Ruentex Development Co., Ltd. and subsidiaries

Consolidated Financial Statements and Report of Independent Accountants

2023 and 2022

(Stock Code: 9945)

Company Address: 11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City

Telephone: (02)8161-9888

Ruentex Development Co., Ltd. and subsidiaries

Consolidated Financial Statements and Report of Independent Accountants of 2023 and 2022

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Ruentex Development Co., Ltd. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, from January 1 to December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare.

Company name: Ruentex Development Co., Ltd.

Responsible person: Jean Tsang Jiunn

March 13, 2024

Independent Auditors' Report

Letter No. (2024) Cai-Shen-Bao-Zi 23005086

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

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Ruentex Group") for Dec. 31, 2023 and Dec. 31, 2022, the consolidated comprehensive income statements, equity statements and cash flow statements of Ruentex Group for the period from Jan. 1 to Dec. 31, 2023 and the period from Jan. 1 to Dec. 31, 2022, and the notes to the consolidated financial report (including a summary of significant accounting policies).

In our opinion, based on our audits and the report of other independent accountants (please refer to the "other matter" section of our report), the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission.

Basis of Audit Opinions

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 section of "Responsibilities of the Accountants for the Audit of Consolidated Financial Statements" in our report. We are independent of Ruentex Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. In view of the audit result concluded by our representatives and the audits concluded by other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

The most significant key audit matters in our audit of the Group's consolidated financial statements for the year ended 2023 are as follows:

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

As of December 31, 2023, Ruentex Development Group's investments accounted under equity method were NT$81,078,232 thousand, representing 45.83% of the total consolidated assets. Please refer to Note 4(14) for accounting policies on investments accounted under equity method and Note 6(7) for details.

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, 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 Recognition of Construction Contract Income - Construction Completion Progress

Description of Key Audit Matters

For the year of 2023, the Group's construction contract revenue was NT$12,977,820 thousand, representing 47.37% of consolidated operating revenue. Please see Note 4(28) for accounting policies on revenue recognition, Note 5(2) for critical accounting estimates and assumptions and Note 6(23) for details of significant accounts.

Ruentex Group's recognition of construction revenue is based on the stage of completion of a construction contract using the percentage of completion method of accounting during the duration of a contract. The stage of completion is determined by the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. Aforementioned estimated total contract costs were based on contract budget details compiled by owner's design drawing considering the changes in the price fluctuations in the recent market to estimate the contract work, overhead and relevant costs.

Since the estimation of construction total cost can affect the recognition of construction completion progress and the construction contract income, and the construction total cost items are complicated and often involving high degree of estimation, such that it can cause major uncertainty, consequently, we will list 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. We obtained an understanding of the nature of business and industry of the Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating each construction cost and overhead, and the consistency of applying 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

Please refer to Note 4(28) for accounting policies on the recognition of construction cost and Note 6(24) for details.

The Group's recognition of construction costs for each contract as at the end of the reporting period is estimated based on construction progress and customer acceptance. Aforementioned procedures for the recognition of construction costs usually depends on whether construction personnel inspects and calculates the costs based on the actual construction outcome for each contract correctly. Any inappropriate timing of construction costs recognition may result in material impact on the presentation of consolidated financial statements, so we identified the accuracy of construction cost recognition timing as a key audit matter.

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.

Measurement of Investment Property Fair Value

Please refer to Notes 4(17) to the consolidated financial statements for the accounting policy on investment property; Note 5(2) for the uncertainties of accounting estimates and assumptions; Note 6(11) for the details of accounting titles; Note 12(3) for the details of fair values.

The investment property held by Ruentex Development Group is subsequently measured at fair value. As the assessment of fair value involves significant accounting estimates and judgments by management, the auditor will list the fair value assessment of investment properties is the most important matter for audit during the period.

<u>Corresponding Audit Procedures</u>

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.

Other Matters - Reference to Audits by Other Accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in Ruentex Group’s consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2023 and 2022, were NT$84,133 thousand and NT$61,220 thousand, respectively, and constituted 0.05% and 0.04% of total consolidated assets. Their total operating income of NT$52,624 thousand and NT$44,299 thousand for the period from Jan. 1 to Dec. 31, 2023 and the period from Jan. 1 to Dec. 31, 2022, constituting 0.19% and 0.14%of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2023 and 2022 were NT$1,875,990 thousand and NT$2,260,558 thousand, respectively, and constituted 1.06% and 1.37% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income were NT$(289,518)thousand and NT$(810,898) thousand for the period from Jan. 1 to Dec. 31, 2023 and the period from Jan. 1 to Dec. 31, 2022, respectively, constituting 1.45% and 1.56% of total consolidated comprehensive income.

Other Matters- Unconsolidated Financial Report

We have audited and expressed an unqualified opinion on the parent only financial statements of Ruentex Development Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of the Management and Governing Bodies for Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIS Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing Ruentex Group’s ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ruentex Group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

1. We identify and assess the risks of material misstatement of consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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. We 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 Ruentex Group's internal control.

3. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. We 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 Ruentex Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ruentex Group to cease to continue as going concern.

5. We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruentex Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of Ruentex Group, and forming the audit opinion for Ruentex Group.

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 most significance in the audit of Ruentex Group's consolidated financial statements of 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. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousands

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 3,930,166	2	$ 9,693,315	6
1136	Financial assets measured by amortized cost - current	6(6)	-	-	75,000	-
1140	Contract asset - current	6(23) and 7	4,244,747	2	5,085,558	3
1150	Net bills receivable	6(2)	977,419	1	605,384	1
1160	Bills receivable - related parties - net	6(2) and 7	-	-	4	-
1170	Net Accounts Receivable	6(2)(10)	2,602,811	2	1,905,355	1
1180	Accounts receivable - related parties - net	6(2) and 7	35,451	-	2,196	-
1200	Other receivables		18,405	-	163,709	-
1210	Other Receivables - related party	7	10,645	-	10,211	-
1220	Current tax assets		87	-	6,129	-
130X	Inventories	6(3), 7, and 8	31,589,191	18	28,986,866	18
1410	Prepaid Expenses		797,226	-	586,264	-
1470	Other Current Assets	6(1)(4) and 8	1,448,077	1	1,941,170	1
11XX	**Total current assets**		45,654,225	26	49,061,161	30
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(5), 7 and 8	5,242,131	3	5,204,985	3
1535	Amortized cost financial Assets - non-Current	6(6)	560,000	-	560,000	-
1550	Investment accounted for under the equity method	6(7), 7 and 8	81,078,232	46	64,156,525	39
1600	Property, plant, and equipment	6(8), 7, and 8	5,571,013	3	5,633,361	4
1755	Right-of-use assets	6(9), 7 and 8	2,646,917	2	3,007,415	2
1760	Net value of investment properties	6(11) and 8	34,586,648	20	35,125,131	21
1780	Intangible Assets	6(12)	205,467	-	209,045	-
1840	Deferred tax Assets	6(31)	831,457	-	833,816	1
1930	Long-term notes and accounts receivable	6(10)	213,197	-	294,915	-
1990	Other non-current assets - others	6(1)(13) and 8	319,802	-	401,662	-
15XX	**Total non-current assets**		131,254,864	74	115,426,855	70
1XXX	**Total Assets**		$ 176,909,089	100	$ 164,488,016	100

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousands

	Liabilities and Equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(14) and 8	$ 6,044,000	3	$ 9,162,000	6
2110	Short-term bills payable	6(15) and 8	3,509,043	2	3,851,231	2
2130	Contract liabilities - current	6(23) and 7	4,085,357	2	3,141,490	2
2150	Notes payable		937,539	1	1,099,548	1
2160	Notes payable - related party	7	3,948	-	3,408	-
2170	Accounts Payable		3,569,803	2	4,215,666	3
2180	Accounts payable - related party	7	6,575	-	219	-
2200	Other payables		1,462,231	1	1,337,793	1
2230	Income tax liabilities of current period		778,008	1	898,123	-
2280	Lease liabilities - current	6(9) and 7	291,293	-	275,561	-
2310	Advance receipts	6(17)	171,184	-	176,006	-
2320	Long-term liabilities due within one year or one operating cycle	6(16) and 8	10,637,005	6	9,820,060	6
2399	Other current liabilities - other		25,025	-	12,615	-
21XX	**Total Current Liabilities**		31,521,011	18	33,993,720	21
	Non-current liabilities					
2540	Long-term Loan	6(16) and 8	27,123,600	15	27,649,191	17
2570	Deferred income tax liabilities	6(31)	3,893,950	2	3,945,974	2
2580	Lease liabilities - non-current	6(9) and 7	10,599,816	6	10,803,069	7
2670	Other non-current liabilities - others	6(17), (18)	1,955,394	1	1,989,945	1
25XX	**Total Non-Current Liabilities**		43,572,760	24	44,388,179	27
2XXX	**Total Liabilities**		75,093,771	42	78,381,899	48
	Equity					
	Equity attributed to owners of the parent					
	Capital					
3110	Share capital	6(19)	28,442,251	16	31,602,501	19
	Capital surplus	6(20)				
3200	Capital surplus		17,730,264	10	17,616,034	11
	Retained earnings	6(21)				
3310	Statutory reserves		8,007,702	5	6,962,392	4
3320	Special reserve		58,772,480	33	20,326,692	12
3350	Undistributed earnings		7,623,193	4	39,491,098	24
	Other equities	6(22)				
3400	Other equities		(26,048,552)	(14)	(37,115,807)	(22)
3500	Treasury stock	6(19)	(81,449)	-	(84,639)	-
31XX	**Total equity attributable to owners of the parent company**		94,445,889	54	78,798,271	48
36XX	**Non-controlling Interest**	4(3) and 6(32)	7,369,429	4	7,307,846	4
3XXX	**Total Equity**		101,815,318	58	86,106,117	52
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	**Total Liabilities and Equity**		$ 176,909,089	100	$ 164,488,016	100

The accompanying notes are in integral part of these consolidated financial statements.

Chairman: Jean,Tsang-Jiunn Manager: Lee, Chih-Hung Accounting Manager: Lin,Chin-Tzu

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated 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 Amount	2023 %	2022 Amount	2022 %
4000	Operation income	6(23) and 7	$ 27,394,143	100	$ 32,247,177	100
5000	Operation cost	6(3)(18)(24) (29)(30)and 7	(20,213,330)	(74)	(25,037,789)	(78)
5900	Gross profit		7,180,813	26	7,209,388	22
	Operating Expenses	6(18)(29)(30) and 7				
6100	Selling expenses		(862,353)	(3)	(903,606)	(3)
6200	General & administrative expenses		(1,209,619)	(5)	(1,209,166)	(4)
6300	R&D expenses		(88,842)	-	(71,846)	-
6450	Expected credit impairment (losses) gains	12(2)	(3,601)	-	266	-
6000	Total Operating Expenses		(2,164,415)	(8)	(2,184,352)	(7)
6900	Operating Profit		5,016,398	18	5,025,036	15
	Non-operating Income and Expenses					
7100	Interest revenue	6(6)(25)and 7	222,075	1	139,450	-
7010	Other income	6(5)(26)	277,197	1	340,330	1
7020	Other gains and losses	6(11)(27)	(820,165)	(3)	(2,404,344)	(7)
7050	Financial Costs	6(28) and 7	(869,064)	(3)	(690,346)	(2)
7060	Share of income of associates and joint ventures accounted for using the equity method	6(7)	5,986,575	22	8,351,230	26
7000	Total non-operating income and expenses		4,796,618	18	5,736,320	18
7900	**Net profit before tax**		9,813,016	36	10,761,356	33
7950	Income tax expense	6(31)	(784,957)	(3)	(488,359)	(1)
8200	**Net income of current period**		$ 9,028,059	33	$ 10,272,997	32

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated 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 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	6(18)	$ 6,258	-	$ 22,280	-
8312	Property revaluation surplus	6(22)	(16,213)	-	-	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	42,727	-	(667,961)	(2)
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(119,123)	-	105,991	-
8349	Income tax relating to non-reclassified items	6(31)	906	-	77,536	-
8310	Total of items not to be reclassified into profit or loss		(85,445)	-	(462,154)	(2)
	Items may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operations	6(22)	(1,046)	-	286,748	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that may be reclassified subsequently to profit or loss	6(22)	11,038,533	40	(62,701,231)	(194)
8399	Income tax related to items may be reclassified into profit or loss	6(31)	(18,645)	-	458,127	1
8360	Total of items may be reclassified subsequently to profit or loss		11,018,842	40	(61,956,356)	(192)
8300	**Other comprehensive income (net)**		$ 10,933,397	40	($ 62,418,510)	(194)
8500	**Total Comprehensive Income Current Period**		$ 19,961,456	73	($ 52,145,513)	(162)
	Profit attributable to:					
8610	Owners of the parent		$ 7,744,515	28	$ 9,155,086	29
8620	Non-controlling Interest		$ 1,283,544	5	$ 1,117,911	3
	Comprehensive Income attributed to:					
8710	Owners of the parent		$ 18,690,448	68	($ 52,886,144)	(164)
8720	Non-controlling Interest		$ 1,271,008	5	$ 740,631	2
	Earnings per share	6(33)				
9750	Basic earnings per share		$	2.65	$	3.00
9850	Diluted earnings per share		$	2.65	$	3.00

The accompanying notes are in integral part of these consolidated financial statements.

Chairman: Jean,Tsang-Jiunn　　Manager: Lee, Chih-Hung　　Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated statement of changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousands

		Equity attributed to owners of the parent									
				Retained earnings							
	Notes	Share capital	Capital surplus	Statutory reserves	Special reserve	Undistributed earnings	Other equities	Treasury stock	Total	Non-controlling Interest	Total Equity
2022											
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	$ 7,704,322	$ 144,610,363
Net income of current period	6(21), (32)	-	-	-	-	9,155,086	-	-	9,155,086	1,117,911	10,272,997
Other comprehensive income	6(22)(32)	-	-	-	-	274,568	(62,315,798)	-	(62,041,230)	(377,280)	(62,418,510)
Total Comprehensive Income Current Period		-	-	-	-	9,429,654	(62,315,798)	-	(52,886,144)	740,631	(52,145,513)
Appropriation and distribution of the earnings for 2021:	6(21)										
Statutory reserves		-	-	1,643,956	-	(1,643,956)	-	-	-	-	-
Cash dividends		-	-	-	-	(4,213,667)	-	-	(4,213,667)	-	(4,213,667)
Share dividend		10,534,167	-	-	-	(10,534,167)	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(20)	-	(117)	-	-	-	-	-	(117)	-	(117)
Changes in associates & joint ventures accounted for using equity method	6(20)	-	29,741	-	-	-	-	-	29,741	-	29,741
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(21)(22)	-	-	-	-	1,298,632	(1,298,632)	-	-	-	-
Disposal of equity in subsidiaries (without losing control)	6(32)	-	3,674	-	-	-	278	-	3,952	25,706	29,658
Adjustments to cash capital increases of associates not recognized in proportion to the shareholding	6(7)(20)	-	(766,350)	-	-	(275,185)	-	-	(1,041,535)	-	(1,041,535)
Decrease in non-controlling interests	6(32)	-	-	-	-	-	-	-	-	(1,162,813)	(1,162,813)
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	$ 7,307,846	$ 86,106,117
2023											
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	$ 7,307,846	$ 86,106,117
Net income of current period	6(21), (32)	-	-	-	-	7,744,515	-	-	7,744,515	1,283,544	9,028,059
Other comprehensive income	6(22)(32)	-	-	-	-	(121,637)	11,067,570	-	10,945,933	(12,536)	10,933,397
Total Comprehensive Income Current Period		-	-	-	-	7,622,878	11,067,570	-	18,690,448	1,271,008	19,961,456
Appropriation and distribution of the earnings for 2022:	6(21)										
Statutory reserves		-	-	1,045,310	-	(1,045,310)	-	-	-	-	-
Special reserve		-	-	-	38,445,788	(38,445,788)	-	-	-	-	-
Cash Reduction	6(19)	(3,160,250)	-	-	-	-	-	3,190	(3,157,060)	-	(3,157,060)
Dividends not claimed by shareholders in the given period of time	6(20)	-	1,717	-	-	-	-	-	1,717	-	1,717
Changes in associates & joint ventures accounted for using equity method	6(20)	-	22,391	-	-	-	-	-	22,391	-	22,391
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(21)(22)	-	-	-	-	315	(315)	-	-	-	-
Adjustments to cash capital increases of associates not recognized in proportion to the shareholding	6(7)(20)	-	90,122	-	-	-	-	-	90,122	-	90,122
Decrease in non-controlling interests	6(32)	-	-	-	-	-	-	-	-	(1,209,425)	(1,209,425)
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	$ 7,369,429	$ 101,815,318

The accompanying notes are in integral part of these consolidated financial statements.

