

Ruentex Development Co., Ltd.
Unconsolidated Financial Statements and Report
of Independent Accountants
2023 and 2022
(Stock Code: 9945)

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Ruentex Development Co., Ltd.

Unconsolidated Financial Statements and Report of Independent Accountants of 2023

and 2022

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Independent Auditors' Report

Letter No. (2024) Cai-Shen-Bao-Zi 23004934

Ruentex Development Co., Ltd. The Board of Directors and Shareholders:

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2023 and 2022 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, 2023 and 2022, 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.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards 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 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, 2023. 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, 2023 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, 2023 was NT\$101,520,448 thousand, representing 76.92% of total assets. For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note 4(13). For the explanation on the accounts, please refer to Financial Statements Note 6(7).

Since the investments accounted for using equity method involves domestic and overseas investments at various levels with cross-holdings, it is considered to be a relatively complicated calculation. In addition, since the amount is significant and requires greater manpower to perform the audit, we are of the opinion that the accuracy of the investment balance under equity method shall be listed as one of the most important matters for the audit of the present year.

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(13). For the explanation on the accounts, please refer to Financial Statements Note 6(7).

On December 31, 2023, 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 2023 have significant impacts on the parent company only financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction contract 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 Contract Income - Construction Completion Progress

Description of Key Audit Matters

The Ruentex Engineering & Construction of construction contract 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 contract 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 contract 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 controls that would affect the recognition of construction contract revenue based on stage of completion, including verifying the evidence of additional or less work and significant constructions.
3. We conducted on-site observation and interviews at major construction sites still in progress at the end of the sampling period to confirm that the progress of such projects was proceeding as scheduled.
4. We obtained details of construction profit or loss and performed substantive procedures, including randomly checking the incurred cost of current period with the appropriate evidence, and additional or less work with the supporting documents, and recalculated the stage of completion to ensure a reasonable recognition of construction contract revenue.

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.

Assessment of the fair value of investment property (including investment property held by subsidiaries under the equity method)

For the main sources of uncertainty in the accounting policies and critical accounting judgments, estimates and assumptions of the investment property, please refer to Notes 4(16) and 5 of the parent company only financial statements. For explanation of accounting items, please refer to Note 6(10) of the parent company only financial statements.

The investment property (including investment property held by subsidiaries under the equity method) held by Ruentex Development is subsequently measured at fair value. Since the assessment of fair value involves significant accounting estimates and judgments of the management, we have listed the fair value assessment of the investment properties held by Ruentex Development (including subsidiaries invested under the equity method) as one of the most important audit matters of the year.

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

1. Valuation of the professional competence and independence of the independent appraiser by the management. And discuss with management the scope of work and

appointment method of the valuation personnel to ensure that there are no factors that affect their independence or limit their scope of work.

2. Evaluate the judgments made by the independent appraiser used by management, including whether the appraisal method and the key assumptions used are reasonable.
3. Verify the accuracy and completeness of the data used by the independent valuer employed by the management during the evaluation process.

- Reference to Audits by Other Accountants

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. The balances of the investment in the aforementioned companies under the equity method as of December 31, 2023 and 2022 were NT\$1,892,327 thousand and NT\$2,264,563 thousand, respectively, or 1.43% and 1.89% of total assets, respectively. From January 1 to December 31, 2023 and 2022, the share of income and other comprehensive income of the subsidiaries, affiliates and joint ventures recognized under the equity method were NT\$(295,185) thousand and NT\$(820,057) thousand, respectively, accounting for 1.58% and 1.55% of the comprehensive 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 to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company'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 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 in the Republic of China, we exercise professional judgment and 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, 2023 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

CPA

Chang,Shu-Chiung

Financial Supervisory Commission

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

Former Financial Supervisory Commission, Executive Yuan
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. No.
0990042602

March 13, 2024

Ruentex Development Co., Ltd.
Unconsolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

| Assets | Notes | December 31, 2023 | | December 31, 2022 | | |
|---------------------------|---|-------------------|-----------------------|-------------------|-----------------------|------------|
| | | Amount | % | Amount | % | |
| Current Assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,494,465 | 1 | \$ 5,695,200 | 5 |
| 1150 | Net bills receivable | 6(2) | - | - | 29,476 | - |
| 1170 | Net Accounts Receivable | 6(2) | 12,151 | - | 13,263 | - |
| 1180 | Accounts receivable - related parties - net | 6(2) and 7 | 916 | - | 635 | - |
| 1200 | Other receivables | | 8,270 | - | 156,269 | - |
| 1210 | Other Receivables - related party | 7 | 1,112 | - | 1,345 | - |
| 130X | Inventories | 6(3), 7, and 8 | 22,084,796 | 17 | 21,891,150 | 18 |
| 1410 | Prepaid Expenses | | 222,362 | - | 72,269 | - |
| 1470 | Other Current Assets | 6(1)(4) and 8 | 774,637 | 1 | 1,308,585 | 1 |
| 11XX | Total current assets | | <u>24,598,709</u> | <u>19</u> | <u>29,168,192</u> | <u>24</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(5), 7 and 8 | 1,274,216 | 1 | 1,197,460 | 1 |
| 1535 | Amortized cost financial Assets - non-Current | 6(6) | 60,000 | - | 60,000 | - |
| 1550 | Investment accounted for under the equity method | 6(7), 7 and 8 | 101,520,448 | 77 | 84,913,903 | 71 |
| 1600 | Property, plant, and equipment | 6(8) | 111,937 | - | 139,128 | - |
| 1755 | Right-of-use assets | 6(9) | 502,859 | - | 595,476 | - |
| 1760 | Net value of investment properties | 6(10) and 8 | 3,128,890 | 2 | 3,085,330 | 3 |
| 1840 | Deferred tax Assets | 6(28) | 632,787 | 1 | 649,268 | 1 |
| 1900 | Other non-current Assets | 6(1)(31) and 8 | 146,392 | - | 158,704 | - |
| 15XX | Total non-current assets | | <u>107,377,529</u> | <u>81</u> | <u>90,799,269</u> | <u>76</u> |
| 1XXX | Total Assets | | <u>\$ 131,976,238</u> | <u>100</u> | <u>\$ 119,967,461</u> | <u>100</u> |

(Continued)

Ruentex Development Co., Ltd.
Unconsolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

| Liabilities and Equity | | Notes | December 31, 2023 | | December 31, 2022 | |
|--------------------------------|--|-------------|-----------------------|------------|-----------------------|------------|
| | | | Amount | % | Amount | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(12) and 8 | \$ 4,400,000 | 3 | \$ 5,295,000 | 5 |
| 2110 | Short-term bills payable | 6(13) and 8 | 2,559,620 | 2 | 2,587,360 | 2 |
| 2130 | Contract liabilities - current | 6(20) and 7 | 1,601,518 | 1 | 1,933,272 | 2 |
| 2150 | Notes payable | | 100,685 | - | 87,311 | - |
| 2160 | Notes payable - related party | 7 | 205,251 | - | 66,274 | - |
| 2170 | Accounts Payable | | 170,955 | - | 377,789 | - |
| 2180 | Accounts payable - related party | 7 | 946,888 | 1 | 891,170 | 1 |
| 2200 | Other payables | | 390,994 | - | 356,736 | - |
| 2230 | Income tax liabilities of current period | | 146,520 | - | 263,819 | - |
| 2280 | Lease liabilities - current | 6(9) | 93,086 | - | 91,959 | - |
| 2320 | Long-term liabilities due within one year or one operating cycle | 6(14) and 8 | 4,603,750 | 4 | 5,570,060 | 5 |
| 2399 | Other current liabilities - other | | 139,211 | - | 141,072 | - |
| 21XX | Total Current Liabilities | | <u>15,358,478</u> | <u>11</u> | <u>17,661,822</u> | <u>15</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term Loan | 6(14) and 8 | 19,616,785 | 15 | 20,964,159 | 17 |
| 2570 | Deferred income tax liabilities | 6(28) | 1,003,555 | 1 | 972,302 | 1 |
| 2580 | Lease liabilities - non-current | 6(9) | 431,562 | - | 524,648 | - |
| 2600 | Other non-Current liabilities | 6(15) | 1,119,969 | 1 | 1,046,259 | 1 |
| 25XX | Total Non-Current Liabilities | | <u>22,171,871</u> | <u>17</u> | <u>23,507,368</u> | <u>19</u> |
| 2XXX | Total Liabilities | | <u>37,530,349</u> | <u>28</u> | <u>41,169,190</u> | <u>34</u> |
| Equity | | | | | | |
| | Capital | 6(16) | | | | |
| 3110 | Share capital | | 28,442,251 | 22 | 31,602,501 | 26 |
| | Capital surplus | 6(17) | | | | |
| 3200 | Capital surplus | | 17,730,264 | 13 | 17,616,034 | 14 |
| | Retained earnings | 6(18) | | | | |
| 3310 | Statutory reserves | | 8,007,702 | 6 | 6,962,392 | 6 |
| 3320 | Special reserve | | 58,772,480 | 45 | 20,326,692 | 17 |
| 3350 | Undistributed earnings | | 7,623,193 | 6 | 39,491,098 | 33 |
| | Other equities | 6(19) | | | | |
| 3400 | Other equities | | (26,048,552) | (20) | (37,115,807) | (30) |
| 3500 | Treasury stock | 6(7) (16) | (81,449) | - | (84,639) | - |
| 3XXX | Total Equity | | <u>94,445,889</u> | <u>72</u> | <u>78,798,271</u> | <u>66</u> |
| | Significant contingent liabilities and unrecognized contractual commitments | 9 | | | | |
| | Significant subsequent events | 11 | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 131,976,238</u> | <u>100</u> | <u>\$ 119,967,461</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, 2023 and 2022

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

| Item | Notes | 2023 | | 2022 | |
|--|-----------------------------|----------------------|------------|------------------------|---------------|
| | | Amount | % | Amount | % |
| 4000 Operation income | 6(20) and 7 | \$ 8,025,879 | 100 | \$ 10,812,961 | 100 |
| 5000 Operation cost | 6(2)(212)(26) (27) and 7 | (5,808,188) | (72) | (8,374,384) | (77) |
| 5900 Gross profit | | <u>2,217,691</u> | <u>28</u> | <u>2,438,577</u> | <u>23</u> |
| Operating Expenses | 6(15)(26) (27) and 7 | | | | |
| 6100 Selling expenses | | (625,724) | (8) | (710,666) | (7) |
| 6200 General & administrative expenses | | (289,830) | (4) | (267,617) | (2) |
| 6450 Expected credit impairment gains | 12(2) | 88 | - | 165 | - |
| 6000 Total Operating Expenses | | (915,466) | (12) | (978,118) | (9) |
| 6900 Operating Profit | | <u>1,302,225</u> | <u>16</u> | <u>1,460,459</u> | <u>14</u> |
| Non-operating Income and Expenses | | | | | |
| 7100 Interest revenue | 6(6)(22)and 7 | 140,388 | 2 | 96,590 | 1 |
| 7010 Other income | 6(5)(23) | 18,657 | - | 19,334 | - |
| 7020 Other gains and losses | 6(24) | 104,770 | 1 | 406,131 | 4 |
| 7050 Financial Costs | 6(3)(9)(25) | (415,851) | (5) | (306,542) | (3) |
| 7070 Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method | 6(7) | <u>6,848,139</u> | <u>86</u> | <u>7,814,291</u> | <u>72</u> |
| 7000 Total non-operating income and expenses | | <u>6,696,103</u> | <u>84</u> | <u>8,029,804</u> | <u>74</u> |
| 7900 Net profit before tax | | <u>7,998,328</u> | <u>100</u> | <u>9,490,263</u> | <u>88</u> |
| 7950 Income tax expense | 6(28) | (253,813) | (3) | (335,177) | (3) |
| 8200 Net income of current period | | <u>\$ 7,744,515</u> | <u>97</u> | <u>\$ 9,155,086</u> | <u>85</u> |
| Other comprehensive income | | | | | |
| Items not to be reclassified into profit or loss | | | | | |
| 8311 Remeasurement of defined benefit plan | 6(15) | (\$ 4,451) | - | \$ 9,101 | - |
| 8316 Unrealized profit or loss on equity investments at fair value through other comprehensive income | 6(5) | 82,337 | 1 | (52,351) | (1) |
| 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(19) | 23,252 | - | 114,558 | 1 |
| 8349 Income tax relating to non-reclassified items | 6(19) (28) | (3,100) | - | 83,270 | 1 |
| 8310 Total of items not to be reclassified into profit or loss | | <u>98,038</u> | <u>1</u> | <u>154,578</u> | <u>1</u> |
| Items may be reclassified subsequently to profit or loss | | | | | |
| 8361 Exchange differences on translating foreign operations | | (1,046) | - | 286,748 | 3 |
| 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(19) | 10,861,293 | 135 | (62,939,624) | (582) |
| 8399 Income tax related to items may be reclassified into profit or loss | 6(19) (28) | (12,352) | - | 457,068 | 4 |
| 8360 Total of items may be reclassified subsequently to profit or loss | | <u>10,847,895</u> | <u>135</u> | <u>(62,195,808)</u> | <u>(575)</u> |
| 8300 Other comprehensive income (net) | | <u>\$ 10,945,933</u> | <u>136</u> | <u>(\$ 62,041,230)</u> | <u>(574)</u> |
| 8500 Total Comprehensive Income Current Period | | <u>\$ 18,690,448</u> | <u>233</u> | <u>(\$ 52,886,144)</u> | <u>(489)</u> |
| Earnings per share | 6 (29) | | | | |
| 9750 Basic earnings per share | | \$ 2.65 | | \$ 3.00 | |
| 9850 Diluted earnings per share | | \$ 2.65 | | \$ 3.00 | |

