

Ruentex Development Co., Ltd.  
Unconsolidated Financial Statements and Report  
of Independent Accountants  
2022 and 2021  
(Stock Code: 9945)

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Ruentex Development Co., Ltd.

Unconsolidated Financial Statements and Report of Independent Accountants of 2022 and 2021

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## Accountants' Audit Report

(2022) Cai-Shen-Bao-Zi No.22004714

Ruentex Development Co., Ltd.

The Board of Directors and Shareholders:

### **Audit Opinions**

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2022 and 2021 and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis of Audit Opinions**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions 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 Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In view of the audit result concluded by our representatives and the audits concluded by other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit opinion of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's unconsolidated financial statements for the year ended December 31, 2022 are stated as follows:

## **Accuracy of Investment Balance Accounted for using equity method**

### Description of Key Audit Matters

The investment balance under equity method of the Company as of December 31, 2022 was NT\$84,913,903 thousand, representing 70.78% of total Assets. For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note 4(14). For the explanation on the accounts, please refer to Financial Statements Note 6(8).

Due to the complexity of multi-layered cross-holdings among multinational investee enterprises accounted for under equity method, and as stated in Note 6 (8) 11 of the consolidated financial statements, the investment of the Group using the equity method-Nanshan Life Insurance Co., Ltd. On September 29, 2022, the board of directors resolved to change the business model of managing financial assets. The date of reclassification was October 1, 2022. Conducting audit and calculation on such investments may require significant costs and human resources, which was really complicated. Therefore, the accountant believes that the correctness of the calculation of the investment balance using the equity method is one of the key audit matters for this year's audit.

### Corresponding Audit Procedures

We summarize the audit procedures executed for the aforementioned key audit matters as follows:

1. We assessed the consistency of the internal control and the accounting process adopted by the management on the investments under equity method.
2. We obtained the investment profit/loss and equity account calculation form and the annual financial statements of investees audited by independent auditors from the management re-calculated the investment profit/loss and equity account amounts, and entered into account appropriately.

## **Assessment on Investment Balance Under Equity Method**

For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note 4(14). For the explanation on the accounts, please refer to Financial Statements Note 6(8).

On December 31, 2022, the Company adopted the equity method to assess its subsidiary, Ruentex Engineering & Construction Co., Ltd. (hereinafter referred to as “Ruentex Engineering & Construction”). Under the consideration of comprehensive shareholding, since the investment balance under equity for Ruentex Engineering & Construction and the investment gain Ruentex Engineering & Construction in 2022 have significant impacts on the financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of Ruentex Engineering & Construction are respectively described in the following:

## **Assessment on Recognition of Construction Income - Construction Completion Progress**

### Description of Key Audit Matters

The Ruentex Engineering & Construction of construction income of Ruentex Engineering & Construction was calculated based on the percentage of completion method and according to the completion progress during the construction contract period. The construction progress was calculated based on the percentage of the cost incurred for each construction contract up to the end of the financial report period over the expected total cost for such construction contract. The aforementioned estimation of the expected total cost was provided by Ruentex Engineering & Construction based on its estimation on various construction costs required for contracting works and material/labor expenses etc. according to the quantitative units of building structural drawings etc. of owners along with the fluctuation of the Current market price at that time.

Since the estimation of construction total cost can affect the recognition of construction completion progress and the construction income, and since the construction total cost items are complicated and often involving high degree of estimation, such that it can cause major uncertainty, consequently, we've considered listing the assessment on the construction completion progress used in the recognition of construction income as one of the key matters in this year's audit.

### Corresponding Audit Procedures

We summarize the audit procedures executed for the aforementioned key audit matters as follows:

1. Based on our understanding of the business operation and nature of industry of Ruentex Engineering & Construction, we assessed the internal operation procedures used in the estimation of construction total cost, including the quantitative unit of building structural drawings of owners in order to determine the procedures for each construction cost (contracting works and material/labor expense) and the consistency of the estimation method.
2. We assessed and tested the internal control procedures adopted by the management to recognize the construction income according to the construction completion progress, including verifying the evidence documents for the additional/reduction of construction works and major pricing constructions in the Current period.
3. We conducted field survey and interviewed major construction sites not yet in progress at the end of the period.
4. We performed relevant verification procedures on the construction Income statement at the end of period, including inspecting the number of cost occurrences in the Current period, audited on the evidence documents of additional/reduction constructions, and re-calculated the construction income according to the recognition of construction completion progress, and recorded account appropriately.

## **Accuracy of Time for Recognition of Construction Cost**

### Description of Key Audit Matters

The construction cost of each construction project of Ruentex Engineering & Construction already incurred at the end of financial report period was estimated and Ruentex Engineering & Construction according to the construction progress and the acceptance result. Such process of construction cost Ruentex Engineering & Construction often involves whether each project construction personnel performs the acceptance and pricing operation according to the actual construction result, and difference in the time for Ruentex Engineering & Construction the construction cost due to failure to perform such works properly can have significant impact on the presentation of financial statements. Consequently, during the Ruentex Engineering & Construction of construction cost, we considered and listed the accuracy of time for Ruentex Engineering & Construction of construction cost as one of the key audit matters.

### Corresponding Audit Procedures

We summarize the audit procedures executed for the aforementioned key audit matters as follows:

1. We conducted understanding and tested on the process adopted by the management in the recognition of construction cost to verify that it had been performed according to the internal control operation of the Company, including that the construction personnel had performed acceptance according to the construction result and had submitted to the accounting department to perform account entry after the confirmation of the responsible supervisors.
2. We performed the cut-off test on the construction cost incurred for a certain period before and after the end of the financial report period, including the verifying the acceptance record, verifying the accuracy of the calculation of construction pricing, confirming that the construction cost incurred had been recorded at the appropriate period.

### **Fair value evaluation of investment real estate**

The Company changed the accounting policy of investment real estate through the resolution of the board of directors, and its subsequent measurement was changed from the cost model to the fair value model, so the accounting policy was applied retrospectively to adjust the affected items.

Since the evaluation of fair value involves significant accounting estimates and judgments of the management, the accountant believes that the evaluation of the fair value of investment real estate is the key audit matter for this year's audit.

Please refer to Notes 4 (17) , (28) and 5 of the Financial Statements for accounting policies, estimates and assumption uncertainties; and please refer to Notes 6(11) to the Financial Statements for descriptions of accounting items.



### Corresponding Audit Procedures

A summary of the audit procedures performed by the accountant on the above-mentioned key audit matter is as follows:

1. Assess the professional competence and independence of the independent evaluators used by the management. Discuss with the management the scope of work and the method of appointment of the evaluators to confirm that there is no situation that affects their independence or limits their scope of work.
2. Evaluate the judgments used by the independent evaluators used by the management during the evaluation, including whether the evaluation methods and the main assumptions used are reasonable.
3. To verify the accuracy and completeness of the information used by the independent evaluators used by the management during the evaluation.

### **Other Matters - Relevant audits by other independent auditors**

For the investee listed in the aforementioned unconsolidated financial statements under equity method, its financial statements was not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned unconsolidated financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2022 and 2021, the investment balances under equity method (including investments under the equity method for the listed liabilities) for the aforementioned companies were NT\$2,264,563 thousand and NT\$2,966,853 thousand, respectively, representing 1.89% and 1.67% of the total Assets respectively. For the period of 2022 and 2021 from January 1 to December 31, the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$(820,057) thousand and NT\$(593,185) thousand respectively, representing 1.55% and 11.82% of the compressive income respectively.

### **Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the unconsolidated financial statements, the management is responsible for assessing the Company's ability the continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company's 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 Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may be caused by fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated 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. Also:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidences in order to be used as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made at the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the

Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidences for the financial information of individual entity of the Company and provide opinions on its respective unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the audit opinion for the Company.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters, including relevant protective measure, that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Huang,Chin-Lien

Certified Public Accountant

Chang,Shu-Chiung

Financial Supervisory Commission

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 1100348083

Former Financial Supervisory Commission, Executive Yuan

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 0990042602

March 14, 2023

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheets  
December 31, 2022 and December 31 and January 1, 2021

Unit: NT\$ thousands

Assets	Note	December 31, 2022		(After adjustment) December 31, 2021		(After adjustment) January 1, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 5,695,200	5	\$ 5,731,650	3	\$ 3,467,615	2
1120	Financial Assets at fair value through other comprehensive income acquired - Current	6(6)	-	-	1,303,338	1	-	-
1150	Net bills receivable	6(2)	29,476	-	-	-	-	-
1170	Net Accounts Receivable	6(2)	13,263	-	11,128	-	9,435	-
1180	Accounts receivable - related parties - net	6(2) and 7	635	-	538	-	561	-
1200	Other receivables		156,269	-	3,464	-	5,819	-
1210	Other Receivables - related party	7	1,345	-	4,067	-	3,352	-
1220	Current tax assets		-	-	-	-	12,566	-
130X	Inventories	6(3), 7, and 8	21,891,150	18	23,347,290	13	23,070,044	13
1410	Prepayments		72,269	-	107,300	-	58,661	-
1470	Other Current Assets	6(1)(4) and 8	1,308,585	1	1,020,410	1	1,112,104	1
11XX	<b>Total current assets</b>		<u>29,168,192</u>	<u>24</u>	<u>31,529,185</u>	<u>18</u>	<u>27,740,157</u>	<u>16</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(5)(6)	-	-	-	-	37,262	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6), 7 and 8	1,197,460	1	1,230,821	1	2,008,422	1
1535	Amortized cost financial Assets - non-Current	6(7)	60,000	-	60,000	-	60,000	-
1550	Investments accounted for using equity method	6(8), 7, and 8	84,913,903	71	140,263,946	79	139,361,424	80
1600	Property, plant, and equipment	6(9)	139,128	-	164,269	-	136,603	-
1755	Right-of-use assets	6(10)	595,476	-	688,093	-	691,052	1
1760	Net value of investment properties	6(11) and 8	3,085,330	3	3,169,201	2	3,125,401	2
1840	Deferred tax Assets	6(29)	649,268	1	218,343	-	203,882	-
1900	Other non-current Assets	6(1)(12) and 8	158,704	-	132,802	-	101,410	-
15XX	<b>Total non-current assets</b>		<u>90,799,269</u>	<u>76</u>	<u>145,927,475</u>	<u>82</u>	<u>145,725,456</u>	<u>84</u>
1XXX	<b>Total Assets</b>		<u>\$ 119,967,461</u>	<u>100</u>	<u>\$ 177,456,660</u>	<u>100</u>	<u>\$ 173,465,613</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheets  
December 31, 2022 and December 31 and January 1, 2021

Unit: NT\$ thousands

Liabilities and Equity	Note	December 31, 2022		(After adjustment) December 31, 2021		(After adjustment) January 1, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(13) and 8	\$ 5,295,000	5	\$ 1,600,000	1	\$ 2,100,000	1
2110	Short-term bills payable	6(14) and 8	2,587,360	2	4,078,307	3	4,358,912	3
2130	Contract liabilities - current	6(21) and 7	1,933,272	2	2,302,690	1	1,538,532	1
2150	Notes payable		87,311	-	32,655	-	37,814	-
2160	Notes payable - related party	7	66,274	-	155,751	-	152,324	-
2170	Accounts payable		377,789	-	101,240	-	79,279	-
2180	Accounts payable - related party	7	891,170	1	348,157	-	390,462	-
2200	Other payables		356,736	-	350,756	-	338,615	-
2230	Income tax liabilities of current period		263,819	-	313,527	-	1,080,091	1
2280	Lease liabilities - current	6(10)	91,959	-	90,841	-	85,931	-
2320	Long-term liabilities due within one year or one operating cycle	6(15) and 8	5,570,060	5	3,399,822	2	5,962,512	3
2399	Other current liabilities - other		141,072	-	118,006	-	123,048	-
21XX	<b>Total Current Liabilities</b>		<u>17,661,822</u>	<u>15</u>	<u>12,891,752</u>	<u>7</u>	<u>16,247,520</u>	<u>9</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(15) and 8	20,964,159	17	24,781,872	14	20,246,911	12
2570	Deferred income tax liabilities	6(29)	972,302	1	1,225,210	1	1,917,961	1
2580	Lease liabilities - non-current	6(10)	524,648	-	616,605	-	621,853	-
2600	Other non-Current liabilities	6(8)(16)	1,046,259	1	1,035,180	1	1,057,479	1
25XX	<b>Total Non-Current Liabilities</b>		<u>23,507,368</u>	<u>19</u>	<u>27,658,867</u>	<u>16</u>	<u>23,844,204</u>	<u>14</u>
2XXX	<b>Total Liabilities</b>		<u>41,169,190</u>	<u>34</u>	<u>40,550,619</u>	<u>23</u>	<u>40,091,724</u>	<u>23</u>
<b>Equity</b>								
	Capital	6(17)						
3110	Share capital		31,602,501	26	21,068,334	12	15,048,810	9
	Capital surplus	6(18)						
3200	Capital surplus		17,616,034	14	18,349,086	10	18,335,479	10
	Retained earnings	6(19)						
3310	Legal reserve		6,962,392	6	5,318,436	3	4,472,550	3
3320	Special reserve		20,326,692	17	20,326,692	11	19,412,244	11
3350	Undistributed earnings		39,491,098	33	45,429,787	26	37,360,519	22
	Other Equities	6(20)						
3400	Other Equities		( 37,115,807)	( 30)	26,498,345	15	38,828,926	22
3500	Treasury stock	6(8)(17)	( 84,639)	-	( 84,639)	-	( 84,639)	-
3XXX	<b>Total Equity</b>		<u>78,798,271</u>	<u>66</u>	<u>136,906,041</u>	<u>77</u>	<u>133,373,889</u>	<u>77</u>
	Significant contingent liabilities and unrecognized contractual commitments	9						
	Significant subsequent events	11						
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 119,967,461</u>	<u>100</u>	<u>\$ 177,456,660</u>	<u>100</u>	<u>\$ 173,465,613</u>	<u>100</u>

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands  
(Except earnings per share, which is in NT\$)

Item	Note	2022		(After adjustment) 2021		
		Amount	%	Amount	%	
4000	Operation income	6(21) and 7	\$ 10,812,961	100	\$ 4,966,299	100
5000	Operation Cost	6(3)(22)(27)(28) and 7	( 8,374,384)	( 77)	( 3,972,061)	( 80)
5900	Gross profit		<u>2,438,577</u>	<u>23</u>	<u>994,238</u>	<u>20</u>
5910	Unrealized sale gains		-	-	( 243)	-
5920	Realized sale gains		-	-	<u>5,281</u>	-
5950	Net gross operating profit		<u>2,438,577</u>	<u>23</u>	<u>999,276</u>	<u>20</u>
	Operating Expenses	6(16)(27)(28) and 7				
6100	Selling expenses		( 710,666)	( 7)	( 625,846)	( 12)
6200	General & administrative expenses		( 267,617)	( 2)	( 280,750)	( 6)
6450	Expected credit impairment gains (losses)	6(27)	<u>165</u>	-	( 192)	-
6000	Total Operating Expenses		( 978,118)	( 9)	( 906,788)	( 18)
6900	Operating Profit		<u>1,460,459</u>	<u>14</u>	<u>92,488</u>	<u>2</u>
	Non-operating Income and Expenses					
7100	Interest revenue	6(7)(23) and 7	96,590	1	10,325	-
7010	Other income	6(6)(24)	19,334	-	19,387	-
7020	Other gains and losses	6(25)	406,131	4	( 70,902)	( 1)
7050	Financial Costs	6(3)(10) (26)	( 306,542)	( 3)	( 261,773)	( 5)
7070	Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method	6(8)	<u>7,814,291</u>	<u>72</u>	<u>17,254,519</u>	<u>347</u>
7000	Total non-operating income and expenses		<u>8,029,804</u>	<u>74</u>	<u>16,951,556</u>	<u>341</u>
7900	<b>Net profit before tax</b>		<u>9,490,263</u>	<u>88</u>	<u>17,044,044</u>	<u>343</u>
7950	Income tax benefit (expenses)	6(29)	( 335,177)	( 3)	<u>112,950</u>	<u>2</u>
8000	<b>Net profit for the period of the continued business unit</b>		<u>9,155,086</u>	<u>85</u>	<u>17,156,994</u>	<u>345</u>
8200	<b>Net income of current period</b>		<u>\$ 9,155,086</u>	<u>85</u>	<u>\$ 17,156,994</u>	<u>345</u>

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands  
(Except earnings per share, which is in NT\$)

Item	Note	2022		(After adjustment) 2021	
		Amount	%	Amount	%
<b>Other Comprehensive Income (Loss)</b>					
<b>Items not to be reclassified into profit or loss</b>					
8311	Remeasurement of defined benefit plan	6(16)			
		\$	9,101	-	\$ 365
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(6)	( 52,351)	( 1)	728,215
8330	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items not to be reclassified into profit or loss	6(20)	114,558	1	243,870
8349	Income tax relating to non-reclassified items	6(20) (29)	83,270	1	( 72,542)
8310	Total of items not to be reclassified into profit or loss		<u>154,578</u>	<u>1</u>	<u>899,908</u>
<b>Items may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translating foreign operations		286,748	3	( 168,399)
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that may be reclassified to profit or loss	6(20)	( 62,939,624)	( 582)	( 13,168,107)
8399	Income tax related to items may be reclassified into profit or loss	6(20) (29)	457,068	4	299,452
8360	Total of items may be reclassified subsequently to profit or loss		( 62,195,808)	( 575)	( 13,037,054)
8300	<b>Other comprehensive income (net)</b>		<u>(\$ 62,041,230)</u>	<u>( 574)</u>	<u>(\$ 12,137,146)</u>
8500	<b>Total Comprehensive Income Current Period</b>		<u>(\$ 52,886,144)</u>	<u>( 489)</u>	<u>\$ 5,019,848</u>
Earnings per share					
9750	Basic earnings per share	6(30)	\$ 3.00		\$ 5.62
9850	Diluted earnings per share		\$ 3.00		\$ 5.61

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

	Note	Share capital	Capital surplus	Retained earnings			Other Equities	Treasury stock	Total Equity
				Legal reserve	Special reserve	Undistributed earnings			
<u>2021 (after restatement)</u>									
Balance at January 1, 2021		\$ 15,048,810	\$ 18,147,191	\$ 4,472,550	\$ 507,767	\$ 37,360,519	\$ 38,792,132	(\$ 84,639 )	\$ 114,244,330
Adjustments due to retrospective restatement	4(28)	-	188,288	-	18,904,477	-	36,794	-	19,129,559
Restatement balance as of January 1, 2021		<u>15,048,810</u>	<u>18,335,479</u>	<u>4,472,550</u>	<u>19,412,244</u>	<u>37,360,519</u>	<u>38,828,926</u>	<u>( 84,639 )</u>	<u>133,373,889</u>
Net income of current period	6(19)	-	-	-	-	17,156,994	-	-	17,156,994
Other comprehensive income	6(19)(20)	-	-	-	-	80,300	( 12,217,446 )	-	( 12,137,146 )
Total Comprehensive Income Current Period		-	-	-	-	<u>17,237,294</u>	<u>( 12,217,446 )</u>	-	<u>5,019,848</u>
Appropriation and distribution of the earnings for 6(19) 2020:									
Legal reserve		-	-	845,886	-	( 845,886 )	-	-	-
Cash dividends		-	-	-	-	( 1,504,881 )	-	-	( 1,504,881 )
Share dividend		6,019,524	-	-	-	( 6,019,524 )	-	-	-
To allocate the adjustment resulting from the change in accounting policy to the special reserve	4(28)	-	-	-	914,448	( 914,448 )	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(18)	-	( 259 )	-	-	-	-	-	( 259 )
Changes in associates & joint ventures accounted for using equity method	6(18)(19)	-	3,978	-	-	3,578	-	-	7,556
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(6)(19)(20)	-	-	-	-	113,135	( 113,135 )	-	-
Changes in the ownership interests of subsidiaries as recognized	6(18)	-	9,888	-	-	-	-	-	9,888
Balance on December 31, 2021		<u>\$ 21,068,334</u>	<u>\$ 18,349,086</u>	<u>\$ 5,318,436</u>	<u>\$ 20,326,692</u>	<u>\$ 45,429,787</u>	<u>\$ 26,498,345</u>	<u>(\$ 84,639 )</u>	<u>\$ 136,906,041</u>
<u>2022</u>									
Restatement balance as of January 1, 2022		\$ 21,068,334	\$ 18,349,086	\$ 5,318,436	\$ 20,326,692	\$ 45,429,787	\$ 26,498,345	(\$ 84,639 )	\$ 136,906,041
Net income of current period	6(19)	-	-	-	-	9,155,086	-	-	9,155,086
Other comprehensive income	6(19)(20)	-	-	-	-	274,568	( 62,315,798 )	-	( 62,041,230 )
Total Comprehensive Income Current Period		-	-	-	-	<u>9,429,654</u>	<u>( 62,315,798 )</u>	-	<u>( 52,886,144 )</u>
Appropriation and distribution of the earnings for 6(19) 2021:									
Legal reserve		-	-	1,643,956	-	( 1,643,956 )	-	-	-
Cash dividends		-	-	-	-	( 4,213,667 )	-	-	( 4,213,667 )
Share dividend		10,534,167	-	-	-	( 10,534,167 )	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(18)	-	( 117 )	-	-	-	-	-	( 117 )
Changes in associates & joint ventures accounted for using equity method	6(18)	-	29,741	-	-	-	-	-	29,741
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(19)	-	-	-	-	1,298,632	( 1,298,632 )	-	-
Disposal of equity in subsidiaries (without losing control)	6(18)	-	3,674	-	-	-	278	-	3,952
Adjustments to cash capital increases of associates not recognized in proportion to the shareholding	6(8)(18)(19)	-	( 766,350 )	-	-	( 275,185 )	-	-	( 1,041,535 )
Balance on December 31, 2022		<u>\$ 31,602,501</u>	<u>\$ 17,616,034</u>	<u>\$ 6,962,392</u>	<u>\$ 20,326,692</u>	<u>\$ 39,491,098</u>	<u>(\$ 37,115,807 )</u>	<u>(\$ 84,639 )</u>	<u>\$ 78,798,271</u>

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.