Chairman: Jean,Tsang-Jiunn Manager: Lee, Chih-Hung Accounting Manager: Lin,Chin-Tzu

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousands

	Notes	2023	2022
Cash flows from operating activities			
Profit before Income Tax current period		$ 9,813,016	$ 10,761,356
Adjustments			
Income and expenses			
Depreciation expense	6 (29)	668,647	630,601
Amortization	6 (29)	14,371	13,535
Expected credit impairment (losses) gains	6 (29)	3,601	(266)
Interest Cost	6(28)	869,064	690,346
Interest revenue	6(25)	(222,075)	(139,450)
Dividend income	6(5)(26)	(122,302)	(185,085)
Share of profit of associates accounted for using the equity method	6(7)	(5,986,575)	(8,351,230)
Loss (gain) on disposal of property, plant and equipment	6(27)	10	(10,481)
Fair value adjustment loss - investment property	6(27)	872,462	2,910,132
Gains on lease modifications	6(9)(27)	-	(175)
Other income	6(26)	(17,897)	(19,250)
Prepaid equipment transferred to R&D expenses	6(34)	1,087	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contractual assets - Current		840,811	(2,061,228)
Notes receivable		(372,035)	571,600
Notes Receivable – related party		4	(4)
Accounts receivable		(701,057)	(577,586)
Accounts receivable - related party		(33,255)	(1,651)
Other receivables		145,061	(129,504)
Other receivables - related Party		(434)	2,933
Inventories		(2,343,204)	41,228
Prepaid Expenses		(210,962)	(52,905)
Other Current Assets		(55,517)	64,778
Long-term notes and accounts receivable		81,718	73,346
Other non-current Assets		(173)	(4,152)
Net change in liabilities related to operating activities			
Contractual Liabilities - Current		943,867	(258,821)
Notes payable		(162,009)	189,745
Notes Payable – related Party		540	(57,791)
Accounts Payable		(645,863)	1,272,639
Accounts Payable – related Party		6,356	(11,128)
Other payables		160,848	315,229
Advance receipts		(4,822)	24,421
Other Current liabilities		16,337	2,195
Other non-Current liabilities		(113,741)	6,897
Cash flow in from operating		3,445,879	5,710,274
Interest received		222,469	124,809
Amount of interest Paid		(1,143,572)	(833,649)
Dividends received		684,141	2,220,385
Income tax refunded		6,049	2,951
Income tax paid		(986,099)	(1,017,798)
Cash inflow from operating activities		2,228,867	6,206,972

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousands

	Notes	2023	2022
Cash flows from investing activities			
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	6(34)	$ -	($ 1,679,621)
Proceeds from disposal of financial Assets at fair value through other comprehensive income acquired - non-current	6(5)	-	1,299,428
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	-
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 measured at amortized costs - current		(360)	(75,000)
Disposal of financial assets measured at amortized costs - current		75,360	319,000
Investment accounted for under the equity method	6(7)	(568,161)	(3,777,878)
Return of funds to reduced investment adopting the Equity method	6(7)	105,363	-
Real estate, plant and equipment acquired	6(34)	(468,362)	(381,476)
Disposal the payment of property, plant and equipment		110	17,238
Investment real estate acquired	6(11)	-	(2,628)
Acquisition of intangible assets	6(12)	(10,793)	(31,111)
Decrease (increase) in other financial assets		590,206	(471,245)
Increase in prepayments for equipment		(15,683)	(53,438)
Cash used in investing activities		(286,739)	(4,835,882)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	6(35)	(3,118,000)	6,882,000
Net decrease in short-term bills payable	6(35)	(345,000)	(1,275,000)
Amount of long-term borrowings	6(35)	40,742,000	51,739,288
Repayments of long-term borrowings	6(35)	(40,436,000)	(52,790,000)
Increase in guarantee deposits	6(35)	79,190	119,398
Cash dividends paid	6(21)	-	(4,213,667)
Principal elements of lease payments	6(9)(35)	(279,179)	(271,468)
Changes in non-controlling interest	6(32)	(1,209,425)	(1,162,813)
Cash Reduction	6(19)	(3,160,250)	-
Disposal of subsidiary (without losing control)		-	29,910
Cash used in financing activities		(7,726,664)	(942,352)
Effects of exchange rate change on cash		21,387	101,825
Increase (decrease) of cash and cash equivalents – current period		(5,763,149)	530,563
Cash and cash equivalents, beginning of period		9,693,315	9,162,752
Cash and cash equivalents, end of period		$ 3,930,166	$ 9,693,315

The accompanying notes are in integral part of these consolidated financial statements.

Chairman: Jean,Tsang-Jiunn Manager: Lee, Chih-Hung Accounting Manager: Chin-tzu Lin

Ruentex Development Co., Ltd. and subsidiaries
Notes to Consolidated 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 and its subsidiaries (collectively referred herein as "the Group" or "Group") are primarily engaged in construction of residential buildings through subcontracting; lease and sales of commercial buildings; trading of construction materials; sales of related merchandise; operation of supermarkets and shopping malls; undertaking of construction and civil engineering; import/export, manufacturing, and planning of precast constructional components, such as beams, columns, walls, and relevant electrical and mechanical work.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 13, 2024.

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:

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
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, "Deferred taxes arising from OECD Pillar Two model rules"	May 23, 2023

The above standards and interpretations have no significant impact on the Group's financial position and financial performance based on the Group'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:

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
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 on the Group's financial position and financial performance based on the Group'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:

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
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 Group. The Group 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

The consolidated financial statements have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the FSC (collectively referred herein as the "IFRSs").

(II) <u>Basis of preparation</u>

1. Except the following material items, these consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) <u>Basis of consolidation</u>

1. Basis for preparation of consolidated financial statements
   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
   (4) Changes in parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as 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 Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%) December 31, 2023	Percentage of shareholding (%) December 31, 2022	Description
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd. (Ruentex Construction)	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Construction International BVICo., Ltd. (Ruentex BVI)	General Investment	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd. (Ruentex Property)	Property Management and Maintenance Services	100.00	100.00	
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp. (Ruen Fu)	Senior Citizen’s housing and buildings general affairs administration	60.00	60.00	Note 1 & 3
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd. (Ruentex Security)	Private Security Service	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Syu Jan Co., Ltd. (Ruentex Syu Jan)	Mall Operations and Commercial Property Leasing	80.00	80.00	
Ruentex Development Co., Ltd.	Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi)	Mall Operations and Commercial Property Leasing	35.00	35.00	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	39.14	39.14	Note 2

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%) December 31, 2023	Percentage of shareholding (%) December 31, 2022	Description
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd. (Ruentex Materials)	Production and distribution of building materials	10.49	10.49	Note 2
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Interior Design)	Design and construction of interior decoration and garden greening	5.45	5.45	Note 2
Ruentex Development Co., Ltd.	Ruentex Innovative Development Co., Ltd. (Ruentex Innovative Development)	Commissioning Constructor to Build Collective Housing and Sales	70.00	70.00	
Ruentex Construction International Co., Ltd. (Ruentex Construction)	Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi)	Mall Operations and Commercial Property Leasing	65.00	65.00	
Ruentex Construction International BVICo., Ltd.	Ruentex Construction International Ltd.(Ruentex Construction)	General Investment	100.00	100.00	Note 1
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	0.72	0.72	Note 2
Ruentex Property Management and Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	0.20	0.20	Note 2

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd. (Ruentex Materials)	Production and distribution of building materials	39.15	39.15	Note 2
Ruentex Engineering & Construction Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Interior Design)	Design and construction of interior decoration and garden greening	20.34	20.34	Note 2
Ruentex Engineering & Construction Co., Ltd.	Ruen Yang Construction Co., Ltd. (Ruen Yang)	Civil Engineering Projects	100.00	100.00	
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Interior Design)	Design and construction of interior decoration and garden greening	35.19	35.19	Notes 2 and 4

Note 1: Audited by other independent accountants for the years ended December 31, 2023 and 2022.

Note 2: Though the Company does not own more than 50% of the voting rights directly or indirectly, but meets the requirement of controlling capability, and thus it is included in the consolidated entity.

Note 3: 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.

Note 4: On June 8, 2022 the Board of Directors of Ruentex Materials approved the provision of 500 thousand shares of Ruentex Interior Design on July 19, 2022 for subscription by securities advisors-cum-underwriters. The selling price per share was NT$60, and the proceeds (less the securities exchange tax) totaled NT$29,910. The shareholding of Ruentex Materials dropped from 38.89% to 35.19%, which caused the Company's direct and indirect combined shareholding in Ruentex Interior Design to drop from 23.78% to 22.81%, which was recognized in capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries in the amount of NT$3,674 (including the income tax effect of NT$252). Please refer to 6 (32) for details of the non-controlling interests.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustments for subsidiaries with different balance sheet dates.

None.

5. Significant restrictions.

None.

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

The Group's non-controlling interests accounted NT$7,369,429 and NT$7,307,846 as of December 31, 2023 and 2022, respectively, and the following are non-controlling interests that are material to the Group:

Subsidiaries	Main business	Non-controlling Interest					
		December 31, 2023			December 31, 2022		
Name	Place of Business		Amount	Percentage shareholding		Amount	Percentage shareholding
Ruentex Engineering & Construction	Taiwan	$	4,778,575	59.94%	$	4,700,857	59.94%

Summary of subsidiaries' financial information:

Balance Sheets

	Ruentex Engineering & Construction			
	December 31, 2023		December 31, 2022	
Current Assets	$	11,732,229	$	12,053,383
Non-current assets		10,230,859		10,284,927
Current liabilities	(	8,497,278)	(	11,187,022)
Non-current liabilities	(	5,387,338)	(	3,074,842)
Total net assets	$	8,078,472	$	8,076,446

Statements of Comprehensive Income

	Ruentex Engineering & Construction			
	2023		2022	
Income	$	22,502,526	$	24,583,067
Net profit before tax		2,509,647		2,626,675
Income tax expense	(	471,622)	(	498,971)
Net income of current period		2,038,025		2,127,704
Other comprehensive income (Net of tax)	(	120,523)	(	601,333)
Total comprehensive income for this period	$	1,917,502	$	1,526,371
Total comprehensive income attributed to non-controlling interest	$	131,280	$	11,712
Dividends paid to non-controlling interest	$	1,108,537	$	997,684

Statements of Cash Flows

	Ruentex Engineering & Construction			
	2023		2022	
Cash inflow from operating activities	$	2,183,639	$	1,317,952
Cash used in investing activities	(	391,027)	(	2,199,909)
Net cash generated from (used in) financing activities	(	3,260,346)		1,595,115
Increase (decrease) of cash and cash equivalents – current period	(	1,467,734)		713,158
Cash and cash equivalents, beginning of period		2,380,096		1,666,938
Cash and cash equivalents, end of period	$	912,362	$	2,380,096

(IV) <u>Foreign currency translation</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan 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 group entities, associates and joint arrangements 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. When the Group still retains partial interest in the former associate or joint arrangements after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in those foreign operations.

(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. When the Group still retains partial interest in the former subsidiary after losing

significant influence over the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) 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 any of 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 any of above criteria are classified as non-current liabilities.

3. The operating cycles of sales of buildings and construction contracts are usually longer than one year, so assets and liabilities in relation to sales of buildings and long-term construction contracts are classified as current or non-current according to the length of their operating cycles.

(VI) 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.

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

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. These financial assets are initially recognized at fair value plus transaction costs and subsequently remeasured 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 to receive dividend is established, inflow of economic effects of dividend becomes probable, and the dividend amount can be reliably measured, the Group recognizes the dividend income in profit or loss.

(VIII) Financial assets at amortised cost

1. Refer to financial Assets satisfying the following criteria at the same time:
   (1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.
   (2) Where contract terms of such financial Assets generated cash flow of specific date, and it is completely for the payment of the interest of principle and external circulating principle amount.
2. On regular way purchase or sale basis, financial assets measured at amortized cost are recognized and derecognized using trade date accounting.
3. These financial assets are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using effective interest rate method, less provision for impairment. Interest income is recognized during the circulation. When derecognizing these financial assets, gains or losses of disposal are recognized in profit or loss.
4. The Group holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as an investment.

(IX) Notes and accounts receivable

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

(X) Impairment of financial assets

The Group assesses at each balance sheet date measures the loss allowance for financial assets measured at amortized cost after considering all reasonable and supportable information (including forecasts). When the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss within 12 months after the reporting date. If, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life. For accounts receivable and contract assets that do not include significant financing components, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life.

(XI) Derecognition of financial assets

Financial assets are derecognized when one of the following criteria is met:

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

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

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

(XIII) Inventories

The Group uses the perpetual inventory system, and initially recognizes at the amount equal to acquisition cost. Subsequently, interests related to the construction in progress over the construction period are capitalized. Costs are recognized using the weighted average method where the costs of finished products and work-in-progress include the raw materials, direct labor, other direct costs and expenses related to the production. The ending inventories are stated at the lower of cost and net realizable value. In addition, the item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value represents the balance with costs required to complete the production and get the products ready subtracted from the estimated selling price.

(XIV) Investments/associates accounted for under equity method

1. An associate is an entity over which the Group has significant influence but not control. Generally, it is an entity in which the Group directly or indirectly holds more than 20% of its voting shares. The Group recognizes the investments in associates using the equity method at acquisition cost initially.
2. Subsequent profit or loss for the investments in associates are recognized in profit or loss after the acquisition; other comprehensive income after the acquisition 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.

   If the Group’s share of losses of an associate equals to or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
3. 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 Group, the Group shall recognize these changes in equity interests as capital reserve in proportion

to shares it holds in the affiliated company.

4. The unrealized gains and losses resulted from transactions between the Group and associates are eliminated to the extent of the Group's interest in each associate. Unless impairment on the assets transferred is indicated with clear evidence, the unrealized losses are eliminated. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When an associate issues new shares and the Group does not subscribe or acquire in proportion to its shareholding resulting in a change of the Group's investment percentage in the associate but where the Group still retain significant influence over the associate, the change in the net equity value is recognized in "Capital Surplus" or "Investments Recognized under Equity Method". 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.
6. When the Group's significant influence over an associate ceases, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
7. When the Group disposes shares in an associate and thus loses significant influence over the former associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses significant influence over an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss. 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.
8. 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.

(XV) Property, plant, and equipment

1. Property, plant and equipment are recorded at acquisition cost, and the interest is capitalized over the acquisition and construction period.
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 Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of 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. When the property, plant and equipment for own use is changed to be used as investment property reported at fair value, the difference between the book value and its fair value

should be handled in accordance with the revaluation requirements of IAS 16. A decrease in the carrying amount of property, plant, and equipment should be recognized as income; if there is an increase in the carrying amount of property, plant, and equipment, the recognized impairment loss shall first be reversed, while the remaining amount is recognized in other comprehensive income. At the same time, increase the revaluation gains under other equity, then it will be reclassified as investment property according to the fair value on the date of change.

5. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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:

Buildings and structures	2 years ~ 66 years
Machinery and equipment	2 years ~ 25 years
Warehouse equipment	2 years ~ 8 years
Transportation equipment	2 years ~ 7 years
Office equipment	2 years ~ 8 years
Other equipment	1 - 10 years

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Group. 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 Group's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives, and the variable lease payments depending on certain index or rate. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.

(XVII) Investment Real Estate

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

(XVIII) Intangible Assets

1. Trademark, patent rights and service concession

Trademark, patent rights and service concession are stated as acquisition cost and amortized on a straight line basis with useful lives of 3~20 years.

2. Computer software

Computer software is stated at acquisition cost and amortized on a straight line basis with useful lives of 2~5 years.

3. Mineral rights

Based on expected number of units the mineral resource should produce, depreciation is calculated using the unit of production method. If there is any change to the expected production units, the depreciation per unit is recalculated using the assets' carrying amount, and the depreciation recognized in the prior years is not restated.

4. Intangible assets generated internally - expenses of R&D

(1) R&D expenses are recognized as the expenses of the current term when occur.

(2) The R&D expenses disqualified from the following criteria are recognized as the expenses of the current term; the R&D expenses qualified with the following criteria are recognized as intangible assets:

A. The technical feasibility of being intangible assets has been achieved, so that the intangible asset may be used or sold;

B. Intention to complete the intangible assets for use or sale;

C. Capability to use or sell the intangible assets;

D. The likely perspective economic benefits of the concerned intangible assets may be proved;

E. Sufficient technical, financial, and other resources to complete the developments are in place, to use or sell the intangible assets;

F. The expenses attributed to the intangible assets during the development may be measured reliably.

(3) The intangible assets generated internally - the grouting materials for offshore wind power generation - are amortized on a straight-line basis over their estimated useful lives of 5 years after they have reached the state of use.

5. Goodwill

Goodwill is resulted from the business combination using the acquisition method.

(XIX) Impairment of non-financial Assets

1. The group 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 it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, 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 be not more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

2. Periodic estimate of recoverable amounts of goodwill, and intangible assets not available for use shall be estimated regularly. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the recoverable amount. Impairment loss for goodwill is not reversible.

3. To test for impairment, goodwill must be allocated to each cash-generating units. The allocation is based on operation units, and goodwill is allocated to each

cash-generating units or groups of cash-generating units that are expected to be benefited by the business combination.

(XX) Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans. The Group recognizes initially at fair value, net of transaction costs incurred, and subsequently stated at amortized cost. Any difference between the proceeds, net of transaction costs, and the redemption value is amortized in profit or loss as an adjustment to the finance costs over the period of circulation using the effective interest method.

(XXI) Notes and accounts payable

1. Debt arising from purchase of raw materials, goods or services and notes payable arising from ordinary course of business or non-business related matters.
2. Short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) 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.

(XXIII) Provisions

Provisions for warranty liability are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(XXIV) 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. Termination benefits

Termination benefits are benefits paid to employees when their employment has been terminated prior to their ordinary date of retirement or for acceptance of termination of employment. Termination benefits are recognized when the Group can no longer withdraw the offer of the benefit or when the Group recognizes costs for a restructuring, whichever is earlier. Benefits that are not expected to be settled wholly before twelve months after the end of the balance sheet date should be discounted.

4. Remuneration to employee

Employees' compensation are recognized as expenses and liabilities provided that such recognition is required under legal 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.

(XXV) 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 Group 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 expect ion 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 consolidated 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 business combination 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 reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in 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.
6. Tax credits resulting from research and development expenditures are treated with accounting for income tax credits.

(XXVI) 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.

(XXVII) 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.

(XXVIII) Income

1. Land development and sale
   (1) The Group conducts its business in land development and sale of residential buildings, revenue is recognized when the control of the property has been transferred to the customer. For a signed residential contract, due to restrictive terms set out in the contract, the Group retains no continuing involvement of the associated property. Only if the legal ownership of property has been transferred to the customer, the Group will have the right to the contract consideration. Thus,

revenue is recognized when the legal ownership has been 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. In rare cases, the Group and the customer agree to defer the payments for a period less than 12 months that doesn’t involve a significant financing component, so the contract consideration is not adjusted.

2. Sale of goods

(1) The Group manufactures and sells cement, building materials and related merchandises, as well as operates supermarkets and shopping malls. Revenue arising from sales of goods is recognized when the control of products has been transferred to the customer, that is when products are delivered to the customer and there is no unsatisfied performance obligation by the Group that may affect the customer acceptance of the product. 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 Group offers loyalty program to retail customers by giving out reward points for purchases, and customers may use the reward points in exchange for discounts or free products. 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 are recognized when products are delivered to customers. Since the Group has the absolute right for the contract consideration after the point of the time of delivery, and may collect such consideration from customers after such point of time.

(4) Financial component

For the contracts that the Group signs with customers, the time between product or service delivery and customer payment does not exceed one year, so the price is not adjusted for the time value of money.

3. Revenue from construction contracts

(1) The Group sub-contracts construction projects. As the performance of construction contracts creates or enhances one asset, and the concerned asset becomes under control of the client or does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date, the Group recognizes revenue over time as it satisfies the performance obligation.

