis of the lease liabilities.

(3) Other lease information

- A. The Company leases the investment properties under operating lease agreements, please refer to Note 6.9 investment property.
- B. The Company elected to apply the recognition exemption to short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases in 2023 and 2022. Details for the relevant expense are as follows:

Items	2023	2022
Expenses relating to short-term leases	\$ 496	\$ 298
Total cash outflow for leases	\$ 1,196	\$ 998

## 6.9 INVESTMENT PROPERTY

Items	December 31, 2023	December 31, 2022
Land	\$ 230,165	\$ 230,165
Buildings	166,126	166,126
Total cost	396,291	396,291
Less: Accumulated depreciation	(144,353)	(141,387)
Investment property, net	\$ 251,938	\$ 254,904

	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2023	\$ 230,165	\$ 166,126	\$ 396,291
Balance, December 31, 2023	<u>\$ 230,165</u>	<u>\$ 166,126</u>	<u>\$ 396,291</u>
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2023	\$ -	\$ 141,387	\$ 141,387
Depreciation expense	-	2,966	2,966
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 144,353</u>	<u>\$ 144,353</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2022	\$ 230,165	\$ 165,363	\$ 395,528
Additions	-	763	763
Balance, December 31, 2022	<u>\$ 230,165</u>	<u>\$ 166,126</u>	<u>\$ 396,291</u>
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2022	\$ -	\$ 138,098	\$ 138,098
Depreciation expense	-	3,289	3,289
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 141,387</u>	<u>\$ 141,387</u>

A. Rental revenue and direct operating expenses from investment property:

Items	2023	2022
Rental revenue from investment properties	<u>\$ 31,605</u>	<u>\$ 33,983</u>
Direct operating expenses arising from the investment of property that generated rental revenue during the period	<u>\$ 5,046</u>	<u>\$ 5,803</u>
Total	<u>\$ 5,046</u>	<u>\$ 5,803</u>

B. The Company will receive the total rent from leasing the investment properties under the operating lease agreement as follows:

Items	December 31, 2023	December 31, 2022
Within 1 year	\$ 11,890	\$ 28,374
More than 1 year but less than 5 years	14,870	13,169
More than 5 years	4,009	5,751
Total	\$ 30,769	\$ 47,294

C. The investment properties held by the Company are not measured at fair value, but only disclosed its fair value information. Its fair value hierarchy is Level 3. The fair values of the Company's investment properties were \$1,197,000 thousand and \$1,116,000 thousand respectively as of December 31, 2023 and 2022. Those fair values were assessed by the Company's management by reference to the transaction prices of similar properties, but did not be assessed by independent valuer.

D. Please refer to Note 8 for investment properties pledged by the Company as a guarantee for loans.

## 6.10 INTANGIBLE ASSETS

Items	December 31, 2023	December 31, 2022
Computer software	\$ 2,527	\$ 13,729
Other intangible assets - spunbond technology and rights	7,392	7,392
Total costs	9,919	21,121
Less: Accumulated amortization	(2,096)	(13,364)
Total	\$ 7,823	\$ 7,757

Other intangible assets, such as proprietary spunbond technology and the rights associated with it, are assessed to have an indefinite useful lives. Consequently, these assets are exempt from amortization and are rigorously tested for impairment on an annual basis, with no evidence of impairment detected to date.

Items	2023		
	Computer software	Spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 13,729	\$ 7,392	\$ 21,121

Items	2023		
	Computer software	Spunbond technology and rights	Total
Additions	\$ 1,651	\$ -	\$ 1,651
Disposals	(12,853)	-	(12,853)
Balance, December 31	<u>\$ 2,527</u>	<u>\$ 7,392</u>	<u>\$ 9,919</u>
Accumulated amortization and impairment			
Balance, January 1	\$ 13,364	\$ -	\$ 13,364
Amortization expense	1,585	-	1,585
Disposals	(12,853)	-	(12,853)
Balance, December 31	<u>\$ 2,096</u>	<u>\$ -</u>	<u>\$ 2,096</u>

Items	2022		
	Computer software	Spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 12,685	\$ 7,392	\$ 20,077
Additions	1,044	-	1,044
Balance, December 31	<u>\$ 13,729</u>	<u>\$ 7,392</u>	<u>\$ 21,121</u>
Accumulated amortization and impairment			
Balance, January 1	\$ 12,232	\$ -	\$ 12,232
Amortization expense	1,132	-	1,132
Balance, December 31	<u>\$ 13,364</u>	<u>\$ -</u>	<u>\$ 13,364</u>

## 6.11 SHORT-TERM LOANS

The nature of loans	December 31, 2023	December 31, 2022
Unsecured loans	\$ 700,000	\$ 330,687
Secured loans	90,000	120,000
Total	<u>\$ 790,000</u>	<u>\$ 450,687</u>
Interest rate range	<u>1.76%~1.95%</u>	<u>1.50%~6.50%</u>

Please refer to Note 8 for the assets pledged by the Company as a guarantee for the abovementioned loans.

## 6.12 OTHER PAYABLES

Items	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 28,058	\$ 25,565
Payable for equipment and construction	4,837	19,788
Compensation payable to employees and directors	7,300	9,640
Others	25,850	30,439
Total	<u>\$ 66,045</u>	<u>\$ 85,432</u>

## 6.13 LONG-TERM LOANS AND CURRENT PORTION

The nature of loans	December 31, 2023	December 31, 2022
Secured loans	\$ 973,750	\$ 1,140,000
Less: Current portion	(178,333)	(166,250)
Total	<u>\$ 795,417</u>	<u>\$ 973,750</u>
Interest rate range	<u>1.90%~2.37%</u>	<u>1.65%~2.02%</u>
Year to maturity	<u>2025~2027</u>	<u>2024~2027</u>

- The method of repayment for the Company's long-term loans is paid in instalments to Chang Hwa Bank and Bank of Shanghai. The principal amount will be paid in full to KGI Bank at the maturity date.
- Please refer to Note 8 for the assets pledged by the Company as a guarantee for the abovementioned loans.

## 6.14 RETIREMENT BENEFIT PLANS

### (1) Defined contribution plans

- The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company has made monthly contributions equal to 6% of each employee's salary to employees' pension accounts.
- The Company recognized expenses in the parent company only statements of comprehensive income were \$6,525 thousand and \$6,140 thousand under the

contributions rates specified in the plans in 2023 and 2022, respectively.

(2) Defined benefit plans

A. The Company has a defined benefit plans in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company has made monthly contributions equal to 2% of each employee' salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. The Fund is managed by the Government's designated authorities and the Company have no right to influence their investment strategies.

B. Amounts recognized in the parent company only balance sheets are as follows:

Items	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 13,809	\$ 14,052
Fair value of plan assets	(12,889)	(13,168)
Net defined benefit liability	\$ 920	\$ 884

C. Movements in net defined benefit liability are as follows:

Items	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 14,052	\$ (13,168)	\$ 884
Service costs			
Interest expense (revenue)	168	(158)	10
Amounts recognized in profit and loss	168	(158)	10
Remeasurements			
Return on plan assets (Amounts included in interest income or expense is excluded)	-	(126)	(126)
Actuarial (gains) losses			
Effect of changes in financial assumptions	124	-	124
Experience adjustments	73	-	73

Items	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Amounts recognized in other comprehensive income (losses)	\$ 197	\$ (126)	\$ 71
Pension fund contributions	-	(45)	(45)
Paid pension	(608)	608	-
Balance, December 31	\$ 13,809	\$ (12,889)	\$ 920

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 16,587	\$ (12,818)	\$ 3,769
Service costs			
Current service cost	46	-	46
Interest expense (revenue)	106	(80)	26
Amounts recognized in profit and loss	152	(80)	72
Remeasurements			
Return on plan assets (Amounts included in interest income or expense is excluded)	-	(1,001)	(1,001)
Actuarial (gains) losses			
Effect of changes in financial assumptions	(840)	-	(840)
Experience adjustments	116	-	116
Amounts recognized in other comprehensive income (losses)	(724)	(1,001)	(1,725)
Pension fund contributions	-	(1,232)	(1,232)
Paid pension	(1,963)	1,963	-
Balance, December 31	\$ 14,052	\$ (13,168)	\$ 884

The pension costs of the aforementioned defined benefit plans are recognized in profit or loss by the following categories:

Items	2023	2022
Operating costs	\$ 10	\$ 72
Total	\$ 10	\$ 72

Information about fair value of plan assets are as follows:

Item	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 12,889	\$ 13,168

D. Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on measurement date were as follows:

Items	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.30%
Expected salary increase rate	1.50%	1.50%

Reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:



Items	December 31, 2023	December 31, 2022
Discount rate		
Increase 0.5%	\$ (608)	\$ (674)
Decrease 0.5%	635	703
Expected salary increase rate		
Increase 0.5%	621	674
Decrease 0.5%	(594)	(632)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- F. The Company expects to make a contribution to its defined benefit pension plans next year is \$41 thousand in 2024. The weighted average maturity period of the defined benefit obligation is 8.7 years.