Ruentex Development Co., Ltd.  
Unconsolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

(After restatement)  
2021

	Note	2022	(After restatement) 2021
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 9,490,263	\$ 17,044,044
Adjustments			
Income and expenses			
Unrealized incomes among affiliates		18,616	12,662
Depreciation expense	6(27)	125,091	122,809
Expected credit impairment (incomes) losses	6(27)	( 165 )	192
Interest Cost	6(26)	306,542	261,773
Interest revenue	6(23)	( 96,590 )	( 10,325 )
Share of profit of associates accounted for using the equity method	6(8)	( 7,814,291 )	( 17,254,519 )
Loss (gain) on disposal of property, plant and equipment	6(25)	( 6 )	566
Investment property fair value loss (gain)	6(11) (25)	83,871	( 43,800 )
Valuation profit on financial assets at fair value through profit or loss	6(5)(25)	-	( 12,018 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		( 29,476 )	-
Accounts receivable		( 1,972 )	( 1,885 )
Accounts receivable - related party		( 96 )	23
Other receivables		( 138,341 )	2,923
Other receivables - related Party		2,721	( 715 )
Inventories		1,553,693	( 222,348 )
Prepayments		35,031	( 48,639 )
Other Current Assets		( 290,092 )	91,767
Net change in liabilities related to operating activities			
Contractual Liabilities - Current		( 369,418 )	764,158
Notes payable		54,656	( 5,160 )
Notes Payable – related Party		( 89,477 )	3,428
Accounts payable		276,549	21,961
Accounts Payable – related Party		543,013	( 42,305 )
Other payables		5,980	12,721
Other Current liabilities		20,505	( 5,041 )
Other non-Current liabilities		( 3,628 )	( 1,875 )
Cash flow in from operating		3,682,979	690,397
Interest received		82,128	9,757
Amount of interest Paid		( 405,073 )	( 315,843 )
Dividends received		3,257,622	3,701,102
Income tax paid		( 444,328 )	( 1,134,802 )
Income tax refunded		-	12,566
Cash inflow from operating activities		<u>6,173,328</u>	<u>2,963,177</u>

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

	Note	2022	(After restatement) 2021
<u>Cash flows from investing activities</u>			
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	6(6)	(\$ 15,929 )	\$ -
Disposal of financial Assets at fair value through other comprehensive income acquired - non-Current	6(6)	1,299,428	124,319
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income - non-current	6(6)	849	127,438
Investment accounted for under the equity method	6(8)	( 3,742,116 )	( 3,745,505 )
Return of funds to reduced investment adopting the Equity method	6(8)	-	3,305,755
Acquisition of property, plant and equipment	6(9)	( 7,421 )	( 59,636 )
Disposal the payment of property, plant and equipment		94	612
Increase in refundable deposits		( 23,250 )	( 30,880 )
Increase in other non-current assets		( 735 )	( 585 )
Cash used in investing activities		( 2,489,080 )	( 278,482 )
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(32)	3,695,000	( 500,000 )
Net decrease in short-term bills payable	6(32)	( 1,490,000 )	( 280,000 )
Amount of long-term borrowings	6(32)	45,575,000	44,333,000
Repayments of long-term borrowings	6(32)	( 47,220,000 )	( 42,363,000 )
Increase (decrease) in guarantee deposits received	6(32)	23,808	( 16,383 )
Principal elements of lease payments	6(10)(32)	( 90,839 )	( 89,396 )
Cash dividends paid	6(19)	( 4,213,667 )	( 1,504,881 )
Cash used in financing activities		( 3,720,698 )	( 420,660 )
Increase (decrease) in cash and cash equivalents of current period		( 36,450 )	2,264,035
Cash and cash equivalents, beginning of period	6(1)	5,731,650	3,467,615
Cash and cash equivalents, end of period	6(1)	\$ 5,695,200	\$ 5,731,650

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd.  
Notes to Unconsolidated Financial Statements  
2022 and 2021

Unit: NT\$ thousands  
(Except as Otherwise Indicated)

I. History and Organization

Ruentex Development Co., Ltd. (hereinafter referred to as the “Company”), was incorporated In September 1977 under the laws of Republic of China (ROC) and formerly known as “Ruentex Construction Co., Ltd.” On July 2, 2002, the Company changed its name to “Ruentex Development Co., Ltd.” under the approval of the competent authority. The Company was authorized to trade its stocks on the Taiwan Stock Exchange since April 30, 1992. The Company primarily operates the businesses of contracted construction of congregate housings and lease/sale of commercial buildings, purchase and sale of building materials as well as department store business and super market business.

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

The unconsolidated financial statements were authorized for issuance by the Company’s board of directors on March 14, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed and issued by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed and issued by FSC effective from 2022 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendment to IFRS 3 - “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
2018-2020 annual improvements cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment.

(II) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by FSC

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment.

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Except for the potential impact of IFRS 17 “Insurance Contracts” and its amendments on investments using the equity method, which is currently under evaluation, it is temporarily unable to reasonably estimate the impact on the Company. The Company has assessed the impact of the standards and interpretations above on its financial position and financial performance. There is no significant impact, and the relevant amount impacted will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

The unconsolidated financial statements were prepared in accordance with the ‘Regulations Governing the Preparation of Financial Reports by Securities Issuers’.

(II) Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets (including derivative instruments) at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Investment property subsequently measured at fair value
- (4) Defined benefit liabilities recognized based on the net amount of pension fund Assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The unconsolidated financial statements are presented in “NT dollars”, which is the Company’s functional currency.

1. Foreign currency translation and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary Assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing

at the balance sheet date. Their translation differences are recognized in other comprehensive income. However, non-monetary Assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

## 2. Translation of foreign operations

- (1) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. In addition, even when the Company still retains partial interest in the former associate after losing its major influence on the former foreign operation associate such transactions should be accounted for as disposal of all interest in the foreign operation.

- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (IV) Classification of Current and non-Current items

1. Assets that meet one of the following criteria are classified as Current Assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

- (2) Assets held mainly for trading purposes;

- (3) Assets that are expected to be realized within 12 months from the balance sheet date;

- (4) Cash and cash equivalents, excluding restricted cash and cash

equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that do not meet the above criteria are classified as non-Current assets.

2. Liabilities that meet one of the following criteria are classified as Current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Liabilities that are to be settled within 12 months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-Current liabilities.

3. Since the operating cycle of building and housing sale is longer than one year, the Assets and liabilities related to construction and long-term construction contracts are classified into current and non-current according to the standard of the operating cycle.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1. Financial assets not included as financial assets measured at amortized costs or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Associated transaction costs are accounted in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(VII) Financial Assets at fair value through other comprehensive income acquired

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.
2. On a regular way purchase or sale basis, financial Assets at fair value through comprehensive income are recognized and derecognized using settlement date accounting.
3. The Company initially recognized the financial Assets at fair value through profit or loss are initially recognized at fair value, and subsequently, they were measured and stated at fair value:

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be listed under the retained earnings. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

(VIII) Financial assets at amortised cost

1. Refer to financial Assets satisfying the following criteria at the same time:
  - (1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.
  - (2) Where contract terms of such financial Assets generated cash flow of specific date, and it is completely for the payment of the interest of principle and external circulating principle amount.
2. On a regular way purchase or sale basis, the Company recognizes or derecognizes financial Assets at amortized cost by using settlement date accounting.
3. During the initial recognition the Company calculated the transaction cost measurement at fair value, and subsequently adopted the effective interest rate method to recognize the interest income according to the amortization procedure during the circulation period, and to recognize the impairment loss. In addition, during the derecognition, the gain or loss was recognized in the income or loss.

(IX) Notes and accounts receivable

1. Refer to accounts and notes to be received due to transfer of commodities or labors already performed unconditionally in exchange for the right for consideration amount according to the contract terms.
2. However, short-term notes and accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.



(X) Impairment of financial assets

The Company assesses the financial Assets at amortized cost at each balance sheet date, and after considering all reasonable and evidentiary information (including prospective information), measure the loss allowance according to the 12-month expected credit loss for the financial Assets without significant increase of credit risk after the initial recognition. For the financial Assets with credit risk already increased significantly after the initial recognition, loss allowance is measured according to the expected credit loss amount during the existence period. For the accounts receivable or contract Assets without material financial composition, the loss allowance is measured according to the expected credit loss during the existence period.

(XI) Derecognition of financial assets

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

1. The contractual rights to receive the cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(XII) Lease transactions of lessor - rent payments receivable /operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

The perpetual inventory system is adopted. The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at construction site) is capitalized, and the carry down of cost is calculated by using the weighted average method. The ending inventories are stated at the lower of cost and net realizable value. In addition, the item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value represents the balance with costs required to complete the production and get the products ready subtracted from the estimated selling price.

(XIV) Investments accounted for using equity method / subsidiaries, associates and joint ventures

1. Subsidiaries are all entities (including structural entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over

the entity.

2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Changes in the Company's ownership interest in a subsidiary that do not result in the Company's losing control (and non-controlling equity transaction) of the subsidiary are equity transactions, and it is also considered as a transaction between owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.
5. When the Company loses its control on a subsidiary, the remaining investment on the former subsidiary is remeasured at fair value and is used as the fair value for the initial recognition of financial Assets or the cost for initial recognition of investment in an associate. The difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period. For all of the amounts related to the subsidiary previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its control on the subsidiary, such profit or loss shall be re-classified as profit or loss from equity.
6. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
7. The Company's share of its associate' post-acquisition profits or losses are recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
  - (1) Among them, for "other comprehensive income recognized by share - reclassification using overlay approach", the overlay approach may only be designated for financial assets that meet the criteria below:
    - (a) The financial asset at fair value through profit or loss under IFRS 9, but if the International Accounting Standards 39 (IAS 39) (Financial Instruments: Recognition and Measurement) applies, it

will not be measured at fair value through profit or loss as a whole;  
and

- (b) The financial asset is not held for an activity not connected to a contract within the scope of IFRS 4.
- (2) Investees using the equity method may (but are not required to) apply the overlay approach to a designated financial asset. The overlay approach is accounting treatment of a reclassified amount between profit or loss and other comprehensive income; such that the gain or loss on the designated financial asset at the end of the reporting period is the same as that on the designated financial asset with IAS 39 applied. Accordingly, the reclassified amount is the difference between:
- (a) the amount recognized in profit or loss when IFRS 9 applies to the designated financial asset; and
  - (b) The amount recognized in profit or loss if IAS 39 applies to the designated financial asset.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Company discontinues recognizing its share of further losses; unless that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

- 8. When the an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as the "capital reserve" according to the shareholding percentage.
- 9. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such transaction has impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- 10. When an associate issues new shares, if the Company does not subscribe of acquire according to such ratio such that there is a change in the investment ratio and still causing significant impact, then "capital reserve" and "investment accounted for using equity method" are adjusted for the increase/decrease of the change of net value of the equity. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.
- 11. When the Company losses its significant influence on an associate, the remaining investment on the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is

recognized as the profit or loss of the Current period.

12. When the Company disposes an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
13. When the Company disposes an associate, if it loses its significant influence on the associate, the capital reserve related to the associate is recognized as profit or loss. If it shall have significant influence on the associate, then it is recognized as profit or loss according to the disposal ratio.
14. If an investment recognized under equity method holds shares of the Company and measures the investment in the Company using the equity method, the gains or losses from such investment is measured at the investment's carrying amount excluding the Company's profit or loss recognized by the former investment entity.
15. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit (loss) of the Current period and other comprehensive income in the unconsolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the unconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XV) Property, plant, and equipment

1. Real estate, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If

expectations for the Assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the Assets' future economic benefits embodied in the Assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 years ~ 7 years
Warehouse equipment	2 years ~ 8 years
Transportation equipment	2 years ~ 5 years
Office equipment	2 years ~ 6 years
Other equipment	2 years ~ 8 years

(XVI) Lessees' lease transactions - right-of-use assets/lease liabilities

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Company. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.
2. From the starting date of lease, the lease liabilities are recognized at the current values of the unpaid lease payments discounted with the Company's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.

(XVII) Investment Real Estate

An investment real estate is stated initially at its cost and measured subsequently using the fair value model. The gains or losses resulting from changes in the fair value of investment properties recognized for the current period.

(XVIII) Impairment of non-financial Assets

The Company assesses at each balance sheet date the recoverable amounts of those Assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans. During the initial recognition, the Company measures according to the fair value with deduction of transaction cost. Subsequently, for any difference between the amount after the deduction of transaction cost and the redemption value, the effective interest method is adopted to recognize the interest expense in the profit or loss according to amortized procedure during the circulation period.

(XX) Notes and accounts payable

1. Notes and accounts payable refer to debts occurred due to goods or services that have been acquired in the course of business and occurred due to non-operating activities.
2. For short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(XXI) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or canceled or expires.

(XXII) Financial guarantee contract

This refers to when the specific debtor is unable to repay the debts based on the original or revised debt instrument terms and conditions upon the maturity of debts, and the Group must pay the specific payment for reimbursement to the holder for the contract losses incurred. The Group measures its fair value upon initial recognition and subsequently measures it at the higher of the allowance for expected credit loss or the recognized cumulative income.

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by

employees in a period and should be recognized as expenses in that period when the employees render service.

## 2. Pensions

### (1) Defined contribution plans

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

### (2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in Current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan Assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

B. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

## 3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

## (XXIV) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation

under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of Assets and liabilities and their carrying amounts in the parent only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination (excluding corporate individual entity) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax Assets against Current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(XXVI) Dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends. Cash dividends are recognized as a liability, while stock dividends are recognized as stock dividends to be distributed and transferred to common stock on the record date for issuing the new shares.



(XXVII) Income

1. Land development and sale

- (1) The Company operates the business of land development and sales of housing, and income is recognized when the control of real estate is transferred to customers. For the housing sales contract already signed, based on the restriction of contract terms, such real estate serves no other purposes to the Company; however, when the statutory ownership of the real estate is transfer to customer, the Company then has the executable right on the contract terms. Consequently, income is recognized at the time when the statutory ownership is transferred to the customer.
- (2) Income is measured based on the contract negotiated amount, and the contract price is paid when the statutory ownership of the real estate is transferred. Under extremely rare cases, the Company and customers engaged in negotiation for the deferred time of payment; however, the deferred repayment periods were all less than 12 months. Therefore, it is determined that there is no major financial composition in the contract, such that the consideration amount is not adjusted.

2. Sale of goods

- (1) The Company operates the business related to department store purchase and sale, as well as the business of super market. The income from sale of goods is recognized when the control of goods is transferred to customers, i.e. when the goods are delivered to customer. In addition, the Company has no unfulfilled obligations that may affect customer from accepting the goods. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
- (2) The Company operates the customer premium plan for retail customers, and provides the customer reward points during the transactions. When customers exchange for the reward points, they have the right to obtain additional goods at discounted price or exchange for free of payment. The reward point is an important right that cannot be obtained if a customer has not made any initial transaction; therefore, the reward point provided to customers is a single contract performance obligation. The transaction price is appropriated to the goods and reward point based on the relative independent sales price. The independent sales price of reward point is estimated according to the discount obtained by the customer and the possibility of exchange of points based on the past experience.
- (3) Accounts receivable is recognized when goods are delivered to customers since starting from such time of delivery, the Company has the unconditional right on the contract price, and the Company can receive the consideration from the customer after time has

passed.

(4) Financial component

Since the period from the time when contracts are signed between the Company and customers, the goods or services are promised to be transferred to customers to the time when the payments are made by customers have not exceeded one year, consequently, the Company has not adjusted the transaction price to reflect the currency time value.

3. Income from lease

Income is recognized in profit or loss on a straight-line basis over the lease term.

4. Costs to obtain clients' contracts

For the incremental costs incurred to obtain clients' contracts (mainly sales commission), the expected recoverable parts are recognized as asset when incur (listed as other current assets), and amortized based on the systematic basis consistent to the transfer of the products or services related to the concern assets. Subsequently, if the expected receivable consideration becomes lower than the carrying amount recognized in the Assets after deducting the costs not recognized as expenses, the excessive amount to the carrying amount in the Assets is recognized as the impairment loss.

(XXVIII) Changes in accounting policies

The Company revised its accounting policy on investment property by resolution of the Board of Directors on July 28, 2022 and adopted the fair value model for subsequent measurement.

The new accounting policy can provide more critical information on the value of investment property. The Company retrospectively applies this accounting policy and adjusts the items involved in the financial statements. The impact items and amounts on the financial statements resulting from this accounting change are as follows:

<u>Balance Sheets</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Increase in investments accounted for using equity method	\$ <u>19,035,525</u>	\$ <u>18,180,222</u>
Increase in investment property	\$ <u>1,244,028</u>	\$ <u>1,172,201</u>
Increase in deferred income tax liabilities	\$ <u>235,546</u>	\$ <u>222,864</u>
Capital surplus-Increase in the associates' net value of equity	\$ <u>188,288</u>	\$ <u>188,288</u>
Increase in special reserve (Note)	\$ <u>19,818,925</u>	\$ <u>18,904,477</u>
Other equities-Increase in property revaluation surplus	\$ <u>36,794</u>	\$ <u>36,794</u>

Note: The Company's investment property is measured at fair value, thus raising the retained earnings. A special reserve provided in the same amount as required by law may not be used for distribution.

## Statements of Comprehensive Income

	<u>January to December 2021</u>
Rental cost-Decrease in depreciation expense	(\$ <u>28,027</u> )
Increase in fair value adjustment gain - investment property	<u>\$ 43,800</u>
Increase in share of income of associates and joint ventures accounted for using the equity method	<u>\$ 855,303</u>
Decrease in income tax benefits	(\$ <u>12,682</u> )
Net income of current period	<u>\$ 914,448</u>
Increase in basic earnings per share (Note)	<u>\$ 0.30</u>
Increase in diluted earnings per share (Note)	<u>\$ 0.29</u>

Note: The number of shares outstanding has been retroactively adjusted in proportion to the percentages of the capitalization of the retained earnings in 2022 and 2021.

## V. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these unconsolidated financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of Assets and liabilities within the next financial year. The critical accounting judgments, estimates and key sources of assumption uncertainty is addressed as follows:

### (I) Critical judgments in applying the Company accounting policies

#### Investment Real Estate

When the purpose of the real estate held by the Company are to gain rent or capital increase, such real estate are classified under the investment Assets.

### (II) Critical accounting estimates and assumptions

As investment property is subsequently measured at fair value, and the investment property held by the Company is mainly land and buildings, an expert should be appointed to determine the fair value of investment property on the balance sheet date with their professional judgment and appraisal. The Company will adjust the cost to the fair value based on the appraisal report issued by the expert. The valuation of these investment properties is primarily based on expert reports and estimates, which may be subject to changes in the demand for products, the real estate market conditions, and the judgment and estimation of experts during a specific future period. Therefore, the fair value measurement of these properties may be affected.

## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 4,920	\$ 4,849
Checking deposits	394,628	511,421
Demand deposits	2,132,627	272,173
Time deposits	2,524,575	4,713,049
Cash equivalents - Bonds under repurchase agreements	<u>638,450</u>	<u>230,158</u>
	<u>\$ 5,695,200</u>	<u>\$ 5,731,650</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company's restricted cash and cash equivalents on December 31, 2022 and 2021 due to advance receipt trust for construction projects and project performance bond were NT\$870,597 and NT\$491,198, respectively, of which NT\$763,993 and NT\$409,721 were classified as other current assets - other financial assets (see Note 6(4) for details); NT\$106,604 and NT\$81,477 were classified as other non-current assets - other financial assets; see Note 6(12) for details.

### (II) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 29,476</u>	<u>\$ -</u>
Accounts receivable	\$ 13,360	\$ 11,390
Less: Allowance for loss	<u>( 97)</u>	<u>( 262)</u>
Subtotal	<u>13,263</u>	<u>11,128</u>
Accounts receivable - related party	<u>635</u>	<u>538</u>
	<u>\$ 13,898</u>	<u>\$ 11,666</u>

1. The aging analysis of accounts receivable (including related parties) and notes receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 43,326	\$ 11,486
Past due 91 days and more	<u>145</u>	<u>442</u>
	<u>\$ 43,471</u>	<u>\$ 11,928</u>

The aging analysis was based on past due date.

- The balances of the receivables and as of December 31, 2022 and 2021 were incurred by the clients' contracts; also as of January 1, 2021, the balances of the receivables was NT\$9,996.
- The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$29,476 and NT\$0 for notes receivable, as of December 31, 2022 and 2021, respectively; the accounts receivable were NT\$13,898 and NT\$11,666 as of December 31, 2022 and 2021, respectively.
- The Company does not hold any collateral as security.
- For credit risk information related to accounts receivable, please refer to Note 12(2).

(III) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Construction business department:		
Real property for sale (including parking space) \$	6,940,535	\$ 10,295,856
Property under construction	9,165,084	8,447,303
Construction land	3,750,279	3,662,527
Prepayment for land purchases	2,497,372	1,234,540
Less: Allowance for valuation losses	<u>( 542,858)</u>	<u>( 377,245)</u>
Subtotal	<u>21,810,412</u>	<u>23,262,981</u>
Wholesale Business Department:		
Merchandise inventory	81,452	85,961
Less: allowance for obsolescence loss	<u>( 714)</u>	<u>( 1,652)</u>
Subtotal	<u>80,738</u>	<u>84,309</u>
Total	<u>\$ 21,891,150</u>	<u>\$ 23,347,290</u>

1. The cost of inventories recognized as expense for the Current period is as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 8,201,612	\$ 3,964,558
loss on physical inventory	7,906	8,653
(Gain from price recovery) Loss from price reduction	<u>164,675</u>	<u>(1,340)</u>
	<u>\$ 8,374,193</u>	<u>\$ 3,971,871</u>

The net realizable value of the Company's inventories in 2021 was realized due to the inventories recognized as allowance of loss were sold in 2021, the inventories generated gains from price recovery.

2. Inventory capitalization amount and interest range:

	<u>2022</u>	<u>2021</u>
Amount of capitalization	<u>\$ 97,553</u>	<u>\$ 54,898</u>
Interest rate collars of capitalization	0.79%~1.58%	0.79%~0.86%

3. The aforementioned construction lands include the payment amount of the Company for the purchase of the agricultural lands. Since they are still agricultural lands, and the land category has not been changed completely, the ownership of the lands is still registered under the name of third party, and pledge has been set on such agricultural lands, please refer to Note 7.

4. For the collateral status for the inventory of the aforementioned Construction Business Department, please refer to Note 8.

(IV) Other Current Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Joint construction guarantee deposits	\$ 482,738	\$ 479,310
Restricted bank deposits	763,993	409,721
Guarantee deposits paid	904	6,249
Incremental costs of obtaining contracts	<u>60,950</u>	<u>125,130</u>
	<u>\$ 1,308,585</u>	<u>\$ 1,020,410</u>

For the collateral status for other financial Assets of the Company, please refer to Note 8.

(V) Financial assets at fair value through profit or loss - non-current

1. Detail of financial assets at fair value through profit or loss is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets at fair value through profit or loss (mandatory)		
Convertible bonds	<u>\$ -</u>	<u>\$ 12,018</u>

2. The Company converted the 336 thousand shares of convertible corporate bonds invested in Brogent Technologies Inc. into 320 thousand ordinary shares in November 2021. Therefore, the initially recognized investment cost of NT\$33,835 and the cumulative value adjustment recognized in the amount of NT\$15,445 were reclassified to financial assets at fair value through other comprehensive income - non-current.

(VI) Financial Assets at fair value through other comprehensive income acquired

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items		
Equity Instrument		
Shares of non-TWSE/TPEX listed companies	\$ -	\$ 128,717
Adjustments for valuation	-	1,174,621
Total	<u>\$ -</u>	<u>\$ 1,303,338</u>
Non-current items		
Equity Instrument		
Shares of the TPEX listed companies	\$ 678,143	\$ 662,214
Shares of non-TWSE/TPEX listed companies	<u>2,136</u>	<u>2,801</u>
	<u>680,279</u>	<u>665,015</u>
Adjustments for valuation		
- Shares of the TPEX listed companies	518,417	567,707
- Shares of non-TWSE/TPEX listed companies	<u>(1,236)</u>	<u>(1,901)</u>
	<u>517,181</u>	<u>565,806</u>
Total	<u>\$ 1,197,460</u>	<u>\$ 1,230,821</u>

1. The Company elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$1,196,560 and NT\$1,229,921 as of December 31, 2022 and 2021, respectively.

2. The Company elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive

- income, amounting NT\$900 and NT\$1,304,238 as of December 31, 2022 and 2021, respectively.
3. The maximum exposure to credit risk for the Company's financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements, was NT\$1,197,460 and NT\$2,534,159 as of December 31, 2022 and 2021, respectively.
  4. Evergreen Steel Corporation was approved to be listed on TWSE on October 27, 2020 and its stock began to be traded on April 23, 2021. Therefore, the Company reclassified the stock from TPEX-listed stock to TWSE-listed one. The adjustments to the cost and valuation gains are NT\$12,388 and NT\$102,573, respectively. The Company successively disposed of all 1,884,613 shares of Evergreen Steel Corporation it held in June and July 2021, and the disposal amount was NT\$124,320. The Company wrote off the initially recognized investment cost of NT\$12,388 and the cumulative unrealized valuation adjustment- gains recognized of NT\$111,932
  5. TPEX-listed company, OBI Pharma, Inc., increased its capital in cash in March 2022, and the Company subscribed for 151,704 shares in an amount of NT\$15,929.
  6. Pacific Resources Corporation's (Pacific Resources Corporatio's) equity instruments held by the Company:
    - (1) Pacific Resources Corporation conducted a capital reduction to compensate the deficit in October 2021 with a capital reduction percentage of 77.5%. The Group's shares held decreased by 835 thousand shares in proportion to the shareholding. Therefore, the initial cost of the holding and relevant value losses written off by the Company were both NT\$6,547.
    - (2) Pacific Resources Corporation conducted a cash capital reduction in August 2022, to reduce capital by 35% at the par value of NT\$10 per share. Therefore, the total amount of capital to be reduced by the Company was NT\$849, of which NT\$665 was regarded as the return of the original investment cost, and the investment cost and unrealized valuation adjustment - loss were written off; additionally, NT\$184 was regarded as realized valuation gain reclassified to retained earnings. After the capital reduction, the Company's shareholding remained at 1.05%.
  7. To adjust the capital structure and increase the return on shareholders' equity, the shareholders' meeting of RT-MART International Co., Ltd. (hereinafter referred to as "RT-Mart"), an unlisted company, with its shares held by the Company approved to reduce its own capital in cash on July 27, 2021 by 75.73% as per the par value of NT\$10 per share. The capital returned to the Company for the capital reduction amounted to NT\$127,438.
  8. The Company's Board of Directors approved the disposal of all 4,085,139 shares of RT-Mart held by the Group on October 22, 2021, with the relevant transactions and procedures planned to be completed in one year. The initial holding cost and relevant valuation gains were NT\$128,717 and NT\$1,174,621, respectively, and were reclassified, based on their liquidity,



to financial assets at fair value through other comprehensive income - current. The stock transfer procedure was completed on September 6, 2022, and the proceeds from the disposal amounted to NT\$1,299,428. The Company wrote off the initially recognized investment cost of NT\$128,717 and the cumulative unrealized valuation adjustment - gains recognized of NT\$1,170,711 (the securities exchange tax of NT\$3,910 was already deducted).