(2) The Group’s recognition of construction contract revenue is based on the stage of completion of a contract using the percentage of completion method of accounting during the duration of a contraction. The contract costs are recognized as expenses in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. If the total contract costs are probable to exceed

total contract revenue, the estimated loss is recognized as expenses immediately. When the results of the construction contracts may not be able to be used to reasonably measure the results of the performance obligations, but the Group expects to recover the incurred costs when the performance obligations are fulfilled. The Group will only recognize the contracts in revenue within the scope of the incurred costs before the results of the performance obligations can be measured.

(3) The Group’s estimations for revenue, costs and stage of completion are adjusted accordingly. Any variation of estimated revenue or costs arising from change of estimations is reflected in profit or loss in the period when the condition for change of estimation is made known to the management.

(4) The variable consideration arising from performance bonuses, penalties or claims that could result in variation of total contract price is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future.

(5) Retention money mandated in the construction contract should be paid after acceptance of construction by the customers. The retention money receivable is a form of protection for its customers in the event that the counter-party does not perform parts or all obligations properly, and thus does not contain any significant financing component.

(6) The excess of receivables from customers on construction contracts, that is, the cumulative costs incurred plus, recognized profits (less recognized losses) over the progress billings on each construction contract is presented as a contract asset. While the excess of the progress billings over the cumulative costs incurred plus, recognized profits (less recognized losses) on each construction contract is presented as a contract liability.

4. Services revenue

The Group manages apartment buildings and provides security services. Services revenue is recognized when service is provided to customers within the reporting period. Revenue from fixed-price contracts is recognized in proportion to the service rendered up to the balance sheet date. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.

5. Rental income

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

6. 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 incurred (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.

(XXIX) Government grants

Government grants are recognized at fair value when there is reasonable assurance that an enterprise will comply with the conditions attached to the government grants and will receive the grant. If the nature of the government grants is to compensate the expenses incurred by the Group, such grants shall be recognized as the current profit or loss on a systematic basis during the period in which such expenses are incurred (listed as a deduction of R&D expenses and other revenue).

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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:

(1) Critical judgments in applying the Group's accounting policies

Investment Real Estate
The properties that the Group holds for the purposes of earning rent or capital appreciation are classified as investment property.

(2) Critical accounting estimates and assumptions

1. Revenue recognition
The construction contract income 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 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.

2. As investment property is subsequently measured at fair value, and the investment property held by the Group 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 Group 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

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 10,583	$ 12,050
Checking deposits	413,748	819,527
Demand deposits	712,870	2,320,555
Time deposits	1,105,806	3,469,469
Cash equivalents - Bonds under repurchase agreements	1,687,159	3,071,714
	$ 3,930,166	$ 9,693,315

1. The Group 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 Group's restricted cash and cash equivalents on December 31, 2023 and 2022 due to advance receipt trust for construction projects, project performance bond, contracted business, and warranty were NT$971,820 and NT$1,542,968, respectively, of which NT$$752,443 and NT$1,311,576 were classified as other current assets - other financial assets. Please refer to Note 6(5) for the description; and NT$219,377 and NT$231,392 were classified as other non-current assets - other financial assets. Please refer to Note 6(13) for details.

(II) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 977,419	$ 605,384
Notes Receivable – related party	-	4
	$ 977,419	$ 605,388
Accounts receivable (Note)	$ 234,172	$ 203,918
Construction payment receivable	2,376,098	1,705,295
Less: Allowance for loss	(7,459)	(3,858)
Subtotal	2,602,811	1,905,355
Accounts receivable - related party	35,451	2,196
	$ 2,638,262	$ 1,907,551

Note: the amounts due within a year of the long-term rent receivables included; please refer to Note 6 (10) for details.

1. Ruentex Materials, the sub-subsidiary of the Company, issues the invoice and bill of lading when taking the customer's order, debts accounts receivable and credits advance sales receipt (the "contract liability-current" account). When it receives notes issued by the customer, the amount is then transferred to notes receivable from accounts receivable. Based on demand quantity, the customer picks up the cement in batches, and the actual sales amount is then transferred from advance sales receipt to revenue. To prevent inflated assets and liabilities, the notes and accounts receivable and advance sales receipt related to undelivered cement are offset with each other and presented in the net values. As of December 31, 2023 and 2022, the amounts were NT$112,165 and NT$123,081.
2. The aging analysis of accounts receivable (including related parties) and notes receivable (including related parties) is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 2,060,311	$ 977,419	$ 1,900,545	$ 605,388
Overdue				
Within 30 days	91,097	-	4,854	-
31-60 days	130	-	3,045	-
61-90 days	69,469	-	122	-
91 days and more	424,714	-	2,843	-
	$ 2,645,721	$ 977,419	$ 1,911,409	$ 605,388

The aging analysis was based on past due date.

3. The accounts receivable from the Group’s contracts with customers (including related parties) on December 31, 2023, December 31, 2022, and January 1, 2022 were NT$2,564,110, NT$1,835,172, and NT$1,279,073, respectively. On December 31, 2023, December 31, 2022, and January 1, 2022, the notes receivable (including related parties) of the Group's contracts with customers were NT$977,419, NT$605,388, and NT$1,176,984, respectively.

4. The Group’s maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT$977,419 and NT$605,388 for notes receivable (including related parties), as of December 31, 2023 and 2022, respectively; the accounts receivable (including related parties) were NT$2,638,262 and NT$1,907,551 as of December 31, 2023 and 2022, respectively.

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

6. The Group's accounts receivable to a certain customer exceeded the normal credit period. According to the Group's credit risk management policy, it should have appropriated an impairment loss of NT$421,612. However, the Group has obtained guarantees for this account receivable the value of the collateral amounted to NT$1,457,057, and no impairment loss was appropriated for the accounts receivable of this customer considering the collateral held. Please refer to Note 12 (2) for details.

(III) Inventories

	December 31, 2023	Decen
Construction business department:		
Real property for sale (including parking space)	$ 5,164,376	$ 6,704,385
Property under construction	18,872,157	15,490,373
Construction land	4,636,327	3,750,279
Prepayment for land purchases	2,578,538	2,742,866
Materials and supplies	491,056	475,700
Work in progress and finished goods	266,301	245,883
Less: Allowance for valuation losses	(539,915)	(544,832)
Subtotal	31,468,840	28,864,654
Hypermarket and Franchise Business Department:		
Merchandise inventory	121,231	122,926
Less: allowance for obsolescence loss	(880)	(714)
Subtotal	120,351	122,212
Total	$ 31,589,191	$ 28,986,866

1. Inventory and construction costs recognized as expense in the current period.

	2023	2022
Cost of inventories sold and construction costs	$ 19,420,179	$ 24,129,904
loss on physical inventory	9,450	7,906
Unallocated manufacturing costs	6,840	6,840
Revenue from sales of scraps	(24,839)	(21,862)
Gain from price recovery/Loss from price reduction	(4,751)	159,650
	$ 19,406,879	$ 24,282,438

The inventories recognized as allowance of loss were sold and market prices recovered during 2023. The inventories generated gains from market price recovery.

2. Inventory capitalization amount and interest range:

	2023	2022
Amount of capitalization	$ 261,056	$ 135,041
Interest rate collars of capitalization	1.58%~2.69%	0.33%~2.20%

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 catorgy 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

	December 31, 2023	December 31, 2022
Joint construction guarantee deposits	$ 514,935	$ 537,397
Restricted bank deposits	752,443	1,311,576
Guarantee deposits paid	57,525	24,540
Incremental costs of obtaining contracts	106,108	66,876
Others	17,066	781
	$ 1,448,077	$ 1,941,170

Details of the Group's other financial assets pledged to others as collateral are provided in Note 8.

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

Item	December 31, 2023	December 31, 2022
Non-current items		
Equity Instrument		
Shares of TWSE listed companies	$ 2,816,109	$ 2,816,109
Shares of the TPEx listed companies	754,338	758,421
Shares of non-TWSE/TPEx listed companies	287,287	288,460
	3,857,734	3,862,990
Adjustments for valuation		
- Shares of TWSE listed companies	1,044,447	1,086,475
- Shares of the TPEx listed companies	545,216	464,265
- Shares of non-TWSE/TPEx listed companies	(205,266)	(208,745)
	1,384,397	1,341,995
Total	$ 5,242,131	$ 5,204,985

1. The Group elected to classify the TWSE listed securities for stable dividends as financial assets at fair value through other comprehensive income; such investments amounting NT$3,860,556 and NT$3,902,584 as of December 31, 2023 and 2022, respectively.
2. The Group elected to classify the strategic investments in TPEx listed securities as financial assets at fair value through other comprehensive income, amounting to NT$1,299,554 and NT$1,222,686 as of December 31, 2023 and 2022, respectively.
3. The Group elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive income, amounting to NT$82,021 and NT$79,715 as of December 31, 2023 and 2022, respectively.
4. The Group's maximum exposure to credit risk for financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements was NT$5,242,131 and NT$5,204,985 as of December 31, 2023 and 2022, respectively.
5. TPEx-listed company, OBI Pharma, Inc., increased its capital in cash in March 2022, and the Group subscribed for 190,061 shares in the amount of NT$19,956.
6. Pacific Resources Corporation's (Pacific Resources Corporation's) equity instruments held

by the Group:

(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 Group 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 Group’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 Group 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 Group’s shareholding remained at 1.05%.

7. Brogent Technologies Inc., a listed company held by the Group, 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 Group’s original cost of the holding.

8. The Group’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 were 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 Group wrote off the initially recognized investment cost of NT$128,717 and the cumulative unrealized valuation adjustment- gains recognized of NT$1,170,711 (the securities exchange tax of NT$3,910 was already deducted).

9. In the third quarter of 2022 and the first quarter of 2022, the Group purchased 3,160 thousand shares and 1,380 thousand shares of TWSE-listed companies from the open market in the amounts of NT$199,654 and NT$136,753, respectively.

10. TWSE-listed company, Ruentex Industries Ltd., increased its capital in cash in September 2022, and the Group subscribed for 26,348 thousand shares in the amount of NT$1,317,401.

11. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

Item	2023	2022
Changes in fair value recognized as other comprehensive income	$ 42,727	($ 667,961)
Unrealized valuation gains on financial assets transferred to retained earnings due to disposal	($ 325)	($ 1,170,895)
Dividend incomes recognized in profit and loss	$ 122,302	$ 185,085

12. Details of the Group’s financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note VIII.

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

(VI) Financial assets at amortised cost

Item	December 31, 2023	December 31, 2022
Current items:		
Demand deposit with original maturity date for more than three months		
Time deposits	$ -	$ 75,000
Non-current items:		
Subordinated corporate bonds	$ 560,000	$ 560,000

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

	2023	2022
Interest revenue	$ 20,165	$ 19,975

2. The Group's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held and other credit enhancements was NT$560,000 and NT$635,000 as of December 31, 2023 and 2022, respectively.
3. The Group did not pledge financial assets measured at amortized costs to others as collateral.
4. For information on the credit risk of financial assets at amortized cost, please refer to Note 12(2). The trading counterparties of the Group's certificates of deposit are financial institutions with great credit ratings, so the likelihood of default is estimated to be very low.

(VII) Investments accounted for using equity method

1. Details are as follows:

	Carrying amount	
Name of associate	December 31, 2023	December 31, 2022
Shing Yen Construction Development Co., Ltd. (Shing Yen)	$ 398,388	$ 422,785
Ruentex Industries Ltd. (Ruentex Industries)	11,176,369	9,405,126
Gin-Hong Investment Co., Ltd. (Gin-Hong)	708,113	788,538
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)	-	-
Concord Greater China Ltd.(Concord)	569,928	825,743
Sinopac Global Investment Ltd.(Sinopac)	597,949	646,277
	$ 81,078,232	$ 64,156,525

2. The investment shareholder percentage is as follows:

Name of the associate	Shareholding percentage December 31, 2023	Shareholding percentage December 31, 2022
Shing Yen	45.45%	45.45%
Ruentex Industries	14.58%	14.58%
Gin-Hong	30.00%	30.00%
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%
Concord	25.46%	25.46%
Sinopac	49.06%	49.06%

3. Details of the share of profit or loss of associates accounted for under equity method are as follows:

Name of associate	2023	2022
Shing Yen	$ 3,301	($ 10,356)
Ruentex Industries	835,868	1,104,135
Gin-Hong	22,099	54,830
Sunny Friend	106,763	229,274
Ruen Chen Investment Holdings	4,938,055	7,085,529
Nan Shan Life Insurance	51,264	73,161
Concord	14,244	9,218
Sinopac	14,981	(194,561)
	$ 5,986,575	$ 8,351,230

4. The basic information of the associates that are material to the Group are as follows:

Company Name	Main business Place of Business	Shareholding percentage December 31, 2023	Shareholding percentage December 31, 2022	Relationship Nature of	Measurement Method
Ruen Chen Investment Holdings	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	14.58%	14.58%	Diversification	Equity method

5. The summarized financial information of the associates that are material to the Group are as follows:

Balance Sheets

	Ruen Chen Investment Holdings	
	December 31, 2023	December 31, 2022
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)	$ 298,030,853	$ 231,589,180
Portion of the net assets of associates	$ 65,523,748	$ 50,540,994

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.

	Ruentex Industries	
	December 31, 2023	December 31, 2022
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)	$ 98,119,830	$ 82,278,508
Portion of the net assets of associates	$ 11,176,369	$ 9,405,126

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

Statements of Comprehensive Income

	Ruen Chen Investment Holdings	
	2023	2022
Income	$ 467,629,672	$ 478,762,509
Current Net Profit (Note 1)	22,062,715	31,639,526
Other comprehensive income (Net of tax)	44,309,180	(251,235,513)
Total Comprehensive Income Current Period (Note 2)	$ 66,371,895	($ 219,595,987)

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.

	Ruentex Industries	
	2023	2022
Income	$ 2,680,640	$ 2,874,195
Net income of current period	7,574,805	12,063,155
Other comprehensive income (Net of tax)	10,567,108	(67,235,923)
Total comprehensive income for this period	$ 18,141,913	($ 55,172,768)
Dividends received from associates	$ 322,045	$ 445,583

6. The carrying amount of the Group’s interests in all individually immaterial associates and the operating results are summarized below:
As of December 31, 2023 and 2022, the carrying amount of the Group’s individually immaterial associates amounted to NT$4,378,115 and NT$4,210,405, respectively.

	2023	2022
Net income of current period	$ 22,685,005	$ 32,214,509
Other comprehensive income (Net of tax)	38,928,501	(258,621,796)
Total comprehensive income for this period	$ 61,613,506	($ 226,407,287)

7. As of December 31, 2023 and 2022, among the investments accounted under equity method, the amounts for Gin-Hong, Concord, and Sinopac were measured based on the financial reports audited by other independent accountants.

8. The fair value of the Group’s investments accounted under equity method with quoted market prices is as follows:

	December 31, 2023	December 31, 2022
Ruentex Industries	$ 10,353,754	$ 10,466,470
Sunny Friend	3,837,568	5,134,147
	$ 14,191,322	$ 15,600,617

9. 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.

10. 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.

11.(1) For the purposes of investments and diversifying operations, the Company invested in

Nan Shan Life Insurance in 2010 through Ruen Chen Investment Holding. 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. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred portion of shares of Ruen Chen Investment Holdings for trust, the major terms and conditions of the 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.

(2) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Co., 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.

(3) 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.

12. 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.

13.(1) In the third quarter of 2022, the Group purchased 1,310 thousand shares of Ruentex Industries from the open market, in an amount of NT$82,579, and the Group's direct and indirect combined shareholding in Ruentex Industries increased from 11.95% to 12.14%.

(2) The Group subscribed 71,906 thousand shares in Ruentex Industries' cash capital increase in September 2022, amounting to NT$3,595,299.

(3) The Group's combined direct and indirect shareholding in Ruentex Industries increased from 12.14% to 14.58%, 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).

14. The Group subscribed 3,693 thousand shares of SUNNY FRIEND for cash capital increase for a total of NT$443,161 in June 2023. As a result, the Group'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).

15. 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.

16. 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.

17. The Group holds 14.58% 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 Group does not hold any seat, showing that the Group 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.

18. The Group 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 Group, showing that the Group 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.

19. Although the Group'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.

20. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note 8.

21.(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 Group 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 Group 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$58,715,679, a decrease in deferred tax assets by NT$456,152, and an increase in other equity by NT$58,259,527. 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 (before reclassification)	Effects of reclassification	October 1, 2022 (after reclassification)
Consolidated total assets	$ 105,225,804	$ 58,259,527	$ 163,485,331
Consolidated total liabilities	77,725,082	-	77,725,082
Consolidated total equity	27,500,722	58,259,527	85,760,249

(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								
	Land	Buildings and structures	Machinery and equipment	Warehouse equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 2,005,866	$ 2,434,685	$ 2,503,415	$ 30,441	$ 65,702	$ 183,063	$ 1,361,612	$ 38,456	$ 8,623,240
Accumulated depreciation	-	(739,558)	(1,374,533)	(11,739)	(56,291)	(142,287)	(599,320)	-	(2,923,728)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 2,005,866	$ 1,684,796	$ 1,073,441	$ 18,702	$ 9,411	$ 40,776	$ 761,913	$ 38,456	$ 5,633,361
January 1	$ 2,005,866	$ 1,684,796	$ 1,073,441	$ 18,702	$ 9,411	$ 40,776	$ 761,913	$ 38,456	$ 5,633,361
Addition	-	4,466	122,023	-	6,283	25,078	88,131	203,509	449,490
Transfer (Note 1)	-	7,330	80,217	-	-	612	(177)	(32,949)	55,033
Reclassification (Note 2)	-	(175,813)	9,973	-	-	-	(9,973)	-	(175,813)
Reclassification - Depreciation (Note 2)	-	26,239	(863)	-	-	-	863	-	26,239
Costs of disposal of assets	-	-	(49,622)	-	(2,090)	(10,733)	(1,609)	-	(64,054)
Accumulated depreciation on disposal date	-	-	49,622	-	2,090	10,655	1,567	-	63,934
Depreciation expense	-	(66,976)	(205,379)	(4,288)	(3,507)	(19,618)	(117,409)	-	(417,177)
December 31	$ 2,005,866	$ 1,480,042	$ 1,079,412	$ 14,414	$ 12,187	$ 46,770	$ 723,306	$ 209,016	$ 5,571,013
December 31									
Cost	$ 2,005,866	$ 2,270,668	$ 2,666,006	$ 30,441	$ 69,895	$ 198,020	$ 1,437,984	$ 209,016	$ 8,887,896
Accumulated depreciation	-	(780,295)	(1,531,153)	(16,027)	(57,708)	(151,250)	(714,299)	-	(3,250,732)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 2,005,866	$ 1,480,042	$ 1,079,412	$ 14,414	$ 12,187	$ 46,770	$ 723,306	$ 209,016	$ 5,571,013

Note 1: The amount NT$55,033 is reclassified from prepayments for business facilities.

