Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the Years ended December 31, 2020 and2021

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Declaration of Consolidation of Financial Statements of Affiliates

In 2021 (from January 1, 2021 to December 31, 2021), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that shall be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. We hereby produce this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Company Name: Shinkong Textile Co., Ltd.

Chairman: Hsin-En Wu

MM DD YYYY

Independent Auditors' Report

To Shinkong Textile Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Shinkong Textile Co., Ltd. and its subsidiaries (hereinafter referred to as the "Group") as of December 31, 2021 and 2020; and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 ones that were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2021 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements for the year ended December 31, 2021 are as follows:

<u>Authenticity of sales revenue from specific customers</u>

The Group's principal source of income is the sale of various types of fabrics and finished clothing, apparel agency and property leasing. Significant risk is presumed in revenue recognition in view of significance and auditing standards. In our opinion, the authenticity on revenue from customers with specific trading terms has significant impact on the financial statements. Thus, we identified the authenticity of sales revenue from specific customers as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4(14) of the notes to consolidated financial statements.

Our corresponding audit procedures were as follows:

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

Other Matters

Shinkong Textile Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2021 and 2020, which we had audited and issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The responsibilities of management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal controls associated with the preparation in order to ensure the consolidated financial statements 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 operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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 and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021. We describe these matters in our independent auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Li-Huang Li

CPA Jui-Chuan Chih

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

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

March 21, 2022

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

DECEMBER 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6, 33 and 34)	$ 1,409,594	9	$ 594,798	4
1110	Financial assets at fair value through profit or loss (Note 7, 33, and 34)	172,462	1	187,529	2
1120	Financial assets at fair value through other comprehensive income - current (Note 8 and 33)	1,770,277	11	1,245,718	9
1150	Notes receivable (Notes 10 and 34)	29,684	-	7,195	-
1170	Accounts receivable (Note 10)	356,824	2	284,094	2
1180	Accounts receivable - related parties, net (Note 10 and 34)	43,253	-	37,203	-
1200	Other receivables	19,925	-	9,659	-
1210	Other receivables - related parties (Note 34)	4	-	1	-
1220	Current tax assets (Note 27)	139,795	1	848	-
130X	Inventories (Note 11)	778,609	5	452,093	3
1410	Prepayments (Note 19 and 34)	160,467	1	60,429	1
1460	Other non-current assets held for sale (Note 12)	118,922	1	-	-
1470	Other current assets (Note 19)	3,073	-	12,331	-
11XX	Total current assets	5,002,889	31	2,891,898	21
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 33, 34 and 35)	4,649,708	29	4,259,032	31
1535	Financial assets at amortized cost - non-current (Notes 9, 33, 34 and 35)	1,800	-	1,800	-
1550	Investments accounted for using the equity method (Note 14)	705,251	4	695,686	5
1600	Property, plant and equipment (Notes 15 and 31)	417,013	3	321,571	3
1755	Right-of-use assets (Note 16)	150,762	1	106,078	1
1760	Investment properties (Notes 17 and 35)	5,023,510	31	5,093,701	38
1780	Other intangible assets (Note 18)	2,457	-	2,368	-
1840	Deferred tax assets (Notes 27)	28,931	-	42,799	-
1990	Other non-current assets (Note 17 and 34)	152,804	1	164,195	1
15XX	Total non-current assets	11,132,236	69	10,687,230	79
1XXX	TOTAL ASSETS	$ 16,135,125	100	$ 13,579,128	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 20 and 35)	$ 2,480,000	16	$ 2,003,500	15
2110	Short-term notes payable (Note 20)	1,178,598	7	948,687	7
2130	Contract liabilities - current (Note 25 and 34)	26,043	-	49,987	-
2150	Notes payable (Note 21)	257,405	2	99,440	1
2160	Notes payable - related parties (Notes 21 and 34)	38,720	-	12,229	-
2170	Accounts payable (Note 21)	97,448	1	58,767	1
2180	Accounts payable - related parties (Note 21 and 34)	6,724	-	529	-
2219	Other payables (Note 22)	130,552	1	93,039	1
2220	Other payables - related parties (Note 22 and 34)	1,186	-	1,231	-
2230	Current tax liabilities (Note 27)	16,728	-	28,980	-
2280	Lease liabilities - current (Note 16, 31 and 34)	49,764	-	42,911	-
2320	Current portion of long-term borrowings (Note 20)	-	-	190,000	1
2399	Other current liabilities (Note 22)	839,876	5	2,718	-
21XX	Total current liabilities	5,123,044	32	3,532,018	26
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 27)	767,723	5	765,872	6
2580	Lease liabilities - non-current (Note 16, 31 and 34)	105,243	-	64,766	-
2670	Other non-current liabilities (Note 22 and 34)	127,997	1	129,104	1
25XX	Total non-current liabilities	1,000,963	6	959,742	7
2XXX	Total liabilities	6,124,007	38	4,491,760	33
	Equity attributable to owners of the company (Note 24)				
	Share Capital				
3110	Common shares	3,000,413	19	3,000,413	22
3200	Capital surplus	8,928	-	7,911	-
	Retained earnings				
3310	Legal reserve	497,780	3	459,911	3
3320	Special reserve	1,006,548	6	1,006,548	8
3350	Unappropriated earnings	1,058,957	7	951,961	7
3300	Total retained earnings	2,563,285	16	2,418,420	18
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	(6,638)	-	(5,019)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	4,458,304	27	3,678,813	27
3400	Total other equity	4,451,666	27	3,673,794	27
3500	Treasury share	(13,174)	-	(13,174)	-
31XX	Total equity attributable to owners of the Company	10,011,118	62	9,087,364	67
36XX	Non-controlling Interests	-	-	4	-
3XXX	Total equity	10,011,118	62	9,087,368	67
	TOTAL LIABILITIES AND EQUITY	$ 16,135,125	100	$ 13,579,128	100

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

Chairman: Hsin-En Wu President: Hsin-En Wu Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2021 and 2020

Unit: In Thousands of NT$, provided that Earnings per share are in NT$

Code		2021 Amount	2021 %	2020 Amount	2020 %
	Operating revenue (Note 25 and 34)				
4110	Sales revenue	$ 2,397,995	87	$ 1,792,301	83
4300	Rental revenue	350,315	13	355,916	17
4800	Other operating revenue	604	-	996	-
4000	Total operating revenue	2,748,914	100	2,149,213	100
	Operating costs (Notes 11, 26 and 34)				
5110	Cost of goods sold	(1,927,419)	(70)	(1,411,442)	(66)
5300	Rental costs	(92,600)	(4)	(114,649)	(5)
5000	Total operating costs	(2,020,019)	(74)	(1,526,091)	(71)
5900	Gross Profit	728,895	26	623,122	29
	Operating expenses (Notes 26 and 34)				
6100	Selling and marketing	(380,347)	(14)	(337,249)	(16)
6200	General and administrative	(121,886)	(4)	(97,970)	(5)
6300	Research and development	(25,941)	(1)	(23,704)	(1)
6450	Expected credit gain	(497)	-	(650)	-
6000	Total operating expenses	(528,671)	(19)	(459,573)	(22)
6500	Other operating income and expenses	-	-	(102)	-
6900	Profit from operations	200,224	7	163,447	7
	NON-OPERATING INCOME AND EXPENSES (Note 26 and 34)				
7100	Interest income	475	-	1,977	-
7010	Other income	286,643	10	245,295	12
7020	Other gains and losses	(19,911)	(1)	(36,442)	(2)
7050	Finance costs	(28,371)	(1)	(27,997)	(1)

7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	46,013	2	49,676	2
7000	Total non-operating income and expenses	284,849	10	232,509	11

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Code		2021 Amount	2021 %	2020 Amount	2020 %
7900	Income before income tax	485,073	17	395,956	18
7950	Income tax expense (Note 27)	(34,190)	(1)	(31,464)	(1)
8200	Net income	450,883	16	364,492	17
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(5,991)	-	3,110	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	801,363	29	319,869	15
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(21,862)	(1)	5,681	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(80)	-	(27)	-

8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,555)	-	(3,584)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	16	-	5	-
8300	Other comprehensive income or loss (net value after tax) in this period	771,891	28	325,054	15
8500	Total comprehensive income	$ 1,222,774	44	$ 689,546	32
	Net income attributable to:				
8610	Owners of the Company	$ 450,887	16	$ 365,025	17
8620	Non-controlling Interests	(4)	-	(533)	-
8600		$ 450,883	16	$ 364,492	17
	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 1,222,778	44	$ 690,082	32

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Code		2021 Amount	2021 %	2020 Amount	2020 %
8720	Non-controlling Interests	(4)	-	(536)	-
8700		$ 1,222,774	44	$ 689,546	32
	Earnings per share (Note 28)				
9710	Basic	$ 1.51		$ 1.22	
9810	Diluted	$ 1.51		$ 1.22	

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

Chairman: Hsin-En Wu President: Hsin-En Wu Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company											
								Other equity					
		Share capital			Retained earnings								
Code		Number of Shares (In Thousand Shares)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange Difference on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury share	Total	Non-controlling Interests	Total Equity
A1	Balance at January 1, 2020	300,041	$ 3,000,413	$ 6,916	$ 421,099	$ 1,006,548	$ 912,129	($ 1,416)	$ 3,371,877	($ 13,174)	$ 8,704,392	$ 34,756	$ 8,739,148
	Appropriation and distribution of earnings for 2019:												
B1	Legal reserve	-	-	-	38,812	-	(38,812)	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(300,041)	-	-	-	(300,041)	-	(300,041)
	Other changes in capital surplus:												
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804	-	804
M5	Acquisition of partial interests in subsidiaries (Note 30)	-	-	-	-	-	(8,064)	-	-	-	(8,064)	8,064	-
T1	Dividends not collected before the designated date	-	-	191	-	-	-	-	-	-	191	-	191
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	18,614	-	(18,614)	-	-	-	-
D1	Net income in 2020	-	-	-	-	-	365,025	-	-	-	365,025	(533)	364,492
D3	Other comprehensive income in 2020, net of tax	-	-	-	-	-	3,110	(3,603)	325,550	-	325,057	(3)	325,054
D5	Total comprehensive income in 2020	-	-	-	-	-	368,135	(3,603)	325,550	-	690,082	(536)	689,546
O1	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(42,280)	(42,280)
Z1	Balance at December 31, 2020	300,041	3,000,413	7,911	459,911	1,006,548	951,961	(5,019)	3,678,813	(13,174)	9,087,364	4	9,087,368
	Appropriation of 2020 earnings												
B1	Legal reserve	-	-	-	37,869	-	(37,869)	-	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(300,041)	-	-	-	(300,041)	-	(300,041)
	Other changes in capital surplus:												
M1	Changes in capital surplus from dividends paid to subsidiaries	-	-	804	-	-	-	-	-	-	804	-	804
T1	Dividends not collected before the designated date	-	-	213	-	-	-	-	-	-	213	-	213
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	10	-	(10)	-	-	-	-
D1	Net income in 2021	-	-	-	-	-	450,887	-	-	-	450,887	(4)	450,883

D3	Other comprehensive income in 2021, net of tax	-	-	-	-	-	(5,991)	(1,619)	779,501	-	771,891	-	771,891
D5	Total comprehensive income in 2021	-	-	-	-	-	444,896	(1,619)	779,501	-	1,222,778	(4)	1,222,774
Z1	Balance at December 31, 2021	300,041	$ 3,000,413	$ 8,928	$ 497,780	$ 1,006,548	$ 1,058,957	($ 6,638)	$ 4,458,304	($ 13,174)	$ 10,011,118	$ -	$ 10,011,118

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

Chairman: Hsin-En Wu President: Hsin-En Wu Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to March 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	$ 485,073	$ 395,956
A20010	Adjustments:		
A20100	Depreciation	126,485	139,050
A20200	Amortization	1,883	1,570
A20300	Expected credit losses	497	650
A20400	Net (gain) loss on fair value change of financial assets and liabilities as at FVTPL	(12,012)	4,275
A20900	Finance costs	28,371	27,997
A21200	Interest income	(475)	(1,977)
A21300	Dividend income	(281,990)	(235,190)
A22300	Share of profit or loss of associates accounted for using the equity method	(46,013)	(49,676)
A22500	Loss (gain) on disposal of property, plant and equipment	4,898	(150)
A23700	Write-downs of inventories	-	20,489
A23800	Gain from price recovery of inventories	(21,024)	-
A24500	Dividends not collected before the designated date reclassified to capital surplus	213	191
A22900	Gains (losses) on lease modification	(2)	98
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	(22,489)	(313)
A31150	Accounts receivable	(79,277)	(119,413)
A31180	Other receivables	(10,269)	275
A31200	INVENTORIES	(305,492)	15,307
A31230	Prepayments	(38)	(836)
A31240	Other current assets	9,258	(10,956)
A31990	Other Non-Current Assets	(5,110)	-
A32125	Contract liabilities	(23,944)	11,948
A32130	Notes payable	184,456	8,952
A32150	Accounts payable	44,876	(1,132)
A32180	Other payables	36,532	201
A32230	Other current liabilities	21,859	520
A32240	Net defined benefit assets	(879)	(819)
A32990	Other non-current liabilities	17	-