#### 6.15 COMMON STOCKS

- (1) As of December 31, 2023, the Company's authorized capital was \$2,000,000 thousand, consisting of 200,000 thousand shares, and the total amount of paid-in capital was \$1,091,071 thousand with a nominal value of \$10 each. The number of shares issued by the Company has been fully paid-up.
- (2) The reconciliation of the number and amount of the Company's common stocks outstanding is as follows:

Items	2023	2022
On January 1	105,908	106,170
Purchase of treasury stock	-	(567)
Subscription of treasury stock by employees	-	305
On December 31	105,908	105,908

#### 6.16 CAPITAL SURPLUS

Items	December 31, 2023	December 31, 2022
Additional paid-in capital arising from bond conversion	\$ 213,926	\$ 213,926
Recognition of changes in ownership	4	4

Items	December 31, 2023	December 31, 2022
interest in subsidiaries		
Others	\$ 16,844	\$ 16,844
Total	<u>\$ 230,774</u>	<u>\$ 230,774</u>

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including additional paid-in capital from issuance of common stocks and additional paid-in capital arising from bond conversion) and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal capital reserve is insufficient. The capital surplus from shares of changes in equities and stock options may not be used for any purpose.

#### **6.17 RETAINED EARNINGS AND DIVIDEND POLICY**

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its operating losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws or as requested by the authorities in charge. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting to distribute dividend to shareholders.

The distribution of dividends and bonuses to shareholders, or the disbursement of the full amount or a portion of the statutory capital reserve designated for retained earnings as mandated by Article 241, Paragraph 1 of the Company Act, shall be executed in monetary form. The Board of Directors holds the authority to enact such distributions pursuant to a decree established under Article 240 of the Company Act, with an obligation to report on these actions at the subsequent shareholders' meeting.

Cash dividends distribute the allocation of the abovementioned dividends as a priority, but it depends on the proportion of cash dividends on the Company's capital expenditure plan. Among these, the aggregate proportion of capitalization of retained earnings and capital surplus transferred to common stock should not exceed 90% of the total dividends for the year.

- (2) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal capital reserve shall not be used for any

other purpose. The use of legal capital reserve for the issuance of new stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.

(3) Special capital reserve

Items	December 31, 2023	December 31, 2022
Provisions on initial application of IFRSs	\$ 106,123	\$ 106,123
Provisions on debited other equity	-	42,838
Total	<u>\$ 106,123</u>	<u>\$ 148,961</u>

A. In accordance with the regulation, the Company shall set aside special capital reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. The amounts set aside by the Company as \$106,123 thousand of special capital reserve on the initial application of IFRSs in accordance with rule NO.1010012865 issued by the FSC, dated April 6, 2012, are unrealized revaluation reserve transferred to retained earnings, shall be reversed proportionately to retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

(4) The appropriations of 2022 and 2021 earnings have been approved by shareholders' meetings held on March 24, 2023, and March 25, 2022, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal capital reserve	\$ 22,597	\$ 51,321		
Special capital reserve	(42,838)	33,032		
Cash dividends	111,204	105,603	\$ 1.05	\$ 1.00
Total	<u>\$ 90,963</u>	<u>\$ 189,956</u>		

The abovementioned legal capital reserve and special capital reserve have been approved by shareholder's meeting held on June 16, 2023, and June 17, 2022, respectively.

(5) The Company's appropriation of earnings for 2023 had been approved in the Board

meeting held on March 11, 2024. The appropriations of earnings were as follows:

Items	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal capital reserve	\$ 15,772	
Cash dividends	63,545	\$ 0.60
Total	<u>\$ 79,317</u>	

The abovementioned legal capital reserve and special capital reserve are to be presented for approval in the shareholders' meeting held on June 14, 2024.

- (6) Information on the resolution of the Board and shareholders meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

## 6.18 OTHER EQUITY

### A. Exchange differences on translation of foreign operations

Items	2023	2022
Balance, January 1	\$ 44,643	\$ (42,838)
Exchange differences on translation of foreign operations	(31,493)	109,351
Income taxes arising from exchange differences on translation of foreign operations	6,299	(21,870)
Balance, December 31	<u>\$ 19,449</u>	<u>\$ 44,643</u>

The exchange difference arising from the translation of the net assets of foreign operations from their functional currency to the presentation currency of the Company is recognized directly in other comprehensive income and accumulated to the exchange differences arising from exchange differences on translation of foreign operations. Those previous exchange differences will be reclassified to profit or loss when the disposal of foreign operations.

## 6.19 TREASURY STOCK

- Reasons for share repurchase and movements in the number of the treasury stock are as follows:

(Unit: Shares in thousand)

Reasons for share repurchase	2023		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	3,199	-	3,199

Reasons for share repurchase	2022		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	2,937	262	3,199

- (1) The Company held the Board meeting on November 9, 2021, when the board approved repurchasing the Company's common stock and transfer to employees. It is estimated to repurchase 5,000 shares. The repurchase terms are from November 10, 2021, to January 9, 2022, with the value ranging from \$15.65 to \$33.05. There are 3,504 thousand treasury stocks during the repurchase period; the average price is \$23.41 for each for \$82,028 thousand. As of December 31, 2023, the Company has transferred 305 thousand shares; the remaining repurchase amount is \$74,888 thousand.
- (2) The Company transferred treasury stock to employees under the Regulation of Transferring the Repurchased Treasury Stock approved by the board on August 9, 2022. The transfer price was the actual repurchased price of \$23.41. The subscription benchmark date was August 9, 2021, and the price per share was \$20.50 on the subscription benchmark date. The fair value of the subscription per share was \$0. As of December 31, 2023, there were 305 thousand shares for transferred shares with fully paid. All of them are transferred.
- (3) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (4) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and are not entitled to dividends before they are reissued.
- (5) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should be reissued to the employees within five years from the repurchase date and shares not reissued within the three-year period are to be retired.

## 6.20 OPERATING REVENUE

Items	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 265,435	\$ 409,943
Subtotal	265,435	409,943
Rental revenue		
Rental revenue from property	31,605	33,983
Total	\$ 297,040	\$ 443,926

A. Description of customer contract

The customer agreement delineates the revenue generated from the sales of nonwoven and insulation materials. The primary clients encompasses purchasers of the produced apparel and industrial materials. Transactions are conducted at prices specified within the contractual agreement. The financial consideration received is categorized as short-term receivables and is consequently valued at the invoiced amount.

B. Disaggregation of revenue from contracts with customers

The Company classifies revenue from the following categories of main products:

Items	2023	2022
Major products/Service line		
Nonwoven material	\$ 260,245	\$ 398,096
Bedding and others	5,190	11,847
Total	\$ 265,435	\$ 409,943
Timing of revenue recognition		
Performance obligation satisfied at a point in time	\$ 265,435	\$ 409,943

C. Contract balances

The Company recognizes contract liabilities related to the revenue from contracts with customers as follows:

Items	December 31, 2023	December 31, 2022
Contract liabilities		
- current	\$ 6,198	\$ 7,327

## 6.21 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefit expenses						
Salary	\$ 52,515	\$ 99,658	\$ 152,173	\$ 64,284	\$ 88,512	\$ 152,796
Insurance	7,371	8,622	15,993	7,241	8,540	15,781
Pension	2,124	4,411	6,535	2,228	3,984	6,212
Remuneration to directors	-	3,411	3,411	-	3,685	3,685
Others	2,224	2,779	5,003	2,694	2,496	5,190
Depreciation	24,770	52,350	77,120	35,726	40,424	76,150
Amortization	-	1,585	1,585	-	1,132	1,132
Total	\$ 89,004	\$ 172,816	\$ 261,820	\$ 112,173	\$ 148,773	\$ 260,946

A. The average number of employees of the Company in 2023 and 2022 were 265 and 249, respectively. Among them, the numbers of non-employee Directors were 4, respectively. The average employee benefits expenses were \$689 thousand and \$735 thousand for 2023 and 2022, respectively. The average salaries were \$583 thousand and \$624 thousand for 2023 and 2022, respectively. The average salaries in 2023 and 2022 decreased by 6.57%.

B. The salary and remuneration policy of the Company

(a) Directors' remuneration

According to the Company's Articles of Incorporation, the Company may pay remuneration to directors when they perform their duties for the Company, regardless of the Company's operating profit or loss. The remuneration is authorized by the Board according to their degree of participation and contribution to the Company's operation and the usual level of the same industry. All directors may receive travel expenses according to the actual situation.

(b) Managers' remuneration

Managers' remuneration is paid according to the Company's employee salary regulations, and is reviewed by the Remuneration Committee and submitted to the Board for resolution.

(c) Employees' compensation

The salary and remuneration of employees include monthly salary, retirement pension, bonus and employee compensation, which are paid according to their duties, contributions, performance and responsibilities.

- C. The profit before tax represents the amount before the Company deducts the employee's and directors' remuneration for the year. The Company is stipulated to distribute compensation of employees at the rate between 1% to 5% of profit before tax, and directors' remuneration at the rate not higher than 3% of profit before tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in the next fiscal year. The number of employee stock compensation shares is calculated based on the closing price of the day before the board resolution date of the following year and taking into account the effects of ex-rights and ex-dividend.
- D. The appropriations of employees' compensation and directors' remuneration for 2023 and 2022 have been approved by the board of directors held on March 11, 2024, and March 24, 2023, respectively. The amount of approved and recognized in financial statement is shown as follows.