Note 2: Part of the property was leased out in the current year, so it was reclassified to investment property of $149,574. Please refer to Note 6(10)2.

	2022								
	Land	Buildings and structures	Machinery and equipment	Warehouse equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 2,010,641	$ 2,370,121	$ 2,326,715	$ 27,858	$ 67,246	$ 175,560	$ 1,287,231	$ 55,716	$ 8,321,088
Accumulated depreciation	-	(669,050)	(1,280,854)	(10,462)	(54,337)	(124,835)	(498,059)	-	(2,637,597)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 2,010,641	$ 1,690,740	$ 990,420	$ 17,396	$ 12,909	$ 50,725	$ 788,793	$ 55,716	$ 5,617,340
January 1	$ 2,010,641	$ 1,690,740	$ 990,420	$ 17,396	$ 12,909	$ 50,725	$ 788,793	$ 55,716	$ 5,617,340
Addition	-	1,680	75,297	3,406	-	10,335	68,842	217,489	377,049
Transfer (Note)	-	65,480	177,471	1,690	-	-	18,047	(234,794)	27,894
Costs of disposal of assets	(4,775)	(2,596)	(76,068)	(2,513)	(1,544)	(2,832)	(12,508)	-	(102,836)
Accumulated depreciation on disposal date	-	797	76,006	2,425	1,544	2,799	12,508	-	96,079
Capitalization of interest	-	-	-	-	-	-	-	45	45
Depreciation expense	-	(71,305)	(169,685)	(3,702)	(3,498)	(20,251)	(113,769)	-	(382,210)
December 31	$ 2,005,866	$ 1,684,796	$ 1,073,441	$ 18,702	$ 9,411	$ 40,776	$ 761,913	$ 38,456	$ 5,633,361
December 31									
Cost	$ 2,005,866	$ 2,434,685	$ 2,503,415	$ 30,441	$ 65,702	$ 183,063	$ 1,361,612	$ 38,456	$ 8,623,240
Accumulated depreciation	-	(739,558)	(1,374,533)	(11,739)	(56,291)	(142,287)	(599,320)	-	(2,923,728)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 2,005,866	$ 1,684,796	$ 1,073,441	$ 18,702	$ 9,411	$ 40,776	$ 761,913	$ 38,456	$ 5,633,361

Note: The amount of NT$29,054 is transferred from prepayments for business facilities, and the amount of NT$1,160 is transferred to investment property.

1. Details of the Group’s property, plant and equipment pledged to others as collateral are provided in Note 8.
2. Due to legal restrictions, part of the land of the Company’s Sub-subsidiary, Ruentex Materials, is held in the name of another person and a mortgage is created to Ruentex Materials. Please refer to Note 7 for details.
3. Capitalized amount of borrowing costs for property, plant and equipment and interest rate range:

	2023	2022
Amount of capitalization	$ -	$ 45
Interest rate collars of capitalization	-	0.87%~1.11%

(IX) Lease transactions - lessees

1. The underlying assets of the Group to be leased include the land for operation, operating offices, Zhonglun Building office, company vehicles and mines from others in the form of operating lease, and the lease period is from 2012 to 2084. 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:

	2023				
	Land - rent	Buildings - rent	Land - premiums	Transportation equipment	Total
January 1					
- Cost	$ 945,899	$ 1,210,035	$ 1,472,507	$ 6,893	$ 3,635,334
- Accumulated depreciation	(65,648)	(358,951)	(107,794)	(5,745)	(538,138)
- Accumulated impairment	-	-	(89,781)	-	(89,781)
	$ 880,251	$ 851,084	$ 1,274,932	$ 1,148	$ 3,007,415
January 1	$ 880,251	$ 851,084	$ 1,274,932	$ 1,148	$ 3,007,415
Addition-Newly added lease contracts	13,212	2,795	-	6,182	22,189
Lease contract modifications - costs	62,435	5,260	-	-	67,695
Cost of derecognition	(45,329)	-	-	(6,894)	(52,223)
Accumulated depreciation, derecognized	45,329	-	-	6,894	52,223
Reclassification - costs	(24,830)	-	(250,462)	-	(275,292)
Reclassification - accumulated depreciation (Note)	1,717	-	13,551	-	15,268
Reclassification - accumulated amortization (Note)	-	-	61,112	-	61,112
Depreciation expense	(59,511)	(163,489)	(26,307)	(2,163)	(251,470)
December 31	$ 873,274	$ 695,650	$ 1,072,826	$ 5,167	$ 2,646,917
December 31					
- Cost	$ 951,387	$ 1,218,090	$ 1,222,045	$ 6,181	$ 3,397,703
- Accumulated depreciation	(78,113)	(522,440)	(120,550)	(1,014)	(722,117)
- Accumulated impairment	-	-	(28,669)	-	(28,669)
	$ 873,274	$ 695,650	$ 1,072,826	$ 5,167	$ 2,646,917

Note: Part of the property was leased out in the current year, so it was reclassified to investment property of $198,912. Please refer to Note 6(10)2.

	2022				
	Land - rent	Buildings - rent	Land - premiums	Transportation equipment	Total
January 1					
- Cost	$ 161,304	$ 1,285,880	$ 1,412,087	$ 6,745	$ 2,866,016
- Accumulated depreciation	(95,955)	(227,024)	(80,035)	(3,397)	(406,411)
- Accumulated impairment	-	-	(89,781)	-	(89,781)
	$ 65,349	$ 1,058,856	$ 1,242,271	$ 3,348	$ 2,369,824
January 1	$ 65,349	$ 1,058,856	$ 1,242,271	$ 3,348	$ 2,369,824
Addition-Newly added lease contracts	862,589	779	60,420	-	923,788
Lease contract modifications - costs	190	(70,806)	-	148	(70,468)
Lease contract modifications - accumulated depreciation	-	32,662	-	-	32,662
Cost of derecognition	(78,184)	(5,818)	-	-	(84,002)
Accumulated depreciation, derecognized	78,184	5,818	-	-	84,002
Depreciation expense	(47,877)	(170,407)	(27,759)	(2,348)	(248,391)
December 31	$ 880,251	$ 851,084	$ 1,274,932	$ 1,148	$ 3,007,415
December 31					
- Cost	$ 945,899	$ 1,210,035	$ 1,472,507	$ 6,893	$ 3,635,334
- Accumulated depreciation	(65,648)	(358,951)	(107,794)	(5,745)	(538,138)
- Accumulated impairment	-	-	(89,781)	-	(89,781)
	$ 880,251	$ 851,084	$ 1,274,932	$ 1,148	$ 3,007,415

3. Rents and premiums to lands are as follows:

(1) In January 2014, Ruentex Construction signed the land superficies rights contracts with Northern Region Branch, National Property Administration, MOF for the two lands located at Land No. 265, sub-section 6, Baoqing Section, Songshan District, Taipei City with a contract period of 70 years. The total royalty amounted NT$1,711,112 was paid in full up on the signing of contract. In addition to the royalty, monthly rent equal to 3.5% of the publicly announced land value should be paid monthly.

The premium was paid in full in January 2014, and the registration for the superficies right was completed on January 15, 2014.

(2) Citylink Nangang signed the construction contraction and operation contract for Nangang Railway Station building with the Taiwan Railway Administrations in December 2006; Citylink Songshan signed the private participation in construction and operation contract for Songshan Railway Station building and parking tower with the Taiwan Railway Administrations in May 2007. Details of the contracts are as follows:

A. Construction and operation contract for Taiwan Railway Nangang Railway Station Building:

a. Period of development and operation:

A total of 52 years since the signing date of superficies right contract. Citylink Nangang signed the superficies right contract on September 27, 2012. Taiwan Railway Administrations handed over the associated land and building to Citylink Nangang, and Citylink Nangang confirmed and accepted on October 19, 2012. The registration for setting the superficies right was completed on October 25, 2012, and a guarantee note amounting NT$250,000 was pledged as collateral on the same date.

b. Development premium:

Citylink Nangang should pay a total of NT$80 million development premium in 5 installments from the year of contract signing. The former development premium was paid in full.

c. Operation premium:

Within the approximate 52 years, from the date that the building and equipment associated to the Nangang Railway Station Building project were confirmed and handed over to Citylink Nangang to the end of the operation period, Citylink Nangang should pay certain amounts of premium each year, totaling NT$6.82548 billion. As of December 31, 2023 and 2022, the cumulative premiums paid were NT$906,344 and NT$804,544, respectively.

D. Performance bond:

Citylink Nangang should pay the performance bond of NT$20 million before signing the operation contract for Nangang Railway Station Building, and another performance bond of NT$180 million before the first transfer of operation area (the OT part). The aforementioned bond was paid with NT$100 million guarantee bond certificate issued by the domestic bank that is registered with the Ministry of Finance and NT$100 million refundable deposit. After one year of operation, as specified in the contract, the Taiwan Railway Administrations should return NT$100 million of performance bond. In the event of default by Citylink Nangang resulting in termination of contract by the Taiwan Railway Administrations, the Taiwan Railway Administrations can forfeit the performance bond without proceeding any lawsuit or arbitration procedures, and Citylink Nangang may not object. The performance bond above was collected in January 2017.

e. Land rent:

During the construction period, the land rent is calculated as 1% of the total announced land value; during the operation period, the land rent is calculated as 1%~3% of the total announced land value. On March 8, 2023, Ruentex Xu-Zhan signed the "Second Supplementary Contract for the Contract for the Designated Land Rights of the TRA Nangang Station Building" with Taiwan Railway. From October 27, 2022, the land rent is calculated based on Article 2 of the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects" which stipulates that the rent during the operation period is the product of the current declared land value and the tax rate of the land value requisitioned, plus 2% of the land value declared in the current period, which is the year 2006, plus the amount retained by Nangang in the current period minus 70% of 2% of the land value in 2006.

In addition, Citylink Nangang reached an agreement with Taiwan Railway Administrations to waive land rent for 2016, and the land rent amount of NT$39,764 paid in that year will be debited to the land rent payable across the following 4 years. The debit amount was NT$9,764 for the first year, and NT$10,000 for the remaining 3 years. As of December 31, 2023 and 2022, the effect of the initially applying IFRS 16 to the above amounts is NT$20,000, which is recognized in “Investment Property” Land - Rent.

f. Return and transfer of operating assets:

At the end of the permitted period, Citylink Nangang should unconditionally return the operating assets owned by the Taiwan Railway Administrations and the existing operating assets acquired due to construction and operation of this project.

g. Other agreed matters:

Citylink Nangang should donate 30% of its net operating income from the parking spaces located within the contracted operating area to Taiwan Railway Administrations for the maintenance of the first-floor atrium and surrounding gardens and facilities at Nangang Railway Station. The preceding net operating income is the operating income net operating costs and administration expenses. The net operating loss from the parking spaces is presented below:

	2023	2022
Operating Revenue	$ 21,413	$ 21,603
Operation cost	(81,000)	(79,750)
Net operating losses	($ 59,587)	($ 58,147)

B. Private participation in construction and operation contract for the Songshan Railway Station building and parking tower:

a. Period of development and operation:

A total of 55 years since the next day of the signing date of superficies right contract, including construction and operation period. Citylink Songshan signed the superficies right contract with Taiwan Railway Administrations on August 30, 2012. Taiwan Railway Administrations handed over the associated land and building to Citylink Songshan, and Citylink Songshan confirmed and accepted on in September 2012. Citylink Songshan completed the registration for setting the superficies right on October 22, 2012.

b. Development premium:

Citylink Songshan should pay a total of NT$120 million development premium in 4 installments from the year of contract signing. The former development premium was paid in full.

c. Operation premium:

Citylink Songshan should pay the operation premium amount by method as specified in the operation premium quotation annually. During official operation, the annual operation premium amount is calculated by using the actual net operating income multiplying by the “ratio of operation premium to net operating income,” and if the result is less than the “agreed minimum payment of operation premium,” the “agreed minimum payment of operation premium” amount should be paid.

D. Performance bond:

Citylink Songshan should pay the performance bond of NT$20 million before signing the contract, and another performance bond of NT$80 million before date for the transfer date of land and building assigned by Taiwan Railway Administration. The aforementioned bond was paid with guarantee bond certificate issued by the domestic bank that is registered with the Ministry of Finance. Upon completion of construction and receipt of use permit, as specified in the contract, the Taiwan Railway Administrations should return NT$50 million of performance bond. Citylink Songshan took back the certificate in May 2015. Ruentex Bai-Yi adjusted the performance bond based on the price index according to the contract and paid an additional performance bond of NT$3.78 million on May 1, 2022. In the event of default by Citylink Songshan resulting in termination of contract by the Taiwan Railway Administrations, the Taiwan Railway Administrations can forfeit the performance bond.

e. Land rent:

During the construction period, the land rent is calculated as 1% of the total announced land value; during the operation period, the land rent is calculated as 1%~3% of the total announced land value. On February 24, 2022, Ruentex Bai-Yi and Taiwan Railway signed the "Second Supplementary Contract for the

Establishment of the Superficies for the Private Participation in the Construction and Operation Project of the Songshan Station Complex Building and Multi-dimensional Parking Lot". From January 1, 2022, the land rent is calculated based on Article 2 of the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects" which stipulates that the rent during the operation period is the product of the current declared land value and the tax rate of the land value requisitioned, plus 2% of the land value declared in the current period, which is the year 2007.

f. Return and transfer of operating assets:

At the end of the permitted period, Citylink Songshan should unconditionally return the operating assets owned by the Taiwan Railway Administrations and the existing operating assets acquired due to construction and operation of this project.

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

	December 31, 2023	December 31, 2022
Total amount of lease liabilities	$ 10,891,109	$ 11,078,630
Less: Due within one year (listed as lease liabilities - current)	(291,293)	(275,561)
	$ 10,599,816	$ 10,803,069

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

	2023	2022
Items affects the income of the current period		
Interest expenses of lease liabilities	$ 247,594	$ 244,881
Expenses of short-term lease contracts	123,828	142,680
Variable lease payments	2,568	4,651
	$ 373,990	$ 392,212
Gains on lease modifications	$ -	$ 175

6. The total lease cash outflow of the Group was NT$653,169 and NT$663,680 in 2023 and 2022, respectively, including the expenses of short-term lease contracts of NT$123,828 and NT$142,680, variable lease contract expenses of NT$2,568 and NT$4,651, and interest expenses of lease liabilities of NT$247,594 and NT$244,881, the lease principal repayments NT$279,179 and NT$271,468 respectively.

7. Influences to the lease liabilities from variable leases

The subsidiary of the Company, Ruentex Pai Yi, has an underlying lease subject to the variable lease payment terms in the lease contract, which is the rent revenues from the proprietary booths which were the Service Center included to OT mall. To the underlying lease in the scope, the premium is calculated based on “50% of the net revenues from proprietary booths” or “the minimum payment of the committed operation premium,” whichever is higher. For the rent revenues of the proprietary booths related to the sales amount variation, shall 50% of the net value exceed “the minimum payment of the committed operation premium,” such variable lease payments were recognized as expenses during the contract term.

The costs of premium for 2023 and 2022 were calculated as the following:

	2023	2022
Revenue - tourist service center	$ 9,376	$ 8,579
Revenue - open counters	$ 6,045	$ 5,729
Royalty costs - tourist service center	$ 4,688	$ 4,290
Royalty costs - open counters	$ 3,022	$ 2,864

8. On March 31, 2022, Ruentex Materials, a sub-subsidiary of the Company, agreed to terminate the lease contract on the Taipei Port cement powder inventory, storage, and transfer system with Taipei Port Terminal Company Limited. Therefore, Ruentex Materials reduced the cost of right-of-use assets by NT$71,263, accumulated depreciation by NT$32,662, and lease liabilities by NT38,776, and recognized gains on lease modifications of NT175.
9. Yilan Luodong Business Areas No. 70, 71, 73-75, 80, 82-85, and Nan'ao Business Areas No. 27 and 28 were leased by Ruentex Materials, a sub-subsidiary of the Company, for mineral field use. As the said leases expired on June 18, 2020, Ruentex Materials has applied to the competent authorities for the renewal of the leases. The application for renewal of the lease of the mining land for auxiliary facilities was completed in January 2023, and the lease term will end on June 18, 2024.
10. Please refer to Note 8 for the descriptions of the information of these collaterals provides with the right-of-use assets.
11. The Ruentex Engineering & Construction, a subsidiary of the Company, rented land from related parties. Please refer to Note 7(2) for related explanations.
12. The Company's subsidiaries, Ruentex Xu-Zhan, Ruentex Bai-Yi, and Ruentex Construction increased the right-of-use assets - land - rent by NT$190, right-of-use assets - buildings - rent by NT$$456, investment property - land - rent by NT$$67,986, and lease liabilities by NT$68,632, respectively, according to the contracts signed January 1, 2022 with the Taiwan Railways Administration, Ministry of Transportation and Communications, and the Northern Region Branch, National Property Administration, and Ministry of Finance.
13. Ruentex Bai-Yi, a subsidiary of the Company, signed the Second Supplementary Agreement on the Contract on Private Participation in the Construction of the Ruentex Songshan Station Complex and 3D Parking System Building with the Taiwan Railways Administration in June 9, 2022. For the royalty and land rents to be received for the new open counters provided by the tourist service center, the calculation and payment methods are subject to the Supplementary Agreement on the Tourist Service Center. The right-of-use assets increased by NT$$62,535 and the lease liabilities by NT$62,535 during 2022.
14. The Group adopted the practical expedient method on "COVID-19 related rental concessions" and recognized a gain of $8,476 (listed under "Other income") for the year ended December 31, 2022 for the change in lease payments resulting from the rent concessions, and a total of $30,633 for the year ended December 31, 2022 for the Group's rent concessions for shopping malls and hotels.
15. Ruentex Xu-Zhan, a subsidiary of the Company, received an arbitration judgment from the Chinese Arbitration Association, Taipei, on October 27, 2022, and it shall pay land rents calculated as per Article 2 of the Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects; its investment property and lease liabilities decreased by NT$72,239 during 2022.