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Code		2021	2020
A33000	Cash generated from operations	135,404	207,017
A33300	Interest paid	(28,249)	(28,575)
A33500	Income tax paid	(169,265)	(31,407)
AAAA	Net cash (outflow) inflow from operating activities	(62,110)	147,035
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(130,494)	(125,717)
B00020	Disposal of the financial assets at fair value through other comprehensive income	53	24,394
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	16,569	28,257
B00050	Disposal of financial assets at amortized cost	-	2,250
B00100	Acquisition of financial assets at fair value through profit or loss	(71,182)	(176,587)
B00200	Proceeds from financial assets at fair value through profit or loss	98,986	90,341
B01800	Acquisition of long-term investment in shares accounted for using the equity method	(9,665)	(9,607)
B02000	Increase in prepayments for investments	(100,000)	-
B02700	Acquisition of property, plant, and equipment	(124,573)	(57,391)
B02800	Proceeds from disposal of property, plant, and equipment	1,548	150
B02800	Received prepayments for land	815,382	-
B03800	Decrease in refundable deposits	(5,847)	1,165
B04500	Acquisition of intangible assets	(1,972)	(966)
B05400	Acquisition of investment properties	(75,893)	-
B07100	Increase in prepayments for equipment	(12,640)	(39,349)
B07300	Prepaid for land	376	(17,469)
B07500	Interest received	475	1,977
B07600	Dividends received	281,990	235,190
B09900	Dividends received from associates	22,307	34,798
BBBB	Net cash provided by (used in) financing activities	705,420	(8,564)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	476,500	-
C00200	Decrease in short-term borrowings	-	(3,000)
C00500	Increase in short-term bills payable	230,000	310,000
C01700	Repayments of long-term borrowings	(190,000)	-
C03100	Refund of guarantee deposits received	(1,124)	(805)

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Code		2021	2020
C04020	Repayment of the principal portion of lease liabilities	(44,573)	(43,789)
C04500	Dividends paid to owners of the Company	(299,237)	(299,237)
C05800	Changes in non-controlling interests	-	(42,280)
CCCC	Net cash provided by (used in) financing activities	171,566	(79,111)
DDDD	Effects of exchange rate changes on cash and cash equivalent	(80)	(27)
EEEE	Net increase in cash and cash equivalents	814,796	59,333
E00100	Cash and cash equivalents at beginning of year	594,798	535,465
E00200	Cash and cash equivalents at end of year	$ 1,409,594	$ 594,798

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

Chairman: Hsin-En Wu President: Hsin-En Wu Accounting Manager: Su-Juan Ke

Shinkong Textile Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to March 31, 2021 and 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. General Information

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

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

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

II. Date and Procedures of Authorization of Financial Statements

The financial statements of the consolidated Company were approved and authorized for issue in the Board of Directors' meeting on March 21, 2022.

III. Application of New and Amended Standards and Interpretations

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

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

COVID-19 related rent concessions (amendment to IFRS 16) and COVID-19-related Rent Concessions beyond June 30, 2021

The Consolidated Company applies to the equity method and negotiates COVID-19-related rent concessions with the lessor. Related accounting policy refers to Note IV. Before amendment is applied. The consolidated company shall decide whether the rent negotiation previously mentioned applies to the lease amendment.

The consolidated company applies to such amendment from Jan 1, 2021.

(II) Adoption of IFRSs endorsed by the FSC from 2022 onward

New/Revised/Amended Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply to the fair value measurements during the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments apply to business combinations with acquisition dates in annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments apply to property, plant and equipment that arrived at the location and achieved the condition required for their operating method expected by the management on or after January 1, 2021.

Note 4: The amendments apply to contracts with unfulfilled obligations on or after January 1, 2022.

As of the date of authorization of the consolidated company financial statements, the consolidated Company has assessed the effects of amendments to other standards and interpretations on its financial conditions and performance, so as to avoid material influence.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS	January 1, 2023

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
17 and IFRS 9 - Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure Initiative - Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments apply prospectively to annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments apply to changes in accounting estimates and accounting policies on or after January 1, 2023.

Note 4: The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

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

V. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1. Assets held for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

1. Liabilities incurred for trading purposes;
2. Liabilities due to settle within 12 months after the balance sheet date; and
3. Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

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

(IV) Consolidated basis

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

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

For details on subsidiaries, including the percentages of ownership and principal business activities, please refer to Note 13 and Tables 5 and 6.

(V) Foreign Currency

In preparation for individual financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are converted into functional currency at the rates of exchange prevailing at the dates of the transactions.

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

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

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

In preparing the consolidated financial statements, the assets and liabilities of foreign operations (including foreign subsidiaries or subsidiaries using a currency different from the Corporation's) are translated into New Taiwan dollars at the rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the period. The exchange differences arising are recognized in other comprehensive income (and attributed to owners of the Company and non-controlling interests respectively).

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

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

(VI) Inventories

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

(VII) Investment in associates

An associate is an entity over which the Group has significant influence other than a subsidiary or a joint venture.

The Group accounts for its investments in associates using the equity method,

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

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

When an associate issues new shares, if the Group fails to subscribe in proportion to its shareholding ratio, resulting in a change in the shareholding ratio and a consequent increase or decrease in the net equity invested, the increase or decrease shall be adjusted to the capital reserves - changes in the net equity of the associate and investments using the equity method. If the subscription or acquisition at a percentage different from the existing ownership percentage results in a decrease in ownership interest in the associates, the proportionate amount previously recognized in other comprehensive income in relation to that associate is reclassified on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment shall be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group shall cease recognition of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associates.

In the evaluation of impairment, the Group shall treat the total carrying amount (including goodwill) of the investment as a single asset to compare the recoverable amount with the carrying amount and conduct impairment test. The recognized impairment loss shall not be apportioned to any asset, including goodwill, which forms part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

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

Profit or loss from upstream, downstream and lateral transactions between the Group and associates are recognized in the consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

(VIII) Property, plant and equipment

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

PP&E under construction is recognized at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified into the appropriate categories of PP&E and depreciated when they are completed and ready for their intended use.

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

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

(IX). Investment properties

Investment property is property held for rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use.

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

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

(X) Intangible assets

1. Separate Acquisition

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

2. Derecognition

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

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

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

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

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

Impairment loss is recognized for inventory, PP&E and intangible assets under customer contracts in accordance with inventory impairment rules and the afore-mentioned rules. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services. The carrying amount of assets related to the contract costs are then included in the CGU to which they belong for the purpose of evaluating the CGU' impairment.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit or the contract cost-related assets shall increase to the revised recoverable amount. Still, the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, cash-generating unit, or the contract cost-related assets without impairment loss recognized in the previous year. A reversal of an impairment loss is recognized in profit or loss.

(XII) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts are expected to be recovered mainly through sale rather than continuous usage. Non-current assets qualified for such classification must be available for immediate sale in their present condition and its sale must be highly probable. A sale is considered highly probable if management at an appropriate level commits to a plan to sell and such sale is expected to be completed within 12 months after the classification date.

(XIII) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheets when the Group becomes a party to the contractual provisions of the instruments.

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

1. Financial Assets

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

(1) Measurement Types

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

A. Financial assets at fair value through profit or loss

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

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

Financial assets at fair value through profit or loss are measured at fair value, of which any dividends and interest accrued are recognized as other income and interest income. Gain or loss on remeasurement are recognized in other gains or losses. Please refer to Note 33 for the determination of fair value.

B. Financial Assets at Amortized Cost

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

a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

b. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized costs (including cash and cash equivalents and accounts receivable, notes receivable, other receivables and refundable deposits that are measured at amortized cost) are measured at the gross carrying amount as determined using the effective interest method less any impairment loss. Foreign exchange gain or loss arising therefrom is recognized in profit or loss.

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

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

b. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in the subsequent period.

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

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

C. Investments in equity instruments at fair value through other comprehensive income

The Group may, at initial recognition, make an irrevocable decision to designate an investment in equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

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

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

(2) Impairment of financial assets and contract assets

On each balance sheet date, the consolidated company assesses the impairment loss of financial assets at amortized cost (including trade receivable) according to the expected credit loss, debt instrument investment measured at fair value through other comprehensive income, lease receivables and contract assets.

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

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

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

A. There is internal or external information indicating that it is impossible for the debtor to repay the debt.

B. It is more than 90 days overdue, unless there is reasonable and verifiable information to show that the deferred default basis is more appropriate.

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

(3) Derecognition of Financial Assets

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

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent Measurement

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

(2) Derecognition of Financial Liabilities

When a financial liability is de-recognized, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(XIV). Revenue recognition

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

<u>Revenue from the sale of goods</u>

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

Revenue on materials delivered to subcontractors for processing is not recognized because the delivery does not involve a transfer of control.

(XV) Leases

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Consolidated Company is a Lessor

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

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

When a lease simultaneously include land and building elements, the Group classifies them as finance lease or operating lease based on whether substantially all of the risks and rewards from ownership of the elements have been transferred to the lessee. Lease payments are apportioned to land and buildings in proportion to the fair value of land and building lease rights on the contract establishment date. If lease payments can be apportioned reliably to these two elements, each element is treated according to the applicable lease classification. If lease payments cannot be allocated reliably to the two elements, the entire lease is classified as a finance lease, except when both elements clearly meet the standards of operating leases, the entire lease would be classified as an operating lease.

2. The Consolidated Company is a Lessee

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

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

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

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

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

The Consolidated Company negotiated with the Lessor about COVID-19-related rent concessions to reduce the rent which was due before June 30, 2022. Such negotiation has no major impact on other lease terms. The Consolidated Company adopts the equity method to account all rent negotiation that meet previous conditions. Whether such negotiation is lease amendment is not assessed. Instead, the rent concession is recognized as profit or loss when the concession event or situation occurs (the depreciation expense of right-of-use assets shall be recorded in the account), and the lease liabilities shall be correspondingly reduced.

(XVI) Borrowing Costs

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

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

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

(XVII) Government subsidy

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

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

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

(XVIII) Employee benefits

1. Short-Term Employee Benefits

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

2. Benefits after retirement

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

The net defined benefit-cost of defined benefit retirement plan (including service cost, net interest, and remeasurement) is calculated by the expected unit benefit method. The service cost, including the current service cost, and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) is the shortfall (surplus) for defined benefit pension plans. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

(XIX) Income tax

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

1. Current Income Tax

The consolidated company determines the current income (loss) in accordance with the laws and regulations established by each income tax jurisdiction, and calculates the income tax payable (recoverable) based on it.

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

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

2. Deferred Tax

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

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

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

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

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

3. Current and deferred income tax

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

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

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

The Consolidated Company takes into account the recent development of COVID-19 in Taiwan and its possible impact on the economic environment in the estimation of cash flow, growth rate, discount rate, profitability and other relevant significant accounting estimates, and the management will constantly review the estimations and underlying assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

VI. Cash and cash equivalent

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 979	$ 843
Checks and demand deposits in banks	1,408,615	593,955
	$ 1,409,594	$ 594,798

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

	December 31, 2021	December 31, 2020
Bank deposits	0.001%～0.2%	0.001%～0.3%

VII. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2021	December 31, 2020
Financial assets - current		
Designated as at fair value through profit or loss		
- Domestic stocks listed on TWSE or TPEx or emerging stocks	$ 44,860	$ 35,846
Mandatorily measured at fair value through profit		
- Beneficiary certificates	127,602	151,683
	$ 172,462	$ 187,529

VIII. Financial Assets at Fair Value through Other Comprehensive Income - Investments in Equity Instruments

	December 31, 2021	December 31, 2020
Current		
Domestic Investment		
Stocks listed on TWSE or TPEx	$ 1,770,277	$ 1,245,718
Non-current		
Domestic Investment		
Stocks listed on TWSE or TPEx	$ 2,977,433	$ 2,519,913
Stocks unlisted on TWSE or TPEx	1,672,275	1,739,119
Sub-Total	$ 4,649,708	$ 4,259,032

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

Please refer to Note 35 for details of investments in equity instruments at fair value through other comprehensive income pledged.