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.
Individual Equity Statement
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

| | Notes | Share capital | Capital surplus | Retained earnings | | | Other equities | Treasury stock | Total Equity |
|---|--------------|---------------|-----------------|--------------------|-----------------|------------------------|-----------------|----------------|----------------|
| | | | | Statutory reserves | Special reserve | Undistributed earnings | | | |
| <u>2022</u> | | | | | | | | | |
| Balance on 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(18) | - | - | - | - | 9,155,086 | - | - | 9,155,086 |
| Other comprehensive income | 6(18)(19) | - | - | - | - | 274,568 | (62,315,798) | - | (62,041,230) |
| Total Comprehensive Income Current Period | | - | - | - | - | 9,429,654 | (62,315,798) | - | (52,886,144) |
| Appropriation and distribution of the earnings for 2021: | 6(18) | | | | | | | | |
| Statutory reserves | | - | - | 1,643,956 | - | (1,643,956) | - | - | - |
| Cash dividends | | - | - | - | - | (4,213,667) | - | - | (4,213,667) |
| Share dividend | 6(16) | 10,534,167 | - | - | - | (10,534,167) | - | - | - |
| Reversal of dividends unclaimed by shareholders with claim period elapsed | 6(17) | - | (117) | - | - | - | - | - | (117) |
| Changes in associates & joint ventures accounted for using equity method | 6(17) | - | 29,741 | - | - | - | - | - | 29,741 |
| Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income | 6(18) | - | - | - | - | 1,298,632 | (1,298,632) | - | - |
| Disposal of equity in subsidiaries (without losing control) | 6(17) | - | 3,674 | - | - | - | 278 | - | 3,952 |
| Adjustments to cash capital increases of associates not recognized in proportion to the shareholding | 6(7)(17)(18) | - | (766,350) | - | - | (275,185) | - | - | (1,041,535) |
| Balance on December 31, 2022 | | \$ 31,602,501 | \$ 17,616,034 | \$ 6,962,392 | \$ 20,326,692 | \$ 39,491,098 | (\$ 37,115,807) | (\$ 84,639) | \$ 78,798,271 |
| <u>2023</u> | | | | | | | | | |
| Balance on January 1, 2023 | | \$ 31,602,501 | \$ 17,616,034 | \$ 6,962,392 | \$ 20,326,692 | \$ 39,491,098 | (\$ 37,115,807) | (\$ 84,639) | \$ 78,798,271 |
| Net income of current period | 6(18) | - | - | - | - | 7,744,515 | - | - | 7,744,515 |
| Other comprehensive income | 6(18)(19) | - | - | - | - | (121,637) | 11,067,570 | - | 10,945,933 |
| Total Comprehensive Income Current Period | | - | - | - | - | 7,622,878 | 11,067,570 | - | 18,690,448 |
| Appropriation and distribution of the earnings for 2022: | 6(18) | | | | | | | | |
| Statutory reserves | | - | - | 1,045,310 | - | (1,045,310) | - | - | - |
| Special reserve | | - | - | - | 38,445,788 | (38,445,788) | - | - | - |
| Cash Reduction | 6(16) | (3,160,250) | - | - | - | - | - | 3,190 | (3,157,060) |
| Dividends not claimed by shareholders in the given period of time | 6(17) | - | 1,717 | - | - | - | - | - | 1,717 |
| Changes in associates & joint ventures accounted for using equity method | 6(17) | - | 22,391 | - | - | - | - | - | 22,391 |
| Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income | 6(18) | - | - | - | - | 315 | (315) | - | - |
| Adjustments to cash capital increases of associates not recognized in proportion to the shareholding | 6(7)(17)(18) | - | 90,122 | - | - | - | - | - | 90,122 |
| Balance on December 31, 2023 | | \$ 28,442,251 | \$ 17,730,264 | \$ 8,007,702 | \$ 58,772,480 | \$ 7,623,193 | (\$ 26,048,552) | (\$ 81,449) | \$ 94,445,889 |

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.
Individual Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | Notes | 2023 | | Unit: NT\$ thousands 2022 |
|---|-----------|---------------|---|------------------------------|
| <u>Cash flows from operating activities</u> | | | | |
| Profit before Income Tax current period | | \$ 7,998,328 | | \$ 9,490,263 |
| Adjustments | | | | |
| Income and expenses | | | | |
| Unrealized incomes among affiliates | | 26,568 | | 18,616 |
| Depreciation expense | 6(26) | 126,009 | | 125,091 |
| Expected credit impairment gains | 6(26) | (88) | (| 165) |
| Interest Cost | 6(25) | 415,851 | | 306,542 |
| Interest revenue | 6(22) | (140,388) | (| 96,590) |
| Dividend income | 6(5)(23) | (89) | (| 102) |
| Share of profit of associates accounted for using the equity method | 6(7) | (6,848,139) | (| 7,814,291) |
| Gains on disposals of real estate, plant and equipment | 6(24) | (1) | (| 6) |
| Investment property fair value (gain) loss | 6(10)(24) | (43,560) | | 83,871 |
| Changes in assets/liabilities relating to operating activities | | | | |
| Net changes in assets relating to operating activities | | | | |
| Notes receivable | | 29,476 | (| 29,476) |
| Accounts receivable | | 1,200 | (| 1,972) |
| Accounts receivable - related party | | (281) | (| 96) |
| Other receivables | | 133,410 | (| 138,341) |
| Other receivables - related Party | | 233 | | 2,721 |
| Inventories | | (24,551) | | 1,553,693 |
| Prepaid Expenses | | (150,093) | | 35,031 |
| Other Current Assets | | 502,089 | (| 290,092) |
| Net change in liabilities related to operating activities | | | | |
| Contractual Liabilities - Current | | (331,754) | (| 369,418) |
| Notes payable | | 13,374 | | 54,656 |
| Notes Payable – related Party | | 138,977 | (| 89,477) |
| Accounts Payable | | (206,834) | | 276,549 |
| Accounts Payable – related Party | | 55,718 | | 543,013 |
| Other payables | | 22,288 | | 5,980 |
| Other Current liabilities | | (1,861) | | 20,505 |
| Other non-Current liabilities | | (1,452) | (| 3,628) |
| Cash flow in from operating | | 1,714,430 | | 3,682,877 |
| Interest received | | 154,977 | | 82,128 |
| Amount of interest Paid | | (582,685) | (| 405,073) |
| Dividends received | | 1,708,873 | | 3,257,724 |
| Income tax paid | | (352,586) | (| 444,328) |
| Cash inflow from operating activities | | 2,643,009 | | 6,173,328 |

(Continued)

Ruentex Development Co., Ltd.
Individual Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | Notes | 2023 | Unit: NT\$ thousands 2022 |
|---|----------|----------------|------------------------------|
| <u>Cash flows from investing activities</u> | | | |
| Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current | 6(5) | \$ - | (\$ 15,929) |
| Disposal of financial Assets at fair value through other comprehensive income acquired - non-Current | 6(5) | - | 1,299,428 |
| Share capital returned from capital reduction in financial assets at fair value through other comprehensive income - non-current | 6(5) | 1,498 | 849 |
| Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current; consider a dividend returned at initial holding cost | 6(5) | 4,083 | - |
| Investment accounted for under the equity method | 6(7) | (586,161) | (3,742,116) |
| Return of funds to reduced investment adopting the Equity method | 6(7) | 105,363 | - |
| Real estate, plant and equipment acquired | 6(8) | (6,201) | (7,421) |
| Disposal the payment of property, plant and equipment | | 1 | 94 |
| Decrease (increase) in other financial assets | | 44,337 | (23,250) |
| Increase in other non-current assets | | (166) | (735) |
| Cash used in investing activities | | (437,246) | (2,489,080) |
| <u>Cash flows from financing activities</u> | | | |
| Net increase (decrease) in short-term borrowings | 6(31) | (895,000) | 3,695,000 |
| Net decrease in short-term bills payable | 6(31) | (30,000) | (1,490,000) |
| Amount of long-term borrowings | 6(31) | 32,112,000 | 45,575,000 |
| Repayments of long-term borrowings | 6(31) | (34,412,000) | (47,220,000) |
| Increase in guarantee deposits | 6(31) | 70,711 | 23,808 |
| Principal elements of lease payments | 6(9)(31) | (91,959) | (90,839) |
| Cash dividends paid | 6(18) | - | (4,213,667) |
| Cash Reduction | 6(16) | (3,160,250) | - |
| Cash used in financing activities | | (6,406,498) | (3,720,698) |
| Decrease of cash and cash equivalents current period | | (4,200,735) | (36,450) |
| Cash and cash equivalents, beginning of period | 6(1) | 5,695,200 | 5,731,650 |
| Cash and cash equivalents, end of period | 6(1) | \$ 1,494,465 | \$ 5,695,200 |

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 Financial Statements
2023 and 2022

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. Date and Procedure for Approval of Financial Statements

The unconsolidated financial statements were authorized for issuance by the Company’s board of directors on March 13, 2024. on March 15, 2022.

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 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 |
| Amendments to IAS 12 “International tax reform - Pillar Two model rules” | May 23, 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.

(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 2024 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 16, “Lease Liability in a Sale and Leaseback” | January 1, 2024 |
| 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 |
| Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements” | January 1, 2024 |

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) |
| 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 |
| Amendments to IAS No. 21 “Lack of Convertibility” | January 1, 2025 |

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 at fair value through other comprehensive income.
 - (2) Investment property subsequently measured at fair value
 - (3) 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 and issued into effect 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 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.

(VII) 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.

(VIII) 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.

(IX) 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.

(X) 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.

(XI) 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.

(XII) 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.

(XIII) 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 Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

8. For changes of equity interests in affiliated company that do not relate to profit and loss or other comprehensive income or affect proportion of shares held by the Company, the Company shall recognize these changes in equity interests as capital reserve in proportion to shares it holds in the affiliated company.
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 or 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 loses 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.

(XIV) 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. 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 real estate, 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 ~ 10 years |
| Warehouse equipment | 2 years ~ 8 years |
| Transportation equipment | 3 years ~ 5 years |
| Office equipment | 2 years ~ 6 years |
| Other equipment | 3 years ~ 8 years |

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) 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.

(XX) 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.

(XXI) 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. Remuneration to employee

Employees' compensation 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.

(XXII) 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. 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 standalone business that at the time of the transaction affects neither accounting nor taxable profit or loss and does not generate equivalent taxable and deductible temporary differences. 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.

(XXIII) 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.

(XXIV) 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.

(XXV) 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.

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 carrying amount 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, the valuation method and key

assumptions used, 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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Cash on hand and revolving funds | \$ 4,243 | \$ 4,920 |
| Checking deposits | 135,421 | 394,628 |
| Demand deposits | 445,898 | 2,132,627 |
| Time deposits | 133,139 | 2,524,575 |
| Cash equivalents - Bonds under repurchase agreements | <u>775,764</u> | <u>638,450</u> |
| | <u>\$ 1,494,465</u> | <u>\$ 5,695,200</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, 2023 and 2022 due to advance receipt trust for construction projects and project performance bond were NT\$316,954 and NT\$870,597, respectively, of which NT\$222,838 and NT\$763,993 were classified as other current assets - other financial assets (see Note 6(4) for details); NT\$94,116 and NT\$106,604 were classified as other non-current assets - other financial assets; see Note 6(11) for details.

(II) Notes and accounts receivable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------|--------------------------|--------------------------|
| Notes receivable | \$ - | \$ 29,476 |
| Accounts receivable | \$ 12,160 | \$ 13,360 |
| Less: Allowance for loss | (9) | (97) |
| Subtotal | <u>12,151</u> | <u>13,263</u> |
| Accounts receivable - related party | <u>916</u> | <u>635</u> |
| | <u>\$ 13,067</u> | <u>\$ 13,898</u> |

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------|--------------------------|--------------------------|
| Not overdue | \$ 13,060 | \$ 43,326 |
| Overdue | | |
| 91 days and more | <u>16</u> | <u>145</u> |
| | <u>\$ 13,076</u> | <u>\$ 43,471</u> |

The aging analysis was based on past due date.

2. The balances of the receivables and as of December 31, 2023 and 2022 were incurred by the clients' contracts; also as of January 1, 2022, the balances of the receivables was NT\$11,666.
3. The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$0 and NT\$29,476 for notes receivable, as of December 31, 2023 and 2022, respectively; the accounts receivable were NT\$13,067 and NT\$13,898 as of December 31, 2023 and 2022, respectively.
4. The Company does not hold any collateral as security.

5. For credit risk information related to accounts receivable, please refer to Note 12(2).

(III) Inventories

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Construction business department: | | |
| Real property for sale (including parking space) | \$ 5,359,798 | \$ 6,940,535 |
| Property under construction | 10,925,907 | 9,165,084 |
| Construction land | 3,752,376 | 3,750,279 |
| Prepayment for land purchases | 2,502,776 | 2,497,372 |
| Less: Allowance for valuation losses | (536,877) | (542,858) |
| Subtotal | <u>22,003,980</u> | <u>21,810,412</u> |
| Wholesale Business Department: | | |
| Merchandise inventory | 81,696 | 81,452 |
| Less: allowance for obsolescence loss | (880) | (714) |
| Subtotal | <u>80,816</u> | <u>80,738</u> |
| Total | <u>\$ 22,084,796</u> | <u>\$ 21,891,150</u> |

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

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cost of inventories sold | \$ 5,804,351 | \$ 8,201,612 |
| loss on physical inventory | 9,450 | 7,906 |
| Gain from price recovery/Loss from price reduction | (5,815) | 164,675 |
| | <u>\$ 5,807,986</u> | <u>\$ 8,374,193</u> |

The market price recovery during 2023 led to rebounded gains from inventories for the Company.

2. Inventory capitalization amount and interest range:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Amount of capitalization | <u>\$ 169,095</u> | <u>\$ 97,553</u> |
| Interest rate collars of capitalization | 1.66% ~ 1.76% | 0.79% ~ 1.58% |

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, 2023</u> | | <u>December 31, 2022</u> |
|--|--------------------------|-----------|--------------------------|
| Joint construction guarantee deposits | \$ 421,137 | \$ | 482,738 |
| Restricted bank deposits | 222,838 | | 763,993 |
| Guarantee deposits paid | 30,646 | | 904 |
| Incremental costs of obtaining contracts | <u>100,016</u> | | <u>60,950</u> |
| | <u>\$ 774,637</u> | <u>\$</u> | <u>1,308,585</u> |

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

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

| <u>Item</u> | <u>December 31, 2023</u> | | <u>December 31, 2022</u> |
|--|--------------------------|-----------|--------------------------|
| Non-current items | | | |
| Equity Instrument | | | |
| Shares of the TPEX listed companies | \$ 674,060 | \$ | 678,143 |
| Shares of non-TWSE/TPEX listed companies | <u>963</u> | | <u>2,136</u> |
| | <u>675,023</u> | | <u>680,279</u> |
| Adjustments for valuation | | | |
| - Shares of the TPEX listed companies | 599,256 | | 518,417 |
| - Shares of non-TWSE/TPEX listed companies | <u>(63)</u> | <u>(</u> | <u>1,236)</u> |
| | <u>599,193</u> | | <u>517,181</u> |
| Total | <u>\$ 1,274,216</u> | <u>\$</u> | <u>1,197,460</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\$1,273,316 and NT\$1,196,560 as of December 31, 2023 and 2022, respectively.
2. The Company chose to classify the non-TWSE/TPEX stocks under strategic investment as the financial Assets at fair value through other comprehensive income, and the fair value of such investment on December 31, 2023 and 2022 was NT\$900.
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\$1,274,216 and NT\$1,197,460 as of December 31, 2023 and 2022, respectively.
4. 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.
5. Pacific Resources Corporation's (Pacific Resources Corporation's) equity instruments held by the Company:
 - (1) Pacific Resources Corporation conducted a cash capital reduction in August 2022 to enhance its financial structure, 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%.
- (2) Pacific Resources Corporation was set to revitalize the use of investors' fund and enhance the ROE, it has conducted a cash capital reduction in May 2023, to reduce capital by 95% at the par value of NT\$10 per share. Therefore, the total amount of capital to be reduced by the Company was NT\$1,498, of which NT\$1,173 was regarded as the return of the original investment cost, and the investment cost and unrealized valuation adjustment - loss were written off; additionally, NT\$325 was regarded as realized valuation gain reclassified to retained earnings. After the capital reduction, the Company's shareholding remained at 1.05%.
 6. Brogent Technologies Inc., a listed company held by the Company, has in August 2023 distributed cash of \$4,083 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Company's original cost of the holding.
 7. 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).
 8. 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>2023</u> | <u>2022</u> |
|---|------------------|------------------------|
| Changes in fair value recognized as other comprehensive income | \$ <u>82,337</u> | (\$ <u>52,351</u>) |
| Unrealized valuation gains on financial assets transferred to retained earnings due to disposal | (\$ <u>325</u>) | (\$ <u>1,170,895</u>) |
| Dividend incomes recognized in profit and loss | \$ <u>89</u> | \$ <u>102</u> |

9. 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.
10. For information on the price risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

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

| <u>Item</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------|--------------------------|--------------------------|
| Subordinated corporate bonds | \$ <u>60,000</u> | \$ <u>60,000</u> |

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

| | <u>2023</u> | <u>2022</u> |
|------------------|-----------------|-----------------|
| Interest revenue | <u>\$ 2,096</u> | <u>\$ 2,100</u> |

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, 2023 and 2022 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).