16. In May 2023, the Compay's subsidiary Ruentex Construction increased the right-of-use assets - building - rent by NT$5,260, investment property - building by NT$1,774 and lease Liabilities of NT$7,034 based on the 6th year building rent adjustment index of the contract.

17. In July 2023, the Company's subsidiary, Ruentex Engineering & Construction, adjusted the right-of-use assets - land and lease liabilities of $62,435 according to the consumer price index.

(X) Lease transactions - lessor

1. The Group's underlying assets to be leased include the Songshan Station Building, Nangang Station Building, Songshan Baoqing Building "Ruentex Daikanyama,"the parking lot in Neihu shopping malls, Ruenfu Newlife and some of the Company's projects. The terms of the leases are between 2015 to 2043. 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. Please refer to Note 6 (17) for the information related to Songshan Baoqing Building.

2. The Group transferred the property, plant and equipment and right-of-use assets into investment property in July 2023 due to the newly added leased property. Please refer to Notes 6(8), (9) and (11).

3. For the year ended December 31, 2023 and 2022, the Group recognized rental income of NT$1,434,709 and NT$1,411,251, respectively, based on operating lease contracts; the aforementioned lease income, in addition to lease income specified in the contract, includes the long-term lease receivable, arising from the amortization of total lease amount using straight-line method over the lease period, recognized as income of the period, amounting to ($79,945) and ($49,942).

4. As of December 31, 2023 and 2022, the Group's long-term lease receivable recognized as amortization for the total lease income using the straight-line method over the lease period is as follows:

	December 31, 2023	December 31, 2022
Long-term notes and accounts receivable	$ 287,349	$ 367,294
Less: Due within one year (listed as other accounts receivable)	(74,152)	(72,379)
	$ 213,197	$ 294,915

5. Analysis to the due dates of lease payments under operating leases received by the Group is as the following:

	December 31, 2023		December 31, 2022
2024	$ 1,391,097	2023	$ 1,402,615
2025	1,308,581	2024	1,364,548
2026	535,808	2025	1,266,248
2027	469,228	2026	465,472
2028 and after	3,312,023	2027 and after	3,688,890
	$ 7,016,737		$ 8,187,773

(XI) Investment Real Estate

	2023					
	Land	Land - rent	Land - premiums	Operation premiums	Buildings	Total
January 1	$ 1,134,061	$ 6,246,037	$ 1,202,699	$ 7,505,929	$ 19,036,405	$ 35,125,131
Reclassification (Note)	-	22,038	167,620	-	142,615	332,273
Modifications to leases	-	-	-	1,774	-	1,774
Fair value adjustment gain (loss)	25,728	(178,929)	(47,725)	(192,574)	(478,962)	(872,462)
Net exchange differences	-	-	-	-	(68)	(68)
December 31	$ 1,159,789	$ 6,089,146	$ 1,322,594	$ 7,315,129	$ 18,699,990	$ 34,586,648

Note: NT$149,574 were transferred from property, plant and equipment, NT$198,912 was transferred from right-of-use assets, and revaluation losses NT$16,213 were recognized in property. Please refer to Note 6(10)2 for description.

	2022					
	Land	Land - rent	Land - premiums	Operation premiums	Buildings	Total
January 1	$ 1,191,679	$ 6,790,624	$ 1,231,188	$ 8,184,008	$ 20,638,229	$ 38,035,728
Addition	-	-	-	-	2,628	2,628
Transfer (Note)	-	-	-	-	1,160	1,160
Modifications to leases	-	(4,253)	-	-	-	(4,253)
Fair value adjustment loss	(57,618)	(540,334)	(28,489)	(678,079)	(1,605,612)	(2,910,132)
December 31	$ 1,134,061	$ 6,246,037	$ 1,202,699	$ 7,505,929	$ 19,036,405	$ 35,125,131

Note: Transferred NT$1,160 from property, plant, and equipment.

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

	2023	2022
Rental income from investment real estate	$ 1,434,709	$ 1,411,251
Direct operating expenses incurred by investment real estate with the rental income for current period.	$ 268,827	$ 263,138
Direct operating expenses incurred from investment property that did not generate rental income in the current period	$ 5,306	$ 1,973

2. Basis of Investment Property Fair Value

The fair value of the investment property held by the Group 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, Ruen Fu Newlife (New Aspects), and Ruentex Daiguanshan as of December 31, 2023 and December 31, 2022 were issued by Jian, Wu-Chi, appraiser at the Jhong-Ding Real Estate Appraisers Firm. The appraisal reports on the Nangang Station building and the Songshan Station building as of December 31, 2023 and 2022 were issued by Lai, Chin-Wei, appraiser at the G-Beam 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 rent	Equivalent to estimated rent	Equivalent 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 rent	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate		88%~100%	
Rental growth rate		0%~3%	

(3) Future cash outflows included relevant rents, royalties, operations royalties, 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.

	December 31, 2023	December 31, 2022
Discount rate	2.55%~5.58%	2.61%~5.45%

(5) The income approach is adopted for the Group'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.

(6) The valuated amounts and fair values of some underlying properties are adjusted as follows:

	December 31, 2023	December 31, 2022
Valuated amount	$ 24,829,612	$ 25,386,015
Add: Lease liabilities	8,097,707	8,126,668
Fair value	$ 32,927,319	$ 33,512,683

3. Please refer to Note 12(3) for the details of fair value of investment property.

4. Details of the Group's investments property pledged to others as collateral are provided in Note 8.

(XII) Intangible Assets

	2023					
	Mineral source	Trademark, patent and franchise	Computer software	Good will	Others	Total
January 1						
- Cost	$ 234,076	$ 66,745	$ 93,644	$ 2,553	$ 88,773	$ 485,791
- Accumulated amortization	(60,416)	(39,259)	(83,341)	-	(20,518)	(203,534)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	$ 111,688	$ 27,486	$ 10,303	$ 2,553	$ 57,015	$ 209,045
January 1	$ 111,688	$ 27,486	$ 10,303	$ 2,553	$ 57,015	$ 209,045
Addition	-	4,813	700	-	5,280	10,793
Cost of derecognition	-	-	(1,837)	-	-	(1,837)
Balance of accumulated amortization on the derecognition date	-	-	1,837	-	-	1,837
Amortization	-	(2,368)	(5,163)	-	(6,840)	(14,371)
December 31	$ 111,688	$ 29,931	$ 5,840	$ 2,553	$ 55,455	$ 205,467
December 31						
- Cost	$ 234,076	$ 71,558	$ 92,507	$ 2,553	$ 94,053	$ 494,747
- Accumulated amortization	(60,416)	(41,627)	(86,667)	-	(27,358)	(216,068)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	$ 111,688	$ 29,931	$ 5,840	$ 2,553	$ 55,455	$ 205,467

	2022					
	Mineral source	Trademark, patent and franchise	Computer software	Good will	Others	Total
January 1						
- Cost	$ 234,076	$ 62,151	$ 89,248	$ 2,553	$ 66,652	$ 454,680
- Accumulated amortization	(60,416)	(36,626)	(79,278)	-	(13,679)	(189,999)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	$ 111,688	$ 25,525	$ 9,970	$ 2,553	$ 41,733	$ 191,469
January 1	$ 111,688	$ 25,525	$ 9,970	$ 2,553	$ 41,733	$ 191,469
Addition	-	4,594	4,396	-	22,121	31,111
Amortization	-	(2,633)	(4,063)	-	(6,839)	(13,535)
December 31	$ 111,688	$ 27,486	$ 10,303	$ 2,553	$ 57,015	$ 209,045
December 31						
- Cost	$ 234,076	$ 66,745	$ 93,644	$ 2,553	$ 88,773	$ 485,791
- Accumulated amortization	(60,416)	(39,259)	(83,341)	-	(20,518)	(203,534)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	$ 111,688	$ 27,486	$ 10,303	$ 2,553	$ 57,015	$ 209,045

1. The Group’s sub-subsidiary, Ruentex Materials, owns the mine operation rights at Yilan Lankan Mine (Tai-Ji-Chai-Zi No. 5569 mine operation right) and Hualien Huahsin Mine (Tai-Ji-Chai-Zi No. 5345 Marble mine operation right) which will expire on June 18, 2032 and July 1, 2025, respectively. At present, the limestone quarrying in the original mining area has nearly been exhausted and an application has been made to the Bureau of Mines, Ministry of Economic Affairs, in accordance with Article 43 of the Mining Act for an extension of the mining area within the original mine operation rights (Expansion).

   On September 15, 2020, the above-mentioned application of the Yilan Lankan Minefield received the Administrative Disposition Jin Shou Chuan Zi No. 10920107100 from the Ministry of Economic Affairs, which stated, "Because the public land authority (i.e. the Luodong District Office of the Forestry Bureau of the Council of Agriculture, Executive Yuan) has indicated that the approval of mineral land is denied because it does not meet the requirements of No. 13 of the Regulations for Conservation Forest Managements; therefore, the application is rejected in accordance with Article 43 of the Mining Act." Ruentex Materials filed a petition in accordance with the law on October 6, 2020 due to dissatisfaction with the administrative sanction imposed by the authority; however, the petition was rejected by the Executive Yuan, referenced Yuan-Tai-Su No. 1100178798 dated July 8, 2021. The material changes from the adverse impact on the Company’s assets due to administrative authorities’ fact determination and application of laws had led to signs of impairment of the Company’s assets in accordance with the IAS 36. The property, plants, and equipment of NT$66,151 and intangible assets of NT$73,212 related to the Yilan Lankan Mine, totaling NT$139,363, were recognized in impairment losses in June 2021 by Ruentex Materials after evaluation.

   However, to ensure the equity and efficiency of the Company's assets, if the mining land for mining sources legally held can be expanded and continued to be mined, it will make a reasonable contribution to the Company's future profits. The Yilan Lankan Stone Mine expansion case was filed with The High Administrative Court on September 9, 2021, but the administrative lawsuit was dismissed on February 29, 2024 by the Taipei High Administrative Court judgment year 2021 Su-Zi No. 1062. Ruentex Materials has already make a provision for impairment loss. Hence, there is no material impact on Ruentex Materials’ finance or business of the judgment results, and it will file an appeal within the statutory time limit. As of March 13, 2024, the appeal is in process.

   The mining and transportation method for the Hualien Huahsin Mine expansion application was to borrow another entity’s road. However, because the consent to pass through the adjacent mines was not obtained, Ruentex Materials took the initiative to withdraw the application and will file another application after re-planning. As of the March 13, 2024, the relevant planning is still in progress and the application procedure has not yet been completed.

2. The Group did not pledge intangible assets to others as collateral.

3. Details of amortization of intangible assets are as follows:

	2023	2022
Operation cost	$ 9,011	$ 8,830
Selling expenses	-	19
General & administrative expenses	5,360	4,686
	$ 14,371	$ 13,535

(XIII) Other non-current Assets

	December 31, 2023	December 31, 2022
Restricted bank deposits	$ 219,377	$ 231,392
Guarantee deposits paid	82,609	112,190
Others	17,816	58,080
	$ 319,802	$ 401,662

Details of the Group's other non-current assets pledged to others as collateral are provided in Note 8.

(XIV) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loan	$ 500,000	$ 895,000
Credit bank loan	5,544,000	8,267,000
	$ 6,044,000	$ 9,162,000
Interest rate collars	1.65%~1.91%	1.48%~2.10%

In addition to the pledged assets for short-term borrowings provided in Note 8, the Group also issued guarantee notes as follows:

	December 31, 2023	December 31, 2022
Guarantee notes	$ 18,145,000	$ 15,265,000

(XV) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial papers payable	$ 3,510,000	$ 3,855,000
Less: Unamortized discount	(957)	(3,769)
	$ 3,509,043	$ 3,851,231
Interest rate collars	1.32%~1.75%	1.00%~2.11%

In addition to the pledged assets for short-term notes payable provided in Note 8, the Group also issued guarantee notes as follows:

	December 31, 2023	December 31, 2022
Guarantee notes	$ 8,678,000	$ 9,040,000

(XVI) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loan	$ 19,294,000	$ 22,898,000
Credit bank loan	15,520,288	11,630,288
	34,814,288	34,528,288
Less: Arrangement fees for leading banks of syndicated loan	(19,620)	(949)
	34,794,668	34,527,339
Face value of long term commercial paper	2,970,000	2,950,000
Less: Unamortized discount	(1,950)	(5,552)
Deferred expenses - transaction costs	(2,113)	(2,536)
	37,760,605	37,469,251
Less: Due within one year	(5,868,750)	(6,040,060)
Due within one operating cycle	(4,768,255)	(3,780,000)
	$ 27,123,600	$ 27,649,191
Interest rate collars	1.42%~2.69%	0.17%~2.36%

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. Ruentex Development and financial institutions, including KGI Bank, entered into a syndicated loan contract in June 2021 for the fund needed to purchase land and build residential and commercial buildings on the land. The loan period is from July 2021 to July 2026 with a credit line of NT$6,200,000. As of December 31, 2023, the facility drawn was NT$4,770,000. The major agreed matters made by Ruentex Development are provided below:
   (1) Ruentex Development and its joint guarantor (the Company) should provide the audited financial statements within 150 days after the end of each fiscal year.
   (2) Without the written consent from the majority of the lending financial institutions, Ruentex Development shall not merge with another entity nor be demerged in accordance with the relevant laws and regulations. However, where it 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 apply.
   (3) Without the prior written consent of the majority of the lending financial institutions, no major changes may be made to the scope or nature of business or shareholder structure. However, the change in equity as required by competent authorities and relevant laws and regulations is not subject to this provision.
   (4) The funds drawn from this loan project shall be used to pay for the expenses specified in the purpose as agreed in the contract of this loan, and an accounting book shall be set up and the accounting records and receipts shall be kept to ensure accurate and complete details of this loan case.
9. Citylink Nangang has entered a long-term loan agreement with Bank of Taiwan in December 2018, to repay the outstanding balance of Ruentex Xuzhan’s syndicated loan related to the construction of the Nangang Railway Station Building for total credit line of NT$3,822,000. The Class A and Class B of the loan period is from March 2019 to March 2029, and Class C is from December 2018 to December 2020. The contract was renewed upon maturity for the loan period from December 2022 to December 2024. As of December 31, 2023, the Class A facility drawn was NT$1,840,000; Class B for

NT$100,000 performance bond certificate, and borrowing from Class C for NT$300,000.

10. Citylink Songshan signed a credit facility contract with the Land Bank of Taiwan in January 2012 for the direct or indirect costs and expenses needed for the construction of Songshan Railway Station Building. The loan period is 12 years starting from the first drawdown date. After 5 years from the first drawdown date, an installment should be paid semi-annually, totaling 15 installments. The total credit line is NT$3,600,000. As of December 31, 2023, Class E facility drawn was $1,100,000 and Class D drawn for performance bond was $53,780. The major agreed matters made by Ruentex Bai-Yi are provided below:
    (1) Within the duration of the facility contract, without the bank’s advance written consent, the collateral for the contact cannot be pledged to a third party.
    (2) Starting from the fifth year after the first draw down date and within duration of the contract, the it should maintain the financial ratio set out below:
        a. Current ratio: should be maintained at 100%, however, starting from the effective date of the fourth supplement contract (May 29, 2018), the current ratio requirement was waived.
        b. Times of interest earned: should be above 2 times (inclusive).

        The above financial ratios and restrictions are calculated based on the borrowers’ audited non-consolidated financial statements of the year as approved by the credit management bank. If the borrower does not meet any of the financial ratios above, it does not constitute a default event; However, monthly compensations, calculated using 0.1% annual interest rate multiplying the outstanding principal, should be paid from May 1 of the year to the end of month when the financial ratios or restrictions are met; for days less than one month, one month payment should be made; the compensation should be paid to the credit management bank on the first business day of the following month. Assessment of improvement of financial ratio above should be based on the audited or reviewed non-consolidated financial statements.
    (3) Collateral:
        a. The associated superficies right obtained in accordance with the construction and operation contract and relevant contracts should be pledged to the collateral management bank with an mortgage amount of 1.2 times of total credit facility and a maximum amount of first-priority mortgage right as collateral for the loan. The pledge period cannot exceed the permitted period.
        b. Once permitted by laws, the associated buildings and facilities should be included as collateral within three months after completion. The mortgage amount should be set at 1.2 times of the total credit line and pledged to the collateral management bank with a maximum amount of first-priority mortgage right, and the pledge period cannot exceed the permitted period.

11. Ruentex Development signed a long-term borrowing contract with Taishin International Bank in July 2017 to finance Ruentex Construction’s construction project, and the loan period is from July 2017 to July 2024 with a credit line of NT$1,200,000. As of December 31, 2023, the facility drawn was NT$800,000. The major agreements made by Ruentex Construction are described below:
    (1) Starting from 2018 and within duration of the contract, the it should maintain the financial ratio set out below:
        a. debt to equity ratio: should not exceed 200%.
        b. Times of interest earned: should be above 1.5 times (inclusive).

The above financial ratios and restrictions are calculated based on the borrowers' audited non-consolidated financial statements of the year as approved by the credit management bank.

(2) Collateral:

a. The associated superficies right obtained in accordance with the construction and operation contract and relevant contracts should be pledged to the collateral management bank with an mortgage amount of 1.2 times of total credit facility and a maximum amount of first-priority mortgage right as collateral for the loan. The pledge period cannot exceed the permitted period.

b. Once permitted by laws, the associated buildings and facilities should be included as collateral within three months after completion. The mortgage amount should be set at 1.2 times of the total credit line and pledged to the collateral management bank with a maximum amount of first-priority mortgage right, and the pledge period cannot exceed the permitted period.