IX. Financial Assets at Amortized Cost

	December 31, 2021	December 31, 2020
Non-current		
Domestic Investment		
Time deposits with original maturities over three months	$ 1,800	$ 1,800

(i) As of December 31, 2021 and 2020, the interest rate ranges of time deposits with original maturities over three months were 0.65% to 0.765% and 0.41% to 0.765%, respectively.

(II) Financial assets at amortized cost are classified as current or non-current pursuant to the maturity dates on the contracts or the pledged periods.

(III) Please refer to Note 35 for details of financial assets at amortized cost pledged.

X. Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable		
Measured at amortized cost		
Total carrying amount	$ 29,684	$ 7,195
Less: loss allowance	-	-
	$ 29,684	$ 7,195
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 358,126	$ 285,758
Less: loss allowance	(1,302)	(1,664)
	$ 356,824	$ 284,094
Accounts receivable - related parties (Note 34)	$ 43,253	$ 37,203

Notes and accounts receivable

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

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

In case the counterpart is under seriously financial difficulties and the losses are reasonably expected not be recovered by the Consolidated Company, the consolidated Company directly write off relevant account receivable. However, collection shall be continued.

The recovered amount shall be recognized as profits or losses.

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

December 31, 2021

	Billed 1~60 Days	Billed 61～120 Days	Billed 121～180 Days	Billed over 180 Days	Total
ECL rate	0.01%~0.03%	0.35%~4.54%	7.58%~16.23%	9.09%~100%	
Total carrying amount	$ 379,490	$ 25,081	$ 23,563	$ 2,929	$ 431,063
Allowance for loss (expected credit losses during the period)	(56)	(324)	(255)	(667)	(1,302)
Amortized cost	$ 379,434	$ 24,757	$ 23,308	$ 2,262	$ 429,761

December 31, 2020

	Billed 1~60 Days	Billed 61～120 Days	Billed 121～180 Days	Billed over 180 Days	Total
ECL rate	0%~0.15%	2.17%~3.42%	4.85%~16.48%	11.94%~100%	
Total carrying amount	$ 308,885	$ 19,226	$ 892	$ 1,153	$ 330,156
Allowance for loss (expected credit losses during the period)	(157)	(402)	(62)	(1,043)	(1,664)
Amortized cost	$ 308,728	$ 18,824	$ 830	$ 110	$ 328,492

Changes in loss allowances for receivables are as follows:

	2021	2020
Beginning balance	$ 1,664	$ 1,014
Add: Impairment loss provided for in the year	497	650
Less: Actual write-off in the current year	(859)	-
Ending balance	$ 1,302	$ 1,664

XI. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$237,260	$158,719
Work in progress	181,696	61,972
Raw materials	153,805	64,792
Merchandise inventories	205,848	166,610
	$778,609	$452,093

The cost of goods sold related to inventories for the years ended December 31, 2021 and 2020 was NT$1,927,419 thousand and NT$1,411,442 thousand respectively. The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory gain from price recovery of NT$21,024 thousand and falling price loss NT$20,489 thousand respectively. The recovery from the net realizable value of inventories in 2021 was due to the recovery from specific market values.

XII. Non-current assets held for sale

	December 31, 2021	December 31, 2020
Land to be sold	$ 118,922	$ -

Shin Kong Asset, a subsidiary of the consolidated company, signed a land sale contract with Shin Kong Wo Ho-Su Memorial Hospital, under Shin Kong Medical Foundation, on November 24, 2021. The investment real estate land on Yangming Section, Shilin District. The land was used by the Company previously. In case the investment real estate land is classified as non-current assets to be sold, no impairment loss will be recognized, and there is no impairment in 2021.

XIII. Subsidiaries

Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are listed as follows:

			Percentage of Ownership		
Investor	Name of subsidiary	Nature of Business	December 31 2021	December 31 2020	Note
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	Development and rental of housing, building and industrial factory, development of specific areas and investment, development and construction in public construction	100%	100%	1
Shinkong Textile Co., Ltd.	SK INNOVATION CO., LTD.	Investment.	100%	100%	2
SK INNOVATION CO., LTD.	Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	100%	100%	3
Shanghai Xin Ying Trading Co., Ltd.	Shanghai Yong Yi Internet Technology Co., Ltd.	Development of specialized field in internet technology, technical service, technology transfer, technical consultation, internet business and e-commerce.	-	61%	4
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	Development, rental and sale of residential buildings and industrial plants The development of specific business zones.	100%	100%	5
Shinkong Asset Management Co., Ltd.	Hua Yang Motor Co., Ltd.	Wholesale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, leasing, and manufacturing of motor vehicles/motorcycles and their parts	100%	100%	6

Investor	Name of subsidiary	Nature of Business	Percentage of Ownership December 31 2021	Percentage of Ownership December 31 2020	Note
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	Wholesale of culture, education, musical instruments and educational entertainment supplies, retail sale of cloths, garments, shoes, hats, umbrellas and clothing accessories, retail sale of furniture, bedding, kitchen utensils and fixtures, retail sale of daily commodities, retail sale of cleaning supplies, retail sale of cosmetics, retail sale of culture, education, musical instruments and educational entertainment supplies, retail sale of bicycles and parts, retail sale of jewelry and precious metals, retail sale without storefront, other integrated retail sale, international trade, warehousing, and tally packaging	100%	100%	7

Remark:

1. Shinkong Asset Management Co., Ltd. (hereinafter referred to as "Shinkong Asset") was established on September 6, 1990. It is a 100%-owned subsidiary of the Company.
2. SK INNOVATION (Samoa) Co., Ltd. (hereinafter referred to as "SK") was registered for its establishment in Samoa on March 15, 2012. It is a 100%-owned subsidiary of the Company and mainly engages in investment.
3. Shanghai Xin Ying Trading Co., Ltd. (hereinafter referred to as "Shanghai Xin Ying") was approved for establishment in Shanghai, People's Republic of China in July 2012 as a wholly foreign-owned enterprise. It is a 100%-owned subsidiary of SK with the ultimate parent company being the Company.
4. Shanghai Yong Yi Internet Technology Co., Ltd. (hereinafter referred to as "Shanghai Yong Yi") was approved for establishment in Shanghai, People's Republic of China in November 2018. It is a 61%-owned subsidiary of Shanghai Xin Ying with the ultimate parent company being the Company. Shanghai Yongyi Company completed the liquidation procedures in January 2021.
5. Xin Fu Development Co., Ltd. (hereinafter referred to as "Xin Fu Development") was established on February 9, 2015. It is a 100%-owned subsidiary of Shinkong Asset with the ultimate parent company being the Company.
6. Hua Yang Motor Co., Ltd. (hereinafter referred to as "Hua Yang Motor") was established on February 10, 2015. Due to equity restructure within the Group, the Company disposed 55% of its holdings in Hua Yang Motor to Shinkong Asset in January 2019. Shinkong Assets acquired interests in Hua Yang Motor on January 20, 2020 and the total holdings increased from 55% to 100%.

7. One Full Co., Ltd. (hereinafter referred to as "One Full") was established on September 29, 2020. It is a 100%-owned subsidiary of Hua Yang Motor with the ultimate parent company being the Company.

XIV. Investments using equity method

Investment in associates

	December 31, 2021	December 31, 2020
Associates that are individually material		
Non-publicly traded company		
Lian Quan Investment Co., Ltd.	$ 384,759	$ 364,139
Shang De Motor Co., Ltd.	278,104	264,006
	662,863	628,145
Associates that are not individually material		
Non-publicly traded company		
WPI-High Street,LLC	42,388	67,541
	$ 705,251	$ 695,686

(I) Associates that are individually material

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

	Percentage of Ownership Interest and Voting Rights	
Name of Company	December 31, 2021	December 31, 2020
Lian Quan Investment Co., Ltd.	48.89%	48.89%
Shang De Motor Co., Ltd.	33.50%	33.50%

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

The investments accounted for using the equity method and share of profit or loss and other comprehensive income of these associates are calculated based on the associates' audited financial statements for the same periods.

All the aforementioned associates are accounted for using the equity method.

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

Lian Quan Investment Co., Ltd.

	December 31, 2021	December 31, 2020
Current assets	$ 9,067	$ 10,482
Non-current assets	988,850	965,140
Current liabilities	(210,928)	(230,809)
EQUITY	$ 786,989	$ 744,813

Percentage of shares held by the consolidated entity	48.89%	48.89%
	December 31, 2021	December 31, 2020
Interests of the consolidated entity	$ 384,759	$ 364,139
Carrying amount of investments	$ 384,759	$ 364,139

	2021	2020
Operating revenue	$ 22,428	$ 22,365
Net income	$ 18,465	$ 18,453
Other comprehensive income	23,711	11,628
Total comprehensive income	$ 42,176	$ 30,081

Shang De Motor Co., Ltd.

	December 31, 2021	December 31, 2020
Current assets	$ 835,110	$ 828,446
Non-current assets	496,513	538,542
Current liabilities	(741,851)	(878,988)
Non-current liabilities	(167,543)	(107,855)
EQUITY	$ 422,229	$ 380,145
Percentage of shares held by the consolidated entity	33.50%	33.50%
Interests of the consolidated entity	$ 141,446	$ 127,348
investment premium	136,658	136,658
Carrying amount of investments	$ 278,104	$ 264,006

	2021	2020
Operating revenue	$ 3,324,034	$ 3,676,067
Net income	$ 83,356	$ 53,336
Total comprehensive income	$ 83,356	$ 53,336

(II) Aggregate information of associates that are not individually material

WPI-High Street, LLC

	2021	2020
The Group's share of:		
Net profit of continuing operations	$ 9,061	$ 22,786
Other comprehensive income	(35,398)	(4,483)
Total comprehensive income	($ 26,337)	$ 18,303

XV. Property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Hydropower Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
Costs									
Balance as of January 1, 2021	$ 92,452	$ 245,528	$ 550,766	$ 8,635	$ 89,795	$ 123,793	$ 16,797	$ 48,116	$ 1,175,882
Additions	-	-	43,799	2,370	34,285	8,799	17,428	17,892	124,573
Reclassifications	-	28,197	1,997	-	765	657	1,339	(3,455)	29,500
Disposal	-	(11,612)	(13,465)	(2,200)	-	(161)	(14,878)	-	(42,316)
Balance at December 31, 2021	$ 92,452	$ 262,113	$ 583,097	$ 8,805	$ 124,845	$ 133,088	$ 20,686	$ 62,553	$ 1,287,639
Accumulated depreciation and impairment									
Balance as of January 1, 2021	$ -	$ 236,945	$ 440,474	$ 6,645	$ 75,811	$ 82,400	$ 12,036	$ -	$ 854,311
Depreciation	-	1,804	27,160	938	4,678	9,269	8,336	-	52,185
Disposal	-	(11,612)	(7,422)	(1,797)	-	(161)	(14,878)	-	(35,870)
Balance at December 31, 2021	$ -	$ 227,137	$ 460,212	$ 5,786	$ 80,489	$ 91,508	$ 5,494	$ -	$ 870,626
Net balance at December 31, 2021	$ 92,452	$ 34,976	$ 122,885	$ 3,019	$ 44,356	$ 41,580	$ 15,192	$ 62,553	$ 417,013

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Hydropower Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
Costs									
Balance at January 1, 2020	$ 92,452	$ 245,528	$ 539,223	$ 7,625	$ 88,956	$ 107,760	$ 45,051	$ 19,517	$ 1,146,112
Additions	-	-	631	1,010	219	13,424	1,638	40,469	57,391
Reclassifications	-	-	11,141	-	1,300	3,553	2,328	(11,870)	6,452
Disposal	-	-	(229)	-	(680)	(945)	(32,220)	-	(34,074)
Net exchange difference	-	-	-	-	-	1	-	-	1
Balance at December 31, 2020	$ 92,452	$ 245,528	$ 550,766	$ 8,635	$ 89,795	$ 123,793	$ 16,797	$ 48,116	$ 1,175,882
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 235,670	$ 410,363	$ 5,726	$ 71,017	$ 74,095	$ 30,602	$ -	$ 827,473
Depreciation	-	1,275	30,340	919	5,474	9,249	13,654	-	60,911
Disposal	-	-	(229)	-	(680)	(945)	(32,220)	-	(34,074)
Net exchange difference	-	-	-	-	-	1	-	-	1
Balance at December 31, 2020	$ -	$ 236,945	$ 440,474	$ 6,645	$ 75,811	$ 82,400	$ 12,036	$ -	$ 854,311
Net balance at December 31, 2020	$ 92,452	$ 8,583	$ 110,292	$ 1,990	$ 13,984	$ 41,393	$ 4,761	$ 48,116	$ 321,571

Unrecognized or reversal on impairment loss in 2021 and 2020.