(VII) Investments accounted for using equity method

1. Details are as follows:

| <u>The investee company</u> | <u>Book value</u> | |
|--|--------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| The listed asset accounts: | | |
| <u>Subsidiaries</u> | | |
| Ruentex Construction International BVICo., Ltd. (Ruentex Construction) | \$ 1,572,229 | \$ 1,576,407 |
| Ruentex Construction International Co., Ltd. (Ruentex Construction) | 1,995,297 | 2,096,988 |
| Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi) | 7,102,527 | 7,152,108 |
| Ruentex Syu Jan Co., Ltd. (Ruentex Syu Jan) | 6,937,013 | 6,991,047 |
| Ruentex Materials Co., Ltd. (Ruentex Materials) | 177,666 | 171,323 |
| Ruentex Security Co., Ltd. (Ruentex Security) | 94,212 | 89,651 |
| Ruentex Property Management & Maintenance Co., Ltd. (Ruentex Property) | 38,446 | 38,020 |
| Ruen Fu Newlife Corp. (Ruen Fu) | 16,337 | 4,004 |
| Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering) | 1,519,668 | 1,612,514 |
| Ruentex Innovative Development Co., Ltd. (Ruentex Innovative Development) | 1,874,923 | 1,926,798 |
| Ruentex Interior Design Inc. (Ruentex Interior Design) | 24,524 | 24,090 |
| Less: Treasury stock | - | (3,190) |
| Subtotal | <u>21,352,842</u> | <u>21,679,760</u> |

| <u>The investee company</u> | <u>Book value</u> | |
|---|--------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| <u>Associates</u> | | |
| Shing Yen Construction Development Co., Ltd. (Shing Yen) | \$ 398,388 | \$ 422,785 |
| Ruentex Industries Ltd. (Ruentex Industries) | 10,863,692 | 9,129,021 |
| Gin-Hong Investment Co., Ltd. (Gin-Hong) | 708,113 | 788,538 |
| Concord Greater China Ltd. (Concord) | 569,928 | 825,743 |
| Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend) | 1,306,417 | 874,196 |
| Ruen Chen Investment Holdings Ltd. (Ruen Chen Investment Holdings) | 65,523,748 | 50,540,994 |
| Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance) | 797,320 | 652,866 |
| Global Mobile Corp. (Global Mobile) | - | - |
| Subtotal | <u>80,167,606</u> | <u>63,234,143</u> |
| Total | <u>\$ 101,520,448</u> | <u>\$ 84,913,903</u> |

2. The investment shareholder percentage is as follows:

| <u>The investee company</u> | <u>Proportion of Shareholding</u> | |
|------------------------------------|-----------------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| <u>Subsidiary</u> | | |
| Ruentex | 100.00% | 100.00% |
| Ruentex Construction | 100.00% | 100.00% |
| Ruentex Baiyi | 35.00% | 35.00% |
| Ruentex Xu-Zhan | 80.00% | 80.00% |
| Ruentex Materials | 10.49% | 10.49% |
| Ruentex Security | 100.00% | 100.00% |
| Ruentex Property | 100.00% | 100.00% |
| Ruen Fu | 60.00% | 60.00% |
| Ruentex Engineering & Construction | 39.14% | 39.14% |
| Ruentex Innovative Development | 70.00% | 70.00% |
| Ruentex Design | 5.45% | 5.45% |

| <u>The investee company</u> | <u>Proportion of Shareholding</u> | |
|-------------------------------|-----------------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Associates | | |
| Shing Yen | 45.45% | 45.45% |
| Ruentex Industries | 14.28% | 14.28% |
| Gin-Hong | 30.00% | 30.00% |
| Concord | 25.46% | 25.46% |
| Sunny Friend | 25.67% | 26.62% |
| Ruen Chen Investment Holdings | 25.00% | 25.00% |
| Nan Shan Life Insurance | 0.23% | 0.23% |
| Global Mobile | 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>Name of Company</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Ruentex Engineering & Construction | \$ - | \$ 3,190 |

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>2023</u> | <u>2022</u> |
|------------------------------------|---------------|-------------|
| <u>Subsidiary</u> | | |
| Ruentex | \$ 59,765 (\$ | 183,542) |
| Ruentex Construction | (8,271)(| 366,826) |
| Ruentex Baiyi | 28,119 (| 205,472) |
| Ruentex Xu-Zhan | 169,966 (| 645,632) |
| Ruentex Materials | 10,573 | 3,454 |
| Ruentex Security | 18,055 | 13,380 |
| Ruentex Property | 3,363 | 1,992 |
| Ruen Fu | (5,859)(| 9,768) |
| Ruentex Engineering & Construction | 637,324 | 706,886 |
| Ruentex Innovative Development | (25,308)(| 15,798) |
| Ruentex Design | 6,077 | 4,873 |
| Subtotal | 893,804 (| 696,453) |

| <u>The investee company</u> | | <u>2023</u> | | <u>2022</u> |
|-----------------------------|----|------------------|-----|------------------|
| <u>Associates</u> | | | | |
| Shing Yen | \$ | 3,301 | (\$ | 10,356) |
| Ruentex Industries | | 818,609 | | 1,069,088 |
| Gin-Hong | | 22,099 | | 54,830 |
| Concord | | 14,244 | | 9,218 |
| Sunny Friend | | 106,763 | | 229,274 |
| Ruen Chen | | 4,938,055 | | 7,085,529 |
| Investment Holdings | | | | |
| Nan Shan Life Insurance | | 51,264 | | 73,161 |
| Global Mobile | | - | | - |
| Subtotal | | <u>5,954,335</u> | | <u>8,510,744</u> |
| Total | \$ | <u>6,848,139</u> | \$ | <u>7,814,291</u> |

5. As of December 31, 2023 and 2022, 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, 2023 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 2023 and December 2022, followed by a subsequent cash capital increase by issuing 1,799,997 and 1,199,997 new shares, respectively. Based on the plan, the Company paid NT\$18,000 and NT\$12,000 for the new issue in proportion to its shareholding.

7. Associates

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

| <u>Company name</u> | <u>Principal Place of Business</u> | <u>Shareholding percentage</u> | | <u>Nature of relationship</u> | <u>Measurement method</u> |
|-------------------------------|------------------------------------|--------------------------------|--------------------------|-------------------------------|---------------------------|
| | | <u>December 31, 2023</u> | <u>December 31, 2022</u> | | |
| | | | | | |
| Ruen Chen Investment Holdings | Taiwan | 25.00% | 25.00% | Diversification | Equity method |
| Ruentex Industries | Taiwan | 14.28% | 14.28% | Diversification | Equity method |

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

Balance Sheet

| | <u>Ruen Chen Investment Holdings</u> | |
|---|--------------------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Current Assets | \$ 121,888,195 | \$ 156,044,206 |
| Non-current assets (Note 1) | 5,281,003,679 | 5,136,892,334 |
| Current liabilities | (42,098,461) | (39,007,661) |
| Non-current liabilities | (5,062,762,560) | (5,022,339,699) |
| Total net assets (Note 2) | <u>\$ 298,030,853</u> | <u>\$ 231,589,180</u> |
| Portion of the net assets of associates | <u>\$ 65,523,748</u> | <u>\$ 50,540,994</u> |

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: Included in non-controlling interests in Ruen Chen Investment Holdings as of December 31, 2023 and 2022 were NT\$35,935,861 and NT\$29,425,203, respectively.

| | <u>Ruentex Industries</u> | |
|---|---------------------------|--------------------------|
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Current Assets | 8,011,592 | \$ 10,429,935 |
| Non-current assets | 108,058,633 | 91,689,298 |
| Current liabilities | (1,880,037) | (6,167,960) |
| Non-current liabilities | (16,070,358) | (13,672,765) |
| Total net assets (Note) | <u>\$ 98,119,830</u> | <u>\$ 82,278,508</u> |
| Portion of the net assets of associates | <u>\$ 10,863,692</u> | <u>\$ 9,129,021</u> |

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>2023</u> | <u>2022</u> |
| Income | \$ 467,629,672 | \$ 478,762,509 |
| Current Net Profit (Note 1) | 22,062,715 | 31,639,526 |
| Other comprehensive income (Net after tax) | 44,309,180 | (251,235,513) |
| Total Comprehensive Income Current Period (Note 2) | <u>\$ 66,371,895</u> | <u>\$ 219,595,987</u> |

Note 1: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2023 and 2022, in the amount of NT\$2,310,494 and NT\$3,297,410, respectively.

Note 2: Included the net combined comprehensive income (loss) attributable to non-controlling interests in Ruen Chen Investment Holdings for the years ended 2023 and 2022, in amounts of NT6,940,879 and (NT\$22,957,135), respectively.

| | <u>Ruentex Industries</u> | |
|--|---------------------------|----------------------|
| | <u>2023</u> | <u>2022</u> |
| Income | \$ 2,680,640 | \$ 2,874,195 |
| Net income of current period | 7,574,805 | 12,063,155 |
| Other comprehensive income (Net after tax) | 10,567,108 | (67,235,923) |
| Total comprehensive income for this period | <u>\$ 18,141,913</u> | <u>\$ 55,172,768</u> |

| | | | | |
|------------------------------------|----|----------------|----|----------------|
| Dividends received from associates | \$ | <u>322,045</u> | \$ | <u>433,734</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, 2023 and 2022, the total of the carrying amount of individual insignificant associate of the Company were NT\$3,780,166 and NT\$3,564,128 respectively.

| | | <u>2023</u> | | <u>2022</u> |
|--|----|-------------------|-----|---------------------|
| Net income of current period | \$ | 22,654,466 | \$ | 32,611,112 |
| Other comprehensive income (Net after tax) | | 39,057,122 | (| 258,040,012) |
| Total comprehensive income for this period | \$ | <u>61,711,588</u> | (\$ | <u>225,428,900)</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, 2023</u> | | <u>December 31, 2022</u> |
|--------------------|----|--------------------------|----|--------------------------|
| Ruentex Industries | \$ | 10,139,957 | \$ | 10,250,346 |
| Sunny Friend | | <u>3,837,568</u> | | <u>5,134,147</u> |
| | \$ | <u>13,977,525</u> | \$ | <u>15,384,493</u> |

(5) Ruen Chen Investment Holding conducted cash capital increase in October 2023 and November, 2022, and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$125,000 and NT\$100,000.

(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 accumulated provision of impairment loss 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) 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 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 subscribed 3,693 thousand shares of SUNNY FRIEND for cash capital increase of 3,693 thousand shares for a total of NT\$443,161 in June 2023. As a result, the Company's comprehensive shareholding in SUNNY FRIEND decreased from 26.62% to 25.67%, and the capital surplus was adjusted for increase at the same time and recognized the changes in ownership interests in associates of NT\$90,122 (including income tax impact of NT\$12,289).
9. To adjust its capital structure and improve return on equity ratio, Shing Yen conducted a capital reduction in September 2023 and returned cash capital to its shareholders with a capital reduction ratio of 9.63%. The Company received NT\$27,363 from the payment according to the shareholding percentage.
10. In order to improve the use of funds, Gin-Hong conducted capital reductions in October 2023 and returned the capital to shareholders with a capital reduction percentage of 45.61%. The capital refunded to the Company in proportion to the shareholding was NT\$78,000.
11. 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.
12. The Company holds 25.67% 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.
13. For the status of collaterals provided for investments under equity method of the Company, please refer to Note 8.
14. Although the Company's holding of the voting shares of Ruentex Industries, directly or indirectly, does not exceed 20%, but it meets the conditions for significant influence, it is recognized as investment under equity method.
- 15.(1) Due to the supply chain disruption caused by the global pandemic in the recent years and the Russo-Ukrainian War, and other factors that have raised global inflationary pressures, interest rates have surged in 2022, 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 in 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, 2023 and 2022, the fair value of the affected financial assets was NT\$1,036,744,167 and NT\$994,679,285, respectively. If Nan Shan Life Insurance had not reclassified these assets on October 1, 2022, the other equity would have been (NT\$256,308,182) and (NT\$290,546,374) as of December 31, 2023 and 2022. The after-tax change in fair value recognized in other comprehensive income for the period from January to December, 2023 and October to December, 2022 was NT\$34,238,192 and NT\$35,953,774, respectively.
- (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, 2023 and 2022, a special reserve that should be provided by the Company as per the above regulations is NT\$65,163,669 and NT\$72,234,531, respectively.

(VIII) Property, plant, and equipment

2023

| | <u>Machinery and equipment</u> | <u>Warehouse equipment</u> | <u>Transportation equipment</u> | <u>Office equipment</u> | <u>Other equipment</u> | <u>Total</u> |
|---|--------------------------------|----------------------------|---------------------------------|-------------------------|------------------------|-------------------|
| January 1 | | | | | | |
| 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>\$ 139,128</u> |
| January 1 | \$ 24,205 | \$ 18,703 | \$ 675 | \$ 2,619 | \$ 92,926 | \$ 139,128 |
| Addition | 3,768 | - | - | 1,656 | 777 | 6,201 |
| Costs of disposal of assets | (117) | - | - | (31) | (45) | (193) |
| Accumulated depreciation on disposal date | 117 | - | - | 31 | 45 | 193 |
| Depreciation expense | (8,404) | (4,288) | (541) | (1,947) | (18,212) | (33,392) |
| December 31 | <u>\$ 19,569</u> | <u>\$ 14,415</u> | <u>\$ 134</u> | <u>\$ 2,328</u> | <u>\$ 75,491</u> | <u>\$ 111,937</u> |
| December 31 | | | | | | |
| Cost | \$ 100,860 | \$ 30,441 | \$ 28,112 | \$ 36,046 | \$ 160,568 | \$ 356,027 |
| Accumulated depreciation | (81,291) | (16,026) | (27,978) | (33,718) | (85,077) | (244,090) |
| | <u>\$ 19,569</u> | <u>\$ 14,415</u> | <u>\$ 134</u> | <u>\$ 2,328</u> | <u>\$ 75,491</u> | <u>\$ 111,937</u> |

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> |

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

(IX) 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>2023</u> | | <u>2022</u> | |
|----------------------------|-------------------------|----------------|-------------------------|----------------|
| | <u>Buildings - rent</u> | | <u>Buildings - rent</u> | |
| January 1 | | | | |
| - Cost | \$ | 849,578 | \$ | 849,578 |
| - Accumulated depreciation | (| 254,102) | (| 161,485) |
| | \$ | <u>595,476</u> | \$ | <u>688,093</u> |
| January 1 | \$ | 595,476 | \$ | 688,093 |
| Depreciation expense | (| 92,617) | (| 92,617) |
| December 31 | \$ | <u>502,859</u> | \$ | <u>595,476</u> |
| December 31 | | | | |
| - Cost | \$ | 849,578 | \$ | 849,578 |
| - Accumulated depreciation | (| 346,719) | (| 254,102) |
| | \$ | <u>502,859</u> | \$ | <u>595,476</u> |

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

| | <u>December 31, 2023</u> | | <u>December 31, 2022</u> | |
|---|--------------------------|----------------|--------------------------|----------------|
| Total amount of lease liabilities | \$ | 524,648 | \$ | 616,607 |
| Less: Due within one year (listed as lease liabilities - current) | (| 93,086) | (| 91,959) |
| | \$ | <u>431,562</u> | \$ | <u>524,648</u> |

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

| | <u>2023</u> | | <u>2022</u> | |
|---|-------------|---------------|-------------|---------------|
| <u>Items affects the income of the current period</u> | | | | |
| Interest expenses of lease liabilities | \$ | 6,914 | \$ | 8,029 |
| Expenses of short-term lease contracts | | <u>3,089</u> | | <u>3,346</u> |
| | \$ | <u>10,003</u> | \$ | <u>11,375</u> |

5. The Company's total lease cash outflows were NT\$101,962 and NT\$102,214 in 2023 and 2022, respectively, which consisted of NT\$3,089 and NT\$3,346 for short-term lease contracts; NT\$6,914 and NT\$8,029 for interest expense on lease liabilities; and NT\$91,959 and NT\$90,839 for lease principal repayments.