	2023		2022	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ 5,200	\$ 2,100	\$ 7,230	\$ 2,410
Amounts recognized in financial statement	5,200	2,100	7,230	2,410
Difference	\$ -	\$ -	\$ -	\$ -

The aforementioned employees' compensation is distributed in cash.

- E. Information regarding employees' compensation and directors' remuneration of the Company is available from the Market Observation Post System on the website of the TWSE.

## 6.22 OTHER INCOME

Items	2023	2022
Management fees income	\$ 28,852	\$ 23,134
Commission income	4,701	7,505
Others	13,118	9,621



Items	2023	2022
Total	\$ 46,671	\$ 40,260

### 6.23 OTHER GAINS AND LOSSES

Items	2023	2022
Foreign exchange gains, net	\$ 2,864	\$ 39,539
Gain on disposal of property, plant and equipment	230	274
Impairment loss on property, plant and equipment	-	(49,966)
Others	(44)	(5)
Total	\$ 3,050	\$ (10,158)

### 6.24 FINANCIAL COSTS

Items	2023	2022
Interest expense		
Bank loans	\$ 33,700	\$ 21,293
Interest on lease liabilities	130	137
Less: Capitalized amount for qualified assets	(10,267)	(6,991)
Financial costs	\$ 23,563	\$ 14,439
Interest capitalization rates	1.99%	1.43%

### 6.25 INCOME TAX

#### A. Income tax expense

##### (1) Components of income tax expense

Items	2023	2022
Tax on unappropriated earnings	\$ 6,750	\$ 16,163
Adjustments on prior years	-	2,401
Deferred income tax related to temporary differences and unused loss carryforwards	39,261	(11,843)

Items	2023	2022
Income tax expense recognized in profit or loss	\$ 46,011	\$ 6,721

(2) Income tax expenses (benefits) recognized in other comprehensive income

Items	2023	2022
Exchange differences on translation of foreign operations	\$ (6,299)	\$ 21,870
Remeasurements of defined benefit plans	(15)	345
Total	\$ (6,314)	\$ 22,215

B. Reconciliation between accounting profit and income tax expense recognized in profit or loss:

Items	2023	2022
Income before tax	\$ 203,625	\$ 231,121
Income tax expense at the statutory rate	\$ 40,725	\$ 46,224
Tax effect of adjusting items:		
Deductible items in determining taxable income	(40,725)	(46,224)
Repatriated offshore funds	-	-
Income tax on unappropriated earnings	6,750	16,163
Income tax adjustments on prior years	-	2,401
Deferred income tax related to temporary differences	39,261	(11,843)
Income tax expense recognized in profit or loss	\$ 46,011	\$ 6,721

The profit-seeking enterprise income tax rate for entities subject to the ROC is 20%, and the tax rate for unappropriated earnings is 5%.

C. Income tax assets and liabilities:

Items	December 31, 2023	December 31, 2022
Income tax assets	\$ 13,685	\$ 12,376
Income tax liabilities	\$ 7,832	\$ 16,262

D. Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credit:

Items	2023			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized loss on inventories	\$ 6,084	\$ (451)	\$ -	\$ 5,633
Net defined benefit liability	693	(7)	15	701
Investment income and unrealized profits/losses of subsidiaries	11,985	10,372	-	22,357
Exchange differences on translation of foreign operations	9,810	-	6,299	16,109
Impairment loss	9,683	1,064	-	10,747
Unrealized profit on debt conversion	40,851	(132)	-	40,719
Others	858	(85)	-	773
Total	<u>\$ 79,964</u>	<u>\$ 10,761</u>	<u>\$ 6,314</u>	<u>\$ 97,039</u>

Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)
Unrealized exchange gain	(4,542)	533	-	(4,009)
Investment income and unrealized profits/losses of subsidiaries	<u>(11,844)</u>	<u>(50,556)</u>	<u>-</u>	<u>(62,400)</u>

Items	2023			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Total	\$ (81,493)	\$ (50,023)	\$ -	\$ (131,516)

Items	2022			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Operating loss carryforward	\$ 2,987	\$ (2,987)	\$ -	\$ -
Temporary differences				
Unrealized loss on inventories	5,706	378	-	6,084
Net defined benefit liability	1,270	(232)	(345)	693
Investment income and unrealized profits/losses of subsidiaries	-	11,985	-	11,985
Exchange differences on translation of foreign operations	31,680	-	(21,870)	9,810
Impairment loss	-	9,683	-	9,683
Unrealized profit on debt conversion	40,984	(133)	-	40,851
Others	2,165	(1,307)	-	858
Total	\$ 84,792	\$ 17,387	\$ (22,215)	\$ 79,964

Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)
Unrealized exchange gain	-	(4,542)	-	(4,542)
Investment income and unrealized profits/losses of subsidiaries	(10,842)	(1,002)	-	(11,844)
Total	\$ (75,949)	\$ (5,544)	\$ -	\$ (81,493)

The income tax returns of the Company have examined through 2021 by tax authority.

## 6.26 OTHER COMPREHENSIVE INCOME

Items	2023		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ (71)	\$ 15	\$ (56)
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	166	-	166
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(31,493)	6,299	(25,194)
<b>Total</b>	<b>\$ (31,398)</b>	<b>\$ 6,314</b>	<b>\$ (25,084)</b>

Items	2022		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 1,725	\$ (345)	\$ 1,380
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	186	-	186
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	109,351	(21,870)	87,481
<b>Total</b>	<b>\$ 111,262</b>	<b>\$ (22,215)</b>	<b>\$ 89,047</b>

## 6.27 EARNINGS PER SHARE

Items	2023	2022
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 157,614	\$ 224,400
Weighted average shares outstanding (in thousands)	105,908	105,731

Items	2023	2022
Basic earnings per share (after tax) (in dollars)	\$ 1.49	\$ 2.12
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 157,614	\$ 224,400
Net income for calculating diluted earnings per share	\$ 157,614	\$ 224,400
Weighted average shares outstanding (in thousands)	105,908	105,731
Effect of dilutive potential common shares		
Employees' compensation (in thousands)	338	523
Weighted average shares outstanding for diluted earnings per share (in thousands)	106,246	106,254
Diluted earnings per share (after tax) (in dollars)	\$ 1.48	\$ 2.11

If the Company is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

## 7. RELATED PARTY TRANSACTIONS

### A. Names of related parties and relationship

Names of related parties	Relationship with the Company
TAIWAN KUREHA CO., LTD. (TAIWAN KUREHA)	Subsidiaries
SHINIH HOLDING CO., LTD. (HOLDING)	Subsidiaries
SUNBURST INTERNATIONAL LTD.	Subsidiaries
VFT INC. (VFT)	Subsidiaries
KUREHA (THAILAND) CO., LTD.	Subsidiaries
SHINIH USA INC. (USA HOLDING)	Subsidiaries
SHINIH VIETNAM COMPANY LTD.	Subsidiaries

Names of related parties	Relationship with the Company
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (DONG GUAN TAIXIN)	Subsidiaries
INTERBOND CO., LTD. ( INTERBOND)	Subsidiaries
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (SHINIH SUZHOU)	Sub-Subsidiaries
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD. (SHINIH DONG GUAN)	Sub-Subsidiaries
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Sub-Subsidiaries
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD. (TAIXIN SUZHOU)	Sub-Subsidiaries
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Sub-Subsidiaries
SHINIH(COMBODIA)CO., LTD. (SHINIH COMBODIA)	Sub-Subsidiaries
KUNSHAN SHINIH TRADING CO., LTD. (KUNSHAN SHINIH)	Sub-Subsidiaries
PT. SHINIH NONWOVENS INDONESIA (SHINIH INDONESIA)	Sub-Subsidiaries
AMERICAN OUTDOOR LIVING INC. (AOLI)	Sub-Subsidiaries
WORLD FURNITURE GROUP (WFG)	Sub-Subsidiaries
S INTERNATIONAL INC.(SII)	Sub-Subsidiaries
AMERICAN FURNITURE ALLIANCE INC. (AFA)	Sub-Subsidiaries
MS NONWOVEN INC. (MSNI)	Sub-Subsidiaries
AMERICAN NONWOVEN INC. (ANI)	Sub-Subsidiaries
Jianbao Health Product Technical Co., Ltd (Jianbao Health)	Substantive related party
SUN JUNG UNITED CO., LTD.	Substantive related party
KAI SHEN CONSTRUCTION CO., LTD.	Substantive related party
CHIEN JUNG TSAI	Other related parties

B. Significant transactions between related parties

(a) Revenue

Related Party	2023	2022
Subsidiaries	\$ 4,929	\$ 2,110
Sub-Subsidiaries	5,918	6,660
Substantive related party	2,390	1,072

Related Party	2023	2022
Total	\$ 13,237	\$ 9,842

Sales prices between related parties were determined and negotiated referring to the relevant market prices. The payment term was T/T 90 days.