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

Building	
Main building of the plant	15~50 years
Others	3~10 years
Machinery and Equipment	1~15 years
Transportation Equipment	5~7 years
Hydropower Equipment	5~40 years
Miscellaneous Equipment	1~20 years
Lease Improvement	1~5 years

XVI. Lease Agreements

(I) Right-of-use assets

	December 31, 2021	December 31, 2020

	December 31, 2021	December 31, 2020
Carrying amount of right-of-use assets		
Land	$ 1,910	$ 6,620
Building	144,925	96,051
Office equipment	804	702
Transportation Equipment	2,961	2,153
Other equipment	162	552
	$150,762	$106,078

	2021	2020
Additions to right-of-use assets	$114,840	$ 5,278
Disposal of right-of use assets	$ 262	$ 6,576
Depreciation of right-of-use assets		
Land	$ 4,640	$ 4,673
Building	39,813	36,187
Office equipment	341	297
Transportation Equipment	2,727	2,787
Other equipment	390	389
	$ 47,911	$ 44,333

Except for the recognition of depreciation expense, the Consolidated Company's right-of-use assets did not experience significant sub-lease or impairments for the years ended 2021 and 2020.

(II) Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amount of lease liabilities		
Current	$ 49,764	$ 42,911
Non-current	$105,243	$ 64,766

Discount rate ranges for lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Land	0.758%~1.010%	0.758%~1.010%
Building	0.946%~1.008%	0.952%~1.008%
Office equipment	0.934%~1.008%	0.981%~1.008%
Transportation Equipment	0.915%~1.010%	1.003%~1.008%
Other equipment	1.008%	1.008%

(III) Major lease activities and terms

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

The pandemic seriously impacted the market economy in 2021. The Consolidated Company negotiated with some lessors. Some lessors agreed to reduce rent in line with negotiation results. The Consolidated Company recognized NT$690 thousand above rent concessions as the deduction for the operating costs - depreciation costs in 2021.

(IV) Other lease information

Please refer to Note 17 for agreements on investment property leased under operating leases.

	December 31, 2021	December 31, 2020
Short-term lease expenses	$ 3,510	$ 1,404
Total cash (outflow) for leases	($ 49,017)	($ 46,446)

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

XVII. Investment properties

	Land	Buildings	Total
Costs			
Balance as of January 1, 2021	$ 4,466,477	$ 1,350,963	$ 5,817,440
Additions	75,893	-	75,893
Reclassifications	(118,922)	-	(118,922)
Balance at December 31, 2021	$ 4,423,448	$ 1,350,963	$ 5,774,411
Accumulated depreciation and impairment			
Balance as of January 1, 2021	$ -	$ 723,739	$ 723,739
Depreciation	-	27,162	27,162
Balance at December 31, 2021	$ -	$ 750,901	$ 750,901
Net balance at December 31, 2021	$ 4,423,448	$ 600,062	$ 5,023,510
Costs			
Balance at January 1, 2020	$ 4,466,477	$ 1,350,963	$ 5,817,440
Balance at December 31, 2020	$ 4,466,477	$ 1,350,963	$ 5,817,440
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ -	$ 689,850	$ 689,850
Depreciation	-	33,889	33,889
Balance at December 31, 2020	$ -	$ 723,739	$ 723,739
Net balance at December 31, 2020	$ 4,466,477	$ 627,224	$ 5,093,701

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

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

	December 31, 2021	December 31, 2020
Year 1	$ 311,273	$ 289,839
Year 2	292,821	241,154
Year 3	205,744	223,014
Year 4	178,318	167,947
Year 5	145,727	153,599
Over 5 years	1,175,474	1,134,659
	$ 2,309,357	$ 2,210,212

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

Building	20~50 years
Renovation	4~20 years

The fair value of investment real estate as of the year ended on December 30, 2021 and 2020 by appraiser Zhen-Xing Lin and Yu-Hua Luo from qualified Dawa Real Estate Appraisal Firm. By adopting the comparative method and income method, the fair value obtained from the evaluation is as follows:

	December 31, 2021	December 31, 2020
Fair value	$ 32,371,110	$ 30,638,601

The above fair value measurement has considered the impact of COVID on the future market development.

The Group held freehold interests in all of its investment properties. Please refer to Note 35 for the amount of investment property pledged as collateral for borrowings.

XVIII. Other intangible assets

	Computer Software
Costs	
Balance as of January 1, 2021	$ 5,306
Additions	1,972
Disposal	(2,413)
Balance at December 31, 2021	$ 4,865

	Computer Software
Accumulated amortization and impairment	
Balance as of January 1, 2021	$ 2,938

Amortization	1,883
Disposal	(2,413)
Balance at December 31, 2021	$ 2,408
Net balance at December 31, 2021	$ 2,457
Costs	
Balance at January 1, 2020	$ 22,448
Additions	966
Reclassifications	220
Disposal	(18,328)
Balance at December 31, 2020	$ 5,306
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 19,696
Amortization	1,570
Disposal	(18,328)
Balance at December 31, 2020	$ 2,938
Net balance at December 31, 2020	$ 2,368

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

Computer Software	2~5 years

XIX. Other assets

	December 31, 2021	December 31, 2020
Current		
Prepayments		
Prepaid expenses	$ 15,300	$ 16,410
Prepayments to suppliers	43,280	41,680
Prepayments for investments	100,000	-
Business tax paid and excess business tax paid	1,887	2,339
	$ 160,467	$ 60,429

The prepaid investment is NT$100,000 thousand for acquiring 18.18% of CYS Investment Co., Ltd. in November 2021 and completed equity transfer registration in January 2022.

	December 31, 2021	December 31, 2020
Other Assets		
Other financial assets	$ -	$ 5,348
Others	3,073	6,983
	$ 3,073	$ 12,331

	December 31, 2021	December 31, 2020
Non-current		
Refundable deposits	$ 17,308	$ 11,461
Net defined benefit assets (Note 23)	2,874	7,986
Prepayments for equipment	17,016	33,876
Prepaid for land	110,496	110,872
Others	5,110	-
	$152,804	$164,195

XX. Borrowings

(I) Short-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings(Note 35)		
Bank borrowings	$ 2,280,000	$ 2,003,500
Unsecured borrowings		
Line of credit loans	200,000	-
	$ 2,480,000	$ 2,003,500

The ranges of interest rates on bank borrowings were 0.85% to 1.49% and 0.93% to 1.586% as of December, 31, 2021 and 2020 respectively.

(II) Short-term bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	$ 1,180,000	$ 950,000
Less: Discounts on short-term bills payable	(1,402)	(1,313)
	$ 1,178,598	$ 948,687

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

December 31, 2021

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying amount	Interest Rate	Collateral	Carrying Amount of Collateral
International Bills Finance Corporation (I)	$ 80,000	($ 106)	$ 79,894	0.590%	None	None
International Bills Finance Corporation (II)	120,000	(70)	119,930	0.590%	None	None
Ta Ching Bills Finance Corporation	90,000	(53)	89,947	0.690%	None	None
China Bills Finance	200,000	(376)	199,624	0.300%	None	None

Corporation						
Taiwan Finance Corporation (I)	60,000	(62)	59,938	0.640%	None	None
Taiwan Finance Corporation (II)	70,000	(72)	69,928	0.640%	None	None
Taiwan Cooperative Bills (I)	130,000	(60)	129,940	0.790%	None	None
Taiwan Cooperative Bills (II)	30,000	(40)	29,960	0.790%	None	None

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying amount	Interest Rate	Collateral	Carrying Amount of Collateral
Mega Bills Finance Co., Ltd. (I)	60,000	(80)	59,920	0.780%	None	None
Mega Bills Finance Co., Ltd. (II)	40,000	(54)	39,946	0.780%	None	None
The Shanghai Commercial & Savings Bank, LTD. (I)	100,000	(41)	99,959	0.330%	None	None
The Shanghai Commercial & Savings Bank, LTD. (II)	180,000	(380)	179,620	0.320%	None	None
The Shanghai Commercial & Savings Bank, LTD. (iII)	20,000	(8)	19,992	0.330%	None	None
	$ 1,180,000	($ 1,402)	$ 1,178,598			

December 31, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying amount	Interest Rate	Collateral	Carrying Amount of Collateral
International Bills Finance Corporation (I)	$ 50,000	($ 87)	$ 49,913	0.620%	None	None
International Bills Finance Corporation (II)	150,000	(208)	149,792	0.620%	None	None
Ta Ching Bills Finance Corporation (I)	40,000	(56)	39,944	0.710%	None	None
Ta Ching Bills Finance Corporation (II)	50,000	(17)	49,983	0.710%	None	None
China Bills Finance Corporation	170,000	(361)	169,639	0.250%	None	None
Taiwan Finance Corporation	100,000	(66)	99,934	0.660%	None	None
Taiwan Cooperative Bills (I)	70,000	(35)	69,965	0.810%	None	None
Taiwan Cooperative Bills (II)	60,000	(83)	59,917	0.810%	None	None
Taiwan Cooperative Bills (III)	70,000	(46)	69,954	0.810%	None	None
Taiwan Cooperative Bills (IV)	50,000	(96)	49,904	0.810%	None	None
Mega Bills Finance Co., Ltd.	100,000	(192)	99,808	0.600%	None	None
Shanghai Commercial & Savings Bank, Ltd.	40,000	(66)	39,934	0.350%	None	None
	$ 950,000	($ 1,313)	$ 948,687			

(III) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured borrowings(Note 35)		
Bank borrowings	$ -	$ 190,000

Less: the amount due within 1 year	-	(190,000)
Long-term borrowings	$ -	$ -

1. In June 2020, the Consolidated Company obtained NT$190,000 thousand from the drawdown of a new bank borrowing which is due on June 25, 2021. The effective interest rate is 0.97% p.a. with monthly interest payments and full repayment on principal in May 2021 in advance.
2. The above long-term borrowings were secured by the pledge of the Group's investment property (Please refer to Note 35).

XXI. Notes and accounts receivable

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

XXII. Other liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Tax payable	$ 5,671	$ 5,256
Employee compensation payable	11,503	9,295
Salaries and bonus payable	51,419	39,865
Director and supervisor remuneration payable	9,700	7,400
Pension payable	2,249	2,059
Services expense payable	1,350	1,380
Electricity and fuels payable	2,362	817
Interest payable	1,073	862
Others	45,225	26,105
	$ 130,552	$ 93,039
Other payables - related parties (Note 34)	$ 1,186	$ 1,231
Other liabilities		
Temporary credits	$ 21,315	$ 145
Receipts under custody	2,717	2,462
Deferred revenue (I)	28	111
Received prepayment for real estate (II) (Note 34)	815,383	-
Others	433	-
	$ 839,876	$ 2,718
Non-current		
Other liabilities		
Guarantee deposits received	$ 127,980	$ 129,104
Others	17	-
	$ 127,997	$ 129,104

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

	2021	2020
Beginning balance	$ 111	$ 194
Amortization for the year (recognized as deductions to depreciation)	(83)	(83)
Ending balance	$ 28	$ 111

(II) The received prepayment for real estate is the land purchase and sale price received by the consolidated company's Shinkong Asset Management Co., Ltd. for the sale of land to Shin Kong Wo Ho-Su Memorial Hospital, under Shin Kong Medical Foundation, according to the contract. Please refer to note 12 for relevant instructions.