9. Please refer to Note 6(5) for the description of the conversion of the Company's convertible corporate bonds issued by Brogent Technologies Inc. into ordinary shares in November 2021.
10. The details of financial assets at fair value through other comprehensive income recognized in comprehensive income (loss) and retained earnings are as follows:

<u>Item</u>	<u>2022</u>	<u>2021</u>
Changes in fair value recognized as other comprehensive income	(\$ 52,351)	\$ 728,215
Unrealized valuation profit of financial assets due to disposal	(\$ 1,170,895)	(\$ 111,932)
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition	\$ -	\$ 6,547
Dividend incomes recognized in profit and loss	\$ 102	\$ -

11. For the status of the Company using the financial Assets at fair value through other comprehensive income as collateral for security, please refer to Note 8.

12. For information on the price risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(VII) Financial Assets at amortized cost- non-Current

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subordinated corporate bonds	\$ 60,000	\$ 60,000

1. Detail of the financial Assets at amortized cost recognized under the profit or loss is as follows:

<u>Item</u>	<u>2022</u>	<u>2021</u>
Interest revenue	\$ 2,100	\$ 2,100

2. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing financial Assets at amortized

cost held by the Company, the maximum exposure amount of credit risk on December 31, 2022 and 2021 was both NT\$60,000.

3. For the financial Assets at amortized cost held by the Company, there was no collateral provided as security.
4. For information on the credit risk of financial assets at amortized cost, please refer to Note 12(2).

(VIII) Investments accounted for using equity method

1. Details are as follows:

<u>The investee company</u>	<u>Carrying amount</u>		
	<u>December 31, 2022</u>	<u>(After restatement) December 31, 2021</u>	<u>(After restatement) January 1, 2021</u>
The listed asset accounts:			
<u>Subsidiaries</u>			
Ruentex Construction International (B.V.I.) Ltd. (Ruentex)	\$ 1,576,407	\$ 1,852,351	\$ 2,093,594
Ruentex Construction & Development Co., Ltd. (Ruentex Construction)	2,096,988	2,685,642	562,580
Ruentex Bai-Yi Development co., Ltd. (Ruentex Pai Yi)	7,152,108	7,427,580	8,666,999
Ruentex Xu-Zhan Development co., Ltd. (Ruentex Xu-Zhan)	6,991,047	7,820,680	7,812,397
Ruentex Materials Co., Ltd. (Ruentex Materials)	171,323	175,744	189,737
Ruentex Security Co., Ltd. (Ruentex Security)	89,651	91,103	73,325
Ruentex Property Management & Maintenance Co., Ltd. (Ruentex Property)	38,020	45,461	40,585
Ruen Fu Newlife Corp. (Ruen Fu)	4,004	1,162	-
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	1,612,514	1,771,448	984,538
Ruentex Innovative Development Co., Ltd. (Ruentex Development)	1,926,798	2,202,214	1,876,871
Ruentex Interior Design Inc. (Ruentex Interior Design)	24,090	23,011	-
Less: Treasury stock	( 3,190)	( 3,190)	( 3,190)
Subtotal	<u>21,679,760</u>	<u>24,093,206</u>	<u>22,297,436</u>

<u>The investee company</u>	<u>Carrying amount</u>		
	<u>December 31, 2022</u>	<u>(After restatement)</u>	<u>(After restatement)</u>
			<u>December 31, 2021</u>
<u>Associates</u>			
Shing Yen Construction Development Co., Ltd. (Shing Yen)	\$ 422,785	\$ 432,134	\$ 427,911
Ruentex Industries Ltd. (Ruentex Industries)	9,129,021	10,787,556	10,578,773
Gin-Hong Investment Co., Ltd. (Gin-Hong)	788,538	1,090,494	690,904
Concord Greater China Ltd. (Concord)	825,743	854,718	4,348,924
Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend)	874,196	869,113	865,560
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	50,540,994	100,950,707	98,975,688
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	652,866	1,186,018	1,176,228
Global Mobile Corp. (Global Mobile)	-	-	-
Subtotal	<u>63,234,143</u>	<u>116,170,740</u>	<u>117,063,988</u>
Total	<u>\$ 84,913,903</u>	<u>\$ 140,263,946</u>	<u>\$ 139,361,424</u>
The listed liability accounts (listed other liabilities - non current):			
<u>Subsidiaries</u>			
Ruen Fu Newlife Corp. (Ruen Fu)	-	-	(\$ 3,676)

2. The investment shareholder percentage is as follows:

<u>The investee company</u>	<u>Shareholding percentage</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
<u>Subsidiaries</u>			
Ruentex	100.00%	100.00%	100.00%
Ruentex Construction	100.00%	100.00%	100.00%
Ruentex Baiyi	35.00%	35.00%	100.00%
Ruentex Xu-Zhan	80.00%	80.00%	80.00%
Ruentex Materials	10.49%	10.49%	10.49%
Ruentex Security	100.00%	100.00%	100.00%
Ruentex Property	100.00%	100.00%	100.00%
Ruen Fu	60.00%	60.00%	60.00%
Ruentex Engineering & Construction	39.14%	39.14%	39.14%
Ruentex Development	70.00%	70.00%	70.00%
Ruentex Interior Design	5.45%	5.45%	-

<u>The investee company</u>	<u>Shareholding percentage</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Associates			
Shing Yen	45.45%	45.45%	45.45%
Ruentex Industries	14.28%	11.63%	11.63%
Gin-Hong	30.00%	30.00%	30.00%
Concord	25.46%	25.46%	25.46%
Sunny Friend	26.62%	26.62%	26.62%
Ruen Chen Investment Holdings	25.00%	25.00%	25.00%
Nan Shan Life Insurance	0.23%	0.23%	0.23%
Global Mobile	9.46%	9.46%	9.46%

3. The stocks of the Company held by the subsidiaries of the Company were treated as treasury stocks, and its detail is as follows:

<u>Company name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Ruentex Engineering & Construction	<u>\$ 3,190</u>	<u>\$ 3,190</u>	<u>\$ 3,190</u>

1. Details of the share of profit or loss of subsidiaries and associates under equity method are as follows:

<u>The investee company</u>	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>
<u>Subsidiaries</u>		
Ruentex	(\$ 183,542)	\$ 6,890
Ruentex Construction	( 366,826)	301,586
Ruentex Baiyi	( 205,472)	351,215
Ruentex Xu-Zhan	( 645,632)	222,682
Ruentex Materials	3,454	( 9,116)
Ruentex Security	13,380	12,508
Ruentex Property	1,992	10,103
Ruen Fu	( 9,768)	( 7,262)
Ruentex Engineering & Construction	706,886	655,208
Ruentex Development	( 15,798)	338,005
Ruentex Interior Design	<u>4,873</u>	<u>956</u>
Subtotal	<u>( 696,453)</u>	<u>1,882,775</u>
<u>The investee company</u>	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>

Associates

Shing Yen	(\$	10,356)	\$	3,727
Ruentex Industries		1,069,088		1,554,550
Gin-Hong		54,830		16,824
Concord		9,218		24,884
Sunny Friend		229,274		251,536
Ruen Chen Investment Holdings		7,085,529		13,381,817
Nan Shan Life Insurance		73,161		138,406
Global Mobile		-		-
Subtotal		<u>8,510,744</u>		<u>15,371,744</u>
Total	\$	<u>7,814,291</u>	\$	<u>17,254,519</u>

5. As of December 31, 2022 and 2021, among the investments accounted under equity method, the amounts for Gin-Hong, Concord, and Ruen Fu were measured based on the financial reports audited by other independent accountants.

6. Subsidiaries

- (1) Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for more information on the Company's subsidiaries.
- (2) In order to improve financial structure and strengthen the operating capital, Ruen Fu conducted a capital reduction to make up losses in December 2022 and June 2021, followed by a subsequent cash capital increase by issuing 1,199,997 and 1,999,995 new shares, respectively, based on the plan. The Company paid NT\$12,000 for the new issue in proportion to its shareholding.
- (3) To develop the business and integrate resources, the Board of Directors of Ruentex Baiyi, in July 2021, approved to conduct a capital increase in cash by issuing 362,142,857 shares. The Company's Board of Directors, on August 12, 2021, approved to give up the right to subscribe for the shares issued in the cash capital increase by Ruentex Baiyi. After the capital increase, the Company's shareholding in Ruentex Baiyi decreased to 35%.
- (4) To develop the business and integrate resources to increase the operational performance, the Board of Directors of Ruentex Construction, in July 2021, approved to conduct a capital increase in cash by issuing 362,142,857 shares in the amount of NT\$3,621,429. The Company's Board of Directors approved, on August 12, 2021, to subscribe in full in proportion to its shareholding.
- (5) The Company subscribed for 735,862 shares issued in the cash capital increase by Ruentex Design in September 2021, in a total amount of NT\$22,076 with a direct shareholding of 5.45%. Because the Company's combined direct and indirect shareholding in Ruentex Design (through subsidiary Ruentex Materials) decreased from 26.17% to 23.78% and recognized NT\$9,888 in capital surplus - changes in the ownership interests of subsidiaries recognized (including income tax effect of

NT\$637).

- (6) To develop the Company's business and improve the use of the funds, the extraordinary shareholders' meeting of Ruentex Baiyi, in October 2021, passed a resolution to conduct a cash capital reduction and return the capital, and the Company received returned capital of NT\$1,250,000 in proportion to the shareholding. The record date of the capital reduction was November 1, 2021.
- (7) To improve the financial structure to compensate the deficit and to cooperate with the Company's business and improvement to the use of the funds, the Board of Directors of Ruentex Construction, on October 22, 2021, approved to conduct a capital reduction to compensate a deficit of NT\$763,418 and refund part of the share payments of NT\$1,956,755. The record date of the capital reduction is November 2, 2021.

## 7. Associates

(1) The basic information of primary associates of the Company is as follows:

Company name	Principal Place of Business	Shareholding percentage			Nature of relationship	Measurement method
		December 31, 2022	December 31, 2021	January 1, 2021		
		Ruen Chen Investment Holdings	Taiwan	25.00%		
Ruentex Industries	Taiwan	14.28%	11.63%	11.63%	Diversification	Equity method

(2) The summary on the consolidated financial information of primary associates of the Company is as follows:

### Balance Sheets

	Ruen Chen Investment Holdings		
	(After restatement)		(After restatement)
	December 31, 2022	December 31, 2021	January 1, 2021
Current Assets	\$ 156,044,206	\$ 239,909,703	\$ 281,185,274
Non-current assets (Note 1)	5,136,892,334	5,066,659,916	4,904,888,203
Current liabilities	( 39,007,661)	( 20,344,978)	( 33,539,725)
Non-current liabilities	( 5,022,339,699)	( 4,829,374,607)	( 4,704,032,103)
Total net assets (Note 2)	\$ 231,589,180	\$ 456,850,034	\$ 448,501,649
Portion of the net assets of associates	\$ 50,540,994	\$ 100,950,707	\$ 98,975,688

Note 1: Nan Shan Life Insurance, a subsidiary controlled by Ruen Chen Investment Holdings, adopts the fair value model for the subsequent measurement of the investment property held, and the valuation technique is used in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Note 2: Including the non-controlling interests in Ruen Chen Investment Holdings as of December 31, 2022 and 2021 and January 1, 2021 in the amounts of NT\$29,425,203, NT\$53,047,205, and NT\$52,598,896, respectively.

	Ruentex Industries		
	(After restatement)		(After restatement)
	December 31, 2022	December 31, 2021	January 1, 2021
Current Assets	10,429,935	\$ 15,005,645	\$ 21,844,276
Non-current assets	91,689,298	145,832,250	142,620,147
Current liabilities	( 6,167,960)	( 6,435,307)	( 8,583,534)
Non-current liabilities	( 13,672,765)	( 31,979,818)	( 29,610,416)
Total net assets (Note)	\$ 82,278,508	\$ 122,422,770	\$ 126,270,473
Portion of the net assets of associates	\$ 9,129,021	\$ 10,787,556	\$ 10,578,773

Note: The difference from the carrying amount mainly represents the difference between non-controlling interests and mutual shareholdings.

## Statements of Comprehensive Income

	<u>Ruen Chen Investment Holdings</u>	
	<u>(After restatement)</u>	
	<u>2022</u>	<u>2021</u>
Income	<u>\$ 478,762,509</u>	<u>\$ 570,159,159</u>
Current Net Profit (Note 1)	31,639,526	59,747,356
Other comprehensive income (Net after tax)	<u>( 251,235,513)</u>	<u>( 51,367,996)</u>
Total Comprehensive Income Current Period (Note 2)	<u>(\$ 219,595,987)</u>	<u>\$ 8,379,360</u>

Note 1: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for the years ended December 31, 2022 and 2021, in the amount of NT\$3,297,410 and NT\$6,220,090, respectively.

Note 2: Included the net combined comprehensive income (loss) attributable to non-controlling interests in Ruen Chen Investment Holdings for the years ended 2022 and 2021, in the amounts of NT(\$22,957,135) and NT\$852,046, respectively.

	<u>Ruentex Industries</u>	
	<u>(After restatement)</u>	
	<u>2022</u>	<u>2021</u>
Income	<u>\$ 2,874,195</u>	<u>\$ 2,695,981</u>
Net income of current period	12,063,155	17,412,845
Other comprehensive income (Net after tax)	<u>( 67,235,923)</u>	<u>( 14,917,997)</u>
Total Comprehensive Income Current Period	<u>(\$ 55,172,768)</u>	<u>\$ 2,494,848</u>
Dividends received from associates	<u>\$ 433,734</u>	<u>\$ 131,441</u>

(3) The summary on the share of individual insignificant associate's carrying amount and operating result of the Company is as follows:

As of December 31, 2022 and 2021 and January 1, 2021, the carrying amounts of the Company's individually immaterial affiliates amounted to NT\$3,564,128, NT\$4,432,477, and NT\$7,509,527, respectively.

	<u>(After restatement)</u>	
	<u>2022</u>	<u>2021</u>
Net income of current period	<u>\$ 32,611,112</u>	<u>\$ 60,800,347</u>
Other comprehensive income (Net after tax)	<u>( 258,040,012)</u>	<u>( 57,100,455)</u>
Total Comprehensive Income Current Period	<u>(\$ 225,428,900)</u>	<u>\$ 3,699,892</u>

(4) For the investments accounted for under equity method of the Company with public market price, their fair values are as follows:



	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Ruentex Industries	\$ 10,250,346	\$ 8,330,096	\$ 4,580,732
Sunny Friend	<u>5,134,147</u>	<u>5,920,591</u>	<u>6,914,775</u>
	<u>\$ 15,384,493</u>	<u>\$ 14,250,687</u>	<u>\$ 11,495,507</u>

- (5) Ruen Chen Investment Holding conducted cash capital increase in November 2022 and July 2021 and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$100,000 and NT\$90,000.
- (6) Global Mobile was an investee of the Company with valuation under equity method - Ruentex Industries' investment under equity method. After the assessment of the Company, the Company had significant influence on Global Mobile; therefore, the investment under equity method was adopted to recognize such company. Global Mobile received a letter in March 2015 stating that its application for the extension of wireless broadband reception business was rejected by the competent authority. Global Mobile had filed appeal for its application according to the law, and subsequently, in November 2015, it received a letter informing that its appeal had been rejected by the competent authority such that its service was terminated in December of the same year. Global Mobile had filed appeal and subsequent litigation according to laws. However, based on the conservative and stable business principle of the Company, it had recognized an impairment loss in 2015 as NT\$5,247.
- (7) To cope with the reinvestment planning and diverse operational needs, the Company invested in Nan Shan Life Insurance Co., Ltd. (referred to as "Nan Shan Life Insurance") in 2010 through Ruen Chen Investment Holdings. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$11,250,000. Regarding the aforementioned reinvestment of Ruen Chen Investment Holdings in Nan Shan Life Insurance, in accordance with the request of the competent authority, the Company delivered the Ruen Chen Investment Holdings stocks held to trust. The main provisions of such trust are as follows:
- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 612,500 thousand shares held by Ruen Chen Investment Holdings were transferred to the Trust Department of First Commercial Bank Co., Ltd. on September 5 and September 9, 2011 respectively, and trust registration was performed.
- B. Term of trust: The term of trust was ten years starting from the signing date of the trust contracts on September 5 and September 9, 2011 respectively.
- C. Management, use method and limitation to trust property:
- (a) The management and use method for the trust property under this

contract is for specific independent management and use. The trustee has no right to determine the use of the trust property. Unless otherwise specified in this contract, the trust property shall be managed properly according to the operating scope or method instructed by the trustor.

- (b) The change of this contract shall be performed only after the joint negotiation of the trustor and trustee, followed by reporting to FSC for written approval.
  - (c) This contract shall become effective upon the signing of both parties. Unless otherwise specified in the laws or both parties agree otherwise, this contract is terminated due to the following matters along with the written consent of the competent authority:
    - (i) In case of the occurrence of breach of contract by any one party, the breaching party shall correct within 15 days from the date of notice by the other party. Any failure to correct beyond such period, the other party may terminate this contract and may claim damage indemnification.
    - (ii) Where there is an actual difficulty in the continuous management of the trust matter, it may be terminated based on the written consents of both parties.
    - (iii) Where the trustee is subject to dissolution, restructure, bankruptcy, revocation of establishment registration or being informed by the exchange office to be a rejected account, it shall inform the other party. Any one party may terminate this contract by informing the other party in writing.
    - (iv) When a creditor of the trustor files petition to the court to revoke the trust under this contract due to harms to its rights and such petition is confirmed.
  - (d) Once this contract is terminated, the trustor shall repay the trust management fee and all necessary fees as well as taxes to the trustee, and the trustee may deduct such fees from the trust property.
- D. As stated above, at the request of the competent authority, the Company delivered part of the shares of Ruen Chen Investment Holdings to a trust. However, as the trust period ended in September 2021, the trust property was already returned to the Company as per the trust deed.

- (8) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Company, Ltd. (Referred herein as “Nan Shan General Insurance”; originally named as Chartis Taiwan Insurance Co., Ltd.), and the undertaking is as follows:
- A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according to the laws and FSC’s commitment.
  - B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 ordinary shares of Nan Shan General Insurance, i.e. 100% issued shares with voting rights, when Nan Shan General Insurance has the needs for capital increase at any time, the Company will request Nan Shan Life Insurance to handle the capital increase for Nan Shan General Insurance according to the laws and the request of the competent authority.
  - C. To fulfill the commitment of the Company and Ruen Chen Investment Holdings other shareholders on the long-term operation of Nan Shan General Insurance, in case where there is a need for capital increase for the Nan Shan General Insurance according to the laws or the request of competent authority such that new shares are to be issued for the capital increase, the Company and Ruen Chen Investment Holdings other shareholders undertake to request Nan Shan Life Insurance to hold at least a percentage of 51% on the number of outstanding ordinary shares.
- (9) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT\$5,000,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency. In addition, for the capital increase in cash to Nan Shan Life Insurance in June 2019 through Ruen Chen Investment Holdings, the payment was made by deposited cash in the amounts of NT\$4,995,758 and NT\$4,242.
- (10) To meet the demands for reinvestment and diversify the operations, the Company invested in Nan Shan Life Insurance with a shareholding of 0.23%. As Nan Shan Life Insurance is the investee company accounted for the subsidiary of Ruen Chen Investment Holding, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.
- (11) In order to improve the use of funds, Gin-Hong conducted capital

reductions in June 2021 and returned the capital to shareholders with a capital reduction percentage of 36.67%. The capital refunded to the Company in proportion to the shareholding was NT\$99,000.

(12) A. In the third quarter of 2022, the Group purchased 1,310 thousand shares of Ruentex Industries, a public company, from the open market, in an amount of NT\$82,579, and the Group's shareholding in Ruentex Industries increased from 11.63% to 11.81%.

B. The Company subscribed for 70,951 thousand shares in Ruentex Industries' cash capital increase in September 2022, amounting to NT\$3,547,537.

C. The Company's combined direct and indirect shareholding in Ruentex Industries increased from 11.81% to 14.28%, and "capital surplus - changes in ownership interests in affiliates recognized" of NT\$766,350 was reduced at the same time (including the income tax effect of NT\$48,811) and retained earnings of NT\$275,185 (including the income tax effect of NT\$37,510).

8. The Company holds 14.28% of Ruentex Industries as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Industries' business decision-making. There are eight seats on the board of directors of Ruentex Development, the Company does not hold any seat, showing that the Company has no actual ability to lead Ruentex Industries activities. Therefore, it is judged that the Company has no control over it and only has significant influence.

9. The Company holds 26.62% of Sunny Friend as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Sunny Friend's business decision-making. There are seven seats on the board of directors of Ruentex Development, only two of which are occupied by the Company, showing that the Company has no actual ability to lead Sunny Friend activities. Therefore, it is judged that the Company has no control over it and only has significant influence.

10. For the status of collaterals provided for investments under equity method of the Company, please refer to Note 8.

11. (1) Due to the supply chain disruption caused by the global pandemic over the past two years and the Russo-Ukrainian War, and other factors that have raised global inflationary pressures, interest rates have surged this year, which has met the definition of an extreme scenario defined by the Insurance Capital Standard (ICS). Therefore, the Board of Directors of Nan Shan Life Insurance, an insurance investee directly and indirectly invested by the Company through Ruen Chen Investment Holdings, passed a resolution on September 29, 2022 in accordance with IFRS 9 to change the business model of financial assets management. For the affected financial assets, the collection of contractual cash flows and sales of financial assets were mainly replaced with the collection of contractual cash flows through the financial assets held. The reclassification of financial assets derived from the change of this business model is in alignment with the Accounting Research and Development Foundation's Letter Ji-Mi No.

0000000354 regarding the guidance on the reclassification of financial assets due to changes in the business model for managing financial assets in the insurance industry due to drastic changes in the international economic situation. The Company recognized the effect of reclassification of Nan Shan Life Insurance's assets in accordance with IAS 28 on October 1, 2022, including an increase of investments using the equity method by NT\$58,572,369, a decrease in deferred tax assets by NT\$447,554, and an increase in other equity by NT\$58,124,815. In accordance with the Letter Jin-Guan-Zheng-Fa No. 1110384722, when the distributable earnings are distributed, a special reserve for the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance should be provided in proportion to the shareholding using the equity method. Additionally, when there is a reversal of the change in the fair value of financial assets reclassified by Nan Shan Life Insurance, the Company may reverse the special reserve and distribute the special reserve in proportion to the shareholding using the equity method; the changes in the fair values of financial assets reclassified by Nanshan Life Insurance and the corresponding special reserve provided are disclosed in the notes to the annual financial statements. The information on the finances before and after the relevant reclassification dates is summarized as follows:

	September 30, 2022		October 1, 2022
	<u>(Before reclassification)</u>	<u>Effects of reclassification</u>	<u>(After reclassification)</u>
Unconsolidated total assets	\$ 63,639,903	\$ 58,259,527	\$ 121,899,430
Unconsolidated total liabilities	42,618,055	-	42,618,055
Unconsolidated total equity	21,021,848	58,259,527	79,281,375

- (2) Nan Shan Life Insurance reclassified financial assets on October 1, 2022 that were affected by significant changes in reclassification from being measured at fair value through other comprehensive income to being measured at amortized cost. As of December 31, 2022, the fair value of the affected financial assets was NT\$994,679,285. If Nan Shan Life Insurance had not reclassified these assets on October 1, 2022, the other equity would have been (NT\$290,546,374) as of December 31, 2022. The after-tax change in fair value recognized in other comprehensive income for the period from October to December 2022 was NT\$35,953,774.
- (3) As per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. As of December 31, 2022, a special reserve that should be provided by the Company as per the above regulations is NT\$72,234,531.