(b) Rent revenue

Categories/Names of related parties	2023	2022
Subsidiaries - TAIWAN KUREHA	\$ 3,600	\$ 5,680
Other related parties	1,714	1,714
Total	\$ 5,314	\$ 7,394

The abovementioned rental plants are calculated and charged monthly based on the local rental market.

(c) Others income

Categories/Names of related parties	2023	2022
Subsidiaries-SHINIH VIETNAM	\$ 12,330	\$ 16,004
Subsidiaries-AOLI	3,756	3,658
Sub-Subsidiaries-PT SHINIH	2,529	3,472
Sub-Subsidiaries- SHINIH SUZHOU	10,237	-
Subsidiaries	32	-
Substantive related party	-	14
Total	\$ 28,884	\$ 23,148

Other income mainly consists of the remuneration received by the Company for providing supply chain services and selling equipment or raw materials.

(d) Commission

Categories/Names of related parties	2023	2022
Subsidiaries-SHINIH VIETNAM	\$ 3,376	\$ 4,125
Subsidiaries	399	433
Sub-Subsidiaries-SHINIH SUZHOU	532	1,844
Sub-Subsidiaries	313	833



Categories/Names of related parties	2023	2022
Total	\$ 4,620	\$ 7,235

(e) Purchases

Categories/Names of related parties	2023	2022
Subsidiaries	\$ 3,543	\$ 1,122
Sub-Subsidiaries	212	1,747
Substantive related party	4,001	10,922
Total	\$ 7,756	\$ 13,791

Purchases prices between related parties was determined and negotiated referring to the relevant market prices. The payment term was T/T 90 days.

(f) Lease agreements

(1) Lease liabilities

Lease liabilities – current

Categories/Names of related parties	December 31, 2023	December 31, 2022
Other related parties	\$ 578	\$ 570
Total	\$ 578	\$ 570

Lease liabilities – noncurrent

Categories/Names of related parties	December 31, 2023	December 31, 2022
Other related parties	\$ 8,306	\$ 8,884
Total	\$ 8,306	\$ 8,884

(2) Interest expense

Categories/Names of related parties	2023	2022
Other related parties	\$ 130	\$ 137
Total	\$ 130	\$ 137

The Company leases real estate from related parties for use as employees' dormitories. The rent is calculated and charged monthly based on the local rental market.

(g) Accounts receivable

Categories/Names of related parties	December 31, 2023	December 31, 2022
Subsidiaries-TAIWAN KUREHA	\$ 1,275	\$ 1,470
Substantive related party	1,666	619
Total	<u>\$ 2,941</u>	<u>\$ 2,089</u>

(h) Other receivables

Categories/Names of related parties	December 31, 2023	December 31, 2022
Subsidiaries-SHINIH VIETNAM	\$ 6,839	\$ 18,580
Subsidiaries	2,786	873
Sub-Subsidiaries-SHINIH SUZHOU	2,959	2,109
Sub-Subsidiaries-AOLI	2,291	1,917
Sub-Subsidiaries	2,946	3,446
Substantive related party	217	174
Total	<u>\$ 18,038</u>	<u>\$ 27,099</u>

The other receivables mainly represent the Company purchases the raw materials and equipment and dividends receivables for subsidiaries and sub-subsidiaries.

(i) Accounts payable

Categories/Names of related parties	December 31, 2023	December 31, 2022
Subsidiaries	\$ 223	\$ 18
Subsidiaries-SHINIH VIETNAM	1,687	-
Sub-Subsidiaries-SHINIH SUZHOU	201	975
Substantive related party-Jianbao Health	544	5,162
Total	<u>\$ 2,655</u>	<u>\$ 6,155</u>

(j) Other payables

Categories/Names of related parties	December 31, 2023	December 31, 2022
Subsidiaries-USA HOLDING	\$ -	\$ 1,616
Subsidiaries- TAIWAN KUREHA	922	789
Subsidiaries- SII	1,847	-
Sub-Subsidiaries-TAIXIN SUZHOU	-	3,560
Substantive related party	304	60

Categories/Names of related parties	December 31, 2023	December 31, 2022
Total	\$ 3,073	\$ 6,025

The other payables mainly represent the subsidiaries and sub-subsidiaries purchase the equipment for the Company.

(k) Equipment purchases

Categories/Names of related parties	December 31, 2023	December 31, 2022
Subsidiaries	\$ 55	\$ 20,922
Sub-Subsidiaries	255	3,561
Total	\$ 310	\$ 24,483

C. Endorsement and Guarantees

Party being guaranteed	Matter being guaranteed	December 31, 2023	December 31, 2022
Subsidiaries-HOLDING	Banking facilities	\$ 675,510	\$ 675,620
Subsidiaries-VFT	Banking facilities	92,115	92,130
Sub-Subsidiaries-AOLI	Banking facilities	92,115	92,130
Subsidiaries-TAIWAN KUREHA	Banking facilities	135,353	135,355
Total		\$ 995,093	\$ 995,235

D. Compensation of key management personnel

Items	2023	2022
Salaries and other short-term employee benefits	\$ 22,264	\$ 21,541
Post-employment benefits	639	612
Total	\$ 22,903	\$ 22,153

8. PLEDGED ASSETS

The following assets have already provided various performance guarantees and collateral for long-term and short-term loans:

Items	December 31, 2023	December 31, 2022
Property, plant and equipment, net	\$ 543,074	\$ 537,499

Items	December 31, 2023	December 31, 2022
Investment property, net	\$ 215,077	\$ 244,810
Total	\$ 758,151	\$ 782,309

**9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS:**

A. The letters of credit opened with the banks but not yet used are as follows:

Items	December 31, 2023	December 31, 2022
Letters of credit	\$ 3,013	\$ 9,486

B. Material capital expenditures contracted but not yet incurred are as follows:

Items	December 31, 2023	December 31, 2022
Property, plant, and equipment	\$ 4,008	\$ 11,918

C. Contingency: NONE.

**10. SIGNIFICANT DISASTERS: NONE.**

**11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.**

**12. OTHERS:**

**12.1 Capital risk management**

The Company requires an adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, and debt service requirements and other business requirements associated with its existing operations over the next 12 months.

**12.2 Financial risks on financial instruments**

**A. Financial risk management policies**

The Company's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate

potential adverse effects on its financial performance.

The Company's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

## B. Significant financial risks and degrees of financial risks

### (a) Market risk

#### i. Foreign exchange risk

- (i) The Company's sales, purchase and borrowing activities denominated in foreign currencies are exposed to foreign currency risk. The Company's functional currency is New Taiwan dollars. The main foreign currencies of those thousand transactions are US dollars, CNY and THB, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Company might hedge its foreign exchange risk exposure by using foreign currency loans and derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Company to reduce but not completely eliminate the influence of changes in foreign exchange rates.
- (ii) Foreign currency risk and sensitivity analysis

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$ 14,139	30.7050	\$ 434,132
CNY	1,004	4.3352	4,351
<u>Investments accounted for using equity method</u>			
USD	94,972	30.7050	2,916,111
THB	91,354	0.9017	82,374
CNY	8,276	4.3352	35,882
<u>Financial Liabilities</u>			
Monetary Items			
USD	174	30.7050	5,332
CNY	52	4.3352	225

	December 31, 2022			
	Foreign Currency		Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>				
Monetary Items				
USD	\$	14,098	30.71	\$ 432,962
CNY		762	4.4094	3,361
Investments accounted for using equity method				
USD		86,697	30.71	2,662,467
THB		87,473	0.8941	78,210
CNY		16,725	4.4094	73,749
<u>Financial Liabilities</u>				
Monetary Items				
USD		234	30.71	7,164
CNY		623	4.4094	2,745

The Company is mainly exposed to US dollar and CNY. The sensitivity analysis rate for the Company is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currencies with all other variables held constant in the amounts of \$4,329 thousand and \$4,264 thousand for the years ended December 31, 2023 and 2022, respectively.

#### ii. Price risk

The Company does not hold the financial assets in the form of equity securities measured at fair value through profit or loss and has no other price risk items.

#### iii. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Company as of the reporting date are as follows:

Items	Carrying Amounts	
	December 31, 2023	December 31, 2022

Fair value interest rate risk

Items	Carrying Amounts	
	December 31, 2023	December 31, 2022
Financial assets	\$ 328,544	\$ 343,952
Financial liabilities	(260,000)	(250,000)
Net	<u>\$ 68,544</u>	<u>\$ 93,952</u>
Cash flow interest rate risk		
Financial assets	\$ 128,173	\$ 109,632
Financial liabilities	(1,503,750)	(1,340,687)
Net	<u>\$ (1,375,577)</u>	<u>\$ (1,231,055)</u>

#### Sensitivity analysis for instruments with fair value interest rate risk

The Company does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Company does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

#### Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Company's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases (decreases) 0.25%, the profit before tax will increase (decrease) \$3,439 thousand and \$3,078 thousand for the years ended December 31, 2023 and 2022, respectively.