XXIII. Retirement Benefit Plans

(I) Defined contribution plans

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

(II) Defined benefit plans

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

The amounts of defined benefit plans included in the consolidated balance sheets are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 48,268	$ 41,339
Fair value of plan assets	(51,142)	(49,325)
Net defined benefit assets	($ 2,874)	($ 7,986)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2020	$ 42,554	($ 46,611)	($ 4,057)

Service costs			
Current service costs	135	-	135
Interest expenses (income)	319	(353)	(34)
Recognized in profit or loss	454	(353)	101
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,516)	(1,516)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Actuarial losses - changes in financial assumptions	888	-	888
Actuarial losses - experience adjustments	(2,482)	-	(2,482)
Recognized in other comprehensive income	(1,594)	(1,516)	(3,110)
Contributions from the employer	-	(920)	(920)
Plan assets paid	(75)	75	-
Balance at December 31, 2020	41,339	(49,325)	(7,986)
Service costs			
Current service costs	105	-	105
Interest expenses (income)	207	(249)	(42)
Recognized in profit or loss	312	(249)	63
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(626)	(626)
Actuarial losses - changes in financial assumptions	246	-	246
Actuarial losses - experience adjustments	6,371	-	6,371
Recognized in other comprehensive income	6,617	(626)	5,991
Contributions from the employer	-	(942)	(942)
Balance at December 31, 2021	$ 48,268	($ 51,142)	($ 2,874)

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

1. The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits at its own discretion or under the mandated management. However, the distributed

amount from the plan assets to the Company shall not be lower than interest on a two-year time deposit at a local bank.

2. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

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

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.500%
Expected rate of salary increase	2.250%	2.250%

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

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($ 941)	($ 889)
Decrease by 0.25%	$ 971	$ 919
Expected rate of salary increase		
Increase by 0.25%	$ 939	$ 887
Decrease by 0.25%	($ 915)	($ 863)

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

	December 31, 2021	December 31, 2020
Expected contributions to the plan for the next year	$ 969	$ 930
Average duration of defined benefit obligations	7.8 years	8.6 years

XXIV. Equity

(I) Capital

Common shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	360,000	360,000
Share capital authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid (in thousands)	300,041	300,041
Share capital issued	$ 3,000,413	$ 3,000,413

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

(II) Capital Surplus

	December 31, 2021	December 31, 2020
May not be used for any purpose		
Treasury share transactions	$ 7,540	$ 6,736
Dividends not collected before the designated date	1,388	1,175
	$ 8,928	$ 7,911

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

(III) Retained Earnings and Dividends Policy

Based on the earnings distribution policy stated in the amended Articles of Association, the annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earnings to the legal reserve (not applicable where accumulated legal reserve has equaled the Company's paid-in capital). A special reserve is then appropriated or reversed pursuant to applicable laws and regulations. The Board of Director would then prepare earnings distribution proposal based on the remaining balance together with accumulated unappropriated earnings. Where the earnings are distributed in the form of cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed in the form of stock dividends, the distribution shall be resolved at the shareholders' meeting. For the policies on distribution of compensation to employees and remuneration of directors and supervisors in the Group's Articles of Incorporation, please refer to Note 26(7) Compensation to employees and remuneration to directors and supervisors.

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

The distribution of earnings for years ended December 31, 2019 and 2020 approved in the shareholders' meetings on July 16, 2021 and June 19, 2020, respectively, was as follows:

	2020	2019
Legal reserve	$ 37,869	$ 38,812
Cash dividends	$ 300,041	$ 300,041
Earnings per share (NT$)	$ 1	$ 1

The distribution of earnings for year ended December 31, 2021 approved in the Board of Directors' meeting on March 21, 2022 was as follows:

	2021
Legal reserve	$ 44,491
Cash dividends	$ 300,041
Earnings per share (NT$)	$ 1

The above distribution of cash dividends is approved by the Board of Directors and is subject to the resolution of the shareholders' meeting to be held on June 10, 2022.

(IV) Other Equity Items

Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	2021	2020
Beginning balance	$ 3,678,813	$ 3,371,877
Accrued in the current year		
Unrealized gains (losses)		
Equity instruments	801,363	319,869
Share of associates accounted for using the equity method	(21,862)	5,681
Other comprehensive income for the year	779,501	325,550
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	(10)	(18,614)
Ending balance	$ 4,458,304	$ 3,678,813

(V) Non-controlling interests

	2021	2020
Beginning balance	$ 4	$ 34,756
Net losses for the period	(4)	(533)
Other comprehensive income for the period		
Exchange differences on translating the financial statements of foreign operations	-	(3)
Acquisition of non-controlling interest in subsidiaries (Note 30)	-	(34,216)
Ending balance	$ -	$ 4

(VI) Treasury shares

Reason for repurchase	Shares of parent company held by subsidiaries (in Thousand Shares)
Number of shares on January 1, 2021	804
Number of shares on December 31, 2021	804
As of January 1, 2020	804
As of December 31, 2020	804

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

December 31, 2021

Name of subsidiary	No. of Shares (In Thousand Shares)	Carrying amount	Market Value
Shinkong Asset Management Co., Ltd.	804	$ 13,174	$ 34,364

December 31, 2020

Name of subsidiary	No. of Shares (In Thousand Shares)	Carrying amount	Market Value
Shinkong Asset Management Co., Ltd.	804	$ 13,174	$ 34,002

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

XXV. Revenue

	2021	2020
Revenue from contracts with customers		
Revenue from the sale of textiles	$ 1,755,377	$ 1,159,247
Retail sale/Revenue from sale of garment	642,618	633,054
Rental revenue	350,315	355,916
Others	604	996
	$ 2,748,914	$ 2,149,213

(I) Explanation of customer contracts

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

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

(II) Balance of contracts

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivables (Note 10)	$ 29,684	$ 7,195	$ 6,882
Accounts receivable (Note 10)	400,077	321,297	202,534
	$ 429,761	$ 328,492	$ 209,416
Contract liabilities			
Sale of goods	$ 13,307	$ 33,111	$ 19,161
Rental revenue of investment property	12,736	16,876	18,878
Contract liabilities - current	$ 26,043	$ 49,987	$ 38,039

(III) Breakdown of revenue from customer contracts

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

XXVI. Net profit for the year

(I) Interest income

	2021	2020
Bank deposits	$ 426	$ 1,939
Others	49	38
	$ 475	$ 1,977

(II) Other income

	2021	2020
Dividend income	$ 281,990	$ 235,190
Government grants	690	-
Others	3,963	10,105
	$ 286,643	$ 245,295

(III) Other gains and losses

	2021	2020
Gains (losses) on financial assets and financial liabilities		
Financial assets designated as at fair value through profit or loss	$ 9,014	$ 3,372
Financial assets mandatorily measured at fair value through profit or loss	2,998	(7,647)

Loss (gain) on disposal of property, plant and equipment	(4,898)	150
Net foreign exchange losses	(12,316)	(27,582)
Other expenses	(14,709)	(4,735)
	($ 19,911)	($ 36,442)

(IV) Finance costs

	2021	2020
Interest on bank borrowings	$ 22,083	$ 22,679
Interest on short-term bills	5,354	4,065
Interest on lease liabilities	934	1,253
	$ 28,371	$ 27,997

(V) Depreciation and amortization expenses

	2021	2020
Depreciation by functions		
Operating costs	$ 90,113	$ 99,505
Operating expenses	36,372	39,545
	$ 126,485	$ 139,050

	2021	2020
Amortization by functions		
Operating costs	$ 408	$ 299
Operating expenses	1,475	1,271
	$ 1,883	$ 1,570

(VI) Employee benefits expenses

	2021	2020
Post-employment benefits		
Defined contribution plans	$ 17,473	$ 12,353
Defined benefit plans (Note 23)	63	101
	17,536	12,454
Other employee benefits	436,224	353,458
Total employee benefit expense	$ 453,760	$ 365,912
By functions		
Operating costs	$ 161,570	$ 124,703
Operating expenses	292,190	241,209
	$ 453,760	$ 365,912

(VII) Employees' Compensation and Remunerations of Directors and Supervisors

According to the Company's Articles of Incorporation, the compensation to employees shall not be lower than one percent and the remuneration to directors and supervisors shall not be higher than five percent of the income before income tax, compensation to employees and remuneration to directors and supervisors. Compensation to employees and remuneration to directors and supervisors for the years ended December 31, 2021 and 2020 resolved in the Board of Directors meetings on March 21, 2022 and March 30, 2021, respectively, were as follows:

Accrual rate

	2021	2020
Compensation to employees	1.99%	1.89%
Remuneration to Directors and Supervisors	1.99%	1.89%

Amount

	Cash	
	2021	2020
Compensation to employees	$ 9,700	$ 7,400
Remuneration to Directors and Supervisors	$ 9,700	$ 7,400

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

There was no difference between the amounts actually allocated for remunerations of employees, directors and supervisors for 2020 and 2019 and those recognized in the consolidated financial reports for 2020 and 2019.

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

(VIII) Net gain (loss) on foreign exchange

	2021	2020
Total foreign exchange gains	$ 2,767	$ 1,080
Total foreign exchange (losses)	(15,083)	(28,662)
Net loss	($ 12,316)	($ 27,582)

XXVII. Income tax

(I) Major components of income tax expenses (benefits) recognized in profit or loss are as follows:

	2021	2020
Current income tax		
Incurred this year	$ 15,287	$ 34,452
Additional tax levied on the unappropriated	3,703	2,463

earnings		
Adjustments for previous years	(924)	22,970
	18,066	59,885
Deferred income tax		
Incurred this year	16,124	(28,421)
Income tax expense recognized in profit or loss	$ 34,190	$ 31,464

The adjustment of accounting income and income tax expense is as follows

	2021	2020
Income before income tax	$ 485,073	$ 395,956
Income tax expenses calculated at the statutory tax rate	$ 92,522	$ 276,608
Non-deductible expenses and losses	182	6,963
Tax-exempted income	(69,979)	(252,992)
Additional tax levied on the unappropriated earnings	3,703	2,463
Unrecognized deductible temporary difference	6,990	(24,548)
Foreign withholding tax	1,696	-
Adjustments for previous years	(924)	22,970
Income tax expense recognized in profit or loss	$ 34,190	$ 31,464

(II) Income tax recognized in other comprehensive income

	2021	2020
Deferred income tax		
Incurred this year		
- Translation of foreign operations	($ 16)	($ 5)
-Share of other comprehensive income of associates accounted for using the equity method	(389)	(895)
	($ 405)	($ 900)

(III) Current tax assets and liabilities

	December 31, 2021	December 31, 2020
Current tax assets		
Land value increment tax	$ 139,749	$ -
Tax refunds receivable	46	848
	$ 139,795	$ 848
Current tax liabilities		
Income tax payable	$ 16,728	$ 28,980

(IV) Current tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2021

	Beginning balance	Recognized in profit or loss	Recognized other comprehensive income	Ending balance
Deferred tax assets				
Temporary differences				
Exchange differences on translating of foreign operations	$ 1,502	$ -	$ 405	$ 1,907
Inventory write-down	29,525	(4,204)	-	25,321
Difference on unrealized foreign exchange gain (loss)	5,298	(3,925)	-	1,373
Loss carry forward	6,474	(6,144)	-	330
	$ 42,799	($ 14,273)	$ 405	$ 28,931
Deferred tax liabilities				
Temporary differences				
Defined benefit plans	$ 2,543	$ 176	$ -	$ 2,719
Gains (losses) on foreign investments accounted for using the equity method	1,898	1,675	-	3,573
Land value increment tax	761,431	-	-	761,431
	$ 765,872	$ 1,851	$ -	$ 767,723

2020

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized other comprehensive income	Ending balance
Temporary differences				
Exchange differences on translating of foreign operations	$ 602	$ -	$ 900	$ 1,502
Inventory write-down	-	29,525	-	29,525
Gains (losses) on foreign investments accounted for using the equity method	1,777	(1,777)	-	-
Difference on unrealized foreign exchange gain (loss)	2,563	2,735	-	5,298
Loss carry forward	6,474	-	-	6,474
	$ 11,416	$ 30,483	$ 900	$ 42,799

Deferred tax liabilities	Beginning balance	Recognized in profit or loss	Recognized other comprehensive income	Ending balance
Temporary differences				
Defined benefit plans	$ 2,379	$ 164	$ -	$ 2,543
Gains (losses) on foreign investments accounted for using the equity method	-	1,898	-	1,898
Land value increment tax	761,431	-	-	761,431
	$ 763,810	$ 2,062	$ -	$ 765,872

Land revaluation of the Group's freehold land was carried out at the assessed present value in July 1981 and November 2000, respectively, and the provision for land value increment tax of NT$761,431 thousand (under deferred tax liabilities) was recognized as of December 31, 2021 and 2020.