(IX) Property, plant, and equipment

2022

	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1							
Cost	\$ 94,664	\$ 27,858	\$ 28,112	\$ 34,212	\$ 171,619	\$ 1,690	\$ 358,155
Accumulated depreciation	( 65,862)	( 10,462)	( 26,896)	( 29,999)	( 60,667)	-	( 193,886)
	<u>\$ 28,802</u>	<u>\$ 17,396</u>	<u>\$ 1,216</u>	<u>\$ 4,213</u>	<u>\$ 110,952</u>	<u>\$ 1,690</u>	<u>\$ 164,269</u>
January 1	\$ 28,802	\$ 17,396	\$ 1,216	\$ 4,213	\$ 110,952	\$ 1,690	\$ 164,269
Addition	3,213	3,406	-	217	585	-	7,421
Transfer	-	1,690	-	-	-	( 1,690)	-
Costs of disposal of assets	( 668)	( 2,513)	-	( 8)	( 12,368)	-	( 15,557)
Accumulated depreciation on disposal date	668	2,425	-	8	12,368	-	15,469
Depreciation expense	( 7,810)	( 3,701)	( 541)	( 1,811)	( 18,611)	-	( 32,474)
December 31	<u>\$ 24,205</u>	<u>\$ 18,703</u>	<u>\$ 675</u>	<u>\$ 2,619</u>	<u>\$ 92,926</u>	<u>\$ -</u>	<u>\$ 139,128</u>
December 31							
Cost	\$ 97,209	\$ 30,441	\$ 28,112	\$ 34,421	\$ 159,836	\$ -	\$ 350,019
Accumulated depreciation	( 73,004)	( 11,738)	( 27,437)	( 31,802)	( 66,910)	-	( 210,891)
	<u>\$ 24,205</u>	<u>\$ 18,703</u>	<u>\$ 675</u>	<u>\$ 2,619</u>	<u>\$ 92,926</u>	<u>\$ -</u>	<u>\$ 139,128</u>

2021

	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
January 1							
Cost	\$ 89,752	\$ 34,312	\$ 28,112	\$ 31,974	\$ 177,232	\$ 94,792	\$ 456,174
Accumulated depreciation	( 67,625)	( 30,505)	( 25,753)	( 29,050)	( 166,638)	-	( 319,571)
	<u>\$ 22,127</u>	<u>\$ 3,807</u>	<u>\$ 2,359</u>	<u>\$ 2,924</u>	<u>\$ 10,594</u>	<u>\$ 94,792</u>	<u>\$ 136,603</u>
January 1	\$ 22,127	\$ 3,807	\$ 2,359	\$ 2,924	\$ 10,594	\$ 94,792	\$ 136,603
Addition	1,919	972	-	3,368	20,140	33,237	59,636
Transfer	12,974	16,202	-	-	97,163	( 126,339)	-
Costs of disposal of assets	( 9,981)	( 23,628)	-	( 1,130)	( 122,916)	-	( 157,655)
Accumulated depreciation on disposal date	9,558	22,982	-	1,129	122,808	-	156,477
Depreciation expense	( 7,795)	( 2,939)	( 1,143)	( 2,078)	( 16,837)	-	( 30,792)
December 31	<u>\$ 28,802</u>	<u>\$ 17,396</u>	<u>\$ 1,216</u>	<u>\$ 4,213</u>	<u>\$ 110,952</u>	<u>\$ 1,690</u>	<u>\$ 164,269</u>
December 31							
Cost	\$ 94,664	\$ 27,858	\$ 28,112	\$ 34,212	\$ 171,619	\$ 1,690	\$ 358,155
Accumulated depreciation	( 65,862)	( 10,462)	( 26,896)	( 29,999)	( 60,667)	-	( 193,886)
	<u>\$ 28,802</u>	<u>\$ 17,396</u>	<u>\$ 1,216</u>	<u>\$ 4,213</u>	<u>\$ 110,952</u>	<u>\$ 1,690</u>	<u>\$ 164,269</u>

None of the Company's property, plants, and equipment are used for pledge.

(X) Lease transactions - lessees

1. The underlying asset leased by the Company are the land for hypermarket business and the Zhonglun office building and the term of lease is between 2020 and 2030. The lease contracts are negotiated individually, with different terms and conditions. The leased assets are neither to be used as collaterals for loans, nor the rights to be transferred to others in the form of business transfer or merge, among other forms.
2. The information of the right-of-use assets are as the following:

	<u>2022</u>	<u>2021</u>
	<u>Buildings - rent</u>	<u>Buildings - rent</u>
January 1		
- Cost	\$ 849,578	\$ 797,872
- Accumulated depreciation	( 161,485)	( 106,820)
	<u>\$ 688,093</u>	<u>\$ 691,052</u>
January 1	\$ 688,093	\$ 691,052
Addition-Newly added lease contracts	-	89,058
Cost of derecognition	-	( 37,352)
Accumulated depreciation, derecognized	-	37,352
Depreciation expense	( 92,617)	( 92,017)
December 31	<u>\$ 595,476</u>	<u>\$ 688,093</u>
December 31		
- Cost	\$ 849,578	\$ 849,578
- Accumulated depreciation	( 254,102)	( 161,485)
	<u>\$ 595,476</u>	<u>\$ 688,093</u>

3. Lease liabilities related to lease contracts are as the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total amount of lease liabilities	\$ 616,607	\$ 707,446
Less: Due within one year (listed as "Lease liabilities - Current")	( 91,959)	( 90,841)
	<u>\$ 524,648</u>	<u>\$ 616,605</u>



4. Information of income items related to lease contracts are as the following:

	<u>2022</u>	<u>2021</u>
<u>Items affects the income of the current period</u>		
Interest expenses of lease liabilities	\$ 8,029	\$ 8,769
Expenses of short-term lease contracts	<u>3,344</u>	<u>4,140</u>
	<u>\$ 11,373</u>	<u>\$ 12,909</u>

5. The Company's total lease cash outflows were NT\$102,214 and NT\$102,305 in 2022 and 2021, respectively, which consisted of NT\$3,346 and NT\$4,140 for short-term lease contracts; NT\$8,029 and NT\$8,769 for interest expense on lease liabilities; and NT\$90,839 and NT\$89,396 for lease principal repayments.

(XI) Investment Real Estate

	<u>2022</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1 (after restatement)	\$ 2,008,695	\$ 1,160,506	\$ 3,169,201
Fair value adjustment loss	<u>( 57,617)</u>	<u>( 26,254)</u>	<u>( 83,871)</u>
December 31	<u>\$ 1,951,078</u>	<u>\$ 1,134,252</u>	<u>\$ 3,085,330</u>

  

	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1 (after restatement)	\$ 1,972,779	\$ 1,152,622	\$ 3,125,401
Fair value adjustment gain	<u>35,916</u>	<u>7,884</u>	<u>43,800</u>
December 31 (after restatement)	<u>\$ 2,008,695</u>	<u>\$ 1,160,506</u>	<u>\$ 3,169,201</u>

1. Rent income from the lease of the investment property and direct operating expenses:

	(After restatement)	
	2022	2021
Rental income from investment real estate	<u>\$ 33,990</u>	<u>\$ 37,034</u>
Direct operating expenses incurred by investment real estate with the rental income for current period.	<u>\$ 191</u>	<u>\$ 190</u>

2. Basis of Investment Property Fair Value

The fair value of the investment property held by the Company on December 31, 2022, December 31, 2021, and January 1, 2021 at Level 3 fair value is based on the valuation results by an independent appraiser. The main assumptions adopted for the discounted cash flow analysis method used in the valuation and relevant details are as follows:

- (1) The appraisal reports on Ruentex Spectacular Life, Banqiao New Land, and Ruen Fu Newlife (New Aspects) as of December 31, 2022, December 31, 2021, and January 1, 2021 were issued by Jian, Wu-Chi, appraiser at the Jhong-Ding Real Estate Appraisers Firm.
- (2) The discounted cash flow analysis method using the income approach is used, which compares the rental income of the subject property with that of comparable properties in nearby markets or estimates of target income, taking into account the characteristics of the subject property, the intended use, rental income of neighboring or similar properties, vacancy losses, and annual rental growth rates. After adjustments are made based on the comparison, the income approach trial rental income of the subject property is calculated, and the discounted cash flow analysis method is used to determine the value of the subject property by discounting the future net income of the subject property and its terminal value over the analysis period using an appropriate discount rate. The valuation process complies with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” and the analysis, judgment, and conclusions reached can be supported. Related information as below:

	<u>December 31, 2022</u>		
	<u>Residences</u> <u>(NT\$/ping/monthly)</u>	<u>Offices and stores</u> <u>(NT\$/ping/monthly)</u>	<u>Parking space</u> <u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$448~\$4,000	\$1,690~\$1,880	\$3,500~\$4,000
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate		91.67%~97.22%	
Rental growth rate		0%~2%	

	<u>December 31, 2021</u>		
	<u>Residences</u> <u>(NT\$/ping/monthly)</u>	<u>Offices and stores</u> <u>(NT\$/ping/monthly)</u>	<u>Parking space</u> <u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$350~\$4,393	\$1,660~\$1,960	\$3,650~\$4,140
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate		97.22%~99.17%	
Rental growth rate		0%~1%	

	<u>January 1, 2021</u>		
	<u>Residences</u> <u>(NT\$/ping/monthly)</u>	<u>Offices and stores</u> <u>(NT\$/ping/monthly)</u>	<u>Parking space</u> <u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$350~\$4,393	\$1,650~\$1,930	\$3,610~\$4,180
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate		97.22%~99.17%	
Rental growth rate		0%~1%	

- (3) Future cash outflows included relevant rents, property management expenses, utilities, promotion costs, other necessary expenses directly related to leasing, necessary operating expenses related to operations (such as repair fees), taxes, insurance premiums, and capital expenditures; the percentages of movements used to indicate the future movements are consistent with the rental growth rates used in imputing rental income.
- (4) Ranges of discount rates refers to a benchmark that cannot be lower than the mobile interest rate plus three yards of the 2-year postal savings fixed deposit announced by Chunghwa Post Co., Ltd. The risk premium is determined based on factors such as bank deposit rates, government bond rates, currency fluctuations in real estate investment, and trends in real estate prices. The most general investment return rate is selected as the benchmark, and the differences between the individual characteristics of the investment goods and the appraised target are observed and compared, taking into account factors such as liquidity, risk, appreciation potential, and ease of management.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Discount rate	2.98%~3.54%	2.90%~3.50%	2.90%~3.50%

- (5) The income approach is adopted for the Company's investment property valuation. The cash flow, analysis period, and discount rate in the valuation method are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. Please refer to Note 12(3) for the details of fair value of investment property.
4. For the status of the collaterals provided for investment real estate held by the Company, please refer to Note 8.

(XII) Other non-current Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted deposit	\$ 106,604	\$ 81,477
Guarantee deposits paid	47,678	47,639
Others	4,422	3,686
	<u>\$ 158,704</u>	<u>\$ 132,802</u>

For the collateral status for other financial assets of the Company, please refer to Note 8.

(XIII) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit bank loan	\$ 4,400,000	\$ 1,300,000
Secured bank loan	895,000	300,000
	<u>\$ 5,295,000</u>	<u>\$ 1,600,000</u>
Interest rate collars	1.48%~2.10%	0.91%~0.97%

In addition to the collateral provided for the short-term borrowings as described in Note 8, the Company also issued the guarantee notes of the amount as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee notes	<u>\$ 9,235,000</u>	<u>\$ 7,845,000</u>

(XIV) Short-term bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 2,590,000	\$ 4,080,000
Less: Unamortized discount	( 2,640)	( 1,693)
	<u>\$ 2,587,360</u>	<u>\$ 4,078,307</u>
Interest rate collars	1.00%~1.74%	0.28%~0.86%

In addition to the collateral provided for the short-term bills as described in Note 8, the Company also issued the guarantee notes of the amount as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee notes	<u>\$ 5,760,000</u>	<u>\$ 6,160,000</u>

(XV) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loan	\$ 13,524,000	\$ 10,560,000
Credit bank loan	<u>10,066,000</u>	<u>12,860,000</u>
	23,590,000	23,420,000
Less: Arrangement fees for leading banks of syndicated loan	( 229)	( 922)
	23,589,771	23,419,078
Face value of long term commercial paper	2,950,000	4,765,000
Less: Unamortized discount	( 5,552)	( 2,384)
	26,534,219	28,181,694
Less: Due within one year	( 5,120,060)	( 3,349,822)
Due within one operating cycle	( 450,000)	( 50,000)
	<u>\$ 20,964,159</u>	<u>\$ 24,781,872</u>
Interest rate collars	0.17%~2.13%	0.27%~1.50%

1. The Company signed a syndicated loan agreement with a bank group including Land Bank of Taiwan in July 2010 to provide the financing for the construction of the Company. The term of loan was from July 2014 to

July 2026, the total loan amount was NT\$4,600,000. Up to the date of December 31, 2021, the Company has drawn the credit amount of the contract performance guarantee letter at an amount of NT\$194,036. The main commitments of the Company are as follows:

- (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
  - (2) The Company shall provide the consolidated financial report audited by independent director as well as audited consolidated and unconsolidated financial reports within 60 days and 120 days after the first half and the end of each fiscal year respectively.
  - (3) Before obtaining the prior consents of all members of the syndicated loan banks, the Company shall not merger with others or demerger the Company according to the Company Act. However, where the Company is a survival company (after merger) and the merger result has no adverse impacts on its ability to perform obligations under this agreement, then such restriction shall not be applied.
2. The Company signed a long-term borrowing contract with Mega International Commercial Bank in June 2022 for its operating funds, and the loan period is from June 2022 to May 2023 with a credit line of NT\$7,500,000. As of December 31, 2022, the facility drawn was NT\$5,060,000.
3. The Company signed a syndicated loan agreement with the financial institution group including Mega Bills in December 2018 to provide the operational financing necessary for the Company. The original term of the loan was from December 2018 to December 2021, and the Company extended the term to December 2023. The total loan amount was NT\$2,450,000. Up to the date of December 31, 2022, the Company has drawn down the credit amount of NT\$2,450,000. The main commitments of the Company are as follows:
- (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
  - (2) The Company shall provide consolidated and unconsolidated financial reports audited by independent auditor within 120 days after the end

of each fiscal year.

- (3) The Company shall maintain the interest protection multiples above 3 times and the tangible net worth above NT\$18,000,000. The aforementioned ratio and standard shall be based on the annual consolidated financial report audited by independent auditor. If the Company fails to comply with the aforementioned financial ratio or restrictive terms, starting from the date of violation, the Company shall pay compensation fee calculated at 0.1% of the outstanding balance for each loan bank until the date when the Company has been examined to completely improve the financial commitments such that the compensation fee is then stopped without further calculation.
4. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in July 2020 to provide the financing for the construction of the Company. The term of the loan was from July 2020 to July 2023, the total loan amount was NT\$4,900,000. The above loans were fully repaid in April 2022.
5. The Company signed a long-term borrowing contract with Bank of Taiwan in September 2021 for its operating funds, and the loan period is from October 2021 to September 2024 with a credit line of NT\$5,000,000. As of December 31, 2022, the facility drawn was NT\$3,000,000.
6. Except for the loans mentioned above, the term of the remaining loan of the Company was from February 2016 to December 2027.
7. In addition to the collateral provided for the long-term loan as described in Note 8, the Company also issued the guarantee notes of the amount as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee notes	<u>\$ 42,285,550</u>	<u>\$ 42,410,550</u>

8. Detail of the long-term loan credit not yet drawn down by the Company is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Due within one year	\$ 8,158,750	\$ 1,600,000
Due longer than one year	<u>21,799,000</u>	<u>21,031,606</u>
	<u>\$ 29,957,750</u>	<u>\$ 22,631,606</u>



(XVI) Pensions

1.(1) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. In addition, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(2) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	(\$ 113,683)	(\$ 125,789)
Fair value of plan assets	<u>69,733</u>	<u>69,108</u>
Defined benefit liability (listed as other non-current liabilities)	<u>(\$ 43,950)</u>	<u>(\$ 56,681)</u>

(3) Movements in net defined benefit liabilities are as follows:

	<u>2022</u>		
	<u>Defined benefit</u>	<u>plan assets</u>	<u>Net affirmed</u>
	<u>obligation current value</u>	<u>Fair value</u>	<u>Benefit liabilities</u>
Balance, January 1	(\$ 125,789)	\$ 69,108	(\$ 56,681)
Current service cost	( 321)		-( 321)
Interest (expense) revenue	( 804)	441	( 363)
Repayment incomes	<u>1,884</u>	<u>-</u>	<u>1,884</u>
	<u>( 125,030)</u>	<u>69,549</u>	<u>( 55,481)</u>
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	5,327	5,327
Effects of changes in economic assumptions	4,521	-	4,521
Experience adjustments	<u>( 747)</u>	<u>-</u>	<u>( 747)</u>
	<u>3,774</u>	<u>5,327</u>	<u>9,101</u>
Contribution to pension fund	-	2,430	2,430
Payment of pension benefits	<u>7,573</u>	<u>( 7,573)</u>	<u>-</u>
Balance, December 31	<u>(\$ 113,683)</u>	<u>\$ 69,733</u>	<u>(\$ 43,950)</u>

	2021		
	Defined benefit <u>obligation current value</u>	plan assets <u>Fair value</u>	Net affirmed <u>Benefit liabilities</u>
Balance, January 1	(\$ 124,969)	\$ 66,050	(\$ 58,919)
Current service cost	( 313)	-	( 313)
Interest (expense) revenue	<u>( 370)</u>	<u>196</u>	<u>( 174)</u>
	<u>( 125,652)</u>	<u>66,246</u>	<u>( 59,406)</u>
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	984	984
Effects of changes in demographic( assumptions	( 157)	-	( 157)
Effects of changes in economic assumptions	3,515	-	3,515
Experience adjustments	<u>( 3,977)</u>	<u>-</u>	<u>( 3,977)</u>
	<u>( 619)</u>	<u>984</u>	<u>365</u>
Contribution to pension fund	-	2,360	2,360
Payment of pension benefits	<u>482</u>	<u>( 482)</u>	<u>-</u>
Balance, December 31	<u>(\$ 125,789)</u>	<u>\$ 69,108</u>	<u>(\$ 56,681)</u>

- (4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report

announced by the government.

(5) The principal actuarial assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	1.20%	0.65%
Future salary increase in percent	2.00%	2.00%

The future mortality rates in 2022 and 2021 were both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2022				
Effects on the present value of a defined benefit obligation	(\$ <u>1,938</u> )	<u>\$ 1,995</u>	<u>\$ 1,975</u>	(\$ <u>1,928</u> )
December 31, 2021				
Effects on the present value of a defined benefit obligation	(\$ <u>2,443</u> )	<u>\$ 2,521</u>	<u>\$ 2,481</u>	(\$ <u>2,417</u> )

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis the current period are the same as the ones of the previous period.

(6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amounts to NT\$1,704.

(7) As of December 31, 2021, the weighted average duration of that retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	\$	12,039
1-2 years		7,690
2-5 years		25,323
More than 5 years		78,111
	\$	<u>123,163</u>

2.(1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were NT\$9,100 and NT\$8,958, respectively.

(XVII) Capital

1. As of December 31, 2021, the Company’s authorized capital was NT\$50,000,000, and the paid-in capital was NT\$31,602,501 (including share capital of convertible corporate bonds of NT\$384,539) with a par value of NT\$10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding (in thousand shares) are as follows:

	<u>2022</u>	<u>2021</u>
January 1	2,106,833	1,504,881
Capitalization From Earnings	<u>1,053,417</u>	<u>601,952</u>
December 31	<u>3,160,250</u>	<u>2,106,833</u>

2. The Company’s shareholders’ meeting reached the resolution threshold through electronic voting on June 12, 2021 and resolved on, July 23, 2021, to conduct capitalization of the undistributed earnings of NT\$6,019,524 by issuing new shares. It was reported to and approved by the competent authority, and the change registration was completed on October 13, 2021.

3. In order to increase capital and strengthen the financial structure of the Company, through the resolution of shareholders' meeting June 15, 2022, the Company executed capital increase for issuance of new shares based on the undistributed earnings NT\$10,534,167, and was approved by the competent authority, following which the alternation registration was completed on November 15, 2022.
4. The treasury shares Ruentex Engineering & Construction accounted for by the Company refer to the subsidiary of the Company - Ruentex Engineering & Construction holding shares of the Company for the purpose of protecting the interests of the shareholders and the treasury shares for the associate of the Company - Ruentex Industries. as of December 31, 2022 and 2021, Ruentex Engineering & Construction held 10,793 thousand shares and 7,195 thousand shares, respectively. The information on their respective amounts is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Ruentex Engineering & Construction	\$ 19,984	\$ 19,984
Amount accounted for using equity method	<u>64,655</u>	<u>64,655</u>
	<u>\$ 84,639</u>	<u>\$ 84,639</u>

5. In order to improve return on equity ratio and adjust the capital structure, the Company's cash capital reduction and return of capital was approved by the Board of Directors on March 14, 2023, with the capital estimated to be reduced by NT\$3,160,250, or 10%.

(XVIII) Capital surplus

1. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. According to the regulation specified in Jing-Shang-Zi No.10202420460

Letter of MOEA dated July 15, 2013, under the financial statements prepared by corporates according to IFRSs, when the change of ownership equity of the parent on the subsidiary causes it to lose the control power, for the capital surplus generated due to the difference between the equity price and carrying value, the regulation of Paragraph 1 of Article 241 of the Company Act specifying the income derived from the issuance of new shares at a premium may be applicable. In addition, according to Jing-Shang-Zi No. 10300532520 of MOEA dated March 31, 2014, for the capital surplus actually acquired as recorded or the difference between the disposal of subsidiary's equity and carrying value, Article 241 of the Company Act may be applicable in order to use it for issuance of new shares or cash.

3. Change of capital surplus is as follows:

		2022						
		Issued at premium	Treasury share transactions	Dividends not claimed by shareholders in the given period	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1 (including adjustments due to retrospective restatement)	\$ 17,283,659	\$ 136,626	\$ 12,004	\$ 746,182	\$ 1,535	\$ 169,080	\$ 18,349,086	
Others	-	-	( 117)	( 783,404)	3,926	( 779,595)		
Income tax effect	-	-	-	46,795	( 252)	-	46,543	
December 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 11,887</u>	<u>\$ 9,573</u>	<u>\$ 5,209</u>	<u>\$ 169,080</u>	<u>\$ 17,616,034</u>	
		2021						
		Issued at premium	Treasury share transactions	Dividends not claimed by shareholders in the given period	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1	\$ 17,283,659	\$ 136,626	\$ 12,263	\$ 553,916	\$ 1,535	\$ 159,192	\$ 18,147,191	
Adjustments due to retrospective restatement	-	-	-	188,288	-	-	188,288	
January 1 (after restatement)	17,283,659	136,626	12,263	742,204	1,535	159,192	18,335,479	
Others	-	-	( 259)	4,225	-	10,525	14,491	
Income tax effect	-	-	-	( 247)	( 637)	( 884)		
December 31 (after restatement)	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,004</u>	<u>\$ 746,182</u>	<u>\$ 1,535</u>	<u>\$ 169,080</u>	<u>\$ 18,349,086</u>	

(XIX) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
  
(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
4. The Company's 2021 earnings distribution proposal was adopted by the shareholders' meeting by resolution on June 15, 2022, and the shareholders' meeting reached the resolution threshold through electronic voting on June 12, 2021 and resolved on July 23, 2021, to distribute 2020 earnings. The details are as follows:



	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 1,643,956		\$ 845,886	
Cash dividends	4,213,667	\$ 2.00	1,504,881	\$ 1.00
Share dividend	<u>10,534,167</u>	5.00	<u>6,019,524</u>	4.00
Total	<u>\$ 16,391,790</u>		<u>\$ 8,370,291</u>	

5. The Company's earning distribution plan for the year ended December 31, 2022 submitted by the Board of Directors' meeting on March 14, 2023 is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 1,045,310	
Special reserve (Note)	<u>38,445,788</u>	
Total	<u>\$ 39,491,098</u>	

Note:

- (1) As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of (NT\$1,697,799) were reversed.
- (2) Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$37,115,807 for the net deduction of other equity incurred during this period.
- (3) As mentioned in Note 6(8)11.(3), as per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available

for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. The Company provided (reversed) a special reserve from the 2022 distributable earnings in accordance with the above regulations (1) and (2) and provided NT\$3,027,780 in accordance with the above-mentioned regulations.