(X) Investment Real Estate

| | | 2023 | | |
|----------------------------|----|------------------|---------------------|---------------------|
| | | <u>Land</u> | <u>Buildings</u> | <u>Total</u> |
| January 1 | \$ | 1,951,078 | \$ 1,134,252 | \$ 3,085,330 |
| Fair value adjustment gain | | 25,728 | 17,832 | 43,560 |
| December 31 | \$ | <u>1,976,806</u> | <u>\$ 1,152,084</u> | <u>\$ 3,128,890</u> |

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

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

| | 2023 | 2022 |
|---|-----------|-----------|
| Rental income from investment real estate | \$ 40,618 | \$ 33,990 |
| Direct operating expenses incurred by investment real estate with the rental income for current period. | \$ 202 | \$ 191 |

2. Basis of Investment Property Fair Value

The fair value of the investment property held by the Company on December 31, 2023 and 2022 at Level 3 fair value 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 the parking spaces of Ruentex Spectacular Life, Banqiao New Land, and Ruen Fu Newlife (New Aspects) as of December 31, 2023 and December 31, 2022 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:

| | December 31, 2023 | | |
|---|--|---|---------------------------------------|
| | Residences (NT\$/ping/monthly) | Offices and stores (NT\$/ping/monthly) | Parking space (NT\$/space/monthly) |
| Estimated rent of the project | \$448~\$990 | \$1,680~\$1,910 | \$3,000~\$4,000 |
| Local rents, or the rental trends of similar property in the market | Equivalent to estimated rentEquivalent to estimated rentEquivalent to estimated rent | | |
| Occupancy rate | 91.67%~97.22% | | |
| Rental growth rate | 0%~2% | | |
| | December 31, 2022 | | |
| | Residences (NT\$/ping/monthly) | Offices and stores (NT\$/ping/monthly) | Parking space (NT\$/space/monthly) |
| Estimated rent of the project | \$448~\$990 | \$1,040~\$1,880 | \$3,000~\$4,190 |
| Local rents, or the rental trends of similar property in the market | Equivalent to estimated rentEquivalent to estimated rentEquivalent to estimated rent | | |
| Occupancy rate | 91.67%~97.22% | | |
| Rental growth rate | 0%~2% | | |

- (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, 2023</u> | <u>December 31, 2022</u> |
| Discount rate | 2.55%~3.54% | 2.98%~3.54% |

(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.

(XI) Other non-current Assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------|--------------------------|--------------------------|
| Restricted deposit | \$ 94,116 | \$ 106,604 |
| Guarantee deposits paid | 47,688 | 47,678 |
| Others | 4,588 | 4,422 |
| | <u>\$ 146,392</u> | <u>\$ 158,704</u> |

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

(XII) Short-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Credit bank loan | \$ 3,900,000 | \$ 4,400,000 |
| Secured bank loan | 500,000 | 895,000 |
| | <u>\$ 4,400,000</u> | <u>\$ 5,295,000</u> |
| Interest rate collars | 1.65% ~ 1.80% | 1.48% ~ 2.10% |

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, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Guarantee notes | <u>\$ 8,735,000</u> | <u>\$ 9,235,000</u> |

(XIII) Short-term bills payable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Commercial papers payable | \$ 2,560,000 | \$ 2,590,000 |
| Less: Unamortized discount | (380) | (2,640) |
| | <u>\$ 2,559,620</u> | <u>\$ 2,587,360</u> |
| Interest rate collars | 1.32% ~ 1.61% | 1.00% ~ 1.74% |

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, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Guarantee notes | <u>\$ 6,428,000</u> | <u>\$ 5,760,000</u> |

(XIV) Long-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Secured bank loan | \$ 12,404,000 | \$ 13,524,000 |
| Credit bank loan | <u>11,366,000</u> | <u>10,066,000</u> |
| | 23,770,000 | 23,590,000 |
| Less: Arrangement fees for leading banks of syndicated loan | (19,260) | (229) |
| | 23,750,740 | 23,589,771 |
| Face value of long term commercial paper | 470,000 | 2,950,000 |
| Less: Unamortized discount | (205) | (5,552) |
| | 24,220,535 | 26,534,219 |
| Less: Due within one year | (4,603,750) | (5,120,060) |
| Due within one operating cycle | - | (450,000) |
| | <u>\$ 19,616,785</u> | <u>\$ 20,964,159</u> |
| Interest rate collars | 1.42% ~ 2.40% | 0.17% ~ 2.13% |

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, 2023, 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 2025 with a credit line of NT\$7,500,000. As of December 31, 2023, the facility drawn was NT\$3,160,000.
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 above-mentioned borrowings was repaid in full in December 2023.
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 September 2021 to September 2026 with a credit line of NT\$5,000,000. As of December 31, 2023, the facility drawn was NT\$4,600,000.
6. The Company signed a syndicated loan agreement with Bank of Taiwan and other banks in March 2023 for the Company's construction financing. The term of the loan was from March 2023 to March 2031, the total loan amount was NT\$21,000,000. Up to the date of December 31, 2023, the Company has not yet drawn down the credit amount. The main commitments of the Company are as follows:
 - (1) The Company should provide the audited financial statements within 150 days after the end of each fiscal year.
 - (2) The Company should provide the reviewed financial statements within 45 days after the end of each fiscal quarter.
7. The Company signed a long-term loan agreement with Taishin Bank in April 2023 to

provide the financing for the construction of the Company. The term of the loan was from April 2023 to April 2026, the total loan amount was NT\$1,000,000. Up to the date of December 31, 2023, the Company has not yet drawn down the credit amount.

8. Except for the loans mentioned above, the term of the remaining loan of the Company was from December 2020 to January 2034.
9. 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, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Guarantee notes | \$ <u>61,276,000</u> | \$ <u>42,285,550</u> |

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Due within one year | \$ 2,772,000 | \$ 8,158,750 |
| Due longer than one year | <u>40,744,957</u> | <u>21,799,000</u> |
| | <u>\$ 43,516,957</u> | <u>\$ 29,957,750</u> |

(XV) 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, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligation | (\$ 115,813) | (\$ 113,683) |
| Fair value of plan assets | <u>68,864</u> | <u>69,733</u> |
| Defined benefit liability (listed as non-current liabilities) | <u>(\$ 46,949)</u> | <u>(\$ 43,950)</u> |

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

| | <u>2023</u> | | |
|---|--|----------------------------------|----------------------------------|
| | <u>Present value of defined benefit obligation</u> | <u>Fair value of plan assets</u> | <u>Defined benefit liability</u> |
| Balance, January 1 | (\$ 113,683) | \$ 69,733 | (\$ 43,950) |
| Current service cost | (488) | - | (488) |
| Interest (expense) revenue | <u>(1,292)</u> | <u>775</u> | <u>(517)</u> |
| | <u>(115,463)</u> | <u>70,508</u> | <u>(44,955)</u> |
| Remeasurements: | | | |
| Return on plan assets (Other than the amount included in interest revenue or expense) | - | 737 | 737 |
| Effects of changes in economic assumptions | (365) | - | (365) |
| Experience adjustments | <u>(4,823)</u> | <u>-</u> | <u>(4,823)</u> |
| | <u>(5,188)</u> | <u>737</u> | <u>(4,451)</u> |
| Contribution to pension fund | - | 2,457 | 2,457 |
| Payment of pension benefits | <u>4,838</u> | <u>(4,838)</u> | <u>-</u> |
| Balance, December 31 | <u>(\$ 115,813)</u> | <u>\$ 68,864</u> | <u>(\$ 46,949)</u> |

| | 2022 | | |
|---|---|---------------------------|---------------------------|
| | Present value of defined benefit obligation | Fair value of plan assets | Defined benefit liability |
| Balance, January 1 | (\$ 125,789) | \$ 69,108 | (\$ 56,681) |
| Current service cost | (321) | - | (321) |
| Interest (expense) revenue | (804) | 441 | (363) |
| Repayment incomes | 1,884 | - | 1,884 |
| | <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 | (747) | - | (747) |
| | <u>3,774</u> | <u>5,327</u> | <u>9,101</u> |
| Contribution to pension fund | - | 2,430 | 2,430 |
| Payment of pension benefits | 7,573 | (7,573) | - |
| Balance, December 31 | <u>(\$ 113,683)</u> | <u>\$ 69,733</u> | <u>(\$ 43,950)</u> |

- (3) 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, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------|-------------|
| Discount rate | 1.15% | 1.20% |
| Future salary increase in percent | 2.00% | 2.00% |

The future mortality rates in 2023 and 2022 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, 2023 | | | | |
| Effects on the present value of a defined benefit obligation | (\$ 1,805) | \$ 1,856 | \$ 1,835 | (\$ 1,794) |
| December 31, 2022 | | | | |
| Effects on the present value of a defined benefit obligation | (\$ 1,938) | \$ 1,995 | \$ 1,975 | (\$ 1,928) |

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, 2024 amounts to NT\$1,721.

(7) As of December 31, 2023, 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 | \$ | 15,344 |
| 1-2 years | | 4,916 |
| 2-5 years | | 43,274 |
| More than 5 years | | <u>60,650</u> |
| | <u>\$</u> | <u>124,184</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) In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations was NT\$8,838 and NT\$9,100, respectively.

(XVI) Capital

1. As of December 31, 2023, the Company's authorized capital was NT\$50,000,000, and the paid-in capital was NT\$28,442,251 (including share capital of convertible corporate bonds of NT\$346,085) 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>2023</u> | <u>2022</u> |
|------------------------------|------------------|------------------|
| January 1 | 3,160,250 | 2,106,833 |
| Cash Reduction | (316,025) | - |
| Capitalization From Earnings | - | 1,053,417 |
| December 31 | <u>2,844,225</u> | <u>3,160,250</u> |

2. 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 shareholders meeting on June 9, 2023, with the capital to be reduced by NT\$3,160,250, or 10%, cancelled 316,025 shares. As approved by the competent authority, and approved by the Board of Directors on August 11, 2023, August 15, 2023 was set as the base date for the capital decrease. After that, the share capital change registration was completed on August 22, 2023, and the share payment was returned on October 2, 2023.
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, 2023 and 2022, Ruentex Engineering & Construction held 9,714 thousand shares and 10,793 thousand shares, respectively. The information on their respective amounts is as follows:

| | <u>December 31, 2023</u> | | <u>December 31, 2022</u> |
|--|--------------------------|-----------|--------------------------|
| | <u>Carrying amount</u> | | <u>Carrying amount</u> |
| Ruentex Engineering & Construction | \$ 16,794 | \$ | 19,984 |
| Amount accounted for using equity method | 64,655 | | 64,655 |
| | <u>\$ 81,449</u> | <u>\$</u> | <u>84,639</u> |

(XVII) 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:

2023

| | Issued at premium | Treasury share transactions | Dividends not claimed by shareholders in the given period of time | 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 | \$ 11,887 | \$ 9,573 | \$ 5,209 | \$ 169,080 | \$ 17,616,034 |
| Others | - | - | 1,717 | 126,269 | - | - | 127,986 |
| Income tax effect | - | - | - | (13,756) | - | -(| 13,756) |
| December 31 | <u>\$ 17,283,659</u> | <u>\$ 136,626</u> | <u>\$ 13,604</u> | <u>\$ 122,086</u> | <u>\$ 5,209</u> | <u>\$ 169,080</u> | <u>\$ 17,730,264</u> |

| | Issued at premium | Treasury share transactions | Dividends not claimed by shareholders in the given period of time | 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 | \$ 12,004 | \$ 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> |

(XVIII) 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 appropriation of 2022 and 2021 earnings was proposed on June 9, 2023, and the proposal was resolved at the shareholders' meeting on June 15, 2022. Details are summarized as follows:

| | 2022 | | 2021 | |
|------------------------|----------------------|------------------------------|----------------------|------------------------------|
| | Amount | Dividend per share (NT\$) | Amount | Dividend per share (NT\$) |
| Legal reserve | \$ 1,045,310 | | \$ 1,643,956 | |
| Special reserve (Note) | 38,445,788 | | - | |
| Cash dividends | - | \$ - | 4,213,667 | \$ 2.00 |
| Share dividend | - | - | 10,534,167 | 5.00 |
| Total | <u>\$ 39,491,098</u> | | <u>\$ 16,391,790</u> | |

5. The Company's earning distribution plan for the year ended December 31, 2023 submitted by the Board of Directors' meeting on March 13, 2024 is as follows:

| | 2023 | |
|------------------------|-----------------------|---------------------------|
| | Amount | Dividend per share (NT\$) |
| Legal reserve | \$ 762,320 | |
| Special reserve (Note) | (11,387,110) | |
| Cash dividends | <u>4,266,338</u> | \$ 1.50 |
| Total | <u>(\$ 6,358,452)</u> | |

Note: (1) As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the 2023 and 2022 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\$319,855) and (NT\$1,697,799) were reversed.

(2) According to the Order Jin-Guan-Zheng-Fa-Zi No. 1090150022, the Company reversed (NT\$11,067,255) and appropriated NT\$37,115,807 for the net deduction of other equity recognized in 2023 and 2022, respectively.

(3) as per Note 6(7)14.(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 a special reserve from the 2023 and 2022 distributable earnings in accordance with the above regulations (1) and (2) and also provided NT\$0 and NT\$3,027,780, respectively, in accordance with the above-mentioned regulations.

(4) The above-mentioned earnings distribution proposal for 2023 has not yet been resolved by the shareholders' meeting.