(V) Deductible temporary difference for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2021	December 31, 2020
Deductible temporary difference		
Impairment loss	$ 12,673	$ 12,673

(VI) Income tax assessment

The business income tax returns of the Company and the subsidiary, Shinkong Asset, through 2019 have been assessed by the tax authorities. The business income tax returns of the subsidiaries, Xin Fu Development and Hua Yang Motor, through 2019 have been assessed by the tax authorities. As SK is registered at Samoa, it does not have to file business income tax returns. Thus, the income tax assessment is not applicable. As Shanghai Xin Ying and Shanghai Yong Yi were subject to local regulations, they had accrued tax payable and income tax expense.

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

XXVIII. Earnings per Share

(NT$ per Share)

	2021	2020
Basic EPS	$ 1.51	$ 1.22
Diluted EPS	$ 1.51	$ 1.22

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

Net income

	2021	2020
Net income for the calculation of basic EPS	$ 450,887	$ 365,025
Net income for the calculation of diluted EPS	$ 450,887	$ 365,025

Number of shares

(In Thousands of Shares)

	2021	2020
Weighted average number of common shares used for calculation of basic earnings per share	299,237	299,237
Effect of potentially dilutive common shares:		
Compensation to employees	271	222
Weighted average number of common shares used for calculation of diluted earnings per share	299,508	299,459

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

XXIX. Government subsidies

The Consolidated Company received the government COVID subsidy NT$4,764 thousand from Ministry of Economic Affairs and Ministry of Labor. This amount is recognized as other income of NT$690 thousand and deduction for salary expense of NT$4,074 thousand.

XXX. Equity Transactions with Non-controlling Interests

The Group acquired interests in Hua Yang Motor on January 20, 2020 and the shareholding increased from 55% to 100%.

As the afore-mentioned transactions did not affect the Group's control over these subsidiaries, they were accounted for as equity transactions.

	January 20, 2020
Consideration paid	($ 42,280)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	34,216
Difference in equity transactions	($ 8,064)
Accounts adjusted for difference in equity transactions	
Unappropriated earnings	($ 8,064)

XXXI. Cash flow information

(I) Non-cash transactions

Besides disclosures in other notes, the Consolidated Company engaged in the following non-cash investing activities for the years ended December 31, 2021 and 2020:

1. The Consolidated Company reclassified prepayments for equipment of NT$29,500 thousand and NT$6,452 thousand to PP&E for the years ended December 31, 2021 and 2020, respectively (please refer to Note 15 for details);
2. The Group reclassified prepaid expenses of NT$220 thousand to intangible assets for the year ended December 31, 2020 (please refer to Note 18 for details);

(II) Changes in liabilities from financing activities

2021

			Non-cash Changes						
	January 1, 2021	Cash Flows	Additional Leases	Interest Expenses	Lease amendment Remeasure ments	Contract termination Remeasure ments	Others	Interest Paid	December 31, 2021
Lease liabilities (Note 16)	$107,677	($ 44,573)	$114,840	$ 934	($ 21,983)	($ 264)	($ 690)	($ 934)	$155,007

2020

	January 1, 2020	Cash Flows	Non-cash Changes				Interest Paid	December 31, 2020
			Additional Leases	Interest Expenses	Lease amendment Remeasure ments	Contract termination Remeasure ments		
Lease liabilities (Note 16)	$152,071	($ 43,789)	$ 5,278	$ 1,253	$ 595	($ 6,478)	($ 1,253)	$107,677

XXXII. Asset risk management

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

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

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

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

XXXIII. Financial Instruments

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

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

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

1. Fair Value Hierarchy

December 21, 2021

	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss				
Domestic stocks listed on TWSE or TPEx or emerging stocks	$ 44,860	$ -	$ -	$ 44,860
Fund beneficiary certificates	127,602	-	-	127,602
Total	$ 172,462	$ -	$ -	$ 172,462
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				

	Level 1	Level 2	Level 3	Total
- Domestic stocks listed on TWSE or TPEx or emerging stocks	$ 4,747,710	$ -	$ -	$ 4,747,710
- Domestic stocks unlisted on TWSE or TPEx or emerging stocks	-	-	1,672,275	1,672,275
Total	$ 4,747,710	$ -	$ 1,672,275	$ 6,419,985

December 31, 2020

	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss				
Domestic stocks listed on TWSE or TPEx or emerging stocks	$ 35,846	$ -	$ -	$ 35,846
Fund beneficiary certificates	151,683	-	-	151,683
Total	$ 187,529	$ -	$ -	$ 187,529
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Domestic stocks listed on TWSE or TPEx or emerging stocks	$ 3,765,631	$ -	$ -	$ 3,765,631
- Domestic stocks unlisted on TWSE or TPEx or emerging stocks	-	-	1,739,119	1,739,119
Total	$ 3,765,631	$ -	$ 1,739,119	$ 5,504,750

There was no transfer between Level 1 and Level 2 fair value measurements in 2021 and 2020.

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

2021

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	$ 1,739,119
Recognized in Other Comprehensive Income (Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income)	(60,275)
Addition	10,000
Proceeds from capital reduction	(16,569)
Ending balance	$ 1,672,275

2020

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	$ 1,632,262
Recognized in Other Comprehensive Income (Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income)	135,114
Proceeds from capital reduction	(28,257)
Ending balance	$ 1,739,119

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

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

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

(III) Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit	$ 127,602	$ 151,683
Designated as at fair value through profit or loss	44,860	35,846
Financial assets at amortized cost (Note 1)	1,878,392	951,559
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	6,419,985	5,504,750
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	4,318,613	3,536,526

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

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

(IV) Financial risk management objectives and policies

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

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

1. Market Risks

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

(1) Interest Rate Risks

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

For the carrying amount of the Group's monetary assets and liabilities denominated in currencies other than the functional currency on the balance sheet date, please refer to Note 38.

Sensitivity analysis

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

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

(In Thousands of New Taiwan Dollars)

	Impact of USD	
	2021	2020
Profit and Loss	$ 6,725(i)	$ 5,111(i)

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

The increase in the sensitivity to exchange rate in 2021 was mainly due to an increase in sales denominated in U.S. dollars which resulted in an increased balance of accounts receivables denominated in U.S. dollars.

(2) Interest Rate Risks

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

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

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
Financial assets	$ 1,800	$ 1,800
Financial liabilities	155,007	107,677
Cash flow interest rate risk		
Financial assets	1,408,615	593,955
Financial liabilities	3,658,598	3,142,187

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

Sensitivity analysis

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

If the interest rate increases/decreases by 1%, the consolidated Company's net income would increase/decrease by NT$18,000 thousand and NT$20,386 thousand for the years ended December 31, 2021, and 2020, respectively. This is mainly due to the Group's interest rate exposure from borrowings at floating interest rates.

The increase in the sensitivity to interest rate in 2021 was mainly due to an increase in borrowings at floating interest rates.

(3) Other Price Risks

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

Sensitivity analysis

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

For the years ended December 31, 2020 and 2021, if the equity price increases/decreases by 1%, the profit or loss after tax would increase/decrease by NT$358 thousand and NT$324 thousand, respectively, due to the increase/decrease in fair value of financial assets at fair value through profit or loss and the other comprehensive income after tax would increase/decrease by NT$64,200 thousand and

NT$55,048 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit Risks

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

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

3. Liquidity Risks

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

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

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

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

December 31, 2021

	Effective Interest Rate (%)	Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	1 ~ 5 Years	Over 5 Years
Current liabilities						
Lease liabilities	0.758~1.01	$ 3,810	$ 10,813	$ 36,400	$ 91,300	$ 16,283
Short-term borrowings	0.85~1.49	550,000	1,430,000	500,000	-	-
Short-term bills payable	0.30~0.79	459,767	718,831	-	-	-
		$ 1,013,577	$ 2,159,644	$ 536,400	$ 91,300	$ 16,283

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

	Less than 1 Year	1 ~ 5 Years	5～10 Years	10～15 Years	15~20 years	20 Years and Above
Lease liabilities	$ 51,023	$ 91,300	$ 16,283	$ -	$ -	$ -

December 31, 2020

	Effective Interest Rate (%)	Less than 1 Month	1 ~ 3 Months	3 Months ~ 1 Year	1 ~ 5 Years	Over 5 Years
Current liabilities						
Lease liabilities	0.758~1.01	$ 3,763	$ 7,527	$ 32,624	$ 63,558	$ 1,906
Short-term borrowings	0.93~1.586	-	2,003,500	-	-	-
Long-term borrowings	0.97	-	-	190,000	-	-
Short-term bills payable	0.25~0.81	289,836	658,851	-	-	-
		$ 293,599	$ 2,669,878	$ 222,624	$ 63,558	$ 1,906

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

	Less than 1 Year	1 ~ 5 Years	5 ～ 10 Years	10 ～ 15 Years	15 ~ 20 years	20 Years and Above
Lease liabilities	$ 43,914	$ 63,558	$ 1,906	$ -	$ -	$ -

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

(2) Financing facilities

	December 31, 2021	December 31, 2020
Credit facilities		
- Amount used	$ 2,480,000	$ 2,223,500
- Unused amount	8,150,000	3,406,500
	$ 10,630,000	$ 5,630,000
Credit from commercial papers		
- Amount used	$ 1,180,000	$ 950,000
- Unused amount	170,000	250,000
	$ 1,350,000	$ 1,200,000

XXXIV. Related Parties Transactions

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

(I) Names of related parties and categories

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

(II) Operating transactions

Financial Statement Account	Type/Name of Related Party	2021	2020
Sales revenue	Shinkong Mitsukoshi Department Store Co., Ltd.	$ 205,705	$ 212,418
	Shinkong Insurance Co., Ltd.	26,166	8,223
	Related party in substance	12,291	12,016
		$ 244,162	$ 232,657
Rental revenue	Yi Guang International Apartments Maintenance	$ 43,654	$ 50,538

and Management Co., Ltd.		
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	39,094	39,094
Taishin International Bank Co., Ltd.	26,515	26,469
UBright Optronics Corp.	20,779	20,068
Related party in substance	10,126	10,368
	$ 140,168	$ 146,537

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

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

(III) Purchase

Financial Statement Account	Type/Name of Related Party	2021	2020
Purchases	Chyang Sheng Dyeing & Finishing Co., Ltd.	$ 96,356	$ 21,410
	Shinkong Synthetic Fibers Corporation	55,391	12,076
		$ 151,747	$ 33,486

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

(IV) Contract Liabilities

Type of Related Party	December 31, 2021	December 31, 2020
Related party in substance	$ 6,194	$ 9,740

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

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

Financial Statement Account	Type of Related Party	December 31, 2021	December 31, 2020
Notes receivable	Related party in substance	$ 10	$ 8
Accounts receivable	Shinkong Mitsukoshi Department Store Co., Ltd.	$ 40,397	$ 35,522
	Related party in substance	2,856	1,681
		$ 43,253	$ 37,203

Other receivables	Related party in substance	$ 4	$ 1

No guarantee is required for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

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

Financial Statement Account	Type of Related Party	December 31, 2021	December 31, 2020
Notes payable	Related party in substance	$ 38,720	$ 12,229
Accounts payable	Related party in substance	$ 6,724	$ 529
Other payables	Related party in substance	$ 1,186	$ 1,231

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

(VII) Advance payment

Type of Related Party	December 31, 2021	December 31, 2020
Shinkong Synthetic Fibers Corporation	$ 4,650	$ -
Related party in substance	309	225
	$ 4,959	$ 225

(VIII) Lease-in agreement

Financial Statement Account	Type of Related Party	December 31, 2021	December 31, 2020
Lease liabilities	Chyang Sheng Dyeing & Finishing Co., Ltd.	$ 5,844	$ 19,770
Lease liabilities	Shin Kong Life Insurance Co., Ltd.	14,548	46,552
		$ 20,392	$ 66,322

Type/Name of Related Party	2021	2020
Interest Expenses		
Chyang Sheng Dyeing & Finishing Co., Ltd.	$ 123	$ 265
Shin Kong Life Insurance Co., Ltd.	274	499
	$ 397	$ 764

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

(VIII) Lease-out agreement

Operating lease

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

Type/Name of Related Party	December 31, 2021	December 31, 2020
Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	$ 74,929	$117,281
UBright Optronics Corp.	51,795	55,742
Taishin International Bank Co., Ltd.	109,413	99,711
Related party in substance	27,875	34,198
	$264,012	$306,932

Please refer to Note 34(2) Operating Revenue for information on rental revenue.