#### **(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

#### Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

#### Financial credit risk

The Company's exposure to financial credit risk which pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's treasury function. The Company only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

The credit concentration risk of accounts receivable is relatively immaterial because the Company has not concentrated on the minority as target customers.

ii. Measurement of expected credit loss

(i) Accounts receivable: The Company applies simplified approach to its accounts receivable. Please refer to Note 6.3 for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Company considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost:

Please refer to Note 6.3 for information on the Company's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit loss. Therefore, the loss allowance is assessed based on the 12-month expected credit loss. After the assessment, the Company determines that no material impairment occurred.

**(c) Liquidity risk**

i. Liquidity risk management

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations.

For the years ended December 31, 2023 and 2022, the Company's unused financing facilities were \$1,172,900 thousand and \$1,151,900 thousand, respectively.

ii. Maturity analysis for financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative financial liabilities	December 31, 2023			Contract cash flows	Carrying amounts
	Within 1 year	1-5 years	Over 5 years		
Short-term loans	\$ 792,020	\$ -	\$ -	\$ 792,020	\$ 790,000



Non-derivative financial liabilities	December 31, 2023				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Notes payable	\$ 9,473	\$ -	\$ -	\$ 9,473	\$ 9,473
Accounts payable	7,348	-	-	7,348	7,348
Other payables	29,245	-	-	29,245	29,245
Lease liabilities	700	2,800	6,300	9,800	8,884
Long-term loans (include current portion)	198,367	820,120	-	1,018,487	973,750
Guarantee deposits received	-	4,456	-	4,456	4,456
<b>Total</b>	<b>\$ 1,037,153</b>	<b>\$ 827,376</b>	<b>\$ 6,300</b>	<b>\$ 1,870,829</b>	<b>\$ 1,823,156</b>

Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 453,059	\$ -	\$ -	\$ 453,059	\$ 450,687
Notes payable	11,844	-	-	11,844	11,844
Accounts payable	14,452	-	-	14,452	14,452
Other payables	51,862	-	-	51,862	51,862
Lease liabilities	700	2,800	7,000	10,500	9,454
Long-term loans (include current portion)	185,351	988,079	-	1,173,430	1,140,000
Guarantee deposits received	-	4,954	-	4,954	4,954
<b>Total</b>	<b>\$ 717,268</b>	<b>\$ 995,833</b>	<b>\$ 7,000</b>	<b>\$ 1,720,101</b>	<b>\$ 1,683,253</b>

The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### 12.3 Categories of financial instruments

Items	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at amortized costs (Note1)	\$ 510,327	\$ 530,077
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,814,272	1,673,799

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, accounts payable, other payables, long-term loans and guarantee deposits received.

#### **12.4 Fair value information of financial instruments**

- A. Definition of fair value measurements are grouped into Level 1 to 3 as follows:
- Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.
  - Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.
  - Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.
- B. Financial instruments that are not measured at fair value
- The fair value of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loans, accounts payables, long-term loans and deposits received approximate their fair value.
- C. Fair value of financial instruments that are measured at fair value: NONE.
- D. The methods and assumptions the Company used to measure fair value are as follows:
- (a) The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
  - (b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
  - (c) Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- E. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- F. Changes in level 3 instruments: None.

### **13. SUPPLEMENTARY DISCLOSURES**

#### **13.1 Significant transactions information**

- A. Financings provided to others: Please see Table 1 attached.
- B. Endorsement and guarantee provided to others: Please see Table 2 attached.
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): None.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300

- million or 20% of the paid-in capital: None.
- E. Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
  - F. Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital: Please see Table 3 attached.
  - G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please see Table 4 attached.
  - H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5 attached.
  - I. Information on the derivative instrument transactions: None.
  - J. The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 6 attached.
- 13.2 Information on investees (before inter-company eliminations): Please see Table 7 attached.
- 13.3 Information on investment in Mainland China
- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached.
  - (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 6 attached.
- 13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 9 attached.

#### **14. SEGMENT INFORMATION**

The Company's management has identified the reportable segment under the reporting information used for making decisions adopted by the chief operating decision maker. The Company has provided the chief operating decision maker the information on resource allocation and assessment of segment performance, focusing on the financial information by geographic plants. The company has provided the segment information disclosure in the consolidated financial statements for the year ended December 31, 2023.

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# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

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

### Statement 1

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 394
Cash in banks		
New Taiwan Dollars		
Checking accounts deposits		1,083
Demand deposits		43,860
Foreign currency		
Demand deposits	(USD)	2,648
	(JPY)	486
	(CNY)	569
	(EUR)	13
Deposits account	(USD)	5,000
Subtotal		282,781
Total		\$ 283,175

Note : USD 1 = NT \$ 30.7050

JPY 1 = NT \$ 0.2172

CNY 1 = NT \$ 4.3352

EUR 1 = NT \$ 33.98

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 2

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
JIN SHINN CHANG ENTERPRISE CO., LTD.	Receivable from sale of goods	\$ 1,428
MEXSMON TRADING CO., LTD.	Receivable from sale of goods	938
CATHAY CONSOLIDATED INC.	Receivable from sale of goods	878
FOR YOUNG INTERNATIONAL LTD.	Receivable from sale of goods	784
CANVADA INDUSTRIAL CO., LTD.	Receivable from sale of goods	781
CHIN CHENG MATS CO., LTD.	Receivable from sale of goods	743
ANGLIAN BEDCLOTHES STORE	Receivable from sale of goods	515
Others (Note)	Receivable from sale of goods	2,783
Total		<u>\$ 8,850</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF ACCOUNTS RECEIVABLE - NON-RELATED PARTY

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 3

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
QUANG VIET ENTERPRISE CO., LTD.	Receivable from sales of goods	\$ 2,832
JIN SHINN CHANG ENTERPRISE CO., LTD.	Receivable from sales of goods	1,400
MEXSMON TRADING CO., LTD..	Receivable from sales of goods	1,366
I CHIN BEDDING CO., LTD.	Receivable from sales of goods	1,286
PRESICARRE CORPORATION	Receivable from sales of goods	1,040
JUNCTION COTTON GOODS COMPANY	Receivable from sales of goods	990
Others (Note)	Receivable from sales of goods	10,693
Subtotal		<u>19,607</u>
Less : Loss allowance		(764)
Total		<u>\$ 18,843</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 4

Item	Description	Amount	
		Cost	Net Realizable Value
Raw materials		\$ 51,133	\$ 53,116
Work-in-process		130	130
Finished goods		20,443	29,984
Total		<u>\$ 71,706</u>	<u>\$ 83,230</u>



# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 6

Creditor	Description	Amount	Contract Period	Collateral	Note
CHB Bank	Guaranteed loans	\$ 30,000	2024.05.31	Land and Building	
CHB Bank	Guaranteed loans	60,000	2024.05.31	Land and Building	
Subtotal		90,000			
HUA NAN Bank	Unsecured loans	130,000	2024.11.09		
CHB Bank	Unsecured loans	50,000	2024.05.31		
Taishin International Bank	Unsecured loans	100,000	2024.04.30		
SINO PAC Bank	Unsecured loans	160,000	2024.11.30		
Yushan Bank	Unsecured loans	100,000	2024.11.09		
Taipei Fubon Bank	Unsecured loans	60,000	2024.09.02		
Cathay Pacific Bank	Unsecured loans	100,000	2024.09.01		
Subtotal		700,000			
Total		\$ 790,000			

Note : The unused financing amount of the loan is approximately \$772,917 thousand and the range of interest rates is 1.76% ~1.95%.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 7

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>
FAR EASTERN NEW CENTURY CORPORATION	Payment for material	\$ 7,582
EVER GREEN ULTRASONICS CO., LTD.	Payment for equipment	1,260
Others (Note)		631
Total		<u>\$ 9,473</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF ACCOUNTS PAYABLE - NON-REALTED PARTY

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 8

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
ROHM AND HAAS TAIWAN, INC.	Payment for material	\$ 1,348
FARLEAD TECHNOLOGY CO., LTD.	Payment for material	812
CHAN SIEH ENTERPRISES CO., LTD.	Payment for material	711
NAN YA PLASTICS CORPORATION	Payment for material	627
SHING MING IND. CO., LTD.	Payment for material	506
PAI HUEY PLASTIC INDUSTRY CO., LTD.	Payment for material	451
Others (Note)	Payment for material	238
Total		<u>\$ 4,693</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 9

Creditor	Description	Amount	Contract Period	Collateral	Note
KGI Bank	Guaranteed loans	\$ 600,000	2026. 05. 08	Land and Building	2
The Shanghai Commercial Bank	Guaranteed loans	66,667	2025. 10. 12	Land and Building	3
The Shanghai Commercial Bank	Guaranteed loans	150,000	2027. 12. 27	Land and Building	3
CHB Bank	Guaranteed loans	157,083	2025. 01. 05	Land and Building	4
Subtotal		973,750			
Less : Current portion		(178,333)			
Total		\$ 795,417			

Note 1 : The unused financing amount of the loan is approximately \$400,000 thousand and the range of interest rates is 1.90%~2.37%

Note 2 : KGI Bank is repayment of principal at maturity.