6. Change of undistributed earnings is as follows:

| | <u>2023</u> |
|--|----------------------|
| January 1, 2023 | \$ 39,491,098 |
| Appropriation and distribution of retained earnings of 2022: | |
| - Legal reserve | (1,045,310) |
| - Special reserve | (38,445,788) |
| Unrealized valuation gains on financial assets transferred to retained earnings due to disposal | 325 |
| Disposal of equity instruments at fair value through other comprehensive income by the associates | (10) |
| Net income of current period | 7,744,515 |
| Remeasurements of defined benefit plans with actuarial valuation | (4,451) |
| Other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method | (118,790) |
| Income tax relating to items that will not be reclassified: | |
| - Tax related to the group | 664 |
| - Tax related to the associates | 940 |
| December 31, 2023 | <u>\$ 7,623,193</u> |
| | <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 by the associates | 127,737 |
| Net income of current period | 9,155,086 |
| Remeasurements of defined benefit plans with actuarial valuation | 9,101 |
| Other comprehensive income of subsidiaries, associates and joint ventures accounted for using the 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> |

(XIX) Other equity items

| | 2023 | | | | | |
|---|--|---------------------------------|--------------------|---|---------------------------------|-----------------|
| | Unrealized valuation profit or loss | Foreign currency translation | Hedging reserve | Reclassification by the overlay approach | Property revaluation surplus | Total |
| January 1, 2023 | (\$ 12,488,283) | (\$ 382,633) | \$ 6 | (\$ 24,281,691) | \$ 36,794 | (\$ 37,115,807) |
| Unrealized valuation profit or loss of financial assets: | | | | | | |
| - The Company | 82,337 | - | - | - | - | 82,337 |
| - Tax related to the Company | (5,279) | - | - | - | - | (5,279) |
| - Subsidiaries and associates (Note 1) | 950,260 | - | - | - | - | 950,260 |
| - Tax amount of subsidiaries and affiliates | 63,170 | - | - | - | - | 63,170 |
| - Unrealized valuation gains on financial assets transferred to retained earnings due to derecognition (Note 2) | (325) | - | - | - | - | (325) |
| - Changes in disposal of associates (Note 1) | 10 | - | - | - | - | 10 |
| Foreign currency translation differences: | | | | | | |
| - The Company | - | (1,046) | - | - | - | (1,046) |
| - Tax related to the Company | - | 209 | - | - | - | 209 |
| - Subsidiaries and affiliates | - | (13,458) | - | - | - | (13,458) |
| - Tax amount of subsidiaries and affiliates | - | 832 | - | - | - | 832 |
| Reclassification by the overlay approach: | | | | | | |
| - Associates (Note 1) | - | - | - | 10,063,557 | - | 10,063,557 |
| - Tax related to the associates | - | - | - | (76,814) | - | (76,814) |
| Property revaluation surplus: | | | | | | |
| - Subsidiaries and affiliates | - | - | - | - | 2,976 | 2,976 |
| - Tax amount of subsidiaries and affiliates | - | - | - | - | 826 | 826 |
| December 31, 2023 | (\$ 11,398,110) | (\$ 396,096) | \$ 6 | (\$ 14,294,948) | \$ 40,596 | (\$ 26,048,552) |

| | 2022 | | | | | |
|---|--|---------------------------------|-----------------|--|------------------------------------|------------------------|
| | Unrealized valuation profit or loss | Foreign currency translation | Hedging reserve | Reclassification by the overlay approach | Property revaluation surplus | Total |
| January 1, 2022 | \$ 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 amount of subsidiaries and affiliates | 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 affiliates | - | 46,982 | - | - | - | 46,982 |
| - Tax amount of subsidiaries and affiliates | -(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 | <u>(\$ 12,488,283)</u> | <u>(\$ 382,633)</u> | <u>\$ 6</u> | <u>(\$ 24,281,691)</u> | <u>\$ 36,794</u> | <u>(\$ 37,115,807)</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(5)5 and 7 for details.

(XX) Operating Revenue

| | <u>2023</u> | | <u>2022</u> | |
|--|-------------|------------------|-------------|-------------------|
| Revenue from contracts with customers: | | | | |
| Revenue from sales of real estate | \$ | 7,019,698 | \$ | 9,787,004 |
| Revenue from sales of goods | | <u>965,563</u> | | <u>991,967</u> |
| Subtotal | | <u>7,985,261</u> | | <u>10,778,971</u> |
| Rental income | | <u>40,618</u> | | <u>33,990</u> |
| | \$ | <u>8,025,879</u> | \$ | <u>10,812,961</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>Taiwan</u> | | | |
|---------------------------------------|------------------------------|-----------------------------|----------------------|--|
| <u>2023</u> | <u>Construction business</u> | <u>Hypermarket business</u> | <u>Total</u> | |
| Departmental revenue | \$ <u>7,019,698</u> | \$ <u>965,563</u> | \$ <u>7,985,261</u> | |
| Timing of revenue recognition | | | | |
| Revenue recognized at a point in time | \$ <u>7,019,698</u> | \$ <u>965,563</u> | \$ <u>7,985,261</u> | |
| | <u>Taiwan</u> | | | |
| <u>2022</u> | <u>Construction business</u> | <u>Hypermarket business</u> | <u>Total</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> | |

2. Contract liabilities

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>January 1, 2022</u> |
|---|--------------------------|--------------------------|------------------------|
| Contract liability: | | | |
| Contract liability - Sales contract for real estate | \$ 1,600,097 | \$ 1,930,831 | \$ 2,300,197 |
| Contract liability - Sales contract for goods | <u>1,421</u> | <u>2,441</u> | <u>2,493</u> |
| Total | \$ <u>1,601,518</u> | \$ <u>1,933,272</u> | \$ <u>2,302,690</u> |

(XXI) Operation cost

| | <u>2023</u> | <u>2022</u> |
|------------------------------|---------------------|---------------------|
| Cost of sales of real estate | \$ 5,091,001 | \$ 7,646,316 |
| Cost of sales of goods | 716,985 | 727,877 |
| Rental cost | 202 | 191 |
| | <u>\$ 5,808,188</u> | <u>\$ 8,374,384</u> |

(XXII) Interest revenue

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Interest on cash in banks | \$ 138,217 | \$ 94,490 |
| Imputed interest for deposit | 69 | - |
| Interest income from the financial assets measured at amortized costs | 2,096 | 2,100 |
| Others | 6 | - |
| | <u>\$ 140,388</u> | <u>\$ 96,590</u> |

(XXIII) Other income

| | <u>2023</u> | <u>2022</u> |
|-----------------|------------------|------------------|
| Dividend income | \$ 89 | \$ 102 |
| Other income | 18,568 | 19,232 |
| | <u>\$ 18,657</u> | <u>\$ 19,334</u> |

(XXIV) Other gains and losses

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Gains on disposals of real estate, plant and equipment | \$ 1 | \$ 6 |
| Investment property fair value adjustment gain (loss) | 43,560 | (83,871) |
| Net foreign exchange gains | 90,151 | 533,996 |
| Others | (28,942) | (44,000) |
| | <u>\$ 104,770</u> | <u>\$ 406,131</u> |

(XXV) Financial Costs

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Interest expense: | | |
| Bank loan and short-term notes and bills | \$ 578,032 | \$ 396,066 |
| Lease liabilities | 6,914 | 8,029 |
| | 584,946 | 404,095 |
| Less: Assets eligible for capitalization | (169,095) | (97,553) |
| | <u>\$ 415,851</u> | <u>\$ 306,542</u> |

(XXVI) Additional information of expenses by nature

| | <u>2023</u> | | <u>2022</u> |
|---|---------------------|-----------|------------------|
| Changes in merchandise inventory | \$ 5,807,986 | \$ | 8,374,193 |
| Employee benefit expense | 403,496 | | 370,312 |
| Depreciation expenses for real estate properties, plants, equipment | 33,392 | | 32,474 |
| Depreciation expenses for right-of-use assets | 92,617 | | 92,617 |
| Rent expense | 3,089 | | 3,344 |
| Tax expense | 55,837 | | 74,627 |
| Advertisement expense | 103,932 | | 184,569 |
| Expected credit impairment gains | (88) | (| 165) |
| Other expense | 223,393 | | 220,531 |
| Operating costs and expenses | <u>\$ 6,723,654</u> | <u>\$</u> | <u>9,352,502</u> |

(XXVII) Employee benefit expense

| | <u>2023</u> | | <u>2022</u> |
|----------------------------------|-------------------|-----------|----------------|
| Wages and salaries | \$ 307,804 | \$ | 283,346 |
| Labor and Health Insurance costs | 21,614 | | 21,117 |
| Pension expense | 9,843 | | 7,900 |
| Directors' Remuneration | 53,813 | | 46,324 |
| Other employment fees | 10,422 | | 11,625 |
| | <u>\$ 403,496</u> | <u>\$</u> | <u>370,312</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, 2023 and 2022, employees' compensation was accrued at NT\$24,067 and NT\$28,556, 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, 2023. The employees' compensation resolved by the board of directors was NT\$24,067, which will be distributed in the form of cash.

The remuneration to employees for 2022 as resolved by the board of directors is consistent with the remuneration to employees amounting to \$28,556 recognized in

the 2022 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.

(XXVIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

| | 2023 | | 2022 |
|---|-------------------|----|----------------|
| Current income tax: | | | |
| Income tax occurred in the current period | \$ 161,429 | \$ | 269,487 |
| Land value increment tax | 79,406 | | 125,752 |
| Income tax imposed on undistributed earnings | - | | 2,388 |
| Overestimation on income tax for prior years | (5,548) | (| 3,008) |
| Total income tax for current period | <u>235,287</u> | | <u>394,619</u> |
| Deferred income tax: | | | |
| Origination and reversal of temporary differences | 18,526 | (| 59,442) |
| Income tax expense | <u>\$ 253,813</u> | \$ | <u>335,177</u> |

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

| | 2023 | | 2022 |
|--|--------------------|----|----------------|
| Changes in unrealized valuation profit or loss | (\$ 5,279) | \$ | 74,223 |
| Share of other comprehensive income of subsidiaries and affiliates | (11,986) | | 527,733 |
| Differences on translation of foreign operations | 209 | (| 57,349) |
| Remeasurements of defined benefit obligation | 1,604 | (| 4,269) |
| | <u>(\$ 15,452)</u> | \$ | <u>540,338</u> |

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

| | 2023 | | 2022 |
|-------------------|-------------|----|---------------|
| Capital surplus | (\$ 13,756) | \$ | 46,543 |
| Retained earnings | <u>\$ -</u> | \$ | <u>37,510</u> |

2. Reconciliation between income tax expense and accounting profit

| | 2023 | | 2022 | |
|---|------|------------|------|------------|
| Imputed income taxes on pretax income at statutory tax rate | \$ | 1,599,665 | \$ | 1,898,053 |
| Expenses to be excluded as stipulated in the tax law | | 36,332 | | 27,027 |
| Income with exemption from tax as stipulated in the tax law | (| 1,450,352) | (| 1,714,922) |
| Realizability evaluation on deferred income tax assets | | 7,154 | | 9,197 |
| Income tax imposed on undistributed earnings | | - | | 2,388 |
| Income tax effects of investment tax credits | | - | (| 1,171) |
| Income tax effects of increases in land rice | (| 12,844) | (| 8,139) |
| Land value increment tax | | 79,406 | | 125,752 |
| Overestimation on income tax for prior years | (| 5,548) | (| 3,008) |
| Income tax expense | \$ | 253,813 | \$ | 335,177 |

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

| | 2023 | | | | |
|--|------------------|--------------------------------------|---|-----------------------------|--------------------|
| | <u>January 1</u> | <u>Recognized in profit and loss</u> | <u>Recognized in other comprehensive income</u> | <u>Recognized in equity</u> | <u>December 31</u> |
| Temporary differences: | | | | | |
| - Deferred income tax assets: | | | | | |
| Loss for market price decline and obsolete and slow-moving inventories | \$ 34,491 | (\$ 1,167) | \$ - | \$ - | \$ 33,324 |
| Pension exceeding the limits | 9,114 | (291) | - | - | 8,823 |
| Deferred promotion expenses | 53,577 | (14,080) | - | - | 39,497 |
| Valuation loss | 315 | - | - | - | 315 |
| Domestic investment loss | 36,739 | 4,514 | - | - | 41,253 |
| Unrealized incomes among affiliates | 14,591 | 5,313 | - | - | 19,904 |
| Share of other comprehensive income of subsidiaries and affiliates | 409,159 | - | (11,986) | - | 397,173 |
| Differences on translation of foreign operations | 53,772 | - | 209 | - | 53,981 |
| Remeasurements of defined benefit obligation | - | - | 1,007 | - | 1,007 |
| Retained earnings | 37,510 | - | - | - | 37,510 |
| Subtotal | 649,268 | (5,711) | (10,770) | - | 632,787 |
| - Deferred income tax liabilities: | | | | | |
| Foreign investment gain | (691,626) | - | - | - | (691,626) |
| Changes in unrealized valuation profit or loss | (30,205) | - | (5,279) | - | (35,484) |
| Allowance for bad debt exceeding the limits | (68) | 44 | - | - | 24 |
| Unrealized foreign exchange gains | (18,035) | 9,554 | - | - | (8,481) |
| Rental cost of investment property | (95,413) | (5,463) | - | - | (100,876) |
| Fair value adjustment gain - investment property | (61,636) | (5,218) | - | - | (66,854) |
| Land value increment tax of investment property | (74,186) | (11,732) | - | - | (85,918) |
| Remeasurements of defined benefit obligation | (597) | - | 597 | - | - |
| Capital surplus | (536) | - | - | (13,756) | (14,292) |
| Subtotal | (972,302) | (12,815) | (4,682) | (13,756) | (1,003,555) |
| Total | (\$ 323,034) | (\$ 18,526) | (\$ 15,452) | (\$ 13,756) | (\$ 370,768) |

| | 2022 | | | | |
|---|-----------------------|--|---|---------------------------------|---------------------|
| | <u>January 1</u> | <u>Recognized in profit and loss</u> | <u>Recognized in other comprehensive income</u> | <u>Recognized in equity</u> | <u>December 31</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) | - | - | - |
| Share of other comprehensive income of subsidiaries and affiliates | - | - | 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 gains | - | (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) |
| Share of other comprehensive income of subsidiaries and affiliates | (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> |

4. Except for the fact that the income tax on the profit-seeking business of the Company has not yet been approved for 2020, the income tax has been approved by the tax authorities up to the year 2021.