(X) Acquired financial assets

(In Thousands of Shares)

2021

Name of Related Party	Financial Statement Account	No. of Unit	Underlying Securities	Price
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive income - current	8,740	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	$ 120,495

2020

Name of Related Party	Financial Statement Account	No. of Unit	Underlying Securities	Price
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	9,627	Shin Kong Chi-Shin Money-market Fund	$ 150,000
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive income - current	10,196	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	125,717
				$ 275,717

(XI) Disposed financial assets

(In Thousands of Shares)

2021

Name of Related Party	Financial Statement Account	No. of Shares	Underlying Securities	Proceeds from Disposal	Gains (Losses) on Disposal
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	5,126	Shin Kong Chi-Shin Money-market Fund	$ 80,018	$ 18

2020

Name of Related Party	Financial Statement Account	No. of Shares	Underlying Securities	Proceeds from Disposal	Gains (Losses) on Disposal
Shin Kong Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss - current	4,501	Shin Kong Chi-Shin Money-market Fund	$ 70,009	$ 9
Chyang Sheng Dyeing & Finishing Co., Ltd.	Financial assets at fair value through other comprehensive income - current	20	Chyang Sheng Dyeing & Finishing Co., Ltd. - common stocks	253	11
				$ 70,262	$ 20

(XII) Endorsements and guarantees

Endorsements and guarantees provided

Type/Name of Related Party	December 31, 2021	December 31, 2020
Shang De Motor Co., Ltd.		
Guarantee Amount	$ 72,360	$240,000
Amount Actually Drawn	$ 72,360	$ 72,360

(XIII) Others

Financial Statement Account	Type of Related Party	December 31, 2021	December 31, 2020
Cash and cash equivalent	Shin Kong Bank Co., Ltd.	$ 581,900	$ 145,110
	Related party in substance	82,870	13,123
		$ 664,770	$ 158,233
Refundable deposits	Chyang Sheng Dyeing & Finishing Co., Ltd.	$ 3,202	$ 3,202
	Shin Kong Life Insurance Co., Ltd.	3,456	3,456
	Related party in substance	522	222
		$ 7,180	$ 6,880
Received prepayments for land	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	$ 815,383	$ -
Guarantee deposits received	Shin Kong Wu Ho-Su Memorial Hospital under Shin Kong Medical Foundation	$ 36,768	$ 36,768
	Related party in substance	12,512	12,448
		$ 49,280	$ 49,216
Financial assets at amortized cost	Shin Kong Bank Co., Ltd.	$ 1,800	$ 1,800
Non-operating income	Chyang Sheng Dyeing & Finishing Co., Ltd.	$ 174	$ 345
	Shang De Motor Co., Ltd.	193	-
	Related party in substance	221	198
		$ 588	$ 543
Non-operating expenses	Related party in substance	$ 10	$ 15

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

Name of Related Party	Details	December 31, 2021	December 31, 2020
Shin Kong Bank Co., Ltd.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares
Taishin International Bank Co., Ltd.	Shares of Shinkong Insurance Co., Ltd.	10,000 thousand shares	10,000 thousand shares

(XIV) Remuneration of key management

	2021	2020
Short-term employee benefits	$ 25,265	$ 22,536
Post-employment benefits	610	513
	$ 25,875	$ 23,049

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

(XXXV) Assets pledged as collateral or for security

The following assets have been provided as collateral for borrowings:

	December 31, 2021	December 31, 2020
Financial assets at fair value through other comprehensive income - non-current	$ 1,922,480	$ 1,793,800
Investment properties	2,877,820	2,474,433
Pledged time deposits (recognized as financial assets at amortized cost)	1,800	1,800
	$ 4,802,100	$ 4,270,033

XXVI. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

(I) As of December 31, 2021 and 2020, the guaranteed notes submitted by the Company for import credits and other businesses amounted to NT$25,748 thousand and NT$8,818 thousand, respectively.

(II) Due to the construction of plant office buildings, the consolidated Company signed the following agreements:

1. The service contract of architectural planning, design and supervision is NT$12,897 thousand and NT$66,710 thousand. As of December 31, 2021, NT$52,706 thousand of architectural design and supervision has been paid.
2. The service contract for appointing the construction manager is NT$28,000 thousand. As of December 31, 2021, NT$2,800 of project management funds have been paid.

XXXVII. Significant Events after the End of the Financial Reporting Period

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

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

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

December 31, 2021

	Foreign currency	Exchange Rate	Carrying amount
Assets denominated in foreign currency			
Monetary items			
US$	$ 30,669	27.68	$ 848,920
EU$	490	31.32	15,361
Liabilities denominated in foreign currency			
Monetary items			
US$	299	27.68	8,269
EU$	121	31.32	3,793

December 31, 2020

	Foreign currency	Exchange Rate	Carrying amount
Assets denominated in			

foreign currency			
Monetary items			
US$	$ 22,431	28.48	$ 638,846
EU$	27	35.02	948
Liabilities denominated in foreign currency			
Monetary items			
EU$	49	35.02	1,723

The consolidated Company's (realized and unrealized) foreign exchange gains and losses for the years ended December 31, 2021 and 2020 amounted to NT$27,582 thousand and NT$12,068 thousand, respectively. Since the Group transacts in a number of foreign currencies, foreign exchange gain (loss) cannot be disclosed by foreign currencies with significant impact.

XXXIX. Disclosure of Financial Report Notes

(I) Information on Significant Transactions:

1. Financing provided to others. (Table I)
2. Endorsement/guarantee provided to others. (Table II)
3. Marketable securities held as of December 31, 2021 (excluding investments in subsidiaries, associates and controlled joint ventures). (Table III)
4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital. (None)
5. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital. (None)
6. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital. (None)
7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital. (Table IV)
8. Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital. (None)
9. Derivative financial instrument transactions. (None)
10. Others: Intercompany relationships and significant intercompany transactions. (None)

(II) Information on Reinvestment: see Table V attached.

(III) Investment information in mainland China:

1. For investees in mainland China, please show the name, principal business activities, paid-in capital, method of investment, inward and outward

remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table VI)

2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)

   (1) Purchase amount and percentage, and the closing balance and percentage of the related payables.

   (2) Sales amount and percentage, and the closing balance and percentage of the related receivables.

   (3) Property transaction amount and the resulting gain or loss.

   (4) Ending balances and purposes of endorsements/guarantees or collateral provided.

   (5) The maximum balance, ending balance, interest rate range and total amount of interest of financing for the current year.

   (6) Other transactions having a significant influence on profit or loss or financial status of the current year, such as providing or receiving services.

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

XL. Department Info

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

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

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

Real Estate Department (land development and real estate leasing)

(I) Segment revenue and results of operations

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

2021			
Marketing Department	Retail Department	Real Estate Department	Total

Revenue from external customers	$1,755,377	$ 643,713	$ 349,824	$2,748,914
Intersegment revenue	8,475	2,202	7,308	17,985
Segment revenue	$1,763,852	$ 645,915	$ 357,132	2,766,899
Internal elimination				(17,985)
Consolidated revenue				$2,748,914
Segment profit or loss	$ 1,573	($ 10,827)	$ 209,478	$ 200,224
Interest income				475
Other income				286,643
Other gains and losses				(19,911)
Finance costs				(28,371)
Share of profit (loss) of associates and joint ventures accounted for using the equity method				46,013
Income before income tax				$ 485,073

	2020			
	Marketing Department	Retail Department	Real Estate Department	Total
Revenue from external customers	$1,159,247	$ 634,583	$ 355,383	$2,149,213
Intersegment revenue	-	2,742	35,339	38,081
Segment revenue	$1,159,247	$ 637,325	$ 390,722	2,187,294
Internal elimination				(38,081)
Consolidated revenue				$2,149,213
Segment profit or loss	($ 21,471)	($ 6,592)	$ 191,510	$ 163,447
Interest income				1,977
Other income				245,295
Other gains and losses				(36,442)
Finance costs				(27,997)
Share of profit (loss) of associates and joint ventures accounted for using the equity method				49,676
Income before income tax				$ 395,956

Segment profit or loss refers to the profit made by each segment and excludes non-operating income and expense nor income tax expense. The amounts are reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

(II) Major Customers Information

Of the sales revenue at NT$1,792,301 thousand for the years ended December 31, 2020, NT$212,418 thousand came from the largest customer of the Consolidated Company. No other single customer accounted for 10% or more of the Group's consolidated revenue for the years ended December 31, 2021 and 2020.

Shinkong Textile Co., Ltd. and Subsidiaries

Financing provided to others

2021

TableI (In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Whether A Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amount	Short-term financing needed	Provision for doubtful debts	Collateral		Financing Limit for Individual Borrower	Nature of The aggregate amount	Note
													Item	Value			
0	Shinkong Textile Co., Ltd.	Xin Fu Development Co., Ltd.	Receivables from related parties	Yes	$ 80,000	$ 80,000	$ 73,324	1%	Necessity of short-term financing	$ -	Operating capital	$ -		$ -	$ 1,001,112	$ 4,004,447	Note 2
1	Shinkong Asset Management Co., Ltd.	Hua Yang Motor Co., Ltd.	Receivables from related parties	Yes	30,000	-	-	1%	Necessity of short-term financing	-	Operating capital	-		-	677,514	7,007,783	Note 3

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

(1) The Corporation is “0.”

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

Note 2: Financing provided to Shinkong Textile Co., Ltd.:

Total lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of the Company's net worth and the lending amount to a single enterprise shall not exceed 10 percent of the Company's net worth.

Maximum amount of financing to companies or firms requiring short-term financing: 10,011,118 x40%=4,004,447

The maximum amount permitted to a single borrower: 10,011,118 x10%=1,001,112

Note 3: Financing provided to Shinkong Asset Management Co., Ltd.:

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

Maximum amount of financing to companies or firms requiring short-term financing: 10,011,118x70%=7,007,783

The maximum amount permitted to a single borrower: 10,011,118 x20%=2,002,224；1,693,786 x40%=677,514

Shinkong Textile Co., Ltd. and Subsidiaries

Endorsements and guarantees provided

2021

Table II

(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor Name of Company	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity (Note 3)	Maximum Endorsement/Guarantee Balance for the Period	Endorsements at the end of term Guarantee balance	Amount Actually Drawn	Endorsement and guarantee by assets	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Endorsements and guarantees Maximum limit (Note 3)	Endorsement/Guarantee Provided by Parent for Subsidiary	Endorsement/Guarantee Provided by Subsidiary for Parent	Endorsement/Guarantee Provided for Subsidiary in Mainland China	Note
		Name of Company	Relationship											
0	Shinkong Textile Co., Ltd.	Shang De Motor Co., Ltd.	6	$ 2,002,224	$ 72,360	$ 72,360	$ 72,360	$ -	0.7%	$ 5,005,559	N	N	N	Note 3
1	Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	3	10,011,118	2,060,000	1,350,000	1,350,000	1,350,000	13.5%	10,011,118	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Textile Co., Ltd.	3	10,011,118	710,000	710,000	710,000	710,000	7.1%	10,011,118	N	Y	N	Note 3
2	Hua Yang Motor Co., Ltd.	Shinkong Asset Management Co., Ltd.	3	10,011,118	710,000	710,000	710,000	710,000	7.1%	10,011,118	N	Y	N	Note 3

Note 1: The numbers are described as follows:

(1) The Corporation is “0.”

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

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

(1) Companies with which the Company conducts business.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the Company's voting shares.

(4) Between companies in which the Company directly and indirectly holds more than 90% of the voting shares.

(5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

(6) Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

(7) Joint and several securities between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

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

(1) The Company and subsidiaries' aggregate amount of endorsement/guarantee for external entities shall not exceed 50% of the Company's net worth. The maximum endorsement/guarantee for a single entity shall not exceed 20% of the Company's net worth.

(2) According to the rules above, the maximum amount of aggregate endorsement/guarantee provided by the Company and subsidiaries was the net worth of10,011,118×50%＝5,005,559 and the maximum endorsement/guarantee for a single entity was the net worth of 10,011,118×20%＝2,002,224 for the year ended December 31, 2021.