12. Except for the above, the rest of the borrowing period of the Group is from December 2020 to January 2034.

13. In addition to the pledged assets for long-term borrowings provided in Note VIII, the Group also issued guarantee notes as follows:

	December 31, 2023	December 31, 2022
Guarantee notes	$ 84,660,480	$ 63,058,550

14. The Group's undrawn long-term facilities are listed below:

	December 31, 2023	December 31, 2022
Due within one year	$ 2,772,000	$ 8,558,750
Due longer than one year	42,341,240	23,072,103
	$ 45,113,240	$ 31,630,853

(XVII) Other non-current liabilities - other

	December 31, 2023	December 31, 2022
Guarantee deposits received	$ 1,404,370	$ 1,413,454
Accrued pension liabilities	144,763	158,663
Other non-Current liabilities	263,491	278,162
Warranty provision	142,770	139,666
	$ 1,955,394	$ 1,989,945

1. As of December 31, 2023 and 2022, the major part of the deposited bonds are the deposits paid by the tenants of the Company's subsidiary, Ruen Fu, for NT$1,065,642 and NT$994,932, respectively; others are the deposits for warranty and proprietary booths deposits.

2. In 2018, the Company's subsidiary, Ruentex Construction, introduced the superficies right-based house lease - Ruentex Daikanyama with a lease period of 25 years, and the lease is stated as advance lease receipt that is amortized and recognized as income

monthly using the straight-line method during the lease period. In addition, as of December 31, 2023 and 2022, the advance rent receipts due within one year amounted to NT$18,571 and NT$18,565, respectively, which was recognized in advance receipts.

(XVIII) Pensions

1.(1) The Company and its domestic subsidiaries have 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 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 Group contribute 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. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to cover the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	($ 377,679)	($ 392,666)
Fair value of plan assets	232,916	234,003
Defined benefit liability (listed as non-current liabilities)	($ 144,763)	($ 158,663)

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

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
2023			
Balance, January 1	($ 392,666)	$ 234,003	($ 158,663)
Current service cost	(1,481)	-	(1,481)
Interest (expense) revenue	(4,495)	2,607	(1,888)
	(398,642)	236,610	(162,032)
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	2,391	2,391
Effects of changes in economic assumptions	9,050	-	9,050
Experience adjustments	(5,183)	-	(5,183)
	3,867	2,391	6,258
Contribution to pension fund	-	11,002	11,002
Payment of pension benefits	17,096	(17,087)	9
Balance, December 31	($ 377,679)	$ 232,916	($ 144,763)

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
2022			
Balance, January 1	($ 404,717)	$ 220,659	($ 184,058)
Current service cost	(1,593)	-	(1,593)
Interest (expense) revenue	(2,506)	1,335	(1,171)
Repayment incomes	1,884	-	1,884
	(406,932)	221,994	(184,938)
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	17,664	17,664
Effects of changes in demographic assumptions	(2)	-	(2)
Effects of changes in economic assumptions	16,142	-	16,142
Experience adjustments	(11,524)	-	(11,524)
	4,616	17,664	22,280
Contribution to pension fund	-	3,995	3,995
Payment of pension benefits	9,650	(9,650)	-
Balance, December 31	($ 392,666)	$ 234,003	($ 158,663)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Group's 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.), and the performance of fund utilization is supervised by the Labor Funds Supervisory Committee. 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 Group has no right to participate in managing and operating that fund and hence the Group 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:

	2023	2022
Discount rate	1.13%～1.20%	1.20%～1.38%
Future salary increase in percent	2.00%～3.00%	2.00%～3.00%

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:

	Discount rate		Future salary increase in percent	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effects on the present value of a defined benefit obligation	($ 6,181)	$ 6,354	$ 6,242	($ 6,102)
December 31, 2022				
Effects on the present value of a defined benefit obligation	($ 6,882)	$ 7,087	$ 6,967	($ 6,800)

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 Group for the year ending December 31, 2024 amounts to NT$5,935.

(7) As of December 31, 2023, the weighted average duration of that retirement plan is 4~8.1 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	$ 33,599
1-2 years	21,452
2-5 years	135,388
More than 5 years	208,493
	$ 398,932

2.(1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined pension plan under the Labor Pension Act covering all regular employees with R.O.C. nationality. Under the defined contribution pension plan in compliance with the Labor Pension Act , the Company and its domestic subsidiaries contribute 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) For the years ended December 31, 2023 and 2022, pension expenses were NT$93,193 and NT$86,121, respectively.

(XIX) 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:

	2023	2022
January 1	$ 3,160,250	$ 2,106,833
Cash Reduction	(316,025)	-
Capitalization From Earnings	-	1,053,417
December 31	$ 2,844,225	$ 3,160,250

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:

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

(XX) 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. In accordance with Jin-Shang-Zi No.10202420460 of the Ministry of Economic Affairs on July 15, 2013, upon the adoption of IFRSs, if the change in parent's ownership in a subsidiary does not result in the loss of control, the capital surplus arising from the excess of share price over book value can be deemed as the income derived from the issuance of new shares at a premium as specified in Paragraph 1, Article 241 of the Company Act. 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	$17,283,659	$ 136,626	$ 13,604	$ 122,086	$ 5,209	$ 169,080	$ 17,730,264

	2022						
	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	$17,283,659	$ 136,626	$ 11,887	$ 9,573	$ 5,209	$ 169,080	$17,616,034

(XXI) 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	$ 39,491,098		$ 16,391,790	

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	
Reversal of special reserve (Note)	(11,387,110)	
Cash dividends	4,266,338	$ 1.50
Total	($ 6,358,452)	

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)20.(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.

5. Change of undistributed earnings is as follows:

	2023
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 derecognition	325
Net income of current period	7,744,515
Remeasurements of defined benefit plans with actuarial valuation	5,767
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	(10)
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	(128,457)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	113
- Tax related to the associates	940
December 31, 2023	$ 7,623,193

	2022
January 1, 2022	$ 45,429,787
Appropriation and distribution of retained earnings of 2021:	
- Legal reserve	(1,643,956)
- Stock dividends	(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 affiliates	127,737
Net income of current period	9,155,086
Remeasurements of defined benefit obligation	15,717
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	265,420
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	(3,380)
- Tax related to the associates	(3,189)
December 31, 2022	$ 39,491,098

(XXII) 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	($ 12,488,283)	($ 382,633)	$ 6	($ 24,281,691)	$ 36,794	($ 37,115,807)
Unrealized valuation profit or loss of financial assets:						
- Group	53,981	-	-	-	-	53,981
- Tax related to the group	(4,556)	-	-	-	-	(4,556)
- Associates (Note 1)	978,579	-	-	-	-	978,579
- Tax related to the associates	62,484	-	-	-	-	62,484
- 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:						
- Group	-	(1,046)	-	-	-	(1,046)
- Tax related to the group	-	209	-	-	-	209
- Associate	-	(13,458)	-	-	-	(13,458)
- Tax related to the associates	-	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:						
- Group	-	-	-	-	(16,213)	(16,213)
- Tax related to the group	-	-	-	-	973	973
- Associate	-	-	-	-	19,189	19,189
- Tax related to the associates	-	-	-	-	(147)	(147)
December 31	($ 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	$ 9,738,003	($ 656,377)	$ 6	$ 17,379,919	$ 36,794	$ 26,498,345
Unrealized valuation profit or loss of financial assets:						
- Group	(285,038)	-	-	-	-	(285,038)
- Tax related to the group	86,808	-	-	-	-	86,808
- Associates (Note 1)	(20,945,655)	-	-	-	-	(20,945,655)
- Tax related to the associates	215,953	-	-	-	-	215,953
- Unrealized valuation gains on financial assets transferred to retained earnings due to disposal (Note 2)	(1,170,895)	-	-	-	-	(1,170,895)
– Unrealized valuation losses transferred to capital surplus due to the disposal of subsidiary's equity (Note 3)	278	-	-	-	-	278
- Changes in disposal of associates (Note 1)	(127,737)	-	-	-	-	(127,737)
Foreign currency translation differences:						
- Group	-	286,748	-	-	-	286,748
- Tax related to the group	-	(57,349)	-	-	-	(57,349)
- Associate	-	46,982	-	-	-	46,982
- Tax related to the associates	-	(2,637)	-	-	-	(2,637)
Reclassification by the overlay approach:						
- Associates (Note 1)	-	-	-	(41,961,987)	-	(41,961,987)
- Tax related to the associates	-	-	-	300,377	-	300,377
December 31	($ 12,488,283)	($ 382,633)	$ 6	($ 24,281,691)	$ 36,794	($ 37,115,807)

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)6 and 8 for details.

Note 3: Please refer to Note 6(32) for details.

(XXIII) Operating Revenue

	2023	2022
Revenue from contracts with customers:		
Revenue from construction contracts	$ 12,977,820	$ 16,003,232
Revenue from sales of real estate	6,997,302	9,758,086
Revenue from sales of goods	4,855,407	4,081,119
Revenue from contract for service	314,037	271,746
Revenues from booths	524,530	439,885
Other revenue from contracts	290,338	281,858
Subtotal	25,959,434	30,835,926
Rental income:		
Lease income - real estate properties	1,396,423	1,375,707
Lease income - proprietary booths	38,286	35,544
Subtotal	1,434,709	1,411,251
Total	$ 27,394,143	$ 32,247,177

1. Detail of customer contract income

The Group’s revenue is mainly from the transfer of land and buildings, products and services over time or at a point of time, and it can be divided based on product lines and regions as follows:

	Taiwan				
2023	Construction business	Building materials business	Hypermarket business	Other operations	Total
Departmental revenue	$ 25,754,675	$ 3,988,002	$ 965,563	$ 1,441,870	$ 32,150,110
Revenue from internal department transactions	(5,805,281)	(160,682)	-	(224,713)	(6,190,676)
Revenue from contracts with external customers	$ 19,949,394	$ 3,827,320	$ 965,563	$ 1,217,157	$ 25,959,434
Timing of revenue recognition					
Revenue recognized at a point in time	$ 7,029,836	$ 3,794,759	$ 965,563	$ 734,181	$ 12,524,339
Revenue recognized over time	12,919,558	32,561	-	482,976	13,435,095
	$ 19,949,394	$ 3,827,320	$ 965,563	$ 1,217,157	$ 25,959,434

	Taiwan				
2022	Construction business	Building materials business	Hypermarket business	Other operations	Total
Departmental revenue	$ 31,412,210	$ 3,190,424	$ 991,967	$ 1,284,664	$ 36,879,265
Revenue from internal department transactions	(5,631,905)	(180,327)	-	(231,107)	(6,043,339)
Revenue from contracts with external customers	$ 25,780,305	$ 3,010,097	$ 991,967	$ 1,053,557	$ 30,835,926
Timing of revenue recognition					
Revenue recognized at a point in time	$ 9,798,248	$ 3,001,110	$ 991,967	$ 615,648	$ 14,406,973
Revenue recognized over time	15,982,057	8,987	-	437,909	16,428,953
	$ 25,780,305	$ 3,010,097	$ 991,967	$ 1,053,557	$ 30,835,926

2. As of December 31, 2023 and 2022, for the signed construction contracts, the aggregated amounts of the transaction amount allocated to the unsatisfied contract performance, and the estimated recognition years are as the followings:

Year	Year of the estimated recognized revenues	Amounts of the signed contracts	
2023	2024 - 2027	$	27,925,950
2022	2023 ~ 2026	$	21,051,526

3. Contract assets and liabilities (related parties included)

The Group's recognition of contract assets and contract liabilities related to contracts with customers is as follows:

	December 31, 2023		December 31, 2022		January 1, 2022	
Contract asset:						
Contract asset - Construction retainage	$	1,627,850	$	1,324,175	$	1,015,749
Contract asset - Construction contract		2,616,897		3,761,383		2,008,581
Total	$	4,244,747	$	5,085,558	$	3,024,330
Contract liability:						
Contract liability - Construction contract	$	2,180,545	$	1,014,282	$	994,411
Contract liability - Sales contract for building materials		23,527		18,078		35,210
Contract liabilities - contract for sale of buildings and land		1,879,864		2,106,689		2,368,197
Contract liability - Sales contract for goods		1,421		2,441		2,493
Total	$	4,085,357	$	3,141,490	$	3,400,311

4. Contract assets and contract liabilities related to aforementioned contracts recognized as of December 31, 2023 and 2022, and as of January 1, 2022:

	December 31, 2023		December 31, 2022		January 1, 2022	
Total costs incurred plus profits recognized (less losses recognized)	$	31,458,827	$	28,407,820	$	21,413,755
Less: Amount requested for progress of works	(	31,022,475)	(	25,660,719)	(	20,399,585)
Status of net assets and liabilities of ongoing contracts	$	436,352	$	2,747,101	$	1,014,170
Listed as:						
Contract asset - Construction contract	$	2,616,897	$	3,761,383	$	2,008,581
Contract liability - Construction contract	(	2,180,545)	(	1,014,282)	(	994,411)
	$	436,352	$	2,747,101	$	1,014,170

(XXIV) Operation cost

	2023	2022
Costs of clients' contracts		
Cost of construction contract	$ 9,971,050	$ 12,931,124
Cost of sales of real estate	5,091,001	7,646,315
Cost of sales of goods	4,344,828	3,704,999
Cost of contract for service	267,746	229,173
Costs of booths	257,419	255,671
Other costs from contracts	7,153	5,396
Subtotal	19,939,197	24,772,678
Lease costs:		
Lease cost - real estate properties	265,088	256,364
Lease cost - proprietary booths	9,045	8,747
Subtotal	274,133	265,111
Total	$ 20,213,330	$ 25,037,789

(XXV) Interest revenue

	2023	2022
Interest on cash in banks	$ 196,730	$ 115,881
Imputed interest for deposit	80	6
Interest income from the financial assets measured at amortized costs	20,165	19,975
Other interest income	5,100	3,588
	$ 222,075	$ 139,450

(XXVI) Other income

	2023	2022
Gain on variable lease payments (Note)	$ -	$ 8,476
Dividend income	122,302	185,085
Other income	154,895	146,769
	$ 277,197	$ 340,330

Note: Please refer to Note 6(9)14 for other income recognized in the year 2022 as a result of rent concessions.

(XXVII) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	($ 10)	$ 10,481
Fair value adjustment loss - investment property	(872,462)	(2,910,132)
Net foreign exchange gains	88,399	546,265
Gains on lease modifications	-	175
Others	(36,092)	(51,133)
	($ 820,165)	($ 2,404,344)

(XXVIII) Financial Costs

	2023	2022
Interest expense:		
Bank loan and short-term notes and bills	$ 882,526	$ 580,551
Lease liabilities	247,594	244,881
Amount of assets eligible for capitalization		
Inventories	(261,056)	(135,041)
Property, plant, and equipment	-	(45)
Financial Costs	$ 869,064	$ 690,346

(XXIX) Additional information of expenses by nature

	2023	2022
Changes in merchandise inventory	$ 9,377,315	$ 11,278,226
Raw materials purchased and contract work for current period	7,144,369	10,300,867
Employee benefit expense	3,071,491	2,928,033
Depreciation expenses for real estate properties, plants, equipment	417,177	382,210
Depreciation expenses for right-of-use assets	251,470	248,391
Amortization	14,371	13,535
Tax expense	420,783	372,685
Advertisement expense	120,689	205,844
Rent expenses - short term lease	123,828	142,680
Rent expenses - variable lease	2,568	4,651
Expected credit impairment (losses) gains	3,601	(266)
Other expense	1,430,083	1,345,285
Operating costs and expenses	$ 22,377,745	$ 27,222,141

(XXX) Employee benefit expense

	2023	2022
Wages and salaries	$ 2,559,585	$ 2,456,027
Labor and Health Insurance costs	208,545	195,177
Pension expense	96,562	87,001
Directors' Remuneration	69,760	61,044
Other employment fees	137,039	128,784
	$ 3,071,491	$ 2,928,033

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.

Employees' compensation was estimated and accrued based on 0.3% of distributable profit of the 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.

Employees' compensation of 2022 as resolved by the board of directors was in agreement with the amount of NT$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.

(XXXI) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

	2023	2022
Current income tax:		
Income tax occurred in the current period	$ 795,813	$ 907,714
Land value increment tax	79,406	126,121
Extra imposed on undistributed earnings	580	2,583
Overestimation on income tax for prior years	(9,682)	(2,304)
Total income tax for current period	866,117	1,034,114
Deferred income tax:		
Origination and reversal of temporary differences	(73,536)	(543,829)
Tax loss	(7,624)	(1,926)
Total deferred income tax	(81,160)	(545,755)
Income tax expense	$ 784,957	$ 488,359

(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 - group	($ 4,556)	$ 86,808
Changes in unrealized valuation profit or loss - non-controlling interest	(579)	468
Differences on translation of foreign operations - group	209	(57,349)
Portion of other comprehensive income from the associates	(13,645)	513,693
Property revaluation surplus - Group	973	-
Remeasurements of defined benefit obligation - group	1,053	(6,569)
Remeasurements of defined benefit obligation - non-controlling interest	(1,194)	(1,388)
	($ 17,739)	$ 535,663

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

	2023	2022
Capital surplus	($ 13,756)	$ 46,543
Retained earnings	$ -	$ 37,510

2. Reconciliation between income tax expense and accounting profit

	2023	2022
Imputed income taxes on pre-tax income at a statutory tax rate (Note)	$ 2,198,201	$ 1,982,276
Expenses to be excluded as stipulated in the tax law	36,841	139,134
Income with exemption from tax as stipulated in the tax law	(1,513,381)	(1,789,418)
Tax loss on unrecognized deferred income tax assets	2,749	8,549
Reversal of temporary differences on unrealized deferred income tax assets	(3,773)	(3,209)
Income tax effects of investment tax credits	(3,081)	(1,172)
Changes in realizability evaluation on deferred income tax assets	9,941	25,799
Income tax imposed on undistributed earnings	580	2,583
Income tax effects of increases in land rice	(12,844)	-
Land value increment tax	79,406	126,121
Overestimation on income tax for prior years	(9,682)	(2,304)
Income tax expense	$ 784,957	$ 488,359

Note: The basis of applicable tax rates is calculated based on applicable tax rates for income in related countries.