(XXIX) Earnings per share

| | <u>2023</u> | | |
|--|-------------------------|--|-------------------------------------|
| | <u>After-tax amount</u> | <u>Weighted average number of shares outstanding (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Net income attributable to ordinary shareholders | \$ 7,744,515 | 2,918,499 | \$ 2.65 |
| <u>Diluted earnings per share</u> | | | |
| Net income attributable to ordinary shareholders | \$ 7,744,515 | 2,918,499 | |
| Impact of potential diluted common shares | | | |
| Remuneration to employee | - | 769 | |
| Effects of the net income attributable to common shareholders plus potential common stocks | \$ 7,744,515 | 2,919,268 | \$ 2.65 |
| | <u>2022</u> | | |
| | <u>After-tax amount</u> | <u>Weighted average number of shares outstanding (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Net income attributable to ordinary shareholders | \$ 9,155,086 | 3,055,001 | \$ 3.00 |
| <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 | - | 795 | |
| Effects of the net income attributable to common shareholders plus potential common stocks | \$ 9,155,086 | 3,055,796 | \$ 3.00 |

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

(XXX) Cash flow supplementary information

Financing activities with no cash flow effects:

| | <u>2023</u> | <u>2022</u> |
|----------------|-------------|---------------|
| Share dividend | \$ - | \$ 10,534,167 |

(XXXI) Changes of liabilities from financing activities

| <u>2023</u> | | | | | | |
|-------------------------------------|------------------------------|---------------------------------|------------------------------------|---|--|--|
| | <u>Short-term borrowings</u> | <u>Short-term notes payable</u> | <u>Guarantee deposits received</u> | <u>Long-term borrowings (including due within one year and one operating cycle)</u> | <u>Lease liabilities (including those due within 1 year)</u> | <u>Total liabilities from financing activities</u> |
| January 1 | \$ 5,295,000 | \$ 2,587,360 | \$ 1,002,309 | \$ 26,534,219 | \$ 616,607 | \$ 36,035,495 |
| Changes of the financing cash flows | (895,000) | (30,000) | 70,711 | (2,300,000) | (91,959) | (3,246,248) |
| Other non-cash changes | - | 2,260 | - | (13,684) | - | (11,424) |
| December 31 | <u>\$ 4,400,000</u> | <u>\$ 2,559,620</u> | <u>\$ 1,073,020</u> | <u>\$ 24,220,535</u> | <u>\$ 524,648</u> | <u>\$ 32,777,823</u> |
| <u>2022</u> | | | | | | |
| | <u>Short-term borrowings</u> | <u>Short-term notes payable</u> | <u>Guarantee deposits received</u> | <u>Long-term borrowings (including due within one year and one operating cycle)</u> | <u>Lease liabilities (including those due within 1 year)</u> | <u>Total liabilities from financing activities</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> |

VII. Transaction with Related Parties

(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 Innovative Development Co., Ltd. (Ruentex Innovative 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) |
| OBI Pharma, Inc. | Other related party (the Company's substantial related party) |
| Shu-Tien Urology and Ophthalmology Clinic | Other related party (juridical person director of the Company's associates) |
| Ruentex Construction & Engineering 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) |
| Tang-Jien Chen | 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 |
| Lee, Chih-Hung | 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>2023</u> | <u>2022</u> |
|-----------------------|------------------|-------------------|
| Subsidiaries | \$ 40,687 | \$ 47,234 |
| Other related parties | - | 877,243 |
| | <u>\$ 40,687</u> | <u>\$ 924,477</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, 2023</u> | | <u>December 31, 2022</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>\$ 96,980</u> | <u>\$ 15,080</u> | <u>\$ 70,480</u> | <u>\$ 12,200</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.

2. Purchases of goods

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|---------------------|---------------------|
| Ruentex Engineering & Construction | \$ 4,073,723 | \$ 3,218,726 |
| Subsidiaries | 388,751 | 314,210 |
| Other related parties | <u>109,237</u> | <u>288,362</u> |
| | <u>\$ 4,571,711</u> | <u>\$ 3,821,298</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, 2023</u> | | <u>December 31, 2022</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 | \$ 11,611,977 | \$ 6,808,116 | \$ 12,135,028 | \$ 5,083,518 |
| Subsidiaries | 806,688 | 66,148 | 482,033 | 135,030 |
| Other related parties | <u>629,306</u> | <u>107,126</u> | <u>629,306</u> | <u>4,938</u> |
| | <u>\$ 13,047,971</u> | <u>\$ 6,981,390</u> | <u>\$ 13,246,367</u> | <u>\$ 5,223,486</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>2023</u> | <u>2022</u> |
|-------------------------|-----------------|-----------------|
| Nan Shan Life Insurance | <u>\$ 2,096</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, 2023</u> | <u>December 31, 2022</u> |
|---------------------------|--------------------------|--------------------------|
| Accounts receivable: | | |
| Subsidiaries | <u>\$ 916</u> | <u>\$ 635</u> |
| Other receivables (Note): | | |
| Nan Shan Life Insurance | \$ 1,090 | \$ 1,096 |
| Associates | - | 2 |
| Subsidiaries | <u>22</u> | <u>247</u> |
| | <u>\$ 1,112</u> | <u>\$ 1,345</u> |

Note: Mainly for interest receivable.

5. Payables to related parties

| | <u>December 31, 2023</u> | | <u>December 31, 2022</u> | |
|------------------------------------|--------------------------|----------------|--------------------------|----------------|
| Notes payable: | | | | |
| Ruentex Engineering & Construction | \$ | 194,418 | \$ | 49,553 |
| Subsidiaries | | 8,758 | | 13,700 |
| Associates | | 2,075 | | 1,355 |
| Other related parties | | - | | 1,666 |
| | <u>\$</u> | <u>205,251</u> | <u>\$</u> | <u>66,274</u> |
| Accounts payable: | | | | |
| Ruentex Engineering & Construction | \$ | 894,502 | \$ | 822,640 |
| Ruentex Design | | 37,646 | | 64,802 |
| Subsidiaries | | 8,359 | | 3,632 |
| Associates (Note) | | 6,381 | | 8 |
| Other related parties | | - | | 88 |
| | <u>\$</u> | <u>946,888</u> | <u>\$</u> | <u>891,170</u> |

Note: mainly refer to computer maintenance fee payable.

6. Property transactions

(1) Acquisition of financial Assets

Please refer to Note 6(5)4, Note 6(7)6(2), Note 6(7)7(5), Note 6(7)7(11) and Note 6(7)8.

- (2) 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\$1,024, which has been paid in full and is recognized under construction land. The ownership transfer registration was completed on December 6, 2022.

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 return on earnings) for 2022 was NT\$7,399.

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, 2023 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, 2023</u> | <u>December 31, 2022</u> |
|--------------|--------------------------|--------------------------|
| Subsidiaries | \$ 6,200,000 | \$ 6,200,000 |

11. Endorsements or Guarantees made by related parties

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Key management personnel | \$ 74,697,112 | \$ 64,374,329 |

(II) Key management compensation information

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Wages and salaries and other short-term employee benefits | \$ 145,364 | \$ 130,948 |
| Post-employment benefits | 1,628 | 1,561 |
| Total | \$ 146,992 | \$ 132,509 |

VIII. Pledged Assets

The Company's Assets pledged as collateral are as follows

| Asset items | Carrying amount | | For guarantee purpose |
|--|----------------------|----------------------|--|
| | December 31, 2023 | December 31, 2022 | |
| Inventories | \$ 16,201,244 | \$ 16,013,412 | Long-term/short-term borrowings and Issuance of Commercial Paper |
| Other financial assets-current (listed as Other Current Assets) | 643,975 | 1,246,731 | Deposits for joint construction and pre-collection of building and land premium trust are invested under the equity method |
| Deposits for joint construction and pre-collection of building and land premium trust are invested under the equity method | 16,107,781 | 14,092,972 | Long-term/short-term borrowings and Issuance of Commercial Paper |
| Long-term/short-term borrowings and Issuance of Commercial Paper | | | |
| Other financial assets - non-current (listed as "other non-current assets") | 94,116 | 106,604 | Money Lodged at Courts and Performance Bonds |
| Investment Real Estate | - | 373,900 | Prepaid Rent |
| | <u>\$ 33,047,116</u> | <u>\$ 31,833,619</u> | |

IX. Significant Contingent Liabilities and Unrecognized 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, 2023 and 2022, in addition to the content described in Note 6(7), (9), (14) and 7, other significant commitments are as follows:

As of December 31, 2023 and 2022, 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\$421,137 and NT\$482,738, respectively.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Notes 6(18) and (27), 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 Company's strategy for 2023 remains the same as that for 2022. As of December 31, 2023 and 2022, the debt to total assets ratio was as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Total borrowings | \$ 31,180,155 | \$ 34,416,579 |
| Less: Cash and cash equivalents | (1,494,465) | (5,695,200) |
| Net debt | 29,685,690 | 28,721,379 |
| Total equity | 94,445,889 | 78,798,271 |
| Total capital | <u>\$ 124,131,579</u> | <u>\$ 107,519,650</u> |
| Debt-to-total-capital ratio | 23.91% | 26.71% |

(II) Financial instruments

1. Type of financial instruments

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at fair value through other comprehensive income acquired - non-Current | \$ 1,274,216 | \$ 1,197,460 |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 1,494,465 | 5,695,200 |
| Notes receivable | - | 29,476 |
| Accounts receivable (including related parties) | 13,067 | 13,898 |
| Other receivables (including related parties) | 9,382 | 157,614 |
| Financial Assets at amortized cost- non-Current | 60,000 | 60,000 |
| Other financial assets (listed as other current assets and other non-current assets) | 816,425 | 1,401,917 |
| | <u>\$ 3,667,555</u> | <u>\$ 8,555,565</u> |

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Financial liabilities</u> | | |
| Financial liabilities are carried at amortized cost | | |
| Short-term borrowings | \$ 4,400,000 | \$ 5,295,000 |
| Short-term bills payable | 2,559,620 | 2,587,360 |
| Notes payable (including related parties) | 305,936 | 153,585 |
| Accounts payable (including related parties) | 1,117,843 | 1,268,959 |
| Other payables | 390,994 | 356,736 |
| Long-term borrowings (including due within one year or one operating cycle) | 24,220,535 | 26,534,219 |
| Guarantee deposits received (listed as other non-current liabilities) | 1,073,020 | 1,002,309 |
| | <u>\$ 34,067,948</u> | <u>\$ 37,198,168</u> |
| Lease liabilities - current and non-current | <u>\$ 524,648</u> | <u>\$ 616,607</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, 2023 | | | | | | | |
|-------------------------------|--|----------------------|---------------------------|-----------------------------|-------------------------------|--|--|
| | <u>Foreign currency</u> (thousands) | <u>Exchange rate</u> | Carrying amount (NT\$) | <u>Sensitivity analysis</u> | | Effects on other comprehensive income | |
| | | | | Range of variation | Effects on profit and loss | | |
| <u>Financial assets</u> | | | | | | | |
| <u>Monetary item</u> | | | | | | | |
| USD:NTD | \$ 4,166 | 30.71 | \$ 127,938 | 1% | \$ 1,279 | \$ - | |
| <u>Non-monetary Items</u> | | | | | | | |
| USD:NTD | 69,754 | 30.71 | 2,142,157 | 1% | - | 21,422 | |
| | | | | | | | |
| December 31, 2022 | | | | | | | |
| | <u>Foreign currency</u> (thousands) | <u>Exchange rate</u> | Carrying amount (NT\$) | <u>Sensitivity analysis</u> | | Effects on other comprehensive income | |
| | | | | Range of variation | Effects on profit and loss | | |
| <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 | |

- 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, 2023 and 2022, amounted to profit of NT\$90,151 and loss of NT\$533,996 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, 2023 and 2022 would have increased/decreased by NT\$12,742 and NT\$11,975.

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 2023 and 2022, 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, 2023 and 2022 would have increased/decreased NT\$28,170 and NT\$28,885, 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, 2023 and 2022 was as follows:

| | <u>Each</u> | <u>Group A</u> | <u>Total</u> |
|--------------------------|-------------|----------------|--------------|
| <u>December 31, 2023</u> | | | |
| Expected loss | 50%~100% | 0%~0.03% | |
| Total carrying amount | \$ 16 | \$12,703 | \$ 12,719 |
| Allowance for losses | 9 | - | 9 |
| <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 |

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>2023</u> | | <u>2022</u> | |
|-----------------------------|----------------------------|----------|----------------------------|-----------|
| | <u>Accounts receivable</u> | | <u>Accounts receivable</u> | |
| January 1 | \$ | 97 | \$ | 262 |
| Reversal of impairment loss | (| 88) | (| 165) |
| December 31 | \$ | <u>9</u> | \$ | <u>97</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 VI(14), 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, 2023 and 2022, the Company's position held in money market were NT\$1,354,801 and

NT\$5,295,652.

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, 2023 | <u>Within 1 year</u> | <u>Within 2-5 years</u> | <u>More than 5 years</u> |
|--|----------------------|-------------------------|--------------------------|
| Short-term borrowings | \$ 4,400,000 | \$ - | - |
| Short-term notes and bills payable (Note 1) | 2,560,000 | - | - |
| Notes payable (including related parties) | 305,936 | - | - |
| Accounts payable (including related parties) | 1,117,843 | - | - |
| Other payables | 390,994 | - | - |
| Lease liabilities (Note 1) | 98,871 | 349,634 | 94,879 |
| Long-term borrowings (including due within one year or one operating cycle) (Note 1) | 4,684,316 | 20,340,183 | - |
| Other financial liabilities (Note 2) | - | 1,073,020 | - |

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 | \$ 5,295,000 | \$ - | - |
| 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 | - |

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.

(III) 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 Company's investment in stocks listed in Taipei and TPEX falls under this category.
- 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, 2023 | <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 | \$ 1,273,316 | \$ - | \$ 900 | \$ 1,274,216 |
| Investment property (Note) | - | - | 3,128,890 | 3,128,890 |
| Total | <u>\$ 1,273,316</u> | <u>\$ -</u> | <u>\$ 3,129,790</u> | <u>\$ 4,403,106</u> |

| December 31, 2022 | <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> |

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:

| Quoted market price | <u>Shares of the TPEX listed companies</u> Closing market prices |
|---------------------|---|
| | <ol style="list-style-type: none">(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 two-year postal time deposit small amount deposit flexible interest rate announced by Chunghwa Post Co.,Ltd. plus 0.75 percentage points.

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, 2023 and 2022, there was no transfer between Level 1 and Level 2.