Note 3 : Shanghai Commercial Bank repays the principal in 12 instalments with one instalments every 3 months, starting from January 2023 and January 2025.

Note 4 : CHB Bank repays the principal in 24 instalments starting from February 2022.

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 10

<u>Items</u>	<u>QTY (in thousand)</u>	<u>Unit</u>	<u>Amount</u>
Resin cotton	3,401	YARD	\$ 121,049
Needle-punched resin cotton	258	YARD	53,325
Vertical cotton	585	Kg	45,847
cotton fabric	396	YARD	13,410
Coiled wires	258	Kg	9,456
Cotton pompom processing	34	Kg	5,071
Others			17,535
Total			265,693
Less: Sales return			(200)
Sales allowances			(58)
Sales revenue, net			265,435
Rental income			31,605
Operating revenue, net			<u>\$ 297,040</u>

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 11

Items	Amount
Raw materials:	
Balance, January 1	\$ 64,141
Add: Purchase	78,033
Gain on physical inventory	36
Less: Balance, December 31	(51,133)
Transferred to expenses	(4,818)
Sell raw materials	(6,476)
Raw materials consumed for the period	79,783
Direct labor	24,387
Production overheads	40,877
Manufacturing cost	145,047
Add : Work in process, January 1	2,465
Less : Work in process, December 31	(130)
Cost of finished goods	147,382
Add : Finished goods, January 1	41,687
Purchase	8,271
Less : Transferred to expenses	(8,881)
Finished goods, December 31	(20,443)
Scrapped losses	(2,086)
Loss on physical inventory taking	(20)
Production and marketing costs	165,910
Raw materials sold	6,476
Total cost of goods sold	172,386
Unallocated production overheads	71,472
Leasing costs	5,046
Scrapped losses	2,086
Gain on physical inventory	(16)
Total cost of revenue	\$ 250,974

**SHINIH ENTERPRISE CO., LTD.**  
**STATEMENT OF MANUFACTURING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**

**Statement 12**

<u>Items</u>	<u>Amount</u>
Indirect labor	\$ 30,253
Depreciation	21,804
Utilities expenses	10,870
Fuel cost	5,477
Processing fee	12,251
Repair and maintenance expenses	5,254
Insurance expenses	8,765
Packaging expenses	2,219
Shipping expenses	2,171
Others	13,285
Less : Unallocated production overheads	(71,472)
Total	<u>\$ 40,877</u>

# SHINIH ENTERPRISE CO., LTD.

## STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

### Statement 13

Items	Marketing	Administrative	Research and Development	Total
Salaries	\$ 13,944	\$ 72,395	\$ 21,044	\$ 107,383
Insurance expenses	1,457	6,174	2,796	10,427
Depreciation	181	5,583	46,586	52,350
Shipping expenses	8,633	211	1,820	10,664
Professional service fees	14	6,494	182	6,690
Export charges	3,777	140	54	3,971
Sample charges	425	23	11,713	12,161
Others (Note)	8,947	17,394	14,091	40,432
Total	<u>\$ 37,378</u>	<u>\$ 108,414</u>	<u>\$ 98,286</u>	<u>\$ 244,078</u>

Note : The amount of each item in others does not exceed 5% of the account balance.



SHINIH ENTERPRISE CO., LTD.  
FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	SHINIH HOLDING CO., LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	2.5%	2	-	Operating capital	-	-	-	NTD 2,321,876 (USD 75,619)	NTD 4,643,752 (USD 151,238)
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 32,514 (CNY 7,500)	NTD 32,514 (CNY 7,500)	NTD 32,514 (CNY 7,500)	2.5%	2	-	Operating capital	-	-	-		
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	2.5%	2	-	Operating capital	-	-	-		
			Other receivables	Yes	NTD 46,058 (USD 1,500)	NTD 46,058 (USD 1,500)	NTD 46,058 (USD 1,500)	3.5%	2	-	Operating capital	-	-	-		
		SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 1,878 (USD 61)	-	-	-	2	-	Operating capital	-	-	-		
		SHINIH VIETNAM COMPANY LTD.	Other receivables	Yes	NTD 122,820 (USD 4,000)	NTD 92,115 (USD 3,000)	NTD 92,115 (USD 3,000)	5%	2	-	Operating capital	-	-	-		
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 30,705 (USD 1,000)	-	-	-	2	-	Operating capital	-	-	-	NTD 696,563 (USD 22,686)	NTD 928,750 (USD 30,248)
PT. SHINIH NONWOVENS INDONESIA	Other receivables		Yes	NTD 30,705 (USD 1,000)	NTD 15,353 (USD 500)	NTD 15,353 (USD 500)	5%	2	-	Operating capital	-	-	-			
2	SUNBURST INTERNATIONAL LTD.	SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 9,921 (USD 323)	-	-	-	1	-	Operating capital	-	-	-	NTD 23,154	NTD 46,309
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 17,341 (CNY 4,000)	NTD 17,341 (CNY 4,000)	NTD 17,341 (CNY 4,000)	3%	2	-	Operating capital	-	-	-	NTD 423,987 (CNY 97,801)	NTD 847,974 (CNY 195,602)
		KUNSHAN SHINIH TRADING CO., LTD.	Other receivables	Yes	NTD 8,670 (CNY 2,000)	NTD 4,335 (CNY 1,000)	NTD 4,335 (CNY 1,000)	3%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD.  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 50,721 (CNY 11,700)	NTD 43,352 (CNY 10,000)	NTD 43,352 (CNY 10,000)	3%	2	-	Operating capital	-	-	-	NTD 423,987 (CNY 97,801)	NTD 847,974 (CNY 195,602)
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		
4	AMERICAN NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 76,763 (USD 2,500)	NTD 76,763 (USD 2,500)	NTD 43,950 (USD 1,431)	4%	2	-	Operating capital	-	-	-	NTD 304,310 (USD 9,911)	NTD 608,620 (USD 19,822)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 55,269 (USD 1,800)	NTD 55,269 (USD 1,800)	NTD 55,269 (USD 1,800)	4%	2	-	Operating capital	-	-	-	NTD 91,293 (USD 2,973)	NTD 121,724 (USD 3,964)
5	AMERICAN OUTDOOR LIVING INC.	SHINIH USA INC.	Other receivables	Yes	NTD 24,564 (USD 800)	NTD 24,564 (USD 800)	NTD 9,874 (USD 322)	4%	2	-	Operating capital	-	-	-	NTD 135,963 (USD 4,428)	NTD 271,926 (USD 8,856)
		WORLD FURNITURE GROUP	Other receivables	Yes	NTD 3,071 (USD 100)	-	-	4%	2	-	Operating capital	-	-	-		
		S INTERNATIONAL INC.	Other receivables	Yes	NTD 12,282 (USD 400)	NTD 12,282 (USD 400)	-	4%	2	-	Operating capital	-	-	-		
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 30,705 (USD 1,000)	NTD 30,705 (USD 1,000)	NTD 18,423 (USD 600)	4%	2	-	Operating capital	-	-	-		
6	MS NONWOVEN INC.	VFT INC	Other receivables	Yes	NTD 19,958 (USD 650)	NTD 19,958 (USD 650)	NTD 16,888 (USD 550)	3.5%	2	-	Operating capital	-	-	-	NTD 29,805 (USD 971)	NTD 59,610 (USD 1,941)
7	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 52,022 (CNY 12,000)	NTD 52,022 (CNY 12,000)	NTD 52,022 (CNY 12,000)	3%	2	-	Operating capital	-	-	-	NTD 68,491 (CNY 15,799)	NTD 136,983 (CNY 31,598)
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 28,179 (CNY 6,500)	NTD 28,179 (CNY 6,500)	NTD 28,179 (CNY 6,500)	3%	2	-	Operating capital	-	-	-	NTD 68,136 (CNY 15,717)	NTD 136,272 (CNY 31,433)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 6,503 (CNY 1,500)	NTD 6,503 (CNY 1,500)	NTD 6,503 (CNY 1,500)	3%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD.  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 1 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
9	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-	NTD 256,671 (CNY 59,206)	NTD 513,343 (CNY 118,413)
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	NTD 10,838 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		
10	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 36,849 (CNY 8,500)	NTD 36,849 (CNY 8,500)	NTD 36,849 (CNY 8,500)	3%	2	-	Operating capital	-	-	-	NTD 64,098 (CNY 14,785)	NTD 128,196 (CNY 29,571)
11	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 184,246 (CNY 42,500)	NTD 184,246 (CNY 42,500)	NTD 184,246 (CNY 42,500)	3%	2	-	Operating capital	-	-	-	NTD 238,272 (CNY 54,962)	NTD 476,544 (CNY 109,924)

Note 1 : The numbers filled in for the financing company represent the following :

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2 : Nature for Financing as follows :

- (1) Business transactions.
- (2) The need for short-term financing.

Note 3 : The financing limits for each foreign companies directly and indirectly held by the Company is 100% of the net value of the lending company, and the rest is 30% of the net value of the lending company.