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

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Deferred income tax assets:					
- Temporary differences:					
Loss for market price decline and obsolete and slow-moving inventories	$ 34,884	($ 954)	$ -	$ -	$ 33,930
Pension exceeding the limits	7,732	(732)	-	-	7,000
Deferred promotion expenses	53,577	(14,080)	-	-	39,497
Unrealized gross profit from sales	25,291	5,093	-	-	30,384
Warranty provision	26,924	1,254	-	-	28,178
Unrealized impairment loss	26,499	(992)	-	-	25,507
Domestic investment loss	36,739	4,514	-	-	41,253
Unrealized sales discounts	2,157	948	-	-	3,105
Changes in unrealized valuation profit or loss	16,248	-	(5,135)	-	11,113
Differences on translation of foreign operations	451,851	-	209	-	452,060
Remeasurements of defined benefit obligation	22,555	-	(1,081)	-	21,474
Property revaluation surplus	-	-	973	-	973
Retained earnings	37,510	-	-	-	37,510
- Tax loss	91,849	7,624	-	-	99,473
Subtotal	833,816	2,675	(5,034)	-	831,457
Deferred income tax liability:					
- Temporary differences:					
Foreign investment gain	(691,656)	-	-	-	(691,656)
Unrealized foreign exchange gains	(18,066)	9,565	-	-	(8,501)
Allowance for bad debt exceeding the limits	(68)	44	-	-	(24)
Commissions expense timing difference	(1,521)	535	-	-	(986)
Share of other comprehensive income from associates	-	-	(12,705)	-	(12,705)
Gain on adjustment of fair value of investment property and lease cost	(3,151,294)	78,160	-	-	(3,073,134)
Land value increment tax of investment property	(68,809)	(9,813)	-	-	(78,622)
Capital surplus	(14,560)	-	-	(13,756)	(28,316)
Others	-	(6)	-	-	(6)
Subtotal	(3,945,974)	78,485	(12,705)	(13,756)	(3,893,950)
Total	($ 3,112,158)	$ 81,160	($ 17,739)	($ 13,756)	($ 3,062,493)

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	Recognized in equity	December 31
Deferred income tax assets:					
- Temporary differences:					
Loss for market price decline and obsolete and slow-moving inventories	$ 2,954	$ 31,930	$ -	$ -	$ 34,884
Pension exceeding the limits	7,635	97	-	-	7,732
Deferred promotion expenses	45,182	8,395	-	-	53,577
Unrealized foreign exchange losses	3,588	(3,588)	-	-	-
Unrealized gross profit from sales	22,069	3,222	-	-	25,291
Allowance for bad debt exceeding the limits	29	(29)	-	-	-
Warranty provision	21,146	5,778	-	-	26,924
Unrealized impairment loss	28,187	(1,688)	-	-	26,499
Domestic investment loss	32,513	4,226	-	-	36,739
Unrealized sales discounts	1,622	535	-	-	2,157
Changes in unrealized valuation profit or loss	-	-	16,248	-	16,248
Differences on translation of foreign operations	109,532		342,319	-	451,851
Remeasurements of defined benefit obligation	27,323	-	(4,768)	-	22,555
Retained earnings	-	-	-	37,510	37,510
- Tax loss	89,923	1,926	-	-	91,849
Subtotal	391,703	50,804	353,799	37,510	833,816
Deferred income tax liability:					
- Temporary differences:					
Foreign investment gain	(726,511)	34,855	-	-	(691,656)
Unrealized foreign exchange gains	-	(18,066)	-	-	(18,066)
Allowance for bad debt exceeding the limits	-	(68)	-	-	(68)
Commissions expense timing difference	(2,057)	536	-	-	(1,521)
Share of other comprehensive income from associates	(110,836)	-	110,836	-	-
Changes in unrealized valuation profit or loss	(71,028)	-	71,028	-	-
Gain on adjustment of fair value of investment property and lease cost	(3,639,925)	488,631	-	-	(3,151,294)
Land value increment tax of investment property	(57,872)	(10,937)	-	-	(68,809)
Capital surplus	(61,103)	-	-	46,543	(14,560)
Subtotal	(4,669,332)	494,951	181,864	46,543	(3,945,974)
Total	($ 4,277,629)	$ 545,755	$ 535,663	$ 84,053	($ 3,112,158)

4. Expiration dates of loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023

Year of occurrence	Declared/Verified	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2014	$ 10,798	$ 10,798	$ 9,308	2024
2015	7,859	7,480	7,480	2025
2016	55,665	33,483	17,003	2026
2017	59,525	44,380	4,151	2027
2018	127,832	115,981	1,434	2028
2019	94,688	69,969	3,645	2029
2020	138,972	108,954	10,599	2030
2021	102,258	98,539	12,082	2031
2022	44,462	44,462	16,251	2032
2023	59,575	59,575	13,746	2033
	$ 701,634	$ 593,621	$ 95,699	

December 31, 2022

Year of occurrence	Declared/Verified	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2013	$ 8,802	$ 8,802	$ 8,802	2023
2014	10,798	10,798	9,308	2024
2015	7,859	7,480	7,480	2025
2016	55,665	38,573	17,003	2026
2017	59,525	44,380	4,151	2027
2018	127,832	115,981	1,434	2028
2019	94,688	69,969	3,645	2029
2020	138,972	108,954	10,599	2030
2021	102,258	100,622	12,082	2031
2022	44,630	44,630	16,251	2032
	$ 651,029	$ 550,189	$ 90,755	

5. The cumulative amounts of temporary difference unrecognized as deferred tax liabilities:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 394,665	$ 410,828

6. 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.

(XXXII) Non-controlling Interest

1. Changes in non-controlling interest:

	2023	2022
January 1	$ 7,307,846	$ 7,704,322
Decrease in the acquired cash dividends	(1,221,425)	(1,170,813)
Net income of current period	1,283,544	1,117,911
Cash capital increase by subsidiary	12,000	8,000
Change in ownership interests in subsidiaries	-	25,706
Changes in unrealized valuation profit or loss	(11,254)	(382,923)
Re-measurements of defined benefit plan	491	6,563
Tax amount:		
- Changes in unrealized valuation profit or loss	(579)	468
- Remeasurements of defined benefit obligation	(1,194)	(1,388)
December 31	$ 7,369,429	$ 7,307,846

2. The Group sold 3.70% equity in sub-subsidiary, Ruentex Interior Design, at a consideration of NT$7,830 on July 19, 2022. The carrying amount of Ruentex Interior Design’s non-controlling interests on the date of the sale was NT$132,070; with that, the non-controlling interests increased by NT$3,626, and the equity attributable to the owners of the parent company increased by NT$4,204. The effect of changes in Ruentex Interior Design’s equity during 2022 on the equity attributable to the owners of the parent company is as follows:

	2022
Consideration received from the non-controlling interests	$ 7,830
Carrying amount of non-controlling interests disposed of	(3,626)
Other equities	(278)
Capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	$ 3,926

(XXXIII) Earnings per share

	2023		
	After-tax amount	Weighted average number of shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 7,744,515	2,918,499	$ 2.65
Diluted earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 7,744,515	2,918,499	
Dilutive potential ordinary shares effecting employee compensation	-	769	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	$ 7,744,515	2,919,268	$ 2.65

	2022		
	After-tax amount	Retroactively adjusted number of shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 9,155,086	3,055,001	$ 3.00
Diluted earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 9,155,086	3,055,001	
Dilutive potential ordinary shares effecting employee compensation	-	795	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	$ 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.

(XXXIV) Cash flow supplementary information

1. Investing activities paid partially by cash

	2023	2022
Acquisition of financial Assets measured at fair value through other comprehensive income	$ -	$ 1,673,764
Add: Investments payable at the beginning of the period	-	5,857
Cash payments for current period	$ -	$ 1,679,621

	2023	2022
Acquisition of property, plant and equipment	$ 449,490	$ 377,049
Add: Other payables at the beginning of the period	31,937	36,364
Less: Other payables at the end of the period	(13,065)	(31,937)
Cash payments for current period	$ 468,362	$ 381,476

2. Investing activities not affecting cash payment

	2023	2022
Prepayments for business facilities reclassified to property, plant and equipment	$ 55,033	$ 29,054
Real estate, plant and equipment transferred to investment properties	$ 149,574	$ 1,160
Right-of-use assets reclassified to investment property	$ 198,912	$ -

3. Operating activities and financing activities with no cash flow effects:

	2023	2022
Guarantee deposits received transferred to contract liabilities	$ 88,274	$ -
Share dividend	$ -	$ 10,534,167

4. Investing activities not affecting cash flow:

	2023	2022
Prepaid equipment transferred to R&D expenses	$ 1,087	$ -

(XXXV) Liabilities from financing activities

2023	Short-term borrowings	Short-term bills payable	Guarantee deposits received	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (including those due within 1 year)	Total liabilities from financing activities
January 1	$ 9,162,000	$ 3,851,231	$ 1,413,454	$ 37,469,251	$ 11,078,630	$ 62,974,566
Changes of the financing cash flows	(3,118,000)	(345,000)	79,190	306,000	(279,179)	(3,356,989)
Addition-Newly added lease contracts	-	-	-	-	22,189	22,189
Modifications to leases	-	-	-	-	69,469	69,469
Other non-cash changes	-	2,812	(88,274)	(14,646)	-	(100,108)
December 31	$ 6,044,000	$ 3,509,043	$ 1,404,370	$ 37,760,605	$ 10,891,109	$ 59,609,127

2022	Short-term borrowings	Short-term bills payable	Guarantee deposits received	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (including those due within 1 year)	Total liabilities from financing activities
January 1	$ 2,280,000	$ 5,127,675	$ 1,294,056	$ 38,521,197	$ 10,468,544	$ 57,691,472
Changes of the financing cash flows	6,882,000	(1,275,000)	119,398	(1,050,712)	(271,468)	4,404,218
Addition-Newly added lease contracts	-	-	-	-	923,788	923,788
Modifications to leases	-	-	-	-	(42,234)	(42,234)
Other non-cash changes	-	(1,444)	-	(1,234)	-	(2,678)
December 31	$ 9,162,000	$ 3,851,231	$ 1,413,454	$ 37,469,251	$ 11,078,630	$ 62,974,566

VII. Transaction with Related Parties

(I) Names of related parties and relationship

Name of the related party	Relationship with the Group
Ruentex Industries Ltd. (Ruentex Industries)	Associate (the investment company which accounts for the Company using the equity method)
Sunny Friend Environmental Technology Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
KOMPASS GLOBAL SOURCING SOLUTIONS LTD.	Associate (investee's subsidiary that measures the Company using the equity method)
Shing Yen Construction & Development Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
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 Group'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 Group's management is the representative of the juridical person director of the company)
Ruen Hua Dyeing & Weaving Co., Ltd.	Other related party (the Group's management is the representative of the juridical person director of the company)
Yi Tai Investment Co., Ltd. (Yi Tai Investment)	Other related party (the Group's management is the representative of the juridical person director of the company)
Huei Hong Investment Co., Ltd.	Other related party (the Company's management personnel is the representative of the juridical person director of the company)
Ren Ying Industrial Co., Ltd.	Other related party (its chairperson is the relative of 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)
Ruentex Xing Co. Ltd.	Other related party (its director is the representative of the juridical person director of the Company)
Chang Quan Investment Co., Ltd.	Other related party (the Company's representative of juridical person 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	The Group's key management personnel
Jia-ru Wu	The Group's key management personnel
Tang-Jien Chen	The Group'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 Group's key management personnel)
Chien, Chieh-Ni	Other related party (relative of the Group's key management personnel)

Name of the related party	Relationship with the Group
Jean,Tsang-Jiunn	The Company’s key management personnel
Lee, Chih-Hung	The Company’s key management personnel
Mo, Wei-Han	The Group’s key management personnel
Chen, Hsueh-Hsien	The Group’s key management personnel
Lu, Yu-Huang	The Group’s key management personnel
Chen, Li-Chun	The Group’s key management personnel
Chen, Li-Yu	The Company’s key management personnel

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

(II) Significant related party transactions and balances

1. Operating revenue

	2023	2022
Sales revenue:		
- Other related parties	$ -	$ 878,610
- Associates	-	2,227
Revenues from booths:		
- Associates	1,440	1,440
Contract of construction:		
- Other related parties	244,717	52,880
- Associates	3,272	235
Sales of Services:		
- Other related parties	11,206	9,873
- Associates	3,234	3,105
Rental income:		
- Other related parties	2,033	12,480
	$ 265,902	$ 960,850

(1) The Group 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 form 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 Group’s subsidiaries sub-contract projects with related parties based on price negotiated between two parties and collects payments according to the progress of construction and the payment term specified in the contract.

(3) The Group enters into a service contract with related parties based on price negotiated between two parties and collects the payment according to the schedule agreed in the contract.

(4) The Group leases the Nangang Railway Station Building in form of operating lease, and the lease price was negotiated by both parties and collected based on schedule agreed in the contract. The lease period is from 2015 to 2025. The contract was terminated early on September 30, 2023. The future minimum lease receivable for the irrevocable contract above is as follows:

	December 31, 2023	December 31, 2022
Less than one years	$ -	$ 16,144
More than one year but less than five years	-	28,252
	$ -	$ 44,396

(5) The Company and its subsidiaries pre-sells premises to related parties, and the total sales and advance sale receipt (recognized in contract liabilities-current) are as follows:

	December 31, 2023		December 31, 2022	
	Total contract amount	Advance real estate receipts	Total contract amount	Advance real estate receipts
Other related parties	$ 70,480	$ 14,150	$ 70,480	$ 12,200
Key management personnel	80,390	12,290	-	-
	$ 150,870	$ 26,440	$ 70,480	$ 12,200

(6) 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 collected in full, and the ownership transfer registration was completed on January 20, 2022.

2. Purchases of goods

	2023	2022
Procurement of goods:		
—Other related parties (Note)	$ -	$ 288,362
Project contracting:		
- Other related parties	$ 109,237	$ -

Note: This represents the purchase of merchandise inventory from RT-Mart.

(1) The Group pays its related parties with the promissory notes due within 1~2 months.

(2) The Group and its related parties enter into the commissioned procurement contract, and the cost of goods are based on the price that related parties paid for such goods. The payment is made 1~2 months after related parties received the payment notice from their suppliers.

(3) The construction price for the project contracted out by the Company to related parties were determined based on the price negotiation between both parties.

(4) The construction contracts entered into by the Group and its related parties, uncompleted construction-in-progress contracts, and payment amounts are as follows:

	December 31, 2023		December 31, 2022	
	Total contract amount (Tax excluded)	Amount paid	Total contract amount (Tax excluded)	Amount paid
Other related parties	$ 629,306	$ 107,126	$ 629,306	$ 4,938

3. Incomplete work of construction contracting and advance Construction Receipts.

	December 31, 2023		December 31, 2022	
	Total contract amount (Tax excluded)	Amount requested for progress of works	Total contract amount (Tax excluded)	Amount requested for progress of works
Other related parties	$ 423,721	$ 305,661	$ 419,599	$ 17,120

4. Interest revenue

	2023	2022
Interest income from the financial assets measured at amortized costs:		
Nan Shan Life Insurance	$ 19,596	$ 19,600

5. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes receivable:		
Other related parties	$ -	$ 4
Accounts receivable:		
Other related parties	$ 35,166	$ 1,535
Associates	285	661
	$ 35,451	$ 2,196
Other receivables (Note):		
Nan Shan Life Insurance	$ 10,128	$ 10,134
Associates	36	77
Other related parties	481	-
	$ 10,645	$ 10,211

Note: They are the funds of interest receivable and wages and salaries receivable for personnel secondment.

6. Payables to related parties

	December 31, 2023	December 31, 2022
Notes payable:		
Associates (Note)	$ 2,789	$ 1,679
Other related parties	1,159	1,729
	$ 3,948	$ 3,408
Accounts payable:		
Other related parties	$ 5,822	$ 88
Associates (Note)	753	131
	$ 6,575	$ 219

Note: mainly computer maintenance fees payable, group insurance premium payable, and the retail counter sales payable (net of commission) to related parties by the subsidiary.

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 provisions:

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. Property transactions

(1) Acquisition of financial Assets

Please refer to the descriptions in Note 6(5) 5, 6(5) 10, 6(7) 9, 6(7) 13 and 6(7) 14 for details.

(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.

(3) Real estate, plant and equipment acquired

For the construction of the Yilan Dongshan Plant Silica Sand Screening Warehouse Construction Project, Ruentex Materials signed a project outsourcing contract with Ruentex Construction after approval of the Board of Directors on December 29, 2021, to outsource the project to Ruentex Construction; it obtained the license in June 2022. The final contract price and the payment made are both NT$42,804 and the payment was completed in August 2022.

9. Lease transactions - lessees/rent expenses

(1) Ruentex Engineering & Construction, a subsidiary of the Company, leased land and warehouses from Ruentex Industries and Yi Tai Investment, and have signed a contract with Ruentex Industries with lease terms from 2017 through 2022. The contract was renewed in June 2022, with the lease term extended to May 31, 2040, while the right-of-use assets and lease liabilities of NT$342,534 were recognized. 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) Ruentex Engineering & Construction, a subsidiary of the Company, signed a land lease contract with Ruentex Industries in June 2020, with the lease term from September 1, 2022 through May 31, 2040, while the right-of-use assets and lease liabilities of NT$506,812 were recognized. According to the terms and conditions of lease contracts, 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.

(3) Rent expenses of short-term lease contracts

	2023	2022
Other related parties	$ 43,047	$ 63,820

(4) Lease liabilities

A. Balance at the end of the period

	December 31, 2023	December 31, 2022
Total amount of lease liabilities	$ 851,787	$ 832,819
Less: Due within one year (listed as lease liabilities - current)	(45,743)	(41,825)
	$ 806,044	$ 790,994

Note: Please refer to Note 6(8)17.

B. Interest Costs:

	2023	2022
Other related parties	$ 13,493	$ 5,471

10. Endorsements or Guarantees made by related parties

	December 31, 2023	December 31, 2022
Key management personnel	$ 92,426,888	$ 88,011,464

11. Others

(1) 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.

(2) A portion of the Ruentex Materials' land is agricultural land. Due to legal restrictions, the Consolidated Company is not entitled to the property rights of the aforementioned land. Therefore, the property rights of the agricultural land obtained in 2009, 2010, 2015, 2018, and 2020 were registered to the chief management and pledged as collateral to the Ruentex Materials. As of December 31, 2023, the carrying value of agricultural and animal husbandry land was NT$84,306 under "Property, plant and equipment."