6. Change of undistributed earnings is as follows:

	<u>2022</u>
January 1, 2022	\$ 45,429,787
Appropriation and distribution of retained earnings of 2021:	
- Legal reserve	( 1,643,956)
- Share dividend	( 10,534,167)
- Cash dividend	( 4,213,667)
Unrealized valuation gains on financial assets transferred to retained earnings due to disposal	1,170,895
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	127,737
Net income of current period	9,155,086
Remeasurements of defined benefit plans with actuarial valuation	9,101
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	269,736
Adjustments to cash capital increases of associates recognized using the equity method and joint ventures not recognized in proportion to the shareholding	( 275,185)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	( 2,146)
- Tax related to the associates	( 2,123)
December 31, 2022	<u>\$ 39,491,098</u>

	<u>2021</u>
January 1, 2021	\$ 37,360,519
Appropriation and distribution of retained earnings of 2020:	
- Legal reserve	( 845,886)
- Share dividend	( 6,019,524)
- Cash dividend	( 1,504,881)
To allocate the adjustment resulting from the change in accounting policy to the special reserve	( 914,448)
Unrealized valuation losses on financial assets transferred to retained earnings due to disposal	111,932
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	( 6,547)
Changes in associates & joint ventures accounted for using equity method	3,578
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	7,750
Net income for this period (after restatement))	17,156,994
Remeasurements of defined benefit plans with actuarial valuation	365
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	80,937
Income tax relating to items that will not be reclassified:	
- Tax related to the group	( 425)
- Tax related to the associates	( 577)
December 31, 2021 (after restatement)	<u>\$ 45,429,787</u>

(XX) Other equity items

	2022							
	Unrealized valuation loss	profit	Foreign currency translation	Hedging reserve	Reclassification by the approach	Property overlay surplus	Revaluation	Total
January 1, 2022 (including adjustments due to retrospective restatement)	\$	9,738,003	(\$ 656,377)	\$	6	\$ 17,379,919	\$ 36,794	\$ 26,498,345
Unrealized valuation profit or loss of financial assets:								
- The Company	(	52,351)	-	-	-	-	-	( 52,351)
- Tax related to the Company		74,223	-	-	-	-	-	74,223
- Subsidiaries and associates (Note 1)	(	21,179,797)	-	-	-	-	-	( 21,179,797)
- Tax related to the subsidiaries and associates		229,993	-	-	-	-	-	229,993
- Unrealized valuation gains on financial assets transferred to retained earnings due to derecognition (Note 2)	(	1,170,895)	-	-	-	-	-	( 1,170,895)
- Unrealized valuation losses transferred to capital surplus due to the disposal of subsidiary's equity		278	-	-	-	-	-	278
- Changes in disposal of associates (Note 1)	(	127,737)	-	-	-	-	-	( 127,737)
Foreign currency translation differences:								
- The Company		-	286,748	-	-	-	-	286,748
- Tax related to the Company		-	( 57,349)	-	-	-	-	( 57,349)
- Subsidiaries and associates		-	46,982	-	-	-	-	46,982
- Tax related to the subsidiaries and associates		-	( 2,637)	-	-	-	-	( 2,637)
Reclassification by the overlay approach:								
- Associates (Note 1)		-	-	-	( 41,961,987)	-	-	( 41,961,987)
- Tax related to the associates		-	-	-	300,377	-	-	300,377
December 31, 2022	(\$	12,488,283)	(\$ 382,633)	\$	6	(\$ 24,281,691)	\$ 36,794	(\$ 37,115,807)

## 2021

	Unrealized profit or loss	valuation translation	Foreign currency translation	Hedging reserve	Reclassification the overlay approach	Property by revaluation surplus	Total
January 1	\$ 27,411,106	(\$ 500,649)	\$	6	\$ 11,881,669	\$ -	\$ 38,792,132
Adjustments due to retrospective restatement	=	=	=	=	=	<u>36,794</u>	<u>36,794</u>
January 1 (after restatement)	27,411,106	( 500,649)	6	11,881,669	36,794	38,828,926	
Unrealized valuation profit or loss of financial assets:							
- The Company	728,215	-	-	-	-	-	728,215
- Tax related to the Company	( 41,785)	-	-	-	-	-	( 41,785)
- Subsidiaries and associates (Note 1)	( 18,520,173)	-	-	-	-	-	( 18,520,173)
- Tax related to the subsidiaries and associates	273,775	-	-	-	-	-	273,775
- Unrealized valuation losses on financial assets transferred to retained earnings due to disposal (Note 2)	( 105,385)	-	-	-	-	-	( 105,385)
- Changes in disposal of associates (Note 1)	( 7,750)	-	-	-	-	-	( 7,750)
Foreign currency translation differences:							
- The Company	-	( 168,399)	-	-	-	-	( 168,399)
- Tax related to the Company	-	33,680	-	-	-	-	33,680
- Subsidiaries and associates	-	( 22,296)	-	-	-	-	( 22,296)
- Tax related to the subsidiaries and associates	-	1,287	-	-	-	-	1,287
Reclassification by the overlay approach:							
- Associates (Note 1)	-	-	-	-	5,537,295	-	5,537,295
- Tax related to the associates	=	=	=	=	( 39,045)	=	( 39,045)
December 31, 2021 (after restatement)	<u>\$ 9,738,003</u>	<u>(\$ 656,377)</u>	<u>\$ 6</u>	<u>\$ 17,379,919</u>	<u>\$ 36,794</u>	<u>\$ 26,498,345</u>	

Note 1: the changes in unrealized gains or losses from valuation and reclassification using overlay method were due to the affiliates Sinopac and Nan Shan Life Insurance's effect of changes in the fair value of financial assets through profit or loss or through other comprehensive income or disposal of such financial assets.

Note 2: Please refer to Note 6(6) for details.

(XXI) Operation income

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	\$ 9,787,004	\$ 3,876,172
Revenue from sales of goods	<u>991,967</u>	<u>1,053,093</u>
Subtotal	<u>10,778,971</u>	<u>4,929,265</u>
Rental income	<u>33,990</u>	<u>37,034</u>
	<u>\$ 10,812,961</u>	<u>\$ 4,966,299</u>

1. Detail of customer contract income

The income of the Company comes from the real estate and goods transferred at a certain time point, and the income detail can be classified into the following main product lines and geographical area:

<u>2022</u>	<u>Taiwan</u>		<u>Total</u>
	<u>Construction business</u>	<u>Hypermarket business</u>	
Departmental revenue	<u>\$ 9,787,004</u>	<u>\$ 991,967</u>	<u>\$ 10,778,971</u>
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 9,787,004</u>	<u>\$ 991,967</u>	<u>\$ 10,778,971</u>
<u>2021</u>	<u>Taiwan</u>		<u>Total</u>
	<u>Construction business</u>	<u>Hypermarket business</u>	
Departmental revenue	<u>\$ 3,876,172</u>	<u>\$ 1,053,093</u>	<u>\$ 4,929,265</u>
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 3,876,172</u>	<u>\$ 1,053,093</u>	<u>\$ 4,929,265</u>

## 2. Contract liabilities

Contract liabilities related to customer contract income recognized by the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liability:			
Contract liability - Sales contract for real estate	\$ 1,930,831	\$ 2,300,197	\$ 1,536,339
Contract liability - Sales contract for goods	<u>2,441</u>	<u>2,493</u>	<u>2,193</u>
Total	<u>\$ 1,933,272</u>	<u>\$ 2,302,690</u>	<u>\$ 1,538,532</u>

## (XXII) Operation Cost

	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>
Cost of sales of real estate	\$ 7,646,316	\$ 3,191,851
Cost of sales of goods	727,877	780,020
Rental cost	<u>191</u>	<u>190</u>
	<u>\$ 8,374,384</u>	<u>\$ 3,972,061</u>

## (XXIII) Interest revenue

	<u>2022</u>	<u>2021</u>
Interest on cash in banks	\$ 94,490	\$ 8,189
Imputed interest for deposit	-	36
Interest income from the financial assets measured at amortized costs	<u>2,100</u>	<u>2,100</u>
	<u>\$ 96,590</u>	<u>\$ 10,325</u>

(XXIV) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 102	\$ -
Other income	<u>19,232</u>	<u>19,387</u>
	<u>\$ 19,334</u>	<u>\$ 19,387</u>

(XXV) Other gains and losses

	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>
Gains on Financial assets at fair value through profit or loss	\$ -	\$ 12,018
Gain (loss) on disposal of property, plant and equipment	6	( 566)
Investment property fair value adjustment loss (gain)	( 83,871)	43,800
Foreign exchange net gain (loss)	533,996	( 76,912)
Others	<u>( 44,000)</u>	<u>( 49,242)</u>
	<u>\$ 406,131</u>	<u>(\$ 70,902)</u>

(XXVI) Financial Costs

	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 396,066	\$ 307,902
Lease liabilities	<u>8,029</u>	<u>8,769</u>
	404,095	316,671
Less: Assets eligible for capitalization	<u>( 97,553)</u>	<u>( 54,898)</u>
	<u>\$ 306,542</u>	<u>\$ 261,773</u>



(XXVII) Additional information of expenses by nature

	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>
Changes in merchandise inventory	\$ 8,374,193	\$ 3,971,871
Employee benefit expense	370,312	381,554
Depreciation expenses for real estate properties, plants, equipment	32,474	30,792
Depreciation expenses for right-of-use assets	92,617	92,017
Rent expense	3,344	4,140
Tax expense	74,627	59,321
Advertisement expense	184,569	136,534
Expected credit impairment (incomes) losses	( 165)	192
Other expense	<u>220,531</u>	<u>202,428</u>
Operating costs and expenses	<u>\$ 9,352,502</u>	<u>\$ 4,878,849</u>

(XXVIII) Employee benefit expense

	<u>2022</u>	<u>2021</u>
Wages and salaries	\$ 283,346	\$ 297,815
Labor and Health Insurance costs	21,117	20,839
Pension expense	7,900	9,445
Directors' Remuneration	46,324	45,144
Other employment fees	<u>11,625</u>	<u>8,311</u>
	<u>\$ 370,312</u>	<u>\$ 381,554</u>

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the

subordinate company that meet certain conditions.

2. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at NT\$28,556 and NT\$48,496, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 0.3% of distributable profit of Current year for the year ended December 31, 2022. The employees' compensation resolved by the board of directors was NT\$28,556, which will be distributed in the form of cash.

Employees' compensation of 2021 as resolved by the board of directors was in agreement with the amount of NT\$48,496 recognized in the 2021 financial statements. The aforementioned employees' compensation was distributed in the form of cash.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXIX) Income tax

1. Income tax (benefit) expense

(1) Components of income tax (benefit) expense:

	2022	<u>(After restatement)</u> 2021
Current income tax:		
Income tax occurred in the current period	\$ 269,487	\$ 310,007
Land value increment tax	125,752	72,708
Income tax imposed on undistributed earnings	2,388	4,429
Overestimation on income tax for prior years	( 3,008)	( 18,908)
Total income tax for current period	<u>394,619</u>	<u>368,236</u>
Deferred income tax:		
Origination and reversal of temporary differences	( 59,442)	( 481,186)
Income tax (benefit) expense	<u>\$ 335,177</u>	<u>(\$ 112,950)</u>

(2) The income tax direct credit (debit) relating to components of other comprehensive income is as follows:

	<u>2022</u>	<u>2021</u>
Changes in unrealized valuation profit or loss	\$ 74,223	(\$ 41,785)
Portion of other comprehensive income from the subsidiaries and associates	527,733	236,017
Differences on translation of foreign operations	( 57,349)	33,680
Remeasurements of defined benefit obligation	<u>( 4,269)</u>	<u>( 1,002)</u>
	<u>\$ 540,338</u>	<u>\$ 226,910</u>

(3) The income tax direct credit (debit) equity is as follows:

	<u>2022</u>	<u>2021</u>
Capital surplus	<u>\$ 46,543</u>	<u>(\$ 884)</u>
Retained earnings	<u>\$ 37,510</u>	<u>\$ -</u>

2. Reconciliation between income tax expense (benefit) and accounting profit

	<u>2022</u>	<u>(After restatement)</u> <u>2021</u>
Imputed income taxes on pretax income at statutory tax rate	\$ 1,898,053	\$ 3,408,809
Expenses to be excluded as stipulated in the tax law	27,027	22,436
Income with exemption from tax as stipulated in the tax law	( 1,714,922)	( 3,638,605)
Temporary differences on unrealized deferred income tax assets (liabilities)	-	( 57)
Realizability evaluation on deferred income tax assets	9,197	36,238
Income tax imposed on undistributed earnings	2,388	4,429
Income tax effects of investment tax credits	( 1,171)	-
Income tax effects of increases in land rice	( 8,139)	-
Land value increment tax	125,752	72,708
Overestimation on income tax for prior years	( <u>3,008</u> )	( <u>18,908</u> )
Income tax (benefit) expense	<u>\$ 335,177</u>	<u>(\$ 112,950)</u>

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2022					
	<u>(Including adjustments due to retrospective restatement)</u>	<u>Recognized in profit and loss</u>		<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
	<u>January 1</u>					
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	\$ 1,556	\$ 32,935		\$ -	\$ -	\$ 34,491
Pension exceeding the limits	9,463	( 349)		-	-	9,114
Deferred promotion expenses	45,182	8,395		-	-	53,577
Valuation loss	315	-		-	-	315
Domestic investment loss	32,513	4,226		-	-	36,739
Unrealized incomes among affiliates	10,868	3,723		-	-	14,591
Allowance for bad debt exceeding the limits	29	( 29)		-	-	-
Unrealized foreign exchange losses	3,624	( 3,624)		-	-	-
Portion of other comprehensive income from the subsidiaries and associates	-	-		409,159	-	409,159
Differences on translation of foreign operations	111,121	-	( 57,349)	-	-	53,772
Remeasurements of defined benefit obligation	3,672	-	( 3,672)	-	-	-
Retained earnings	-	-		-	37,510	37,510
Subtotal	<u>218,343</u>	<u>45,277</u>		<u>348,138</u>	<u>37,510</u>	<u>649,268</u>
- Deferred income tax liabilities:						
Foreign investment gain	( 726,492)	34,866		-	-	( 691,626)
Changes in unrealized valuation profit or loss	( 104,427)	-		74,222	-	( 30,205)
Allowance for bad debt exceeding the limits	-	( 68)		-	-	( 68)
Unrealized foreign exchange losses	-	( 18,035)		-	-	( 18,035)
Rental cost of investment property	( 89,845)	( 5,568)		-	-	( 95,413)
Fair value adjustment gain - investment property	( 78,030)	16,394		-	-	( 61,636)
Land value increment tax of investment property	( 60,762)	( 13,424)		-	-	( 74,186)
Remeasurements of defined benefit obligation	-	-	( 597)	-	-	( 597)
Portion of other comprehensive income from the subsidiaries and associates	( 118,575)	-		118,575	-	-
Capital surplus	( 47,079)	-		-	46,543	( 536)
Subtotal	<u>( 1,225,210)</u>	<u>14,165</u>		<u>192,200</u>	<u>46,543</u>	<u>( 972,302)</u>
Total	<u>\$ 1,006,867</u>	<u>\$ 59,442</u>		<u>\$ 540,338</u>	<u>\$ 84,053</u>	<u>\$ 323,034</u>

2021

	<u>January 1</u>	<u>Effect of retrospective restatement</u>	<u>(After restatement) January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>(After restatement) December 31</u>
Temporary differences:							
- Deferred income tax assets:							
Loss for market price decline and obsolete and slow-moving inventories	\$ 1,824	\$ -	\$ 1,824	(\$ 268)	\$ -	\$ -	\$ 1,556
Pension exceeding the limits	9,838	-	9,838	( 375)	-	-	9,463
Deferred promotion expenses	31,545	-	31,545	13,637	-	-	45,182
Valuation loss	315	-	315	-	-	-	315
Domestic investment loss	68,659	-	68,659	( 36,146)	-	-	32,513
Unrealized incomes among affiliates	8,181	-	8,181	2,687	-	-	10,868
Allowance for bad debt exceeding the limits	-	-	-	29	-	-	29
Unrealized foreign exchange losses	1,405	-	1,405	2,219	-	-	3,624
Differences on translation of foreign operations	77,441	-	77,441	-	33,680	-	111,121
Remeasurements of defined benefit obligation	4,674	-	4,674	-	( 1,002)	-	3,672
Subtotal	<u>203,882</u>	<u>-</u>	<u>203,882</u>	<u>( 18,217)</u>	<u>32,678</u>	<u>-</u>	<u>218,343</u>
- Deferred income tax liabilities:							
Foreign investment gain	( 1,238,577)	-	( 1,238,577)	512,085	-	-	( 726,492)
Changes in unrealized valuation profit or loss	( 62,642)	-	( 62,642)	-	( 41,785)	-	( 104,427)
Rental cost of investment property	-	( 84,240)	( 84,240)	( 5,605)	-	-	( 89,845)
Fair value adjustment gain - investment property	-	( 67,598)	( 67,598)	( 10,432)	-	-	( 78,030)
Land value increment tax of investment property	-	( 64,117)	( 64,117)	3,355	-	-	( 60,762)
Portion of other comprehensive income from the subsidiaries and associates	( 354,378)	( 214)	( 354,592)	-	236,017	-	( 118,575)
Capital surplus	( 39,500)	( 6,695)	( 46,195)	-	-	( 884)	( 47,079)
Subtotal	<u>( 1,695,097)</u>	<u>( 222,864)</u>	<u>( 1,917,961)</u>	<u>499,403</u>	<u>194,232</u>	<u>( 884)</u>	<u>( 1,225,210)</u>
Total	<u>(\$ 1,491,215)</u>	<u>(\$ 222,864)</u>	<u>(\$ 1,714,079)</u>	<u>\$ 481,186</u>	<u>\$ 226,910</u>	<u>(\$ 884)</u>	<u>(\$ 1,006,867)</u>

4. Accumulated deductible temporary difference of unrecognized deferred tax assets (liabilities):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ -</u>	<u>(\$ 287)</u>

5. The Company's income tax returns through 2019 have been assessed as approved by the Tax Authority.

(XXX) Earnings per share

	<u>2022</u>		
	After-tax amount	Number of shares outstanding (thousand shares) at the end of the period	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$ 9,155,086</u>	<u>3,055,001</u>	<u>\$ 3.00</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	\$ 9,155,086	3,055,001	
Impact of potential diluted common shares			
Remuneration to employee	<u>-</u>	<u>795</u>	
Effects of the net income attributable to common shareholders plus potential common stocks	<u>\$ 9,155,086</u>	<u>3,055,796</u>	<u>\$ 3.00</u>
	<u>2021 (after restatement)</u>		
	After-tax amount	Retroactively adjusted number of shares outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$ 17,156,994</u>	<u>3,055,001</u>	<u>\$ 5.62</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	\$ 17,156,994	3,055,001	
Impact of potential diluted common shares			
Remuneration to employee	<u>-</u>	<u>909</u>	
Effects of the net income attributable to common shareholders plus potential common stocks	<u>\$ 17,156,994</u>	<u>3,055,910</u>	<u>\$ 5.61</u>

The above retroactive adjustments to the number of shares outstanding have been retroactively adjusted in proportion to the capitalization of retained earnings in 2022 and 2021.

(XXXI) Cash flow supplementary information

1. Investing activities not affecting cash flow:

	<u>2022</u>	<u>2021</u>
Financial assets designated at fair value through profit or loss - non-current reclassified as other comprehensive income		
Financial assets at fair value - non-current	<u>\$ -</u>	<u>\$ 49,280</u>
Financial assets at fair value through other comprehensive income - non-current reclassified as financial assets at fair value through other comprehensive income - current	<u>\$ -</u>	<u>\$ 1,303,338</u>

2. Financing activities not affecting cash flow:

	<u>2022</u>	<u>2021</u>
Share dividend	<u>\$ 10,534,167</u>	<u>\$ 6,019,524</u>



(XXXII) Changes of liabilities from financing activities

	2022					
	<u>Short-term</u>	<u>Short-term notes</u>	<u>Guarantee deposits</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from</u>
	<u>borrowings</u>	<u>payable</u>	<u>received</u>	<u>(including due within</u>	<u>(including those due</u>	<u>financing activities</u>
				<u>one year and one</u>	<u>within 1 year)</u>	
				<u>operating cycle)</u>		
January 1	\$ 1,600,000	\$ 4,078,307	\$ 978,501	\$ 28,181,694	\$ 707,446	\$ 35,545,948
Changes of the financing cash flows	3,695,000	( 1,490,000)	23,808	( 1,645,000)	( 90,839)	492,969
Other non-cash changes	-	( 947)	-	( 2,475)	-	( 3,422)
December 31	<u>\$ 5,295,000</u>	<u>\$ 2,587,360</u>	<u>\$ 1,002,309</u>	<u>\$ 26,534,219</u>	<u>\$ 616,607</u>	<u>\$ 36,035,495</u>

	2021					
	<u>Short-term</u>	<u>Short-term notes</u>	<u>Guarantee deposits</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from</u>
	<u>borrowings</u>	<u>payable</u>	<u>received</u>	<u>(including due within</u>	<u>(including those due</u>	<u>financing activities</u>
				<u>one year and one</u>	<u>within 1 year)</u>	
				<u>operating cycle)</u>		
January 1	\$ 2,100,000	\$ 4,358,912	\$ 994,884	\$ 26,209,423	\$ 707,784	\$ 34,371,003
Changes of the financing cash flows	( 500,000)	( 280,000)	( 16,383)	1,970,000	( 89,396)	1,084,221
Other non-cash changes	-	( 605)	-	2,271	89,058	90,724
December 31	<u>\$ 1,600,000</u>	<u>\$ 4,078,307</u>	<u>\$ 978,501</u>	<u>\$ 28,181,694</u>	<u>\$ 707,446</u>	<u>\$ 35,545,948</u>

## VII. Related Party Transactions

### (I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Company</u>
Ruentex Bai-Yi Development co., Ltd.	Subsidiary of the Company
Ruentex Xu-Zhan Development co., Ltd.	Subsidiary of the Company
Ruentex Construction & Development Co., Ltd.	Subsidiary of the Company
Ruen Fu Newlife Corp.	Subsidiary of the Company
Ruentex Development Company (Ruentex Development)	Subsidiary of the Company
Ruentex Property Management and Maintenance Co., Ltd.	Subsidiary of the Company
Ruentex Security Co., Ltd.	Subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Subsidiary of the Company
Ruentex Materials Co., Ltd. (Ruentex Materials)	Sub-subsidiary of the Company
Ruen Yang Construction Co., Ltd.	Sub-subsidiary of the Company
Ruentex Interior Design Inc. (Ruentex Interior Design)	Sub-sub-subsidiary of the Company
Ruentex Industries Ltd.	Associate (the investment company which accounts for the Company using the equity method)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan General Insurance Co., Ltd.	Associate (the subsidiary of the investee company accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart) (Note)	Other related party (the Company is a juridical person supervisor of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (juridical person director of the Company's associates)
Ruentex Construction Co., Ltd. (Ruentex Construction)	Other related party (the key management personnel of the Company's subsidiary is a director of the company)
Huei Hong Investment Co., Ltd.	Other related party (the Company's key management personnel is the representative of the juridical person director of the company)

Penglin Investment Co., Ltd.	Other related party (its director is the representative of the juridical person director of the Company)
Samuel Yen-Liang Yin	Other related party (relative of the representative of the juridical person director of the Company)
Lin, Yu-Sheng	Other related party (the Company's subsidiary's key management personnel)
Jia-ru Wu	Other related party (the Company's subsidiary's key management personnel)
Lai, Ke-You	Other related party (relative of the Company's subsidiary's key management personnel)
Liang, Tien-Yi	Other related party (the Company's associate's key management personnel)
Chang, Kai-Hsiang	Other related party (relative of the Company's key management personnel)
Chien, Chieh-Ni	Other related party (relative of the Company's key management personnel)
Jean, Tsang-Jiunn	The Company's key management personnel
Chih-hung Li	The Company's key management personnel
Chen, Li-Yu	The Company's key management personnel

Note: The Company disposed of all RT-Mart shares held on September 6, 2022. Since then, RT-Mart is no longer a related party of the Company, only the amounts of transactions with RT-Mart until August 2022 were disclosed.