Note 4 : The total financing limits for foreign companies directly and indirectly held by the Company is 200% of the net value of the lending company, and the rest is 40% of the net value of the lending company.

Note 5 : All the transactions had been eliminated when preparing consolidated financial statements.

SHINIH ENTERPRISE CO., LTD.  
ENDORSEMENTS / GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

NO.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
○	The Company	VFT INC.	2	NTD 1,716,550	NTD 184,230 (USD 6,000)	NTD 92,115 (USD 3,000)	-	-					
○	The Company	SHINIH HOLDING CO., LTD.	2		NTD 829,035 (USD 27,000)	NTD 675,510 (USD 22,000)	-	-					
○	The Company	AMERICAN OUTDOOR LIVING INC.	3		NTD 184,230 (USD 6,000)	NTD 92,115 (USD 3,000)	-	-	28.99%	NTD 3,433,101	Y	N	N
○	The Company	TAIWAN KUREHA CO., LTD.	2		NTD 170,000 NTD 15,353 (USD 500)	NTD 120,000 NTD 15,353 (USD 500)	NTD 30,000 -	-					

Note 1 : The Company is '○'.

Note 2 : '2' The subsidiary invested directly by the Company.

'3' The sub-subsidiary invested directly by the Company.

Note 3 : The limits on endorsement to a single enterprise : 50% of equity attributable to shareholders of the parent.

Note 4 : The maximum limit for endorsement/guarantee : 100% of equity attributable to shareholders of the parent.

Note 5 : The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limit or amount for others that occurred on the date of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).

SHINIH ENTERPRISE CO., LTD.  
ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 3

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Disposed of by	Types of Property	Date of Occurrence	Date of Acquisition	Carrying Amount	Transaction Amount (Note 2)	Status of Collection	Gain (loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Basis or Reference Used in Setting the Price	Other Commitments
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Property, plant, and right-of-use assets	November 24, 2022	Note 1	CNY 2,857	CNY 78,414	Note 2	Note 2	Loudong Subdistrict Office of Taicang Municipal People's Government	NIL	To cooperate with the local government's urban planning division	Note 3	Note 2

Note 1 : SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. obtained the land use rights and build factories in succession in 1993.

Note 2 : Transaction amount included the compensations for collecting the immovable items such as the land use rights, buildings, and equipment, and cessation of production and business, termination of labor contracts and related relocation expenses. Please refer to Note 6.26 for the information.

Note 3 : The land expropriation compensation and appraisal report from the local government.

SHINIH ENTERPRISE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	Please refer to Note 4 of consolidated financial statements	Sales	(NTD 133,166)	(67%)	As prescribed by the agreement	—	—	—	—	Note

Note 1 : All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD.  
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	Ending Balance (Note )	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Please refer to Note 4 of consolidated financial statements	Accounts receivable NTD 184,348	-	-	-	-	-

Note 1 : All the transactions had been eliminated when preparing the consolidated financial statements.

## SHINIH ENTERPRISE CO., LTD.

## SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Sales revenue	\$ 4,572	Note 3	-
		TAIWAN KUREHA CO., LTD.	1	Rental revenue	3,600	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Sales revenue	6,003	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Other revenue	9,941	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Commission revenue	532	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Commission revenue	3,376	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other revenue	12,444	Note 3	1%
		PT.SHINIH NONWOVENS INDONESIA	4	Other revenue	2,567	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other revenue	3,758	Note 3	-
		1	TAIWAN KUREHA CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	3	Sales revenue	2,210
2	SHINIH HOLDING COMPANY LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	2,026	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Interest revenue	5,283	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Interest revenue	889	Note 3	-

(Continued)



## SHINIH ENTERPRISE CO., LTD.

## SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
2	SHINIH HOLDING COMPANY LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	\$ 829	Note 3	-
3	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Sales revenue	1,812	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Sales revenue	624	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Other revenue	7,215	Note 3	-
4	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	5,316	Note 3	-
5	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Sales revenue	8,365	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	1,331	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	500	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	7	Sales revenue	791	Note 3	-
6	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Rental revenue	19,541	Note 3	1%
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	1,311	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
7	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	\$ 6,613	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	825	Note 3	-
8	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	8	Sales revenue	2,038	Note 3	-
		TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	1,727	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUC CO., LTD.	7	Interest revenue	1,079	Note 3	-
9	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	45,821	Note 3	2%
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Rental revenue	2,948	Note 3	-
10	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Sales revenue	64,800	Note 3	3%
		AMERICAN NONWOVEN INC.	8	Sales revenue	133,166	Note 3	6%
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	566	Note 3	-
11	WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	8	Other revenue	1,871	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	8	Other revenue	3,741	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
11	WORLD FURNITURE GROUP	S INTERNATIONAL INC.	8	Other revenue	\$ 2,619	Note 3	-
		AMERICAN NONWOVEN INC.	8	Other revenue	25,627	Note 3	1%
		VFT INC.	7	Other revenue	11,785	Note 3	1%
		MS NONWOVEN INC.	8	Other revenue	748	Note 3	-
12	VFT INC.	AMERICAN NONWOVEN INC.	6	Sales revenue	15,155	Note 3	1%
		AMERICAN NONWOVEN INC.	6	Other revenue	9,353	Note 3	-
13	AMERICAN NONWOVEN INC.	VFT INC..	7	Sales revenue	8,638	Note 3	-
		VFT INC.	7	Interest revenue	2,426	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	2,184	Note 3	-
		S INTERNATIONAL INC.	8	Sales revenue	516	Note 3	-
14	SHINIH VIETNAM COMPANY LTD.	SHINIH ENTERPRISE CO., LTD.	2	Sales revenue	2,481	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Sales revenue	5,020	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Sales revenue	1,468	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	6	Sales revenue	3,450	Note 3	-
15	S INTERNATIONAL INC.	SHINIH VIETNAM COMPANY LTD.	7	Other revenue	6,222	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
15	S INTERNATIONAL INC.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Other revenue	\$ 4,970	Note 3	-
16	MS NONWOVEN INC.	VFT INC.	7	Interest revenue	668	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Accounts receivable	\$ 1,275	Note 3	-
		TAIWAN KUREHA CO., LTD.	1	Other receivables	532	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other receivables	6,796	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Other receivables	2,959	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other receivables	2,290	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	4	Other receivables	1,315	Note 3	-
		PT.SHINIH NONWOVENS INDONESIA	4	Other receivables	1,139	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	1	Other receivables	1,877	Note 3	-
1	SHINIH HOLDING COMPANY LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Other receivables	1,434	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Other receivables	23,611	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Other receivables	72,067	Note 3	1%
		PT.SHINIH NONWOVENS INDONESIA	6	Other receivables	15,575	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Other receivables	61,801	Note 3	1%
		SHINIH USA INC.	3	Other receivables	2,323	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
1	SHINIH HOLDING COMPANY LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	6	Other receivables	\$ 11,708	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Other receivables	35,125	Note 3	1%
2	SUNBURST INTERNAL LTD.	SHINIH VIETNAM COMPANY LTD.	3	Other receivables	9,045	Note 3	-
3	TAIWAN KUREHA CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Other receivables	836	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	3	Accounts receivable	622	Note 3	-
4	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	184,348	Note 3	3%
5	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	10,870	Note 3	-
		KUNSHAN SHINIH TRADING CO., LTD.	8	Other receivables	4,335	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	43,569	Note 3	1%
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	17,341	Note 3	-
6	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	10,838	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	10,838	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
7	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	\$ 36,849	Note 3	1%
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	28,179	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	6,503	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	2,087	Note 3	-
9	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	57,315	Note 3	1%
10	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Accounts receivable	8,663	Note 3	-
11	MS NONWOVEN INC.	VFT INC.	7	Other receivables	16,888	Note 3	-
		AMERICAN NONWOVEN INC.	8	Other receivables	3,272	Note 3	-
12	S INTERNATIONAL INC.	SHINIH ENTERPRISE CO., LTD.	5	Other receivables	1,847	Note 3	-
13	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Accounts receivable	15,090	Note 3	-
		SHINIH USA INC.	7	Other receivables	8,263	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	18,423	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
14	AMERICAN NONWOVEN INC.	S INTERNATIONAL INC.	8	Accounts receivable	\$ 508	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	55,269	Note 3	1%
		VFT INC.	7	Other receivables	44,115	Note 3	1%
		VFT INC.	7	Notes receivable	5,764	Note 3	-
15	WORLD FURNITURE GROUP	SHINIH USA INC.	7	Other receivables	921	Note 3	-
		VFT INC.	7	Other receivables	7,738	Note 3	-
16	AMERICAN FURNITURE ALLIANCE INC.	SHINIH USA INC.	7	Other receivables	6,769	Note 3	-
17	SHINIH VIETNAM COMPANY LTD.	SHINIH ENTERPRISE CO., LTD.	2	Accounts receivable	1,687	Note 3	-

(Continued)



Note 1: The parent company and subsidiaries are coded as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below :

- '1' represents parent company to subsidiary.
- '2' represents subsidiary to parent company.
- '3' represents subsidiary to subsidiary.
- '4' represents parent company to sub-subsidiary.
- '5' represents sub-subsidiary to parent company.
- '6' represents subsidiary to sub-subsidiary.
- '7' represents sub-subsidiary to subsidiary.
- '8' represents sub-subsidiary to sub-subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing the consolidated financial statements.