6. The following table shows the change of Level 3 fair value for the years ended December 31, 2022:

| | <u>2022</u> | |
|--------------------------|---|------------|
| | <u>Non-derivative Equity Instrument</u> | |
| January 1 | \$ | 1,304,238 |
| Sales for current period | (| 1,303,338) |
| December 31 | <u>\$</u> | <u>900</u> |

7. There have been no occurrences of transfer in or out for Level 3 in 2023.

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:

| | December 31, 2023 | | Significant unobservable | | inputs and |
|-----------------------------------|-------------------|--|---|----------------------|---|
| | <u>Fair value</u> | <u>Valuation techniques</u> | <u>Inputs</u> | <u>Discount rate</u> | <u>Fair value relationship</u> |
| Non-derivative Equity Instrument: | | | | | |
| Non public traded securities | \$ 900 | Net assets value method | Not applicable | Not applicable | Not applicable |
| Investment Real Estate | 3,128,890 | 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. |

| | December 31, 2022 | | Significant unobservable | | inputs and |
|-----------------------------------|-------------------|--|---|----------------------|---|
| | <u>Fair value</u> | <u>Valuation techniques</u> | <u>Inputs</u> | <u>Discount rate</u> | <u>Fair value relationship</u> |
| Non-derivative Equity Instrument: | | | | | |
| Non public traded securities | \$ 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. |

Note: Please refer to Note 6(10) 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:

| | <u>Inputs</u> | <u>Changes</u> | <u>2023</u> | |
|-------------------|------------------------------------|----------------|---|------------------------|
| | | | <u>Recognized as other comprehensive income</u> | |
| | | | <u>Favorable changes</u> | <u>Adverse changes</u> |
| Financial assets | | | | |
| Equity Instrument | Discount for lack of marketability | ±1% | \$ 9 | (\$ 9) |

| | <u>Inputs</u> | <u>Changes</u> | <u>2022</u> | |
|-------------------|------------------------------------|----------------|---|------------------------|
| | | | <u>Recognized as other comprehensive income</u> | |
| | | | <u>Favorable changes</u> | <u>Adverse changes</u> |
| Financial assets | | | | |
| Equity Instrument | Discount for lack of marketability | ±1% | \$ 9 | (\$ 9) |

XIII. Separately Disclosed Items

(I) Significant transaction information

- Loans to others: None.
- Provision of endorsements and guarantees to others: Please refer to Table 1.
- 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, 2023

Statement 1

Unit: NT\$ thousands

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> |
|--|---|---------------------|
| Cash on hand | | \$ 2,673 |
| Petty cash | | 1,570 |
| Bank deposits | | |
| - Checking deposits | | 135,421 |
| - Demand deposits | Including USD 32 thousand, an exchange rate of 30.71 NTD to 1 USD. | 445,898 |
| - Time deposits | Including USD 4,134 thousand at an exchange rate of 30.71 NTD to 1 USD Period from October 6, 2023–January 6, 2024 | 133,139 |
| Cash equivalents (Bonds under repurchase agreements) | Interest rate from 0.59%~0.70%; period from December 28, 2023–January 5, 2024 | <u>775,764</u> |
| | | <u>\$ 1,494,465</u> |

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Ruentex Development Co., Ltd.
Statement of Inventories
December 31, 2023

Statement 2

Unit: NT\$ thousands

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> | | <u>Remarks</u> |
|--|----------------|----------------------|----------------------|--|
| | | <u>Cost</u> | <u>Fair value</u> | |
| Construction Business Department | | | | |
| Real property for sale (including parking space) | | \$ 5,359,798 | \$ 8,483,486 | 1. Net realizable value. |
| Property under construction | | 10,925,907 | 12,286,018 | 2. Please refer to the "Note 8, Pledged assets" for details. |
| Construction land | | 3,752,376 | 3,615,354 | |
| Prepayment for land purchases | | 2,502,776 | 2,508,231 | |
| Less: Allowance for valuation losses | | <u>(536,877)</u> | <u>-</u> | |
| Subtotal | | <u>22,003,980</u> | <u>26,893,089</u> | |
| Hypermarket Business Department | | | | |
| Merchandise inventory | | 81,696 | 107,100 | |
| Less: Allowance for obsolescence loss | | <u>(880)</u> | <u>-</u> | |
| | | <u>80,816</u> | <u>107,100</u> | |
| Total inventories | | <u>\$ 22,084,796</u> | <u>\$ 27,000,189</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, 2023 to December 31, 2023

Statement 3

Unit: NT\$ thousands

| Name | Beginning balance | | Increased in the current period (Note 1) | | Decreased in the current period (Note 2) | | Valuation adjustment | Ending balance | | Provided as a guarantee or hedge | |
|--|------------------------------------|---------------------|--|-------------------|--|--------------------|----------------------|------------------------------------|-------------------------|----------------------------------|--------|
| | Number of shares (thousand shares) | Amount | Number of shares (thousand shares) | Amount | Number of shares (thousand shares) | Amount | Amount | Number of shares (thousand shares) | Shareholding percentage | | Amount |
| Brogent Technologies Inc. | 2,809 | \$ 360,964 | - | \$ - | - | (\$ 40,731) | \$ - | 2,809 | 4.34% | \$ 320,233 | Nil |
| OBI Pharma, Inc. | 1,496 | 103,327 | - | 449 | - | - | - | 1,496 | 0.65% | 103,776 | „ |
| TaiMed Biologics, Inc. | 10,357 | 732,269 | - | 117,038 | - | - | - | 10,357 | 4.09% | 849,307 | „ |
| Pacific Resources Corporation | 158 | - | - | 1,498 | (150) | (1,498) | - | 8 | 1.05% | - | „ |
| Asia Pacific Federation of Industry and Commerce | 21 | 900 | - | - | - | - | - | 21 | 0.03% | 900 | „ |
| | | <u>\$ 1,197,460</u> | | <u>\$ 118,985</u> | | <u>(\$ 42,229)</u> | | | | <u>\$ 1,274,216</u> | |

Note 1: It included the changes in the amounts measured at fair value of NT\$117,487 and the capital returned by Pacific Resources Corporation due to its capital reduction of NT\$1,498.

Note 2: Changes at fair value NT\$36,648, dividends from Brogent's capital reserve NT\$4,083, and Pacific Resources Corporation's adjustment of stock payment from capital reduction NT\$1,498.

Ruentex Development Co., Ltd.
Statement of financial Assets at amortized cost - non-Current
January 1, 2023 to December 31, 2023

Statement 4

Unit: NT\$ thousands

| <u>Name</u> | <u>Beginning of Period</u> | | <u>Increased in the current period</u> | | <u>Decreased in the current period</u> | | <u>End of Period</u> | | <u>Provided as a guarantee or hedge</u> | <u>Remarks</u> |
|---------------------------------|----------------------------|------------------------|--|---------------|--|---------------|-------------------------|------------------------|---|----------------|
| | <u>Number of shares</u> | <u>Carrying amount</u> | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</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, 2023 to December 31, 2023

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 | | 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 | \$ 422,785 | - | \$ 3,342 | (2,736) | (\$ 27,739) | 25,679 | 45.45% | \$ 398,388 | \$ 15.55 | \$ 399,360 | Guarantee or pledge Nil |
| Ruentex Industries Ltd. | 157,697 | 9,129,021 | - | 2,064,738 | - | (330,067) | 157,697 | 14.28% | 10,863,692 | 64.30 | 10,139,957 | Please refer to the "Notes 8, Pledged Asset" for more details |
| Ruentex Construction International BVICo., Ltd. | 25,000 | 1,576,407 | - | 59,765 | - | (63,943) | 25,000 | 100.00% | 1,572,229 | 62.87 | 1,571,718 | Nil |
| Gin-Hong Investment Co., Ltd. | 17,100 | 788,538 | - | 22,099 | (7,800) | (102,524) | 9,300 | 30.00% | 708,113 | 76.21 | 708,718 | " |
| Concord Greater China Ltd. | 10,593 | 825,743 | - | 14,244 | - | (270,059) | 10,593 | 25.46% | 569,928 | 53.72 | 569,026 | " |
| Ruentex Construction & Development Co., Ltd. | 200,000 | 2,096,988 | - | 26,227 | - | (127,918) | 200,000 | 100.00% | 1,995,297 | 9.97 | 1,993,772 | " |
| Ruentex Baiyi Co., Ltd. | 70,000 | 7,152,108 | - | 28,119 | - | (77,700) | 70,000 | 35.00% | 7,102,527 | 101.46 | 7,102,527 | " |
| Ruentex Xu-Zhan Development co., Ltd. | 160,000 | 6,991,047 | - | 169,966 | - | (224,000) | 160,000 | 80.00% | 6,937,013 | 43.36 | 6,936,894 | " |
| Sunny Friend Environmental Technology Co., Ltd. | 29,677 | 874,196 | 3,693 | 668,315 | - | (236,094) | 33,370 | 25.67% | 1,306,417 | 115.00 | 3,837,568 | Please refer to the "Notes 8, Pledged Asset" for more details |
| Ruentex Materials Co., Ltd. | 15,740 | 171,323 | - | 10,573 | - | (4,230) | 15,740 | 10.49% | 177,666 | 24.95 | 239,382 | Nil |
| Ruen Chen Investment Holdings Ltd. | 6,658,750 | 50,540,994 | 1,138,000 | 15,089,676 | - | (106,922) | 7,796,750 | 25.00% | 65,523,748 | 8.40 | 65,523,748 | Please refer to the "Notes 8, Pledged Asset" for more details |

Ruentex Development Co., Ltd.
Statement of changes in investments accounted for using the equity method
January 1, 2023 to December 31, 2023

Statement 5

Unit: NT\$ thousands

| | | | | | | | | | | | | |
|---|---------|----------------------|-------|----------------------|----------|-----------------------|---------|---------|-----------------------|--------|-----------------------|-----|
| Ruentex Security Co., Ltd. | 6,900 | 89,651 | - | 18,104 | - | (13,543) | 6,900 | 100.00% | 94,212 | 13.65 | 94,211 | Nil |
| Ruentex Property Management & Maintenance Co., Ltd. | 2,829 | 38,020 | - | 3,569 | - | (3,143) | 2,829 | 100.00% | 38,446 | 13.59 | 38,446 | ” |
| Ruen Fu Newlife Corp. | 1,200 | 4,004 | 1,800 | 18,192 | (1,200) | (5,859) | 1,800 | 60.00% | 16,337 | 9.08 | 16,337 | ” |
| Ruentex Engineering & Construction Co., Ltd. | 72,398 | 1,612,514 | - | 640,722 | - | (733,568) | 72,398 | 39.14% | 1,519,668 | 115.00 | 8,325,707 | ” |
| Ruentex Interior Design Inc. | 736 | 24,090 | - | 6,077 | - | (5,643) | 736 | 5.45% | 24,524 | 177.50 | 130,616 | ” |
| Global Mobile Corp. | 26,082 | - | - | - | - | - | 26,082 | 9.46% | - | - | - | ” |
| Ruentex Innovative Development Co. Ltd. | 198,800 | 1,926,798 | - | - | - | (51,875) | 198,800 | 70.00% | 1,874,923 | 9.93 | 1,973,672 | ” |
| Nan Shan Life Insurance Co., Ltd. | 32,048 | 652,866 | - | 145,561 | - | (1,107) | 32,048 | 0.23% | 797,320 | 24.88 | 797,320 | ” |
| Less: Treasury stock | | (3,190) | | - | | 3,190 | | | - | | - | |
| Total | | <u>\$ 84,913,903</u> | | <u>\$ 18,989,289</u> | | <u>(\$ 2,382,744)</u> | | | <u>\$ 101,520,448</u> | | <u>\$ 110,398,979</u> | |

Ruentex Development Co., Ltd.
Statement of changes in real estate, plant and equipment
January 1, 2023 to December 31, 2023

Statement 6

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>Remarks</u> |
|--------------------------|---|---------------------------------------|---|---|---|---|----------------|
| Machinery and equipment | \$ 97,209 | \$ 3,768 | (\$ 117) | \$ - | \$ 100,860 | Nil | |
| Warehouse equipment | 30,441 | - | - | - | 30,441 | | ” |
| Transportation equipment | 28,112 | - | - | - | 28,112 | | ” |
| Office equipment | 34,421 | 1,656 | (31) | - | 36,046 | | ” |
| Other equipment | <u>159,836</u> | <u>777</u> | <u>(45)</u> | <u>-</u> | <u>160,568</u> | | ” |
| | <u>\$ 350,019</u> | <u>\$ 6,201</u> | <u>(\$ 193)</u> | <u>\$ -</u> | <u>356,027</u> | | |

Explanation: For more details in depreciation method and years of useful life for real estate, plant and equipment please refer to Note IV (14).

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Ruentex Development Co., Ltd.
Statement of changes in accumulated depreciation of real estate, plant and equipment
January 1, 2023 to December 31, 2023

Statement 7

Unit: NT\$ thousands

| <u>Item</u> | <u>Beginning balance</u> | <u>Increased in the current period</u> | <u>Decreased in the current period</u> | <u>Transferred in the current period</u> | <u>Ending balance</u> | <u>Provided as a guarantee or hedge</u> | <u>Remarks</u> |
|--------------------------|--------------------------|--|--|--|-----------------------|---|----------------|
| Machinery and equipment | \$ 73,004 | \$ 8,404 | (\$ 117) | \$ - | \$ 81,291 | Nil | |
| Warehouse equipment | 11,738 | 4,288 | - | - | 16,026 | ” | |
| Transportation equipment | 27,437 | 541 | - | - | 27,978 | ” | |
| Office equipment | 31,802 | 1,947 | (31) | - | 33,718 | ” | |
| Other equipment | 66,910 | 18,212 | (45) | - | 85,077 | ” | |
| | <u>\$ 210,891</u> | <u>\$ 33,392</u> | <u>(\$ 193)</u> | <u>\$ -</u> | <u>\$ 244,090</u> | | |

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Ruentex Development Co., Ltd.
Detailed changes of right-of-use assets
January 1, 2023 to December 31, 2023

Statement 8

Unit: NT\$ thousands

| <u>Item</u> | <u>Beginning balance</u> | <u>Increased in the current period</u> | <u>Decreased in the current period</u> | <u>Transferred in the current period</u> | <u>Ending balance</u> | <u>Provided as a guarantee or hedge</u> | <u>Remarks</u> |
|---------------------------|--------------------------|--|--|--|-----------------------|---|----------------|
| Cost: | | | | | | | |
| Buildings | \$ 849,578 | \$ - | \$ - | \$ - | \$ 849,578 | Nil | |
| Accumulated depreciation: | | | | | | | |
| Buildings | (254,102) | (92,617) | - | -(346,719) | | | |
| Carrying amount | \$ 595,476 | (\$ 92,617) | \$ - | \$ - | \$ 502,859 | | |

For the method of depreciation and useful years of right-of-use assets, please refer to Note 4 (15).

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Ruentex Development Co., Ltd.
Statement of changes in investment real estate
January 1, 2023 to December 31, 2023

Statement 9

Unit: NT\$ thousands

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| <u>Item</u> | <u>Beginning balance</u> | | <u>Increased in the current period</u> | | <u>Decreased in the current period</u> | | <u>Ending balance</u> | | |
|-----------------|--------------------------|---------------------|--|-------------------|--|-------------------|------------------------|---------------------|-----|
| | <u>Carrying amount</u> | <u>Fair value</u> | <u>Carrying amount</u> | <u>Fair value</u> | <u>Carrying amount</u> | <u>Fair value</u> | <u>Carrying amount</u> | <u>Fair value</u> | |
| Cost: | | | | | | | | | |
| Land | \$ 1,008,724 | \$ 1,951,078 | \$ - | \$ 25,728 | \$ - | \$ - | \$ 1,008,724 | \$ 1,976,806 | Nil |
| Buildings | <u>888,606</u> | <u>1,134,252</u> | <u>-</u> | <u>17,832</u> | <u>(27,313)</u> | <u>-</u> | <u>861,293</u> | <u>1,152,084</u> | |
| Carrying amount | <u>\$ 1,897,330</u> | <u>\$ 3,085,330</u> | <u>\$ -</u> | <u>\$ 43,560</u> | <u>(\$ 27,313)</u> | <u>\$ -</u> | <u>\$ 1,870,017</u> | <u>\$ 3,128,890</u> | |

Note: Please refer to Note 6(10) for the fair value of investment property.