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 47,234	\$ 51,574
Other related parties	<u>877,243</u>	<u>108</u>
	<u>\$ 924,477</u>	<u>\$ 51,682</u>

(1) The Company sold houses and lands to related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties. The transaction terms had no major difference from general non-related parties. The aforementioned

transactions had been completed and the ownership of houses had been transferred. In addition, payments were collected according to the contract schedule signed by both parties.

- (2) The Company signed consultation service agreements with related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties.
- (3) The Company pre-sells premises to related parties, and the total sales and advance sale receipt (recognized in contract liabilities-current) are as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Total contract amount</u>	<u>Advance real estate receipts</u>	<u>Total contract amount</u>	<u>Advance real estate receipts</u>
Other related parties	<u>\$ 70,480</u>	<u>\$ 12,200</u>	<u>\$ 88,140</u>	<u>\$ 14,610</u>

- (4) On December 28, 2021, the Company's Board of Directors approved to dispose of a unit on the 11th floor of building A1 and seven parking spaces at Botanic Garden Villa, Zhongzheng District, Taipei City, to other related parties. The total contract price was NT\$816,313 (tax excluded). The payment has been paid in full, and the ownership transfer registration was completed on January 20, 2022.
- (5) On December 28, 2021, the Company's Board of Directors approved to dispose of a unit on the 23rd floor of building A6 and 2 parking spaces at Ruentex Fuyang, Xinhai Section, Daan District, Taipei City, to other related parties. The total contract price was NT\$43,581 (tax excluded). As of the report day, an amount of NT\$6,710 has been paid, and the ownership transfer registration procedures have not yet been completed.

## 2. Purchases of goods

	<u>2022</u>		<u>2021</u>	
Ruentex Engineering & Construction	\$	3,218,726	\$	2,556,310
Subsidiaries		314,210		86,769
Other related parties		288,362		386,346
	<u>\$</u>	<u>3,821,298</u>	<u>\$</u>	<u>3,029,425</u>

- (1) The Company had issued checks matured within 1~2 months for payments to related parties.
- (2) The construction price for the project contracted out by the Company to

related parties were determined based on the price negotiation between both parties.

- (3) For the decoration works contracted out by the Company to related parties, contracts were established according to additional percentages on top of the costs, and the costs were determined after considering the decoration area and the materials used.
- (4) Regarding the construction and decoration project contracts accumulated and already signed by the Company and related parties, the unfinished construction contracts in progress and the payment amounts were as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Total contract amount		Total contract amount	
	<u>(Tax excluded)</u>	<u>Amount paid</u>	<u>(Tax excluded)</u>	<u>Amount paid</u>
Ruentex Engineering & Construction Subsidiaries	\$ 12,135,028	\$ 5,083,518	\$ 14,758,176	\$ 4,390,801
Other related parties	482,033	135,030	368,817	124,609
	629,306	4,938	18,114	3,351
	<u>\$ 13,246,367</u>	<u>\$ 5,223,486</u>	<u>\$ 15,145,107</u>	<u>\$ 4,518,761</u>

- (5) Regarding the entrusted purchase agreement signed by the Company and related parties, the purchase prices were calculated based on the purchase prices of related parties, and such purchase amounts were paid to the related parties based on monthly billing within 1~2 months after the payment notices were serviced to the related parties.

### 3. Interest revenue

	<u>2022</u>	<u>2021</u>
Nan Shan Life Insurance	<u>\$ 2,100</u>	<u>\$ 2,100</u>

Note: the interest incomes from the financial assets measured at amortized costs.

#### 4. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiaries	\$ 635	\$ 538
Other receivables (Note):		
RT-Mart	\$ -	\$ 2,942
Nan Shan Life Insurance	1,096	1,094
Associates	2	8
Subsidiaries	247	23
	<u>\$ 1,345</u>	<u>\$ 4,067</u>

Note: mainly refer to certificates receivable and interest receivable.

#### 5. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable:		
Ruentex Engineering & Construction	\$ 49,553	\$ 76,607
Ruentex Interior Design	6,829	18,428
RT-Mart	-	58,352
Subsidiaries	6,871	1,338
Associates	1,355	1,026
Other related parties	1,666	-
	<u>\$ 66,274</u>	<u>\$ 155,751</u>
Accounts payable:		
Ruentex Engineering & Construction	\$ 822,640	\$ 330,241
Ruentex Interior Design	64,802	-
Other related parties	88	14,396
Subsidiaries	3,632	3,038
Associates (Note)	8	482
	<u>\$ 891,170</u>	<u>\$ 348,157</u>

Note: mainly refer to computer maintenance fee payable.

#### 6. Property transactions

##### (1) Acquisition of financial Assets

Please refer to the details of Notes 6(6)5, 6(8)6(2), 6(8)6(4), 6(8)6(5),

6(8)7(5), and 6(8)7(12).

- (2) On December 23, 2020, the Company's board of directors approved the purchase of land in Zhongshan Section, Banqiao District, New Taipei City from other related parties for a total contract price of NT\$2,604, which has been paid in full and is recognized under construction land. The ownership transfer registration was completed on January 12, 2021.
- (3) On November 11, 2022, the Company's Board of Directors approved the purchase of land in Jieshou Section, Banqiao District, New Taipei City from other related parties for a total contract price of NT\$NT1,024. As of December 31, 2022, NT\$NT819 has been paid and is recognized under "inventories - construction land".

#### 7. Authorized operation contracts of Hypermarket Business Department

- (1) The Company and other related party signed an authorized operation contract and an entrusted management and purchase agreement for the Zhonglun Hypermarket in August 2004 in order to allow other related party to provide relevant services for the establishment, operation and maintenance of the hypermarket, and the contract contents are summarized in the following:
  - A. Term of contract: Original contract was from August 2004 to December 2009, and both parties had agreed to extend for 10 years.
  - B. Purchase and management service remuneration: According to the following calculation method, for the retail store earnings of the sales location remuneration (excluding the financial income amount and the remuneration payable), the earnings remuneration payable was calculated:
    - a. If the sales location operating result generates a profit, then 50% of the earnings of the store and the food court shall be paid to the other party as earnings remuneration respectively. However, if the sales location operating result indicates a loss, the other party is not obligated to bear any loss.
    - b. In addition, a fixed service fee of NT\$500 is paid annually.
  - C. Restrictive clauses:

During the term of the contract, where the Company plans to sell, lease or dispose the asset or operation of the hypermarket in other method, it shall be sold, leased or transferred to the other party in written proposal according to the price agreed in priority. If the other party fails to inform the Company its willingness to accept the offer within 60 days after the receipt of the proposal, then the Company may then lease, sell or dispose the asset or operation of the store in other methods to a third party.
- (2) The parties have entered into an agreement in December 2019 to extend the term of the original contract and to amend the remuneration, which is summarized as follows:
  - A. Contract Duration: Both parties have agreed to extend for ten years; and the agreement was entered in December 2019 for extension up to

December 2024.

B. Remuneration for procurement and management services: The management service fee, remuneration for procurement services and management service fee for the operation of the food court under the original contract are calculated based on 1% of the total monthly revenue before tax of the Zhonglun Store (excluding the food court).

(3) The royalties (including the earning compensation), for the years ended December 31, 2022 and 2021, were NT\$7,399 and NT\$10,303, respectively. As of December 31, 2021, the royalties payable (including the earning compensation) (recognized under the notes payable - related parties), were NT\$781.

#### 8. Others

A portion of the Company's inventories is agricultural and pastoral land. Due to legal restrictions, the Group is not entitled to the property rights of the aforementioned land. Therefore, the property rights of said land were registered to the chief management and other related parties, and pledged as collateral to the Company. As of December 31, 2022, the book value of said land was NT\$680,714.

#### 9. Status of endorsements and guarantees provided by the Company to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	<u>\$ 6,200,000</u>	<u>\$ 6,200,000</u>

#### 10. Endorsements or Guarantees made by related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel	<u>\$ 64,374,329</u>	<u>\$ 56,491,607</u>

#### (II) Key management compensation information

	<u>2022</u>	<u>2021</u>
Wages and salaries and other short-term employee benefits	\$ 130,948	\$ 123,680
Post-employment benefits	1,561	1,518
Total	<u>\$ 132,509</u>	<u>\$ 125,198</u>



## VIII. Pledged Assets

The Company's Assets pledged as collateral are as follows:

<u>Asset items</u>	<u>Carrying amount</u>			<u>For guarantee purpose</u>
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1, 2021</u>	
Inventories	\$16,013,412	\$19,594,354	\$19,368,600	Long-term/short-term borrowings and Issuance of Commercial Paper
Current other financial assets (listed as other current assets)	1,246,731	889,031	1,038,275	Joint construction guarantee deposits and real estate trust receipts in advance
Financial assets at fair value through other comprehensive income acquired - non-Current	-	-	525,008	Short-term borrowings and Issuance of Commercial Paper
Investments accounted for using equity method	14,092,972	31,555,424	23,696,471	Long-term/short-term borrowings and Issuance of Commercial Paper
Non-current other financial assets (listed as other non-current assets)	106,604	81,477	50,111	Money Lodged at Courts and Performance Bonds
Investment Real Estate	<u>33,387,068</u>	<u>36,240,119</u>	<u>36,503,391</u>	Advance rent receipts
	<u>\$ 72,384,118</u>	<u>\$ 95,816,060</u>	<u>\$ 88,571,102</u>	

## IX. Significant contingent liabilities and unrecognized contractual commitments

### (I) Contingencies

Jing-Guan Construction ("Jing-Guan") entered the agreement for transferring rights of joint-construction with the Company on December 6, 1996, to transfer the joint construction at 63 pieces of lands at the Sub-section 2 No. 363 of Muzha Section, Wenshan District, Taipei City. Under the agreement, when certain conditions were met, the Company should pay the transfer premium one by one, for total NT\$31,000. In addition, on the same day, the Company signed a real estate sales contract with Jing-Guan and its legal representative, to buy

several properties under the legal representative, and under the agreement, when certain conditions were met, the Company should pay the considerations one by one. Jing-Guan Construction believed that the Company had the actions to make the agreed payment conditions of the agreement for transferring rights of joint-construction and the real estate sales contract fail to be met, and thus sued the Company to claim the unpaid transfer premiums and the interests from the delay. The legal representative of Jing-Guan also sued the Company to claim the unpaid considerations and the interests from the delay. The Company claimed that Jing-Guan Construction and its legal representative both firstly breached the obligations to be performed in the agreement for transferring rights of joint-construction and the real estate sales contract, and the payment conditions were not met. The right of claim was eliminated due to time. Pursuant to the contracts, the Company has not obliged to pay transfer premiums and considerations. For the above mentioned suit, the Taipei District Court, Taiwan has rejected the allegation of Jing-Guan Construction on April 24, 2019. Jing-Guan disagreed with the judgement, and has appealed to Taiwan High Court before the due date. Up to the date of the report, there was no further information.

(II) Commitments

As of December 31, 2022 and 2021, in addition to the content described in Note 6(8), (10), (15), and 7, other significant commitments are as follows:

As of December 31, 2022 and 2021, the joint construction contracts signed by the Company and land owners included the construction projects of Banqiao Jiangcui etc., and the joint construction guarantee bonds provided were NT\$482,738 and NT\$479,310, respectively.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Notes 6(17), (19), and (28), there is no other subsequent event occurring.

XII. Others

(I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns

for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell Assets in order to adjust to reach the most suitable capital structure. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the net debt by the total capital. The calculation of the net debt refers to total borrowings (including the “Current and non-Current borrowings” listed in the unconsolidated balance sheet) with the deduction of cash and cash equivalents. The calculation of the total capital refers to the addition of the “equity” listed on the unconsolidated balance sheet with the net debt.

The strategy in 2022 of the Company was maintained the same as the strategy in 2021. As of December 31, 2022 and 2021, the debt to total Assets ratio was as follows:

	<u>December 31, 2022</u>	<u>(After restatement) December 31, 2021</u>	<u>(After restatement) January 1, 2021</u>
Total borrowings	\$ 34,416,579	\$ 33,860,001	\$ 32,668,335
Less: Cash and cash equivalents	<u>( 5,695,200)</u>	<u>( 5,731,650)</u>	<u>( 3,467,615)</u>
Net debt	28,721,379	28,128,351	29,200,720
Total equity	<u>78,798,271</u>	<u>136,906,041</u>	<u>133,373,889</u>
Total capital	<u>\$ 107,519,650</u>	<u>\$ 165,034,392</u>	<u>\$ 162,574,609</u>
Debt-to-total-capital ratio	26.71%	17.04%	17.96%

(II) Financial instruments

1. Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income acquired - Current	\$ -	\$ 1,303,338
Financial assets at fair value through other comprehensive income acquired - non-Current	1,197,460	1,230,821
Financial assets at amortised cost		
Cash and cash equivalents	5,695,200	5,731,650
Notes receivable	29,476	-
Accounts receivable (including related parties)	13,898	11,666
Other receivables (including related parties)	157,614	7,531
Financial Assets at amortized cost-non-Current	60,000	60,000
Other financial assets (listed as other current assets and other non-current assets)	<u>1,401,917</u>	<u>1,024,396</u>
	<u>\$ 8,555,565</u>	<u>\$ 9,369,402</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 5,295,000	\$ 1,600,000
Short-term bills payable	2,587,360	4,078,307
Notes payable (including related parties)	153,585	188,406
Accounts payable (including related parties)	1,268,959	449,397
Other payables	356,736	350,756
Long-term borrowings (including due within one year or one operating cycle)	26,534,219	28,181,694
Guarantee deposits received (listed as other non-current liabilities)	<u>1,002,309</u>	<u>978,501</u>
	<u>\$ 37,198,168</u>	<u>\$ 35,827,061</u>
Lease liabilities - current and non-current	<u>\$ 616,607</u>	<u>\$ 707,446</u>

## 2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) The risk management of the Company is executed by the financial department according to the policies approved by the board of directors, and cooperation with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## 3. Significant financial risks and degrees of financial risks

### (1) Market risk

#### Foreign exchange risk

A. The Company holds several foreign operating institution investments, and its net asset bears the foreign exchange risk. In addition, the Company's businesses involve some non-functional currency operations. The information on assets denominated in foreign currencies whose values would be affected by the exchange rate fluctuations is as follow:

December 31, 2022							
				Sensitivity analysis			
		Carrying amount				Effects on other	
Foreign currency	Exchange		Range of	Effects on profit	comprehensive		
(thousands)	rate	(NT\$)	variation	and loss	income		
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$ 166,522	30.71	\$ 5,113,861 1%	\$ 51,139	\$ -		
<u>Non-monetary Items</u>							
USD:NTD	78,220	30.71	2,402,150 1%	-	24,022		

December 31, 2021

	<u>Sensitivity analysis</u>					
	Foreign currency (thousands)	Exchange rate	Carrying amount (NT\$)	Range of variation	Effects on profit and loss	Effects on other comprehensive income
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 174,271	27.68	\$ 4,823,821	1%	\$ 48,238	\$ -
<u>Non-monetary Items</u>						
USD:NTD	97,799	27.68	2,707,069	1%	-	27,071

B. The total exchange gain or loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to profit of NT\$533,996 and loss of NT\$76,912 respectively.

#### Price risk

A. The Company's equity instruments exposed to price risk were the financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for the years ended December 31, 2022 and 2021 would have increased/decreased by NT\$11,975 and NT\$25,342.

#### Cash flow and fair value interest rate risk

A. The Company's interest rate risk arises from total borrowings with floating interest rates that expose the Company to cash flow interest rate risk. For 2022 and 2021, the borrowing of the Company at floating interest rate was mainly calculated in NTD.

- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.
- C. If interest rates on borrowings had been 0.125% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2022 and 2021 would have increased/decreased NT\$34,425 and NT\$33,865, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and contractual cash flows from investments in debt instruments classified as measured at amortized cost and at fair value through profit or loss.
- B. The Company established management of credit risk from the Company's perspective. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit rating of at least Class "A". According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.
- D. The Company uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.

- (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
- (B) Investments in bonds traded in the Over-the-Counter (OTC) with an external rating agency rated as investment grade at the balance sheet date, the asset will be regarded as having low credit risk.
- E. The indicators for determining the impairment of the debt instrument investment used by the Company is as the following:
- (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
- (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
- (C) An issuer delay or fail to repay the interests or principals;
- (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.
- G. The Company incorporates the future prospective consideration described in the economic forecast of Taiwan Institute of Economics Research for adjusting the loss rate established according to the specific period history and Current information, in order to estimate the allowance loss for accounts receivable. The loss rate method as of December 31, 2022 and 2021 was as follows:

	<u>Each</u>	<u>Group A</u>	<u>Total</u>
<u>December 31, 2022</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 145	\$ 13,850	\$ 13,995
Allowance for losses	97	-	97
<u>December 31, 2021</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 442	\$ 11,486	\$ 11,928
Allowance for losses	262	-	262



Group A: Customers who do not have overdue payments

H. The accounts receivable allowance loss change table under the simplified approach of the Company is as follows:

	<u>2022</u>	<u>2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 262	\$ 70
Provision of impairment loss	-	192
Reversal of impairment loss	( 165)	-
December 31	<u>\$ 97</u>	<u>\$ 262</u>

(3) Liquidity risk

A. The cash flow forecast of the Company is executed by the operating entity and summarized by the financial department. The financial department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, as described in Note 6(15), in order to prevent the Company from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

B. For the remaining cash held by the operating entity of the Company, when it exceeds the management needs of operating capital, the financial department invests the remaining capital in the saving deposit with interest, time deposit and repurchase agreements etc. The instruments selected have appropriate maturity date or sufficient liquidity in order to cope with the aforementioned forecasts and to provide sufficient movement level. As of December 31, 2022 and 2021, the Company's position held in money market were NT\$5,295,652 and NT\$5,215,380.

C. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial

liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2022	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 5,360,393	\$ -	\$ -
Short-term notes and bills payable (Note 1)	2,590,000	-	-
Notes payable (including related parties)	153,585	-	-
Accounts payable (including related parties)	1,268,959	-	-
Other payables	356,736	-	-
Lease liabilities (Note 1)	98,871	367,180	176,205
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	5,150,766	21,761,968	-
Other financial liabilities (Note 2)	-	1,002,309	-

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 1,615,600	\$ -	\$ -
Short-term notes and bills payable (Note 1)	4,080,000	-	-
Notes payable (including related parties)	188,406	-	-
Accounts payable (including related parties)	449,397	-	-
Other payables	350,756	-	-
Lease liabilities (Note 1)	90,841	384,725	257,530
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	3,370,563	25,572,450	-
Other financial liabilities (Note 2)	-	978,501	-

Note 1: The amount includes the expected interest to be paid in the future.

Note 2: Refers to the bond deposited, and other non-Current liabilities is listed.

D. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

#### Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical Assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Company's investments in TPEX-listed stocks and domestic convertible bonds belong to this level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair values of the Company's investment in equity instruments without an active market and investment property are included.

2. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets recognized in other current assets and other non-current assets, financial assets at amortized cost, short-term borrowings, short-term notes payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term borrowings, and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the Assets and liabilities is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income acquired - non-Current				
equity securities	\$ 1,196,560	\$ -	\$ 900	\$ 1,197,460
Investment property (Note)	-	-	3,085,330	3,085,330
Total	<u>\$ 1,196,560</u>	<u>\$ -</u>	<u>\$ 3,086,230</u>	<u>\$ 4,282,790</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income acquired - non-Current				
equity securities	\$ 1,229,921	-	\$ 1,304,238	\$ 2,534,159
Investment property (Note)	-	-	3,169,201	3,169,201
Total	<u>\$ 1,229,921</u>	<u>\$ -</u>	<u>\$ 4,473,439</u>	<u>\$ 5,703,360</u>
January 1, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
Convertible bonds	\$ 37,262	\$ -	\$ -	\$ 37,262
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity securities	1,426,250	-	582,172	2,008,422
Investment property (Note)	-	-	3,125,401	3,125,401
Total	<u>\$ 1,463,512</u>	<u>\$ -</u>	<u>\$ 3,707,573</u>	<u>\$ 5,171,085</u>

Note: Investment property subsequently measured at fair value

4. The methods and assumptions the Company used to measure fair value are as follows:

(1) For the investments on OTC stocks by the Company used market quoted prices as their fair values (i.e. Level 1), which are listed below according to the characteristics of the instruments:

	<u>Shares of the TPEX listed companies</u>	<u>Convertible bonds</u>
Quoted market price	Closing market prices	Closing market price

(2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to Current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).

(3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Note 12(3)9 for details.

- (5) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.
- (6) The fair value valuation techniques adopted by the Company for the investment property measured at fair value are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and such fair values are measured by external appraisers using the income approach. The related assumptions and input values are as follows:
- A. Cash Flow: It is evaluated based on the existing lease contracts, local rents, or the rental trends of similar property in the market, excluding those that are too high or too low. If there is an end-of-period value, the present value of the end-of-period value may be added.
  - B. Analysis Period: If there is no specific period for income, the analysis period should not exceed ten years in principle; if there is a specific period for income, it should be estimated based on the remaining period.
  - C. Discount Rate: It is estimated with the risk premium approach at a certain interest rate, with the individual characteristics of investment property considered. The so-called constant interest rate refers to a benchmark that cannot be lower than the mobile interest rate plus three yards of the 2-year postal savings fixed deposit announced by Chunghwa Post Co., Ltd.
  - D. Growth rate: The adjustment is made by considering the growth rate of rental income of similar properties in markets and taking into account the economic fluctuations in recent years.
5. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

6. The following table shows the change of Level 3 for the years ended December 31, 2022 and 2021.

	<u>2022</u>
	<u>Non-derivative Equity Instrument</u>
January 1	\$ 1,304,238
Sales for current period	( 1,303,338)
December 31	<u>\$ 900</u>
	<u>2021</u>
	<u>Non-derivative Equity Instrument</u>
January 1	\$ 582,172
Gains recognized as other comprehensive income (Note 1)	849,504
Capital returned due to capital reduction	( 127,438)
December 31	<u>\$ 1,304,238</u>

Note 1: Unrealized valuation profit or loss accrued.

7. There have been no occurrences of transfer in or out for Level 3 in 2022 and 2021.

8. For the valuation process of classifying fair values under Level 3 of the Company, the accounting department is responsible for performing the independent fair value verification of the financial asset. Through independent source information to allow the result to be close to the market status, confirming information source being independent, reliable, and consistent with other sources as well as representing the executable price. In addition, the valuation model is calibrated periodically, retroactive test is performed, the input values and data required for the valuation model is spaded and other necessary fair value adjustments are made, in order to ensure that the valuation result is reasonable. Investment properties are valued according to the valuation method and parameter assumptions announced by the Financial Supervisory Commission, or they are appraised by external appraisers.

9. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>December 31, 2022</u>		<u>Significant</u>	<u>Discount rate</u>	<u>Relationship</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable</u>		<u>between inputs</u>
			<u>inputs</u>		<u>and fair value</u>
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 900	Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	3,085,330	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

	<u>December 31, 2021</u>		<u>Significant</u>	<u>Discount rate</u>	<u>Relationship</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable</u>		<u>between inputs</u>
			<u>inputs</u>		<u>and fair value</u>
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 1,303,338	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	16.11%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	3,169,201	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.



	January 1, 2021 Fair value	Valuation techniques	Significant unobservable Inputs	Discount rate	Inputs and Fair value relationship
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 581,272	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.68%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	3,125,401	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

Note: Please refer to Note 6(11) for the range of long-term rental income growth rates and the range of discount rates.