## SHINIH ENTERPRISE CO., LTD.

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	TAIWAN KUREHA CO., LTD.	Note 1	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters	NTD 54,800	NTD 54,800	55,000	84.62%	NTD 34,349	NTD 8,223	NTD 6,749	Note 19, 20
	SHINIH HOLDING CO.,LTD.	Note 2	Securities trading and investment	USD 6,700	USD 6,700	10,000,000	100%	NTD 2,321,865	NTD 284,842	NTD 284,814	Note 19, 20
	SUNBURST INTERNATIONAL LTD.	Note 3	Operating textile, polyester cotton and other import and export trade and reinvestment business	USD 50	USD 50	50,000	100%	NTD 14,328	NTD 101	NTD 2,095	Note 19, 20
	VFT INC.	Note 4	Nonwoven fabric material manufacturing, processing and trading	USD 1,800	USD 1,800	100	100%	NTD 289,529	NTD 19,595	NTD 20,450	Note 19, 20
	KUREHA (THAILAND) CO.,LTD.	Note 5	The manufacture, processing and trading of blankets and air filters	USD 1,018	USD 1,018	37,500	50%	NTD 82,374	NTD 34,449	NTD 17,224	Note 20

(Continued)

## SHINIH ENTERPRISE CO., LTD.

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
SHINIH ENTERPRISE CO., LTD.	SHINIH VIETNAM COMPANY LTD.	Note 6	Nonwoven fabric material manufacturing, processing and trading	USD 2,000	USD 2,000	-	100%	NTD 216,331	NTD 39,206	NTD 39,054	Note 19, 20
	SHINIH USA INC.	Note 7	Securities trading and investment	USD 1,100	USD 1,100	1,100,000	100%	NTD 66,006	NTD 17,048	NTD 17,740	Note 19, 20
	INTERBOND CO., LTD.	Note 8	Nonwoven fabric material manufacturing, processing and trading	NTD 2,000	NTD 2,000	200,000	100%	NTD 1,206	NTD (118)	NTD (118)	Note 20
SHINIH HOLDING CO.,LTD.	SHINIH (CAMBODIA) CO.,TLD	Note 9	Nonwoven fabric material and other manufacturing and sales	USD 1,500	USD 1,500	-	100%	USD 1,166	USD 2,171	Note 17	Note 20
	PT.SHINIH NONWOVENS INDONESIA	Note 10	Nonwoven fabric material and other manufacturing and sales	USD 6,435	USD 6,435	-	99%	USD 4,918	USD (55)	Note 17	Note 20
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Note 11	Nonwoven fabric material manufacturing, processing and trading	USD 1,000	USD 1,000	-	100%	USD 4,428	USD 326	Note 17	Note 20

(Continued)

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
DECEMBER 31, 2023

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
SHINIH USA INC.	WORLD FURNITURE GROUP	Note 12	Investment business	USD 400	USD 400	-	100%	USD (1,028)	USD 240	Note 17	Note 20
WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	Note 13	Nonwoven fabric material manufacturing, processing and trading	USD 400	USD 400	-	80%	USD (1,308)	USD 61	Note 17	Note 20
	S INTERNATIONAL INC.	Note 14	General merchandise trade	USD 100	USD 100	-	100%	USD 67	USD (31)	Note 17	Note 20
VFT INC.	MS NONWOVEN INC.	Note 15	Nonwoven fabric material manufacturing, processing and trading	USD 7,428	USD 7,428	-	100%	USD 1,139	USD (80)	Note 17	Note 20
	AMERICAN NONWOVEN INC.	Note 16	Nonwoven fabric material manufacturing, processing and trading	USD 100	USD 100	-	100%	USD 9,911	USD 446	Note 17	Note 20

(Continued)

- Note 1: No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)
- Note 2: OFFSHORE CHAMBERS P.O.BOX 217.APIA WESTERN SAMOA
- Note 3: P.O.BOX 957,OFFSHORE INCORPORATIONS CENTRE ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLANDS
- Note 4: 1040 S.Vail AVE. Montebello,CA
- Note 5: 525 Moo 4 Bangpoo Industral Estate, Sukhumvit RD., Praksa, Muang District, Samutprakarn 10280 Thailand
- Note 6: B3-3 Cu Chi Northwest Industrial Zone,Cu Chi District, HCMC,Vietnam
- Note 7: 1040 S VAIL AVENUE MONTEBELLO,CA 90640 LOS ANGELES COUNTY CALIFORNIA
- Note 8: 5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022 , Taiwan (R.O.C.)
- Note 9: Phnom Penh Special Economic Zone (Sangkat Kantouk, Sangkat Phleung Chhes Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh)
- Note 10: Kawasan Industri Indotaisei Sektor IA Blok D-Z, Kalihurip Cikampek, Karawang-Jawa Barat
- Note 11: 820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA
- Note 12: 9141 Arrow Route, Rancho Cucamonga, CA
- Note 13: 785 E. Harrison Street, Corona, CA
- Note 14: 785 E. Harrison Street, Corona, CA
- Note 15: 275 Industrial DR, Pontotoc, MS
- Note 16: 9141 Arrow Route, Rancho Cucamonga, CA
- Note 17: According to the regulations, it can be exempted from filling in columns.
- Note 18: Please refer to Table 8 for information of investees in Mainland China.
- Note 19: The difference between the investment income and loss recognized in the current period and the income and loss of the invested company recognized according to the shareholding ratio in the current period is the unrealized income and loss of the upstream and downstream transactions within the group.
- Note 20: All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD.  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 8 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,410 (USD 2,000)	Note 2	NTD 60,000	-	-	NTD 60,000	NTD (51,857)	100%	NTD (53,863)	NTD (11,768)	NTD 131,709
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 76,763 (USD 2,500)	Note 2	NTD 8,430	-	-	NTD 8,430	NTD 209,405	11%	NTD 23,502	NTD 31,854	NTD 40,172
“	Nonwoven fabric material manufacturing, processing and trading	“	Note 1	Note 1			Note 1	NTD 209,405	89%	NTD 185,910	NTD 385,589	-
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 52,813 (USD 1,720)	Note 1	Note 1	-	-	Note 1	NTD 12,401	100%	NTD 12,401	NTD 68,492	-
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,144 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD 18,546	100%	NTD 18,546	NTD 238,273	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 8 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1,2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,410 (USD 2,000)	Note 1	Note 1	-	-	Note 1	NTD 5,151	100%	NTD 5,151	NTD 68,136	-
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 153,525 (USD 5,000)	Note 1	Note 1	-	-	Note 1	NTD 15,424	100%	NTD 15,361	NTD 256,670	-
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 64,481 (USD 2,100)	Note 1	Note 1	-	-	Note 1	NTD (9,149)	100%	NTD (9,769)	NTD 64,080	-
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 92,115 (USD 3,000)	Note 1	Note 1	-	-	Note 1	NTD (3,154)	100%	NTD (3,154)	NTD 22,259	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,144 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD (10,510)	100%	NTD (10,510)	NTD (28,574)	-

(Continued)

SHINIH ENTERPRISE CO., LTD.  
 INFORMATION ON INVESTMENT IN MAINLAND CHINA  
 FOR THE YEAR ENDED DECEMBER 31, 2023

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/ Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
KUNSHAN SHINIH TRADING CO., LTD.	General merchandise trade	NTD 9,212 (USD 300)	Note 1	Note 1	-	-	Note 1	NTD 1,387	100%	NTD 1,387	NTD (1,801)	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 160,545	NTD 882,155 (USD 28,730)	NTD 2,059,861

Note 1 : The Company remitted US\$3,000 thousand from Taiwan to invest in SHINIH HOLDING CO., LTD., and pass through SHINIH HOLDING CO., LTD. to invest in SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD., SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD., HANGZHOU SHINIH FIBER PRODUCTS CO., LTD., SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD., TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD., TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD., QINGDAO TAIXIN FIBER PRODUCTS CO., LTD., HUBEI TAIXIN FIBER PRODUCTS CO., LTD. and KUNSHAN SHINIH TRADING CO., LTD.

Note 2 : Directly invest in a company in Mainland China.

Note 3 : It is recognized according to the financial statements audited by Taiwan accountants for the same period.

Note 4 : All the transactions had been eliminated when preparing the consolidated financial statements.

Note 5 : According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland Area", investors who remit dividends or profits from mainland investment enterprises back to Taiwan shall deduct their accumulated investment amount. As of December 31, 2023, the accumulated amount of investment remitted out was \$160,545 thousand; the accumulated profit remitted back from the mainland was \$171,881 thousand.



SHINIH ENTERPRISE CO., LTD.  
Major Shareholders Information  
DECEMBER 31, 2023

TABLE 9

Share	Total Shares Owned	Ownership Percentage
Major shareholders		
LEE PONT INVESTMENT CO., LTD.	24,075,234	22.06%