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Ruentex Development Co., Ltd.
Statement of short-term borrowings
December 31, 2023

Statement 10

Unit: NT\$ thousands

| <u>Types of borrowing</u> | <u>Creditor</u> | <u>Balance at the end of the</u> <u>period</u> | <u>Time-limit for contract</u> | <u>Interest rate collars</u> | <u>Loan limit</u> | <u>Mortgage or guarantee</u> | <u>Remarks</u> |
|---------------------------|---|---|--------------------------------|------------------------------|---------------------|--|----------------|
| Secured loan | Taishin Bank | \$ 100,000 | 2023.12.15-2024.01.11 | 1.65%-1.80% | \$ 500,000 | Stocks and guarantee notes NT\$500,000 | |
| | Chang Hwa Bank | 400,000 | 2023.08.04-2024.05.13 | " | 500,000 | Stock and loan contract \$2,000,000 | |
| | | 500,000 | | | | 1,000,000 | |
| Credit Loan | Taishin Bank | 400,000 | 2023.12.05-2024.01.05 | 1.65%-1.80% | 700,000 | Guarantee notes NT\$700,000 | |
| | Bank SinoPac | 500,000 | 2023.11.28-2024.01.26 | " | 500,000 | Guarantee notes NT\$500,000 | |
| | E-Sun Bank | 2,000,000 | 2023.11.27-2024.01.26 | " | 2,000,000 | Guarantee notes \$2,000,000 | |
| | Taiwan Cooperative Bank | 400,000 | 2023.12.13-2024.12.13 | " | 400,000 | Guarantee notes NT\$400,000 | |
| | Hua Nan Commercial Bank | 100,000 | 2023.12.19-2024.01.17 | " | 200,000 | Guarantee notes NT\$200,000 | |
| | Shin Kong Bank | 200,000 | 2023.12.13-2024.01.12 | " | 200,000 | Guarantee notes NT\$200,000 | |
| | Far Eastern International Bank Co., Ltd. | 300,000 | 2023.11.07-2024.02.05 | " | 300,000 | Guarantee notes NT\$300,000 | |
| | | <u>3,900,000</u> | | | <u>4,300,000</u> | | |
| | | <u>\$ 4,400,000</u> | | | <u>\$ 5,300,000</u> | | |

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Ruentex Development Co., Ltd.
Statement of short-term bills payable
December 31, 2023

Statement 11

Unit: NT\$ thousands

| Item | <u>Guarantee or acceptance institution</u> | <u>Time-limit for contract</u> | <u>Interest rate collars</u> | <u>Amount</u> | | | <u>Mortgage or guarantee</u> | <u>Remark</u> |
|---------------------------|--|--------------------------------|------------------------------|-----------------------|----------------------------------|------------------------|--|---------------|
| | | | | <u>Issuing amount</u> | <u>Unamortized bond discount</u> | <u>Carrying amount</u> | | |
| Commercial papers payable | China Bills Finance | 2023.12.21-2024.01.08 | 1.32%-1.61% | \$ 610,000 | (\$ 79) | \$ 609,921 | Building and land held for sale and guarantee notes NT\$618,000 | |
| | Taiwan Finance Corporation | 2023.12.21-2024.01.08 | " | 400,000 | (48) | 399,952 | Stocks and guarantee notes NT\$500,000 | |
| | Mega Bills Finance Corporation | 2023.12.25-2024.01.05 | " | 1,300,000 | (180) | 1,299,820 | Construction land in progress, stocks, and guarantee notes NT\$2,420,000 | |
| | Dah Chung Bills Finance Corporation | 2023.12.28-2024.01.08 | " | 250,000 | (73) | 249,927 | Guaranteed notes \$590,000 | |
| | | | | <u>\$ 2,560,000</u> | <u>(\$ 380)</u> | <u>\$ 2,559,620</u> | | |

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Ruentex Development Co., Ltd.
Statement of long-term borrowings
December 31, 2023

Statement 12

Unit: NT\$ thousands

| <u>Creditor</u> | <u>Summary</u> | <u>Amount borrowed</u> | <u>Time-limit for contract</u> | <u>Interest Rate</u> | <u>Mortgage or guarantee</u> | <u>Remarks</u> |
|---------------------------------------|----------------|------------------------|---|----------------------|---|---|
| Business Department, O-Bank | Secured loan | \$ 100,000 | 111.03.30-2024.03.29 | 1.42%~2.40% | Shares and guarantee notes NTD 200,000 | One-off payment upon maturity |
| Taipei Fubon Bank | " | 850,000 | September 6, 2022-September 6, 2025 | " | 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 | " | 4,600,000 | 111.07.25-2026.09.08 | " | Stocks and guarantee notes NT\$5,300,000 | One-off payment upon maturity |
| Bank of Taiwan | " | 2,000,000 | 111.07.25-2026.09.08 | " | Stocks and guarantee notes NT\$2,000,000 | Evenly amortized on a quarterly basis from the third year |
| 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 | " | 240,000 | 2023.12.19-2025.11.17 | " | Shares and guarantee notes NTD 1,500,000 | One-off payment upon maturity |
| Mega International Commercial Bank | " | 1,264,000 | 2023.01.25-2025.05.31 | " | Stocks and guarantee notes NT\$3,000,000 | One-off payment upon maturity |
| Chang Hwa Bank | " | 1,050,000 | 2023.09.13-2025.06.30 | " | Stock and loan agreements NT\$3,500,000 | One-off payment upon maturity |
| Taiwan Cooperative Bank | " | 1,000,000 | 2023.12.13-2025.10.20 | " | Stocks and IOUs NTD 1,000,000 | One-off payment upon maturity |
| | | 12,404,000 | | | | |
| Bank of China | Credit Loan | 1,200,000 | 2023.11.13-2025.03.19 | 1.42%~2.40% | Issuing guarantee notes NT\$1,200,000 | One-off payment upon maturity |
| Bank SinoPac | " | 750,000 | 2021.08.10-2024.08.09 | " | Issuing guarantee notes NT\$1,000,000 | Starting from the third year, NT\$250 million has been repaid each quarter |
| Mega International Commercial Bank | " | 1,896,000 | 2023.01.25-2025.05.31 | " | Issuing guarantee notes NT\$4,500,000 | One-off payment upon maturity |
| Taiwan Cooperative Bank | " | 500,000 | 2023.12.13-2025.10.20 | " | IOU NT\$500,000 | One-off payment upon maturity |
| Bank of East Asia | " | 600,000 | 2023.03.10-2025.09.30 | " | Issuing guarantee notes NT\$600,000 | One-off payment upon maturity |
| DBS Bank | " | 920,000 | 2023.12.08-2025.02.24 | " | Issuing guarantee notes NT\$1,000,000 | 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 |
| Cathay United Bank | " | 500,000 | 2023.09.28-2026.09.28 | " | Issuing guarantee notes NT\$500,000 | Evenly amortized on a quarterly basis from the third year |
| National Agricultural Treasury | " | 1,000,000 | 2023.12.13-2026.09.28 | " | Issuing guarantee notes NT\$1,000,000 | One-off payment upon maturity |
| National Agricultural Treasury | " | 500,000 | 2023.09.28-2026.09.28 | " | Issuing guarantee notes NT\$500,000 | Evenly amortized on a semi-annual basis from the third year |
| Chang Hwa Bank | " | 500,000 | 2021.06.30-2024.06.30 | " | Credit contracts finalized NTD 1,000,000 | Evenly amortized on a semi-annual basis from the second year |
| Chang Hwa Bank | " | 300,000 | 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 |
| O-Bank | " | 500,000 | 111.03.30-2024.03.29 | " | Issuing guarantee notes NT\$500,000 | One-off payment upon maturity |
| Taishin Bank | " | 300,000 | 2023.12.15-2025.05.18 | " | Issuing guarantee notes NT\$1,000,000 | One-off payment upon maturity |
| First Bank | " | 400,000 | 2023.12.21-2025.03.10 | " | Issuing guarantee notes NTD 660,000 | One-off payment upon maturity |
| Hua Nan Commercial Bank | " | <u>1,000,000</u> | 2023.12.20-2025.11.17 | " | Credit contracts finalized NTD 1,000,000 | One-off payment upon maturity |

Ruentex Development Co., Ltd.
Statement of long-term borrowings
December 31, 2023

Statement 12

Unit: NT\$ thousands

| | | | | | |
|---|----------------------|-----------------------|-------------|---------------------------------------|---|
| | <u>11,366,000</u> | | | | |
| | <u>23,770,000</u> | | | | |
| Long-term commercial papers | <u>470,000</u> | 2023.12.06-2025.01.15 | 1.42%~1.43% | Issuing guarantee notes NT\$2,000,000 | Long-term commercial paper, one-off payment upon maturity |
| | <u>470,000</u> | | | | |
| Less: Arrangement fees for leading banks of syndicated loan | (19,260) | | | | |
| Due within one year | (4,603,750) | | | | |
| Discount on commercial papers | (205) | | | | |
| Total | <u>\$ 19,616,785</u> | | | | |

Ruentex Development Co., Ltd.
Statement of operating revenue
January 1, 2023 to December 31, 2023

Statement 13

Unit: NT\$ thousands

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> <u>Subtotal</u> | <u>Total</u> | <u>Remarks</u> |
|---|----------------|----------------------------------|---------------------|----------------|
| Revenue from contracts with customers - Revenue from sales of goods | | | | |
| Chung Lun hypermarket - Revenue from hypermarket | | \$ 954,571 | | |
| - Revenue from food street | | <u>25,651</u> | \$ 980,222 | |
| Rental income | | | 40,618 | |
| Revenue from contracts with customers - Revenue from sales of real property | | | | |
| Revenue from sales of house, land and parking spaces | | 7,002,357 | | |
| Sales of house agency, consultancy and others | | <u>30,353</u> | <u>7,032,710</u> | |
| Subtotal | | | 8,053,550 | |
| Less: Sales returns | | | (14,659) | |
| Sales discounts | | | <u>(13,012)</u> | |
| | | | <u>\$ 8,025,879</u> | |

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Ruentex Development Co., Ltd.
Statement of operating costs
January 1, 2023 to December 31, 2023

Statement 14

Unit: NT\$ thousands

| | <u>Subtotal</u> | <u>Amount</u> | <u>Total</u> |
|--|----------------------|-----------------|------------------|
| Cost of sales | | | |
| Beginning inventory | \$ 81,452 | | |
| Add: Purchases for current period | 717,063 | | |
| Less: Loss on physical inventory | (9,450) | | |
| Ending inventory | <u>(81,696)</u> | \$ | 707,369 |
| Loss on market value decline of inventory | | | 166 |
| loss on physical inventory | | | <u>9,450</u> |
| | | | 716,985 |
| Rental cost :Other expense | | | 202 |
| Construction cost | | | |
| Prepayment for land purchases | | | |
| Beginning prepayments of land | 2,497,372 | | |
| Add: Purchases for current period | 328,222 | | |
| Capitalization of interest | 13,041 | | |
| Less: Transferred to construction in progress | (334,508) | | |
| Transferred to construction land | (1,351) | | |
| Ending prepayments of land | <u>(2,502,776)</u> | | - |
| Construction land | | | |
| Beginning construction land | 3,750,279 | | |
| Add: Capitalization of interest | 746 | | |
| Reclassified from prepayments of land | 1,351 | | |
| Less: Ending construction land | <u>(3,752,376)</u> | | - |
| Gain from the price recovery of inventory declines | | <u>(5,936)</u> | (5,936) |
| Property under construction | | | |
| Beginning construction in progress | 9,165,084 | | |
| Add: Purchases for current period | 4,349,920 | | |
| Capitalization of interest | 155,308 | | |
| Reclassified from prepayments of land | 334,508 | | |
| Less: Reclassified to house for sale | (3,078,913) | | |
| Ending property under construction | <u>(10,925,907)</u> | | - |
| Gain from the price recovery of inventory declines | | <u>(6)</u> | (6) |
| Real property for sale (including parking space) | | | |
| Beginning house for sale | 6,940,535 | | |
| Add: Purchases for current period | 449,212 | | |
| Reclassified from property under construction | 3,078,913 | | |
| Less: Transferred to expenses | (11,880) | | |
| Ending house for sale | <u>(5,359,798)</u> | | 5,096,982 |
| Gain from the price recovery of inventory declines | | <u>(39)</u> | (39) |
| | | | <u>5,096,943</u> |
| Total operating costs | | <u>\$</u> | <u>5,808,188</u> |

Ruentex Development Co., Ltd.
Statement of selling expenses
January 1, 2023 to December 31, 2023

Statement 15

Unit: NT\$ thousands

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> | <u>Remarks</u> |
|---------------------------------|----------------|---------------|----------------|
| Wages and salaries | | \$ 165,239 | |
| Depreciation | | 106,289 | |
| Advertisement expense | | 103,894 | |
| Taxes | | 55,629 | |
| Cleaning administrative expense | | 47,598 | |
| Utilities expense | | 31,313 | |
| Insurance expenses | | 12,693 | |
| Maintenance expenses | | 12,312 | |
| Pensions | | 4,692 | |
| Other expense | | 86,065 | |
| | | \$ 625,724 | |

Ruentex Development Co., Ltd.
Statement of administrative and general affairs expenses
January 1, 2023 to December 31, 2023

Statement 16

Unit: NT\$ thousands

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> | <u>Remarks</u> |
|-------------------------|----------------|-------------------|----------------|
| Wages and salaries | | \$ 142,565 | |
| Directors' Remuneration | | 53,813 | |
| Depreciation | | 19,720 | |
| Services expenses | | 16,849 | |
| Insurance expenses | | 12,762 | |
| Maintenance expenses | | 10,771 | |
| Pensions | | 5,151 | |
| Other expense | | <u>28,199</u> | |
| | | <u>\$ 289,830</u> | |

Ruentex Development Co., Ltd.
Summary statement of current period employee benefits and depreciation expenses by function
January 1, 2023 to December 31, 2023

Statement 17

Unit: NT\$ thousands

| Function Nature | 2023 | | | 2022 | | |
|----------------------------------|------------------------|---------------------------|--------------|------------------------|---------------------------|--------------|
| | <u>Operating costs</u> | <u>Operating expenses</u> | <u>Total</u> | <u>Operating costs</u> | <u>Operating expenses</u> | <u>Total</u> |
| Employee benefit expense | | | | | | |
| Wages and salaries | \$ - | \$ 307,804 | \$ 307,804 | \$ - | \$ 283,346 | \$ 283,346 |
| Labor and Health Insurance costs | - | 21,614 | 21,614 | - | 21,117 | 21,117 |
| Pension expense | - | 9,843 | 9,843 | - | 7,900 | 7,900 |
| Directors' Remuneration | - | 53,813 | 53,813 | - | 46,324 | 46,324 |
| Other employee benefit expense | - | 10,422 | 10,422 | - | 11,625 | 11,625 |
| Depreciation expense | - | 126,009 | 126,009 | - | 125,091 | 125,091 |

Notes:

1. The employees of the current year and the previous year are 298 and 307 persons, 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\$1,198 (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\$1,075 (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 year).
 - (2) The averaged employees' salary expenses of the year was NT\$1,054 (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\$941 (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 12.01% (Average salary expenses of the year - average salary expenses of the previous year/ average salary expenses of the previous year).

Ruentex Development Co., Ltd.
Statement of aggregate current-period employee benefits and depreciation expenses by function (continued)
January 1, 2023 to December 31, 2023

Statement 17

Unit: NT\$ thousands

(4) 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.