10. The Company carefully assesses and selects the valuation model and valuation parameters used; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. For financial Assets classified as Level 3, if there is change in the valuation parameters, then the impact on other comprehensive income is as follows:

	Inputs	Changes	2022	
			<u>Favorable changes</u>	<u>Adverse changes</u>
Equity Instruments of financial assets	Discount for lack of marketability	±1%	<u>\$ 9</u>	<u>(\$ 9)</u>

		<u>2021</u>		
		<u>Recognized as other comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Equity Instruments of financial assets	Discount for lack of marketability	±1%	<u>\$ 13,042</u>	<u>(\$ 13,042)</u>

### XIII. Separately Disclosed Items

#### (I) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to Table 3.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 4.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 5.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 6.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 7.

#### (II) Information on Investees

Names, locations and other information of investees (not including investees in China): Please refer to Table 8.

(III) Information on Investments in China

None.

(IV) Information on main investors

Information on main investors: Please refer to Table 9.

XIV. Information on Departments

Not applicable.

Ruentex Development Co., Ltd.  
Statement of cash and cash equivalents  
December 31, 2022

Statement 1

Unit: NT\$ thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand		\$ 2,400
Petty cash		2,520
Bank deposits		
- Checking deposits		394,628
- Demand deposits	Including USD 64,803 thousand at an exchange rate of 30.71 NTD to 1 USD	2,132,627
- Time deposits	Including US\$81,497 thousand at an exchange rate of 30.71 NTD to 1 USD	2,524,575
	Period from October 6, 2022–February 24, 2023	
Cash equivalents (Bonds under repurchase agreements)	Interest rate from 0.48%–0.60%; period from December 28, 2022–January 6, 2023	<u>638,450</u>
		<u>\$ 5,695,200</u>

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Ruentex Development Co., Ltd.  
Statement of Inventories  
December 31, 2022

Statement 2

Unit: NT\$ thousands

Item	Summary	Amount		Remark
		Cost	Fair value	
Construction Business				
Department				
Real property for sale (including parking space)		\$ 6,940,535	\$ 9,504,466	1. Net realizable value.
Property under construction		9,165,084	10,216,641	2. Please refer to the "Notes 8, Pledged Asset" for more details.
Construction land		3,750,279	3,608,911	
Prepayment for land purchases		2,497,372	2,504,851	
Less: Allowance for valuation losses		( 542,858)	-	
Subtotal		<u>21,810,412</u>	<u>25,834,869</u>	
Hypermarket Business				
Department				
Merchandise inventory		81,452	108,271	
Less: Allowance for obsolescence loss		( 714)	-	
		<u>80,738</u>	<u>108,271</u>	
Total inventories		<u>\$ 21,891,150</u>	<u>\$ 25,943,140</u>	

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Ruentex Development Co., Ltd.  
Statement of changes in financial assets measured at fair value through profit or loss - non-Current  
January 1 to December 31, 2022

Statement 3

Unit: NT\$ thousands

Provided as  
a guarantee  
or hedge

Name	<u>Balance at the beginning of the</u> <u>period</u>		<u>Increase in the current period (Note 1)</u>		<u>Decrease in the current period (Note 2)</u>		<u>Adjustments for</u> <u>valuation</u>	<u>Balance at the end of the period</u>			
	<u>Shares</u> <u>(Thousand</u>	<u>Amount</u>	<u>Shares</u> <u>(Thousand</u>	<u>Amount</u>	<u>Shares</u> <u>(Thousand</u>	<u>Amount</u>	<u>Amount</u>	<u>Shares</u> <u>(Thousand</u>	<u>Shareholding</u> <u>percentage</u>	<u>Amount</u>	
	<u>shares)</u>		<u>shares)</u>	<u>Amount</u>	<u>shares)</u>	<u>Amount</u>		<u>shares)</u>			
Brogent Technologies Inc.	2,809	\$ 345,515	-	\$ 15,449	-	\$ -	\$ -	2,809	4.57%	\$ 360,964	Nil
OBI Pharma, Inc.	1,344	153,173	152	15,929	-	( 65,775)	-	1,496	0.65%	103,327	"
TaiMed Biologics, Inc.	10,357	731,233	-	1,036	-	-	-	10,357	4.10%	732,269	"
Pacific Resources Corporation	243	-	-	-	85	-	-	158	1.05%	-	"
Asia Pacific Federation of Industry and Commerce	21	900	-	-	-	-	-	21	0.03%	900	"
		<u>\$ 1,230,821</u>		<u>\$ 32,414</u>		<u>(\$ 65,775)</u>				<u>\$ 1,197,460</u>	

Note 1: They are the changes in fair values in the amount of NT\$16,485 and the cash capital increase by OBI Pharma, Inc. in the amount of NT\$NT15,929.

Note 2: It included the changes in the amounts measured at fair value of NT\$65,775 and the capital returned by Pacific Resources Corporation due to its capital reduction.

Ruentex Development Co., Ltd.  
Statement of financial Assets at amortized cost - non-Current  
January 1 to December 31, 2022

Statement 4

Unit: NT\$ thousands

<u>Name</u>	<u>Beginning of the period</u>		<u>Increase in the current period</u>		<u>Decrease in the current period</u>		<u>End of the period</u>		<u>Provided as a guarantee or hedge</u>	<u>Remark</u>
	<u>Number</u>	<u>Carrying amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Carrying amount</u>		
Subordinated corporate bonds	60	<u>\$ 60,000</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	60	<u>\$ 60,000</u>	Nil	

Ruentex Development Co., Ltd.  
Statement of changes in investments accounted for using the equity method  
January 1 to December 31, 2022

Statement 5

Unit: NT\$ thousands

Name	Balance at the beginning of the period		Increase in the current period		Decrease in the current period		Balance at the end of the period			Market price or net value of equity		Provided as a guarantee or hedge	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding percentage	Amount	Unit price (NT\$)	Total amount		
Shing Yen Construction & Development Co., Ltd.	28,415	\$ 432,134	-	\$ 1,007	-	(\$ 10,356)	28,415	45.45%	\$ 422,785	\$ 14.88	\$ 424,026	Nil	
Ruentex Industries Ltd.	85,436	10,787,556	72,261	4,926,708	-	( 6,585,243)	157,697	14.28%	9,129,021	65.00	10,250,346	8, Pledged Asset” for more details	Please refer to the “Notes 8, Pledged Asset” for more details
Ruentex Construction International (B.V.I.) Ltd.	25,000	1,852,351	-	193,003	-	( 468,947)	25,000	100.00%	1,576,407	63.06	1,575,895	Nil	
Gin-Hong Investment Co., Ltd.	17,100	1,090,494	-	54,830	-	( 356,786)	17,100	30.00%	788,538	46.11	789,143	”	
Concord Greater China Ltd.	10,593	854,718	-	102,963	-	( 131,938)	10,593	25.46%	825,743	77.95	824,841	”	
Ruentex Construction International Co., Ltd.	200,000	2,685,642	-	15,270	-	( 603,924)	200,000	100.00%	2,096,988	10.48	2,095,462	”	
Ruentex Baiyi Co., Ltd.	70,000	7,427,580	-	-	-	( 275,472)	70,000	35.00%	7,152,108	102.17	7,152,108	”	
Ruentex Xu-Zhan Development co., Ltd.	160,000	7,820,680	-	-	-	( 829,633)	160,000	80.00%	6,991,047	43.69	6,990,928	”	
Sunny Friend Environmental Technology Co., Ltd.	29,677	869,113	-	242,500	-	( 237,417)	29,677	26.62%	874,196	173.00	5,134,147	8, Pledged Asset” for more details	Please refer to the “Notes 8, Pledged Asset” for more details
Ruentex Materials Co., Ltd.	15,740	175,744	-	5,072	-	( 9,493)	15,740	10.49%	171,323	23.75	231,546	Nil	Please refer to the “Notes 8, Pledged Asset” for more details
Ruen Chen Investment Holdings Ltd.	5,596,250	100,950,707	1,062,500	7,417,569	-	( 57,827,282)	6,658,750	25.00%	50,540,994	7.59	50,540,994	8, Pledged Asset” for more details	Please refer to the “Notes 8, Pledged Asset” for more details
Ruentex Security Co., Ltd.	6,900	91,103	-	14,035	-	( 15,487)	6,900	100.00%	89,651	12.99	89,650	Nil	



Ruentex Development Co., Ltd.  
Statement of changes in investments accounted for using the equity method  
January 1 to December 31, 2022

Statement 5

Unit: NT\$ thousands

Ruentex Property Management & Maintenance Co., Ltd.	2,829	45,461	-	3,193	-	( 10,634)	2,829	100.00%	38,020	13.44	38,020	”
Ruen Fu Newlife Corp.	1,200	1,162	1,200	12,610	( 1,200)	( 9,768)	1,200	60.00%	4,004	3.34	4,004	”
Ruentex Engineering & Construction Co., Ltd.	72,398	1,771,448	-	712,078	-	( 871,012)	72,398	39.14%	1,612,514	125.50	9,085,949	”
Ruentex Interior Design Inc.	736	23,011	-	4,925	-	( 3,846)	736	5.45%	24,090	99.80	73,453	”
Global Mobile Corp.	26,082	-	-	-	-	-	26,082	9.46%	-	-	-	”
Ruentex Innovative Development Co. Ltd.	198,800	2,202,214	-	-	-	( 275,416)	198,800	70.00%	1,926,798	10.06	1,998,979	”
Nan Shan Life Insurance Co., Ltd.	32,048	1,186,018	-	75,564	-	( 608,716)	32,048	0.23%	652,866	20.37	652,866	”
Less: Treasury stock		( 3,190)		-		-			( 3,190)		-	
Total		<u>\$ 140,263,946</u>		<u>\$ 13,781,327</u>		<u>(\$ 69,131,370)</u>			<u>\$ 84,913,903</u>		<u>\$ 97,952,357</u>	

Ruentex Development Co., Ltd.  
Statement of changes in real estate, plant and equipment  
January 1 to December 31, 2022

Statement 6

Unit: NT\$ thousands

<u>Item</u>	<u>Balance at the beginning of</u>	<u>Increase in the current</u>	<u>Decrease in the current</u>	<u>Transfer amount for</u>	<u>Balance at the end of the</u>	<u>Provided as</u>	<u>Remark</u>
	<u>the period</u>	<u>period</u>	<u>period</u>	<u>current period</u>	<u>period</u>	<u>or hedge</u>	
Machinery and equipment	\$ 94,664	\$ 3,213	(\$ 668)	\$ -	\$ 97,209	Nil	
Warehouse equipment	27,858	3,406	( 2,513)	1,690	30,441	”	
Transportation equipment	28,112	-	-	-	28,112	”	
Office equipment	34,212	217	( 8)	-	34,421	”	
Other equipment	171,619	585	( 12,368)	-	159,836	”	
Unfinished construction and equipment pending for inspection	1,690	-	-	( 1,690)	-	”	
	<u>\$ 358,155</u>	<u>\$ 7,421</u>	<u>(\$ 15,557)</u>	<u>\$ -</u>	<u>\$ 350,019</u>		

Explanation: For more details in depreciation method and years of useful life for real estate, plant and equipment please refer to Note 4(15).

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Ruentex Development Co., Ltd.  
Statement of changes in accumulated depreciation of real estate, plant and equipment  
January 1 to December 31, 2022

Statement 7

Unit: NT\$ thousands

<u>Item</u>	<u>Balance at the beginning of the period</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Transfer amount for current period</u>	<u>Balance at the end of the period</u>	<u>Provided as a guarantee or hedge</u>	<u>Remark</u>
Machinery and equipment	\$ 65,862	\$ 7,810	(\$ 668)	\$ -	\$ 73,004	Nil	
Warehouse equipment	10,462	3,701	( 2,425)	-	11,738	”	
Transportation equipment	26,896	541	-	-	27,437	”	
Office equipment	29,999	1,811	( 8)	-	31,802	”	
Other equipment	60,667	18,611	( 12,368)	-	66,910	”	
	<u>\$ 193,886</u>	<u>\$ 32,474</u>	<u>(\$ 15,469)</u>	<u>\$ -</u>	<u>\$ 210,891</u>		

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Ruentex Development Co., Ltd.  
Detailed changes of right-of-use assets  
January 1 to December 31, 2022

Statement 8

Unit: NT\$ thousands

<u>Item</u>	<u>Balance at the beginning of the period</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Transfer amount for current period</u>	<u>Balance at the end of the period</u>	<u>Provided as a guarantee or hedge</u>	<u>Remark</u>
Cost:							
Buildings	\$ 849,578	\$ -	\$ -	\$ -	\$ 849,578	Nil	
Accumulated depreciation:							
Buildings	( 161,485)	( 92,617)	-	-	( 254,102)		
Carrying amount	<u>\$ 688,093</u>	<u>(\$ 92,617)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,476</u>		

For the method of deprecation and useful years of right-of-use assets, please refer to Note 4 (16).

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Ruentex Development Co., Ltd.  
Statement of changes in investment real estate  
January 1 to December 31, 2022

Statement 9

Unit: NT\$ thousands

Item	Balance at the beginning of the period		Increase in the current period		Decrease in the current period		Balance at the end of the period		Provided as a guarantee or hedge	Remark
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value		
Cost:										
Land	\$ 1,008,724	\$ 2,008,697	\$ -	\$ -	\$ -	(\$ 57,619)	\$ 1,008,724	\$ 1,951,078		Please refer to the "Notes 8, Pledged Asset" for more details.
Buildings	916,449	1,160,504	-	-	(27,843)	(26,252)	888,606	1,134,252		
Carrying amount	<u>\$ 1,925,173</u>	<u>\$ 3,169,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 27,843)</u>	<u>(\$ 83,871)</u>	<u>\$ 1,897,330</u>	<u>\$ 3,085,330</u>		

Note: Please refer to Note 6(11) for the fair value of investment property.

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Ruentex Development Co., Ltd.  
Statement of short-term borrowings  
December 31, 2022

Statement 10

Unit: NTS thousands

Types of borrowing	Creditor	Balance at the end of the period	Time-limit for contract	Interest rate collars	Loan limit	Mortgage or guarantee	Remark
Secured loan	Bank of Taiwan	\$ 300,000	December 15, 2022–May 10, 2023	1.48%~2.10%	\$ 300,000	Shares and guarantee notes NT\$300,000	
	King's Town Bank Co., Ltd.	545,000	November 4, 2022–February 7, 2023	"	550,000	USD time deposit NT\$20,000	
	Chang Hwa Bank	50,000	September 5, 2022–March 3, 2023	"	500,000	Stocks and guarantee notes NT\$500,000	
		895,000			1,350,000		
Credit Loan	E-Sun Bank	2,000,000	December 30, 2022–March 30, 2023	1.48%~2.10%	2,000,000	Guarantee notes \$2,000,000	
	Mitsui Sumitomo Bank	1,200,000	November 18, 2022–February 20, 2023	"	1,200,000	USD guarantee notes NT\$40,000	
	Bank of Taiwan	300,000	December 2, 2022–May 31, 2023	"	300,000	Guarantee notes NT\$300,000	
	Taiwan Business Bank	700,000	December 15, 2022–March 15, 2023	"	700,000	Loan agreements NT\$700,000	
	Shin Kong Bank	200,000	December 6, 2022–January 6, 2023	"	200,000	Guarantee notes NT\$200,000	
		<u>4,400,000</u>			<u>4,400,000</u>		
		<u>\$ 5,295,000</u>			<u>\$ 5,750,000</u>		

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Ruentex Development Co., Ltd.  
Statement of short-term bills payable  
December 31, 2022

Statement 11

Unit: NT\$ thousands

Item	Guarantee or acceptance institution	Time-limit for contract	Interest rate collars	Amount			Mortgage or guarantee	Remark
				Issuing amount	Unamortized bond discount	Carrying amount		
Commercial papers payable	China Bills Finance	December 7, 2022–March 9, 2023	1.00%~1.74%	\$ 1,150,000	(\$ 1,873)	\$ 1,148,127	Buildings and land held for sale, stocks, and guarantee notes NT\$1,300,000	
	Taiwan Finance Corporation	December 21, 2022–January 13, 2023	"	200,000	( 101)	199,899	Shares and guarantee notes NT\$300,000	
	Mega Bills Finance Corporation	November 30, 2022–January 18, 2023	"	650,000	( 359)	649,641	Construction land in progress, stocks, and guarantee notes NT\$2,020,000	
	International Bills Finance Corporation	December 21, 2022–January 17, 2023	"	200,000	( 142)	199,858	Shares and guarantee notes NT\$350,000	
	Dah Chung Bills Finance Corporation	December 12, 2022–January 10, 2023	"	390,000	( 165)	389,835	Properties for sale and guarantee notes NT\$390,000	
				<u>\$ 2,590,000</u>	<u>(\$ 2,640)</u>	<u>\$ 2,587,360</u>		

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Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2022

Statement 12

Unit: NTS thousands

Creditor	Summary	Amount borrowed	Time-limit for contract	Interest	Mortgage or guarantee	Remark
Taipei Fubon Bank	Secured loan	\$ 850,000	September 6, 2022-September 6, 2025	0.17%~2.13%	Stocks and guarantee notes NT\$1,200,000	The principal does not need to be amortized in the first 18 months, but will be amortized in seven installments thereafter, with 10% of the balance amortized for each installment for the first to three installments and 17.5% for each installment for the fourth to seventh installments.
Bank of Taiwan	"	3,000,000	July 25, 2022-September 17, 2024	"	Stocks and guarantee notes NT\$5,300,000	One-off payment upon maturity
Bank of Taiwan	"	2,000,000	July 25, 2022-September 17, 2024	"	Stocks and guarantee notes NT\$2,000,000	One-off payment upon maturity
First Bank	"	2,000,000	October 18, 2022-March 28, 2024	"	Stocks and IOUs NT\$2,000,000	One-off payment upon maturity
KGI Bank	"	1,300,000	December 10, 2020-December 22, 2027	"	Prepaid land and guarantee notes NT\$1,300,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	450,000	September 30, 2020 to September 30, 2025	"	Construction in progress and credit contracts NT\$1,490,000	One-off payment upon maturity
DBS Bank	"	250,000	December 14, 2022-September 23, 2023	"	Building and land held for sale and guarantee notes NT\$2,000,000	One-off payment upon maturity
Mega International Commercial Bank	"	2,024,000	July 28, 2022-May 31, 2024	"	Stocks and guarantee notes NT\$3,000,000	One-off payment upon maturity
Chang Hwa Bank	"	<u>1,650,000</u>	2021.06.30-2024.06.30	"	Stock and loan agreements NT\$3,500,000	One-off payment upon maturity
		<u>13,524,000</u>				
Bank of China	Credit Loan	1,200,000	October 26, 2022-March 19, 2024	0.17%~2.13%	Issuing guarantee notes NT\$1,200,000	One-off payment upon maturity
Wing Fung Bank	"	1,000,000	2021.08.10-2024.08.09	"	Issuing guarantee notes NT\$1,000,000	Evenly amortized on a quarterly basis from the third year
Mega International Commercial Bank	"	3,036,000	July 28, 2022-May 31, 2024	"	Issuing guarantee notes NT\$4,500,000	One-off payment upon maturity
Taiwan Cooperative Bank	"	80,000	September 24, 2021-October 5, 2024	"	IOU NT\$500,000	One-off payment upon maturity
Bank of East Asia	"	600,000	March 11, 2022-March 11, 2024	"	Issuing guarantee notes NT\$600,000	One-off payment upon maturity
DBS Bank	"	600,000	November 24, 2022-September 30, 2023	"	Issuing guarantee notes NT\$1,000,000	One-off payment upon maturity
Kaohsiung Bank	"	300,000	November 9, 2022-May 17, 2024	"	Issuing guarantee notes NT\$3,000,000	One-off payment upon maturity
Cathay United Bank	"	500,000	September 6, 2022-September 6, 2025	"	Issuing guarantee notes NT\$500,000	Amortized in four installments starting from the third year to repay 25% for each installment
Mizuho Bank	"	700,000	November 28, 2022-January 15, 2024	"	Issuing guarantee notes NT\$2,000,000	One-off payment upon maturity
National Agricultural Treasury	"	1,000,000	October 7, 2022-August 16, 2023	"	Issuing guarantee notes NT\$1,000,000	One-off payment upon maturity
Chang Hwa Bank	"	750,000	September 20, 2022-June 30, 2024	"	Credit contracts finalized NT\$1,000,000	Evenly amortized on a semi-annual basis from the second year
Chang Hwa Bank	"	<u>300,000</u>	June 30, 2022-June 30, 2025	"	Credit contracts finalized NT\$300,000	Amortized to repay NT\$75 million on a semi-annual basis starting from the second year
		<u>10,066,000</u>				
		<u>23,590,000</u>				
Mega bills syndicated loan	"	2,450,000	2020.12.11-2023.12.04	0.28%~1.50%	Issuing guarantee notes NT\$2,450,000	Long-term commercial paper, one-off payment upon maturity
Long-term commercial papers		<u>500,000</u>	November 18, 2021-March 2, 2023	0.33%~1.83%	Issuing guarantee notes NT\$2,450,000	Long-term commercial paper, one-off payment upon maturity
		<u>2,950,000</u>				
Less: Arrangement fees		( 229)				
Due within one year		( 5,120,060)				
Due within one operating cycle		( 450,000)				
Discount on commercial papers		<u>( 5,552)</u>				
Total		<u>\$ 20,964,159</u>				



Ruentex Development Co., Ltd.  
Statement of operating revenue  
January 1 to December 31, 2022

Statement 13

Unit: NT\$ thousands

Item	Summary	Amount		Remark
		Subtotal	Total	
Revenue from contracts with customers				
- Revenue from sales of goods				
Chung Lun hypermarket - Revenue from hypermarket		\$ 985,236		
- Revenue from food street		24,472	\$ 1,009,708	
Rental income			33,990	
Revenue from contracts with customers				
- Revenue from sales of real property				
Revenue from sales of house, land and parking spaces		9,755,830		
Sales of house agency, consultancy and others		38,652	9,794,482	
Subtotal			10,838,180	
Less: Sales returns			( 17,741)	
Sales discounts			( 7,478)	
			\$ 10,812,961	

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Item	Amount	
	Subtotal	Total
<b>Cost of sales</b>		
Beginning inventory	\$ 85,961	
Add: Purchases for current period	724,306	
Less: Loss on physical inventory	( 7,906)	
Ending inventory	( 81,452)	\$ 720,909
Gain from the price recovery of inventory declines loss on physical inventory		( 938) 7,906
		727,877
<b>Rental cost</b>		
Other expense		191
<b>Construction cost</b>		
<u>Prepayment for land purchases</u>		
Beginning prepayments of land	1,234,540	
Add: Purchases for current period	1,447,286	
Capitalization of interest	9,269	
Less: Transferred to construction in progress	( 193,723)	
Ending prepayments of land	( 2,497,372)	-
<u>Construction land</u>		
Beginning construction land	3,662,527	
Add: Purchases for current period	87,268	
Capitalization of interest	484	
Less: Ending construction land	( 3,750,279)	-
Loss on market value decline of inventory		164,967
		164,967
<u>Property under construction</u>		
Beginning construction in progress	8,447,303	
Add: Purchases for current period	4,103,260	
Capitalization of interest	87,800	
Reclassified from prepayments of land	193,723	
Less: Reclassified to house for sale	( 3,666,126)	
Reclassified to expenses	( 876)	
Ending property under construction	( 9,165,084)	-
Loss on market value decline of inventory		558
		558
<u>Real property for sale (including parking space)</u>		
Beginning house for sale	10,295,856	
Add: Purchases for current period	127,692	
Additional construction payments	331,564	
Reclassified from property under construction	3,666,126	
Less: Ending balance of buildings and land held for sale	( 6,940,535)	7,480,703
Loss on market value decline of inventory		88
		7,480,791
<b>Total operating costs</b>		\$ 8,374,384

Ruentex Development Co., Ltd.  
Statement of selling expenses  
January 1 to December 31, 2022

Statement 15

Unit: NT\$ thousands

Item	Summary	Amount	Remark
Wages and salaries	\$	152,295	
Advertisement expense		184,506	
Depreciations		105,631	
Taxes		74,419	
Cleaning administrative expense		41,775	
Utilities expense		24,822	
Insurance expense		11,834	
Repairs and maintenance expense		12,071	
Pensions		4,357	
Other expense		98,956	
		\$ 710,666	