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

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

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

Shinkong Textile Co., Ltd. and Subsidiaries

Marketable securities held as of December 31, 2021

December 31, 2021

Table III

(In Thousands of Shares / New Taiwan Dollars)

Securities Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	Ending Balance				Note (Note 3)
				Number of shares (thousand shares/thousand units)	Carrying amount	Shareholding (%)	Fair value	
Shinkong Textile Co., Ltd.	Beneficiary certificates							
	Grandway Multi-Strategy Fund	None	Financial assets at fair value through profit or loss - current	63	$ 51,506	-	$ 51,506	
	Yuanta/P-shares Taiwan Top 50 ETF			523	76,096	-	76,096	
	Stocks - listed on TWSE or TPEx							
	Asia Pacific Telecom Co., Ltd.	None	〃	524	4,310	0.01	4,310	
	TacBright Optronics Corporation	(6)	〃	5,000	40,550	1.08	40,550	
					$ 172,462		$ 172,462	
Shinkong Textile Co., Ltd.	Stocks - listed on TWSE or TPEx							
	Chyang Sheng Dyeing & Finishing Co., Ltd.	(3)	Financial assets at fair value through other comprehensive income - current	31,321	$ 444,752	18.08	$ 444,752	
	Shinkong Synthetic Fibers Corporation	(4)	〃	56,104	1,133,306	3.47	1,133,306	
	Taishin Financial Holding Co., Ltd.	(6)	〃	7,146	135,423	0.06	135,423	
	Shin Kong Financial Holding	(6)	〃	4,609	50,928	0.03	50,928	
Shinkong Asset Management Co., Ltd.	Chyang Sheng Dyeing & Finishing Co., Ltd.	Shinkong Assets is the company's corporate director	Financial assets at fair value through other comprehensive income - current	413	5,868	0.24	5,868	
					$ 1,770,277		$ 1,770,277	
Shinkong Textile Co., Ltd.	Stocks - listed on TWSE or TPEx							
	Xintec Inc.	None	Financial assets at fair value through other comprehensive income - non-current	141	$ 20,163	0.05	$ 20,163	
	O-Bank Co., Ltd.	None	〃	10,385	83,078	0.34	83,078	
	The Great Taipei Gas Corporation	(6)	〃	10,738	356,502	2.08	356,502	
	Taishin Financial Holding Co., Ltd. - preferred stocks E	(6)	〃	228	12,111	0.03	12,111	

(Continued on the next page)

(Continued from the previous page)

Securities Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	Ending Balance				Note (Note 3)
				Number of shares (thousand shares/thousand units)	Carrying amount	Shareholding (%)	Fair value	
	Shinkong Insurance Co., Ltd.	(1)	Financial assets at fair value through other comprehensive income - non-current	51,540	$ 2,448,128	16.31	$ 2,448,128	10,000 thousand shares were collateralized to Shin Kong Bank and Taishin International Bank separately with a market value of NT$950,000 thousand
	Taishin Financial Holding Co., Ltd. - preferred stocks E (second)	(6)	〃	137	7,091	0.05	7,091	
	Unlisted companies							
	Tong Hsin Water Business Inc.	(1)	Financial assets at fair value through other comprehensive income - non-current	1,982	22,763	9.83	22,763	
	Taian Insurance Co., Ltd.	None	〃	2,049	59,902	0.69	59,902	
	Shin Kong Chao Feng Co., Ltd.	(5)	〃	200	32,791	2.22	32,791	
	Shinkong Mitsukoshi Department Store Co., Ltd.	(4)	〃	41,275	1,254,361	3.31	1,254,361	32,000 thousand shares were collateralized to ChinaTrust Commercial Bank with a market value of NT$972,480 thousand
	Shin Kong Recreation Co., Ltd.	(2)	〃	650	220,119	3.32	220,119	
	Eastern International Ad.	None	〃	-	284	0.90	284	
	Li Yu Venture Capital Co., Ltd.	None	〃	209	3,532	1.79	3,532	
	Taiwan Zeniya Interior Design Co., Ltd.	None	〃	-	15,612	8.00	15,612	
	Global Securities Finance Corp.	None	〃	98	979	0.53	979	
	WK Technology Fund IV	None	〃	75	112	0.71	112	
	WK Technology Fund	None	〃	22	213	2.18	213	
	IRSO Precision Co., Ltd.	None	〃	1,000	3,141	4.93	3,141	
	KHL IB Venture Capital	None	〃	2,489	48,466	2.98	48,466	
	Mega Solar Energy Co., Ltd.	None	〃	1,000	10,000	1.25	10,000	
Shinkong Asset Management Co., Ltd.	Stocks - listed on TWSE or TPEx							
	Taishin Financial Holding Co., Ltd.	(6)	Financial assets at fair value through other comprehensive income - non-current	914	17,315	0.01	17,315	

	Taishin Financial Holding Co., Ltd. - preferred stocks E	(6)	〃	29	1,548	-	1,548	
	Taiwan Shin Kong Security Co., Ltd.	(6)	〃	777	30,590	0.2	30,590	
	Shinkong Textile Co., Ltd.	Parent company	〃	804	34,364	0.27	34,364	
	Taishin Financial Holding Co., Ltd. - preferred stocks E (second)	(6)	〃	17	907	-	907	
	Less: Shares of the parent company held by subsidiary				(34,364)		(34,364)	
					$ 4,649,708		$ 4,649,708	

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates as promulgated in IFRS 9 "Financial Instruments" and the securities derived from the items above.

Note 2: (1): The company's representative of corporate chairman and the Company's representative of corporate chairman are relatives within the second degree of kinship.

(2): The company's representative of corporate director and the Company's representative of corporate chairman are relatives within the second degree of kinship.

(3): The Company's subsidiary accounted for using the equity method is the company's corporate director.

(4): The company's representative of corporate director is the same person as the Company's representative of corporate chairman.

(5): The company's representative of corporate supervisor and the Company's representative of corporate chairman are relatives within the second degree of kinship.

(6): Other related parties.

Note 3: Where marketable securities held are pledged as security or pledged for borrowings or with restrictions on their uses under some agreements, the numbers of shares and amount pledged as well as restrictions shall be stated in the Note column.

Note 4: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table VI.

Shinkong Textile Co., Ltd. and Subsidiaries

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

2021

Table IV

(In Thousands of New Taiwan Dollars)

Purchase (sales) company	Related Party	Relationship	Transaction Details				Circumstances and reasons for transaction conditions different from ordinary transactions (note 1)		Notes/ Trade receivable (payable)		Note (Note 2)
			Purchase (sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit price	Credit Period	Ending Balance	Notes/ Trade receivable (payable) %	
Shinkong Mitsukoshi Department Store Co., Ltd.	Shinkong Textile Co., Ltd.	Related party in substance	Sales	$ 205,705	8.58%	No material difference from general customers	—	—	$ 40,397	9.39%	

Note 1: If the transaction terms with related parties are different from that with general customers, the difference and reasons for the differences shall be specified in the Unit Price and the Credit Period columns.

Note 2: In case of advance receipts (prepayments), reasons, the terms of the agreement, the amount and differences from the general transaction type shall be specified in the Note column.

Note 3: Paid-up capital refers to the paid-up capital of the parent company. When the issuer's stock has no par value, or the par value is not NT$10 per share, the maximum transaction amount related to 20% of the paid-in capital is calculated based on 10% of equity attributable to owners of the parent in the balance sheet.

Shinkong Textile Co., Ltd. and Subsidiaries

Names, locations, and other information of investees

2021

Table V

(In Thousands of Shares / New Taiwan Dollars)

Investor	Investee	Location	Principal Business Activities	Initial Investment Amount		Ending Balance			Current gain (loss) of the investee company during the period	Investment profit or loss recognized in the current period	Note
				Ending Balance	End of Last Year	Number of shares	Percentage of Ownership (%)	Carrying amount			
Shinkong Textile Co., Ltd.	Shinkong Asset Management Co., Ltd.	F15, No. 44, Section 2, Zhonghan N Road, Zhongshan District, Taipei	Reinvestment in a wide range of businesses, including manufacturing, banking, insurance, recreation, securities, trading, general merchandises, cultural undertakings and the construction of commercial buildings and public housing units.	$ 664,719	$ 664,719	25,490	100.00	$ 1,659,423	$ 51,917	$ 51,113	Note 1. Subsidiaries
〃	Lian Quan Investment Co., Ltd.	F6, No. 44, Section 2, Zhonghan N Road, Zhongshan District, Taipei	Reinvestment in a wide range of businesses, including manufacturing, banking, insurance, recreation, securities, trading, general merchandises, cultural undertakings and the construction of commercial buildings and public housing units.	83,113	83,113	11,192	48.89	384,759	18,465	9,028	
〃	SK INNOVATION CO., LTD.	Portcullis Trust Net Chambzs, P.O. Box1225, Apia, Samoa	Investment	21,424	21,424	700	100.00	10,635	(687)	(687)	Subsidiaries
〃	Shang De Motor Co., Ltd.	No. 518, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242048, Taiwan (R.O.C.)	Trading and maintenance of motor vehicles and trading of auto parts	269,699	269,699	9,715	33.5	278,104	83,356	27,924	
〃	WPI-High Street LLC	5190 Campus Dr., Newport Beach, CA 92660	Investment	65,885	56,220	-	35.71	42,388	25,376	9,061	
Shinkong Asset Management Co., Ltd.	Xin Fu Development Co., Ltd.	F15, No. 44, Section 2, Zhonghan N Road, Zhongshan District, Taipei	Development and rental of housing, building and industrial factory, and development of specific areas	764,862	764,862	20,000	100.00	768,821	2,263	2,206	Sub-subsidiaries

〃	Hua Yang Motor Co., Ltd.	F15, No. 44, Section 2, Zhonghan N Road, Zhongshan District, Taipei	Businesses include the wholesale and retail sale of motor vehicles, retail sale of auto and motorcycle parts and accessories, automobile repair, other automobile services, retail sale of culture, education, musical instruments and educational entertainment supplies, retail sale of tires and tubes, agency service, leasing, and manufacturing of motor vehicles/motorcycles and their parts.	349,065	349,065	33,700	100.00	355,755	26,474	26,474	Sub-subsidiaries
Hua Yang Motor Co., Ltd.	One Full Co., Ltd.	F15, No. 44, Section 2, Zhonghan N Road, Zhongshan District, Taipei	Clothing and accessories retail, retail, non-store retail, other integrated retail, international trade, warehousing, tally and packaging.	76,000	30,000	7,600	100.00	41,916	(30,710)	(30,710)	Sub-subsidiaries

Note 1: The carrying amount has deducted the NT$13,174 thousand reclassified as treasury shares.

Note 2: For information on investee companies in mainland China, refer to Table 7.

Shinkong Textile Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

2021

Table VI

(In Thousands of New Taiwan Dollars; Foreign Currencies)

Investee	Principal Business Activities	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 1, 2021	Current gain (loss) of the investee company during the period	% Ownership of Direct or Indirect Investment	Investment profit or loss recognized in the current period (Note 2)	Ending investment as of December 31, 2021	Accumulated Repatriation of Investment Income to Taiwan as of December 31, 2021	Note
					Outflow	Inflow							
Shanghai Xin Ying Trading Co., Ltd.	Garments, leather suitcases, daily commodities, craft gifts (except for cultural relics) and packaging materials.	$ 21,362	Note 1 (2)-(1)	$ 21,362	$	$ -	$ 21,362	($ 687)	100	($ 687) (2)－B	$ 10,632	$ -	-
Shanghai Yong Yi Internet Technology Co., Ltd.	Development of specialized field in internet technology, technical service, technology transfer, technical consultation, internet business and e-commerce.	-	Note 1 (2)-(2)	-	-	-	-	(10)	-	(6) (2)－B	-	-	

Note 1: Investment methods are classified into the following three categories, the number of category in each case belongs to:

(1) Direct investment in Mainland China.

(2)-(1) Reinvesting in the Mainland through SK INNOVATION CO., LTD. in the third area.

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

(3) Other methods.

Note 2: In the column of investment profit (loss) recognized for the period:

(1) If the company is in preparation status without investment profit (loss), it shall be remarked.

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

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

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

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

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 21,362	$ 1,000 USD 27,680 TWD	$ 6,006,671

Shinkong Textile Co., Ltd.

Information on Major Shareholders

December 31, 2021

Table VII

Name of Major Shareholders	Shareholding	
	No. of Shares	Percentage of Ownership
Shinkong Synthetic Fibers Corporation	28,378,958	9.45%
Shin Kong Wu Ho-Su Memorial Hospital	20,979,735	6.99%
Ji Zhen Co., Ltd.	19,650,000	6.54%

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