Ruentex Development Co., Ltd.  
Statement of administrative and general affairs expenses  
January 1 to December 31, 2022

Statement 16

Unit: NT\$ thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries	\$	131,051	
Depreciations		19,460	
Services expense		16,323	
Insurance expense		12,669	
Repairs and maintenance expense		10,253	
Pensions		3,543	
Other expense		<u>74,318</u>	
	<u>\$</u>	<u>267,617</u>	

Ruentex Development Co., Ltd.  
Statement of aggregate current-period employee benefits and depreciation expenses by function  
January 1 to December 31, 2022

Statement 17

Unit: NT\$ thousands

Nature	Function	2022			2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense							
Wages and salaries		\$ -	\$ 283,346	\$ 283,346	\$ -	\$ 297,815	\$ 297,815
Labor and Health Insurance costs		-	21,117	21,117	-	20,839	20,839
Pension expense		-	7,900	7,900	-	9,445	9,445
Directors' Remuneration		-	46,324	46,324	-	45,144	45,144
Other employee benefit expense		-	11,625	11,625	-	8,311	8,311
Depreciation expense		-	125,091	125,091	-	122,809	122,809

Notes:

1. The employees of the current year and the previous year are 307 and 309, respectively, and the directors not concurring employees are six.
2. Shall the shares of the company listed and traded in TWSE or TPEX, the following information shall be disclosed:
  - (1)The averaged employees' benefit expenses of the year was NT\$1,075 (Total of employees' benefit expenses - total remunerations of directors of the year/ number of the employees - numbers of directors no concurring employees of the year).  
The averaged employees' benefit expenses of the previous year was NT\$1,110 (Total of employees' benefit expenses - total remunerations of directors of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).
  - (2)The averaged employees' salary expenses of the year was NT\$941 (Total of salary expenses of the year/ number of the employees - numbers of directors no concurring employees of the year).  
The averaged employees' salary expenses of the previous year was NT\$983 (Total of salary expenses of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).
  - (3)The average adjustment to employees' salary expenses was 4.27% (Average salary expenses of the year - average salary expenses of the previous year/ average salary expenses of the previous year).
  - (4)The Company did not have any supervisors in 2022 and 2021; therefore, there is no remuneration payable to supervisors.
  - (5)Please describe the company's remuneration policy (including for directors, managers and employees).
    - A. Remuneration for Employees  
In accordance with Article 33 of the Company's Articles of Incorporation, the Company shall contribute 0.3% to 5% of the net profit before tax in each fiscal year prior to deduction of the remuneration for employees.  
The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
    - B. Remuneration for managerial officers  
In accordance with Article 31 of the Articles of Incorporation of the Company, the remuneration for the managerial officers shall be in accordance with the provisions of Article 29 of the Company Act.
    - C. Remuneration for directors  
In accordance with Article 30 of the Articles of Incorporation of the Company, the Board of Directors is authorized to determine the remuneration for each director based on the extent of his/her involvement in and value of his/her contribution to the operations of the Company.  
Regardless of whether the Company has profits or losses, the compensation may be paid at the general level of standards of the industry.  
The remuneration of the managerial officers and the directors shall be proposed by the Remuneration Committee and submitted to the Board of Directors for discussion and approval before being presented to the Shareholders' Meeting in accordance with the rules.  
For information on the remuneration for employees and directors adopted by the Board of Directors, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

Ruentex Development Co., Ltd. and subsidiaries

Endorsements and Guarantees for Others

January 1 to December 31, 2022

Attached Table 1

Unit: NT\$ thousands

(Except as Otherwise Indicated)

No.	Name of the company making an endorsement/guarantee	Entity for which the endorsement/guarantee is made Company name	Relations (Note 2)	Maximum amount of endorsements/guarantees permitted to any single entity	Maximum balance of endorsements/guarantees for the current period	Balance of endorsements/guarantees at the end of the period	Amount of Actual amount drawn secured by property	Cumulative amount of endorsements/guarantees as a percentage of the net worth as stated in the latest financial statement	Maximum amount of endorsements/guarantees	Endorsements/guarantees			Remark	
										made by the parent for its subsidiaries	made by the subsidiary company for its parent	made for the entities in mainland China		
0	Ruentex Development Co., Ltd.	Ruentex Innovative Development Co. Ltd.	2	\$ 70,918,444	\$ 6,200,000	\$ 6,200,000	\$ 3,330,000	\$ -	7.87	\$ 78,798,271	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	924,750	31,254	31,254	31,254	-	0.48	1,849,500	Y	N	N	Notes 4

Note 1: The column of No. is described as follows:

- (1). Please fill in 0 for the issuers.
- (2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the invested companies according to the company type.

Note 2: There are seven types of the relationship between the company making an endorsement/guarantee and the entity for which the endorsement/guarantee as follows. Please indicate the type only:

- (1). A company with which the Company does 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 voting shares in the Company.
- (4). A company in which the Company holds, directly or indirectly, 90%, or more of the voting shares.
- (5). A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6). A company in which all capital contributing shareholders make endorsements/guarantees for their jointly invested in proportion to their shareholding percentages.
- (7). Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The maximum amount of endorsements/guarantees made by the Company shall not exceed 100% or more of the net worth of the Company and the amount of endorsements/guarantees made by the Company for any single entity shall not exceed 90% or more of the net worth of the Company.

Note 4: The maximum amount of endorsements/guarantees made by the subsidiary shall not exceed 100% or more of the paid-in capital of the Company and the amount of endorsements/guarantees made by the subsidiary for any single entity shall not exceed 50% or more of the paid-in capital of the Company.

Ruentex Development Co., Ltd. and subsidiaries  
Securities held at the end of the period (not including investments in subsidiaries, associates and jointly controlled entities)

December 31, 2022

Attached Table 2

Unit: NT\$ thousands  
(Except as Otherwise Indicated)

Company holding the securities	Type and name of the securities (Note 1)	Relations with the issuer of securities (Note 2)	Account recognized	End of the period			Fair value (Note 4)	Remark
				Shares	Carrying amount (Note 3)	Shareholding percentage		
Ruentex Development Co., Ltd.	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	Financial assets at fair value through other comprehensive income - non-current	10,357,408	\$ 732,269	4.10	\$ 732,269	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	1,495,334	103,327	0.65	103,327	
	Shares of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	2,809,060	360,964	4.57	360,964	
	Shares of Pacific Resources Corporation	-	"	157,721	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900	
	Subordinated debts of Nan Shan Life Insurance	Associates of the Company	Amortized cost financial Assets - non-Current	-	60,000	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The Company	Financial assets at fair value through other comprehensive income - non-current	10,792,731	466,786	0.34	466,786	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	50,241,066	3,265,669	4.55	3,265,669	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	260,748	18,018	0.11	18,018	
	Shares of Save & Safe Corporation	-	"	4,267,233	78,815	2.51	78,815	
	Shares of Powertec Electrical Chemicals Corp.	-	"	19,737,629	-	1.39	-	
	Subordinated debts of Nan Shan Life Insurance	Associates of the Company	Amortized cost financial Assets - non-Current	-	500,000	-	-	
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial assets at fair value through other comprehensive income - non-current	7,200,236	468,015	0.65	468,015	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	117,337	8,108	0.05	8,108	
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	2,598,464	168,900	0.24	168,900	

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.

Note 2: Not required to be filled in for the issuers of securities that are not related parties.

Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.

Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".

Ruentex Development Co., Ltd. and subsidiaries

Accumulated buying and selling securities under re-purchase/re-sale conditions amounting to NT\$300 million or more than 20% of the paid-in capital

January 1 to December 31, 2022

Attached Table 3

Unit: NT\$ thousands

(Except as Otherwise Indicated)

Buying/selling company	Type and name of the securities (Note 1)	Account recognized	Counterparty (Note 2)	Relationship (Note 2)	Beginning of the period		Buying (Notes 3, 5, 6, and 7)		Selling (Note 4)				End of the period	
					Shares	Amount	Shares	Amount	Shares	Price	Book cost	disposal	Shares	Amount
Ruentex Development Co., Ltd.	Shares of Ruentex Industries Ltd.	Investments accounted for using equity method	Related parties	The investment company which accounts for the Company using the equity method	85,436,887	\$ 10,787,556	72,260,739	(\$ 1,658,535)	-	\$ -	\$ -	\$ -	157,697,626	\$ 9,129,021
Ruentex Development Co., Ltd.	Shares of RT-Mart International Co., Ltd.	Financial assets at fair value through other comprehensive income acquired - non-Current	-	-	4,085,139	1,303,338	-	-	(4,085,139)	1,299,428	(1,303,338)	Note 8	-	-
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Industries Ltd.	Financial assets at fair value through other comprehensive income acquired - non-Current	-	-	26,197,343	2,554,241	24,043,723	711,428	-	-	-	-	50,241,066	3,265,669
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	Financial assets at fair value through other comprehensive income - non-current	-	-	2,100,236	204,773	5,100,000	263,242	-	-	-	-	7,200,236	468,015

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above.

Note 2: The two columns must be filled in for the investors who account for securities using the equity method. (not required if not applicable)

Note 3: The accumulated amount of buying and selling should be calculated separately at market prices to determine whether they are up to NT\$300 million or more than 20% of the paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 5: The purchase amount of Ruentex Materials, a sub-subsidiary of the Company during this period, includes NT\$259,551 for purchases from the open market, NT\$88,000 for participating a cash capital increase, and NT\$84,309 for unrealized valuation adjustment loss.

Note 6: The purchase amount of Ruentex Engineering & Construction, a subsidiary of the Company during this period, includes NT\$76,855 for purchases from the open market, NT\$1,142,186 for participating a cash capital increase, and NT\$507,613 for unrealized valuation adjustment loss.

Note 7: The purchase amount of the Company during this period includes NT\$82,579 for purchases from the open market, NT\$3,547,537 for participating a cash capital increase, NT\$1,127,856 for participating in a cash capital increase to reduce capital surplus and retained earnings not in proportion to the shareholding, NT\$1,069,088 for investment income recognized, NT\$433,734 for cash dividends obtained, and NT\$4,796,149 for a decrease in shareholders' equity recognized using the equity method.

Note 8: The proceeds from Company's disposal during this period totaled NT\$1,299,428. The initially recognized investment cost written off by the Group was NT\$128,717 and the cumulative recognized unrealized valuation adjustment - gain was NT\$1,170,711.



Ruentex Development Co., Ltd. and subsidiaries  
Acquisition of real estate at costs of at least \$300 million or 20% of the paid-in capital  
January 1 to December 31, 2022

Attached Table 4

Unit: NT\$ thousands

<u>The company acquiring the real estate</u>	<u>Name of property</u>	<u>Date of occurrence</u>	<u>Transaction amount</u>	<u>Amount paid</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>The last transfer information if the counterparty is a related party</u>				<u>Reference basis for price</u>	<u>Purpose of acquisition</u>	<u>Other provisions</u>
							<u>Owner</u>	<u>Relationship With the Seller</u>	<u>Date of transfer</u>	<u>Amount</u>	<u>decision</u>	<u>and conditions of use</u>	
Ruentex Engineering & Construction Co., Ltd.	Right-of-use assets - land	June 2022	\$ 342,534	\$ 11,087	Ruentex Industries Ltd.	For those entities using the equity method for recognition of the Company	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal amounts provided by a professional appraisal agency	For use in the production area at the factory	-

Note 1: When an appraisal is required to be made for the acquisition of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision."

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Note 4: Status of the amount paid refers to the accumulated payment amount as of December 31, 2021.

Ruentex Development Co., Ltd. and subsidiaries  
Disposal of real estate at costs of at least \$300 million or 20% of the paid-in capital  
January 1 to December 31, 2022

Attached Table 5

Unit: NT\$ thousands

The company disposing the real estate	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Amount received	Gain(loss) on disposal	Counterparty	Relationship	Purpose of	Reference basis for price	Other provisions
										disposition	decision	
Ruentex Development Co., Ltd.	One unit of house and land on the 11th floor and a total of seven B1 and B2 parking spaces at No. 221, Bo'ai Rd., Zhongzheng Dist., Taipei City	2021.12.28	November 20, 2008 and October 4, 2013	\$ 348,847	\$ 816,313	Received in full	\$ 467,466	Related parties	Other related parties	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land (19th floor) and a total of three B1 parking spaces at No. 39-2 and -3, Section 4, Civic Boulevard, Songshan District, Taipei City	April 30, 2022	November 28, 2012 and January 2, 2020	308,502	384,429	Received in full	75,927	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land (22nd floor) and a total of five B2 and B3 parking spaces at No. 39-2 and -3, Section 4, Civic Boulevard, Songshan District, Taipei City	July 31, 2022	November 28, 2012 and January 2, 2020	403,679	451,457	Received in full	47,778	Non-related parties	-	General sales	Appraisal Report of Chen-You Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land (15th floor) and a total of four B2 parking spaces at No. 39 and -1, Section 4, Civic Boulevard, Songshan District, Taipei City	July 31, 2022	November 28, 2012 and January 2, 2020	301,097	366,636	Received in full	65,539	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision".

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Ruentex Development Co., Ltd. and subsidiaries  
Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital  
January 1 to December 31, 2022

Attached Table 6

Unit: NT\$ thousands  
(Except as Otherwise Indicated)

<u>The company making the purchase (sale) of goods</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Transaction conditions</u>		<u>Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1)</u>			<u>Notes receivable/payable and accounts receivable/payable</u>		<u>Remark (Note 2)</u>	
			<u>Purchase (sale) of goods</u>	<u>Amount</u>	<u>As a percentage of total purchases (sales) of goods (Note 4)</u>	<u>Credit period</u>	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>		<u>(Note 4)</u>
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Purchase of goods	\$ 3,218,726	47.19	Amount paid according to the prescribed period of the construction contract.	Negotiated price	Amount paid according to the prescribed period of the construction contract.	(\$ 27,043)	2.23	
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Subsidiaries	Purchase of goods	314,210	4.61	Amount paid according to the prescribed period of the construction contract.	Negotiated price	Amount paid according to the prescribed period of the construction contract.	( 37,554)	3.10	
Ruentex Development Co., Ltd.	RT-MART International Co., Ltd.	The Company is a juridical person supervisor of the company	Purchase of goods	288,362	2.67	Amount paid according to the prescribed period of the procurement contract.	-	Amount paid according to the prescribed period of the procurement contract.	-	-	Note 5
Ruentex Development Co., Ltd.	Penglin Investment Co., Ltd.	Its director is the representative of the juridical person director of the Company.	Sale of goods	816,313	7.55	Amount paid according to the prescribed period of the sales contract.	Negotiated price	Amount paid according to the prescribed period of the sales contract.	-	-	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The Company	Sale of goods	3,729,845	18.18	Amount paid according to the prescribed period of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	27,043	1.84	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Innovative Development Co. Ltd.	Subsidiaries	Sale of goods	1,404,055	6.84	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	-	-	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Construction International Co., Ltd.	Subsidiaries	Sale of goods	132,296	0.64	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	-	-	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Subsidiaries	Purchase of goods	184,806	1.28	Note 6	Negotiated price	Note 6	36,901	1.15	

Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Sales of goods/ Contract of construction	176,286	5.53	The amount shall be collected in accordance with the term of the construction/sales contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction/sales contract.	33,004	4.17
Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	The Company	Sales of goods/ Contract of construction	412,546	38.82	The amount shall be collected in accordance with the term of the construction/sales contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction/sales contract.	37,554	28.90
Ruentex Construction International Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Purchase of goods	121,093	41.40	Amount paid according to the prescribed period of the construction contract.	Negotiated price	Amount paid according to the prescribed period of the construction contract.	-	-
Ruentex Innovative Development Co. Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Purchase of goods	1,128,047	1.84	Amount paid according to the prescribed period of the construction contract.	Negotiated price	Amount paid according to the prescribed period of the construction contract.	-	-

Note 1: If the terms and conditions of transaction with the related parties are different from the general terms and conditions of transaction, the difference and the reason for any such difference shall be specified in the column of unit price and the credit period.

Note 2: In the case of prepayments in advance (or advance receipts), the reasons, the terms and conditions of the contract, the amount and the difference between the general type of transactions shall be specified in the column of Remarks.

Note 3: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 4: Calculate from the perspective of the entity of the Company making the purchase (sale) of goods

Note 5: The Group disposed of all RT-Mart shares held on September 6, 2022, so only the amounts of transactions with RT-Mart until the end of August 2022 were disclosed. The Group completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022, and it has no longer been a related party of the Company since then; thus, the amount payable to the related party concerned will not be disclosed.

Note 6: The credit term for sales of goods is 45 days; the credit term for contracted projects is based on the schedule specified in the contracts.

Ruentex Development Co., Ltd. and subsidiaries

Business relationships and significant intercompany transactions and amount between a parent and its subsidiary company, or between its subsidiaries

January 1 to December 31, 2022

Attached Table 7

Unit: NT\$ thousands  
(Except as Otherwise Indicated)

No.	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			As a percentage of the consolidated total operating revenue or total assets (Note 3)
				Account	Amount	Terms and conditions of transaction	
0	Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	1	Rental income	\$ 18,316	Note 5	0.06
		Ruentex Innovative Development Co. Ltd.	1	Construction income	11,571	Note 5	0.04
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction contract revenue/sales revenue	412,546	Notes 4 and 5	1.28
		"	2	Contract asset	10,284	Notes 4	0.01
		"	2	Receivable	37,554	Notes 4	0.02
		Ruentex Innovative Development Co. Ltd.	3	Construction income	29,996	Notes 4	0.09
		Ruentex Xu-Zhan Development co., Ltd.	3	Construction income	15,993	Notes 4	0.05
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	3,729,845	Notes 4	11.57
		"	2	Receivable	27,043	Notes 4	0.02
		"	2	Contract asset	384,722	Notes 4	0.23
		Ruentex Construction International Co., Ltd.	3	Construction income	132,296	Notes 4	0.41
		"	3	Contract asset	11,482	Notes 4	0.01
		Ruentex Innovative Development Co. Ltd.	3	Construction income	1,404,055	Notes 4	4.35
		"	3	Contract asset	89,002	Notes 4	0.05
		Ruentex Materials Co., Ltd.	1	Service revenue	14,920	Notes 4	0.05
3	Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	129,812	Note 5	0.40
		"	2	Receivable	33,004	Note 5	0.02
		"	2	Construction income	46,474	Notes 4	0.14
4	Ruen Yang Construction Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	3	Construction income	33,865	Notes 4	0.11
5	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Development Co., Ltd.	2	Service revenue	17,301	Note 5	0.05
		Ruentex Xu-Zhan Development co., Ltd.	3	Service revenue	63,182	Note 5	0.20
		"	3	Receivable	11,779	Note 5	0.01
		Ruentex Baiyi Co., Ltd.	3	Service revenue	42,717	Note 5	0.13
		Ruentex Construction International Co., Ltd.	3	Service revenue	11,141	Note 5	0.03
6	Ruentex Security Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	3	Service revenue	19,121	Note 5	0.06
		Ruentex Baiyi Co., Ltd.	3	Service revenue	14,648	Note 5	0.05
		Ruentex Development Co., Ltd.	2	Service revenue	17,272	Note 5	0.05
7	Ruentex Construction International Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	3	Receivable	15,326	Note 5	0.01

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1). Please fill in “0” for the parent.

(2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure.):

(1). parent and its subsidiary

(2). Subsidiary and its parent

(3). Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to negotiations between the two parties, and the amount shall be collected according to the prescribed period of the construction contract.

Note 5: The price shall be set according to negotiations between the two parties.

Note 6: Transactions amounting to NT\$10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Ruentex Development Co., Ltd. and subsidiaries  
The name of the invested company, the location and other relevant information (excluding the invested companies in China)  
January 1 to December 31, 2022

Attached Table 8

Unit: NT\$ thousands  
(Except as Otherwise Indicated)

Name of the investing company		Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period			Gains and losses on investment recognized		Remark
					End of the current period	End of last year	Shares	Percentage	Carrying amount	Current profit and loss of the investee company	for the current period	
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 1,576,407	(\$ 183,542)	(\$ 183,542)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	22,076	22,076	735,862	5.45	24,090	103,283	4,873	Sub-sub-subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	38,020	1,992	1,992	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs administration	12,000	12,000	1,200,000	60.00	4,004	( 16,279)	( 9,768)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Private Security Service	49,000	49,000	6,900,000	100.00	89,651	13,380	13,380	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	Taiwan	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	1,959,299	1,959,299	200,000,000	100.00	2,096,988	( 366,826)	( 366,826)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,600,000	1,600,000	160,000,000	80.00	6,991,047	( 807,040)	( 645,632)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	700,000	700,000	70,000,000	35.00	7,152,108	( 587,064)	( 205,472)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Innovative Development Co. Ltd.	Taiwan	Congregate housing and commercial building rental and sale development and investment management consultant	1,988,000	1,988,000	198,800,000	70.00	1,926,798	( 22,569)	( 15,798)	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	72,397,456	39.14	1,612,514	2,060,529	706,886	Subsidiary of the Company	
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	171,323	38,108	3,454	Sub-subsidiary of the Company	
Ruentex Development Co., Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	171,000	171,000	17,100,000	30.00	788,538	182,766	54,830	The investee company accounted for under the equity method	
Ruentex Development Co., Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	General Investment	19,315,000	19,215,000	6,658,750,000	25.00	50,540,994	28,342,117	7,085,529	The investee company accounted for under the equity method (Note 3)	

Name of the investing company	Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period			Current profit and	Gains and losses on	Remark
				End of the current period	End of last year	Shares	Percentage	Carrying amount	loss of the investee company	investment recognized for the current period	
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	\$ 409,489	\$ 409,489	10,593,334	25.46	\$ 825,743	\$ 36,207	\$ 9,218	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	284,147	284,147	28,414,684	45.45	422,785	( 22,785)	( 10,356)	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment manufacturing	331,147	331,147	29,677,148	26.62	874,196	10,097,560	229,274	The investee company accounted for under the equity method (Note 1)
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and Communication Engineering Industry	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	6,167,924	2,537,808	157,697,626	14.28	9,129,021	10,097,560	1,069,088	The investment company which accounts for the Company using the equity method (Note 2)
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	474,720	474,720	32,047,620	0.23	652,866	31,553,637	73,161	The investee company accounted for under the equity method
Ruentex Construction International (B.V.I.) Ltd.	Ruentex Construction International Ltd.	Hong Kong	General Investment	32,860	32,860	7,800,000	100.00	22,186	( 510)	( 510)	Sub-subsidiary of the Company
Ruentex Construction International (B.V.I.) Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	640,770	640,770	19,500,000	49.06	646,277	( 396,602)	( 194,561)	The investee company accounted for under the equity method
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	810,385	38,108	14,919	Sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	82,365	82,365	2,745,483	20.34	92,048	103,283	20,894	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruen Yang Construction Co., Ltd.	Taiwan	Civil Engineering Projects	5,408	5,408	600,000	100.00	4,390	1,309	1,309	Sub-subsidiary of the Company
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	126,721	140,571	4,750,000	35.19	159,254	103,283	37,858	Sub-sub-subsidiary of the Company
Ruentex Construction International Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	178,920	131,158	3,324,990	0.30	276,105	10,097,560	35,047	The investment company which accounts for the Company using the equity method
Ruentex Construction International Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,300,000	1,300,000	130,000,000	65.00	1,236,575	( 587,064)	( 381,592)	Subsidiary of the Company
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	1,337,120	0.72	73,749	2,060,529	14,897	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	361,680	0.20	19,950	2,060,529	4,029	Subsidiary of the Company

Note 1: The provision of 29,677 thousand shares, a total of NT\$874,196 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 64,607 thousand shares, a total of NT\$3,740,048 thousand was pledged to financial institutions for financing loans.

Note 3: The provision of 1,248,839 thousand shares, a total of NT\$9,478,891 thousand was pledged to financial institutions for financing loans.



Ruentex Development Co., Ltd. and subsidiaries

Information on main investors

December 31, 2022

Attached Table 9

<u>Name of Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding percentage</u>
Ruentex Industries Ltd.	812,208,675	25.70
Huei Hong Investment Co., Ltd.	234,952,714	7.43