(III) Key management compensation information

	2023	2022
Wages and salaries and other short-term employee benefits	$ 401,587	$ 384,737
Post-employment benefits	5,607	6,157
Termination benefits	2,500	-
Total	$ 409,694	$ 390,894

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

Asset items	Carrying amount December 31, 2023	Carrying amount December 31, 2022	For guarantee purpose
Inventories	$ 20,888,620	$ 20,620,162	Long-term/short-term borrowings and Issuance of Commercial Paper
Other financial assets-current (listed as Other Current Assets)	1,267,378	1,848,973	Joint construction guarantee deposits and real estate trust receipts in advance
Investments accounted for using equity method	16,107,781	14,093,135	Long-term/short-term borrowings and Issuance of Commercial Paper
Right-of-use assets	112,273	314,475	Long-term/short-term borrowings
Other financial assets - non-current (listed as "other non-current assets")	219,377	231,392	Money Lodged at Courts and Performance Bonds
Property, plant, and equipment	1,706,461	1,888,913	Long-term/short-term borrowings
Investment Real Estate	32,444,428	33,387,068	Guarantee for long-term borrowings and Advance rent receipts
	$ 72,746,318	$ 72,384,118	

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingencies

Other than specified in Note 6(12), other material contingencies are as the following:

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

Except for those described in Note 6(7), (9), (10), (16) and 7, other significant commitments are as follows:

1. As of December 31, 2023 and 2022, the total amount of the construction contracts entered into by the Group for construction projects were NT$47,497,257 and NT$39,531,987, respectively. Amounts of NT$30,423,172 and NT$25,807,649 have been paid, respectively, and the remainder will be paid based on the stage of completion.
2. As of December 31, 2023 and 2022, the guarantee bond for the joint development contracts, including the Sanchong Wuguwang Section, Beitou Daye Section, Qingtian618, Xinzhuang Gongyuan Road, and Banqiao Xindu Section projects, signed by the Group with landlords, amounted NT$514,935 and NT$537,397.
3. The amounts of letters of credit issued by the subsidiaries but not yet used are as follows:

Currency (thousands)	December 31, 2023	December 31, 2022
USD	$ 139	$ 413
EUR	106	40

4. On the performance bond for contracting major public construction projects, the subsidiary applied to local banks registered with the Ministry of Finance for a guarantee amount and issued guarantee notes totaling NT$700,000.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Note VI(21) and (30), other subsequent events are as follows:

1. Earning distribution plan for 2023 of Ruentex Engineer & Construction, a subsidiary of the Company, approved by the board of Ruentex Engineering & Construction board meeting on March 13, 2024 is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 191,083	
Cash dividends	998,730	$ 5.40
Share dividend	739,800	4.00
Total	$ 1,929,613	

2.(1) Earning distribution plan for Year 2023 of Ruentex Materials, a third-tier subsidiary of the Company, approved by the board of directors' meeting on March 13, 2024 is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 11,476	
Special reserve	5,578	
Cash dividends	97,500	$ 0.65
Total	$ 114,554	

3. Earning distribution plan for the year ended December 31, 2023 of Citylink Nangang, a subsidiary of the Company, approved by the board of directors' meeting on February 27, 2024 is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 37,139	
Cash dividends	336,000	$ 1.68
Total	$ 373,139	

4. Earning distribution plan for the year ended December 31, 2023 of Citylink Songshan, a subsidiary of the Company, approved by the board of directors' meeting on March 13, 2024 is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 25,971	
Cash dividends	234,000	$ 1.17
Total	$ 259,971	

5. Earning distribution plan for the year ended December 31, 2023 of Ruentex Construction, a subsidiary of the Company, approved by the board of directors' meeting on March 13, 2024 is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 14,887	
Cash dividends	133,988	$ 0.67
Total	$ 148,875	

6.(1) The earning distribution plan for the year ended December 31, 2023 of Ruentex Interior Design, a third-tier subsidiary of the Company, approved by the Board of Directors' meeting on March 7, 2024, is as follows:

	2023	
	Amount	Dividend per share (NT$)
Legal reserve	$ 14,742	
Cash dividends	132,705	$ 9.83
Total	$ 147,447	

(2) According to the proposal made by, Ruentex Interior Design, a third tier subsidiary of the Company to the Board of Directors on March 7, 2024, it has allotted NT$0.17 per share from capital surplus - issued at premium in a total amount of NT$2,295.

7. The "Nangang Yucheng Office Building" accounted for by Ruentex Innovative Development was approved by the Department of Urban Development, Taipei City, and obtained the use permit on February 1, 2024, and some floors and parking spaces were leased out on February 1, 2024. The lease term is 10 years and 1 month. The total rent is expected to be about NT$2.897 billion. Therefore, it is proposed to reclassify the inventories to investment property on February 1, 2024.

XII. Others

(I) Capital management

The Group's capital management is to ensure its going concern and maintain the best capital structure to reduce capital cost, so as to provide returns to its shareholders. In order to maintain or adjust capital structure, the Group may adjust dividend distribution, return capital to shareholders, issue new shares or dispose assets to optimize the capital structure. The Group manages its capital through liabilities-to-capital ratio that is the ratio of net liabilities over total capital. The net liabilities is equal to total borrowings (including "current and non-current borrowings" on the consolidated financial statements) deducting cash and cash equivalents. Total capital is the "equity" stated on the consolidated balance sheet plus net liabilities.

The Group's liabilities to capital ratios as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 47,313,648	$ 50,482,482
Less: Cash and cash equivalents	(3,930,166)	(9,693,315)
Net debt	43,383,482	40,789,167
Total equity	101,815,318	86,106,117
Total capital	$ 145,198,800	$ 126,895,284
Debt-to-total-capital ratio	29.88%	32.14%

(II) Financial instruments

1. Type of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income - non-current	$ 5,242,131	$ 5,204,985
Financial assets at amortized cost		
Cash and cash equivalents	3,930,166	9,693,315
Notes receivable (including related parties)	977,419	605,388
Accounts receivable (including related parties)	2,638,262	1,907,551
Other receivables (including related parties)	29,050	173,920
Financial Assets at amortized cost- Current	-	75,000
Financial Assets at amortized cost-non-Current	560,000	560,000
Long-term notes and accounts receivable	213,197	294,915
Other financial assets (listed as other current assets and other non-current assets)	1,486,755	2,080,365
Refundable deposits listed in (“other current assets” and “other non-current assets”)	140,134	136,730
	$ 15,217,114	$ 20,732,169

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities are carried at amortized cost		
Short-term borrowings	$ 6,044,000	$ 9,162,000
Short-term bills payable	3,509,043	3,851,231
Notes payable (including related parties)	941,487	1,102,956
Accounts payable (including related parties)	3,576,378	4,215,885
Other payables (including expenses payable)	1,462,231	1,337,793
Long-term borrowings (including due within one year or one operating cycle)	37,760,605	37,469,251
Guarantee deposits received (listed as other non-current liabilities)	1,404,370	1,413,454
	$ 54,698,114	$ 58,552,570
Lease liabilities - current and non-current	$ 10,891,109	$ 11,078,630

2. Risk management policies

(1) The Group '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) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. Finance Department identified, evaluates and hedges financial risks in close cooperation with the Group's operating units. 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 Group holds multiple investments in foreign operations, and net assets of such investments are exposed to foreign exchange risk. Also, the Group's business involves multiple non-functional currencies that may be impacted by changes to foreign exchange rate. Information for foreign-currency-denominated assets and liabilities that may be impacted by foreign exchange risk is as follows:

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NT$)	Range of variation	Effects on profit and loss	Effects on other comprehensive income
Financial assets						
Monetary item						
USD:NTD	$ 4,223	30.71	$ 129,688	1%	$ 1,297	$ -
Non-monetary Items						
USD:NTD	38,029	30.71	1,167,877	1%	-	11,679
Financial liabilities						
Monetary item						
USD:NTD	3,005	30.71	92,284	1%	923	-
EUR:NTD	31	33.98	1,053	1%	11	-

	December 31, 2022								
					Sensitivity analysis				
		Foreign currency (thousands)	Exchange rate		Carrying amount (NT$)	Range of variation		Effects on profit and loss	Effects on other comprehensive income
Financial assets									
Monetary item									
USD:NTD	$	166,565	30.71	$	5,115,211	1%	$	51,152	$ -
Non-monetary Items									
USD:NTD		47,933	30.71		1,472,020	1%		-	14,720
Financial liabilities									
Monetary item									
USD:NTD		202	30.71		6,203	1%		62	-

B. Foreign exchange risk has significant impact on the Group, and the foreign exchange gains (including realized and unrealized) on monetary items recognized were NT$88,399 and NT$546,265, for the years ended December 31, 2023 and 2022, respectively.

Price risk

A. The Group's equity instruments exposed to price risk were the financial assets at fair value through other comprehensive income. In order to manage its equity instruments investment against price risk, the Group diversified its investment portfolio based on the limits set by the Group.

B. The Group has mostly invested in equity instruments issued by domestic companies, and the prices of such equity instruments would change due to the change of the future value of investee companies. 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$52,421 and NT$52,050.

Cash flow and fair value interest rate risk

A. The Group's interest rate risk arises from total borrowings with floating interest rates that expose the Group to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Group's borrowings issued at variable rates were mostly denominated in the New Taiwan Dollar.

B. The Group's borrowings were measured at amortized cost, and the interest rate is reset every year as specified in the contracts. Therefore, the Group is expose to interest rate risk from any 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$40,858 and NT$43,690, 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 Group 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 receivable, contract assets, 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 Group manages it credit risk based on a Group-oriented system. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit raking of at least Class “A”. Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer’s credit risk and conduct credit risk management. 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 Group uses the presumptions provided by IFRS 9 that a loan that is 90 days past due is credit-impaired.

D. The Group 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 determine the impairment of the debt instrument investment used by the Group 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 Group classifies the accounts payable of customers and contract assets according to the characteristics of customer rating and type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

G. After the collection procedures, the financial assets amount that cannot be reasonably estimated will be written-off. However, the Group will continue to continue to pursue the legal right of recourse to protect the claims.

H. The Group used the forecastability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility and estimate impairment provisions for accounts receivable (including related parties) and contract assets. As of December 31, 2023 and 2022, the loss rate methodology is as follows:

	Each	Group A	Group B	Total
December 31, 2023				
Expected loss	0%~100%	0.00%~0.03%	0.52%~100%	
Total carrying amount (including related parties)	$ 695,277	$ 5,879,877	$ 315,314	$ 6,890,468
Allowance for losses	9	398	7,052	7,459

	Each	Group A	Group B	Total
December 31, 2022				
Expected loss	50%~100%	0.00%~0.03%	0.25%~100%	
Total carrying amount (including related parties)	$ 145	$ 6,793,428	$ 203,394	$ 6,996,967
Allowance for losses	96	356	3,406	3,858

Individual: The Group's accounts receivable arising from the contracting of construction to a certain customer exceeded the normal credit period. The two parties have negotiated and obtained the negotiation record and payment plan signed by the customer. According to the negotiation record, the Group has retrieved and completed the pre-registration of mortgage on the construction contracted. As of March 13, 2024, the customer had provided relevant documents to the Group in accordance with the negotiation record to preserve the Group's creditor's rights, and had made the payment in accordance with the payment schedule.

Group A: Sales counterparty established for 10 years and more, or accounts receivables arising from transactions with related parties and contracts for public construction or to debtors who have high probability of performing the payment financially.

Group B: Sales counterparty established for less than 10 years, or those who have general payment performance ability.

I. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023 Accounts receivable	2022 Accounts receivable
January 1	$ 3,858	$ 4,124
Provision of impairment loss	3,601	-
Reversal of impairment loss	-	(266)
December 31	$ 7,459	$ 3,858

The amounts set forth above are based on the collateral held and other credit enhancements, so the unrecognized allowance for losses was NT$421,612 and NT$0 on December 31, 2023 and 2022, respectively.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Finance Department. Finance Department monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Please refer to Note VI (16) for details of undrawn committed borrowing facilities. Such forecasting takes into consideration the Group’s debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

B. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and repurchasable bonds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group's position held in money market were NT$3,505,835 and NT$8,861,738.

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

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	Within 2-5 years	More than 5 years
Short-term borrowings	$ 6,044,000	$ -	$ -
Short-term notes and bills payable (Note 1)	3,510,000	-	-
Notes payable (including related parties)	941,487	-	-
Accounts payable (including related parties)	2,786,682	750,883	38,813
Other payables	1,438,054	24,116	61
Lease liabilities (Note 1)	537,830	2,540,044	14,198,407
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	10,630,799	26,767,486	1,124,432
Other financial liabilities (Note 2)	1,411	1,192,861	210,098

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Within 2-5 years	More than 5 years
Short-term borrowings	$ 9,162,000	$ -	$ -
Short-term notes and bills payable (Note 1)	3,855,000	-	-
Notes payable (including related parties)	1,102,956	-	-
Accounts payable (including related parties)	3,455,233	497,172	59,044
Other payables	1,536,584	5,843	38
Lease liabilities (Note 1)	522,449	2,493,013	14,550,536
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	9,809,266	27,407,746	1,410,123
Other financial liabilities (Note 2)	3,727	1,203,878	205,849

Note I: 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 Group did not expect the occurrence timing of cash flow of expiry date analysis would be significantly earlier, or the actual amount would significantly differ.

(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 fair value of the Group's investment in listed stocks is included.

   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 Group's investment in equity instruments without an active market and investment property is included.

2. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), other financial assets recognized in other current assets and other non-current assets, long-term notes and accounts receivable, 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. Classification of financial instruments and non-financial instruments at fair value based on the natures, characteristic and risk, and fair value level is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial Assets at fair value through other comprehensive income acquired - Non-Current				
Equity securities	$ 5,160,110	$ -	$ 82,021	$ 5,242,131
Investment property (Note)	-	-	34,586,648	34,586,648
Total	$ 5,160,110	$ -	$ 34,668,669	$ 39,828,779

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial Assets at fair value through other comprehensive income acquired - Non-Current				
Equity securities	$ 5,125,270	$ -	$ 79,715	$ 5,204,985
Investment property (Note)	-	-	35,125,131	35,125,131
Total	$ 5,125,270	$ -	$ 35,204,846	$ 40,330,116

Note: Investment property subsequently measured at fair value

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

(1) For financial instruments of the Group traded in active markets, their fair value is measured based on the market quotation at the end of the balance sheet date. The market price of the financial assets held by the Group is the closing market price. These instruments belong to Level 1. (Level 1 instruments are mainly equity instruments. Their classification is financial assets at fair value through other comprehensive income.)

(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 consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(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 Group 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 the valuation model are not observable at market, and the Group 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)8 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 Group'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 Group'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 consolidated balance sheet. 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 Group 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 for the years ended December 31, 2023 and 2022.

	2023		2022	
	Non-derivative Equity Instrument		Non-derivative Equity Instrument	
January 1	$	79,715	$	1,388,515
Capital returned due to capital reduction	(	1,173)		-
Sales for current period		-	(	1,304,003)
Gains recognized as other comprehensive income or loss				
Accounted for in unrealized profit or loss on equity investments at fair value through other comprehensive income		3,479	(	4,797)
December 31	$	82,021	$	79,715

7. Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. 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.

8. 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 Fair value	Valuation techniques	Significant unobservable Inputs	Discount rate	inputs and Fair value relationship
Non-derivative Equity Instrument:					
Non public traded securities	$ 81,121	Comparable TWSE/TPEx listed companies	Discount for lack of marketability	20.89%	The higher the marketability discount, the lower the fair value.
Non public traded securities	900	Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	34,586,648	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 Fair value	Valuation techniques	Significant unobservable Inputs	Discount rate	inputs and Fair value relationship
Non-derivative Equity Instrument:					
Non public traded securities	$ 78,815	Comparable TWSE/TPEx listed companies	Discount for lack of marketability	20.34%	The higher the marketability discount, the lower the fair value.
Non public traded securities	900	Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	35,125,131	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

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

9. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. For financial Assets classified as Level 3, if there is change in the valuation parameters, then the impact on other comprehensive income is as follows:

	Inputs	Changes	December 31, 2023 Recognized as other comprehensive income Favorable changes	 Adverse changes
Financial assets				
Equity Instrument				
	Discount for lack of marketability	±1%	$ 820	($ 820)

	Inputs	Changes	December 31, 2022 Recognized as other comprehensive income Favorable changes	 Adverse changes
Financial assets				
Equity Instrument				
	Discount for lack of marketability	±1%	$ 797	($ 797)

XIII. Separately Disclosed Items

(I) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$ 300 million or 20% of the Company’s paid-in capital: Please refer to Table 3.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate reaching NT$ 300 million or 20% of paid-in capital or more: Please refer to Table IV.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to Table 5.
8. Receivables from related parties reaching NT$ 100 million or 20% of paid-in capital or more: Please refer to Table VI.
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

(I) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business and evaluate segment performance from an industry perspective; the Group currently focuses on the businesses in construction, commercial real estate, building materials and wholesale, and the operating outcomes of the remaining businesses are summarized in “Other operating segment”.

(II) Measurement of segment information

1. The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note 4.

2. The Group evaluates the performance based on segment revenue and segment net operating profit (loss), instead of the segment assets.

(III) Information on Departments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

2023	Construction Business Department	Commercial Real Estate	Building Materials Division	Wholesale Business Division	Other operating departments	Total
Revenue from external customers	$ 19,994,385	$ 2,041,260	$ 3,827,320	$ 965,563	$ 565,615	$ 27,394,143
Internal revenue	5,824,645	19,997	160,682	-	204,716	6,210,040
Departmental revenue	$ 25,819,030	$ 2,061,257	$ 3,988,002	$ 965,563	$ 770,331	$ 33,604,183
Operating net income (loss) from the department to be reported	$ 3,656,235	$ 1,416,935	$ 115,869	($ 59,553)	$ 4,649	$ 5,134,135

2022	Construction Business Department	Commercial Real Estate	Building Materials Division	Wholesale Business Division	Other operating departments	Total
Revenue from external customers	$ 25,836,237	$ 1,923,308	$ 3,010,097	$ 991,967	$ 485,568	$ 32,247,177
Internal revenue	5,631,905	37,001	180,327	-	194,106	6,043,339
Departmental revenue	$ 31,468,142	$ 1,960,309	$ 3,190,424	$ 991,967	$ 679,674	$ 38,290,516
Operating net income (loss) from the department to be reported	$ 3,873,729	$ 1,314,504	$ 15,480	($ 42,781)	($ 29,362)	$ 5,131,570

(IV) Reconciliation for segment income (loss)

1. The sales and leases made the Group's construction business segment and commercial real estate segment are negotiated by the participating parties; sales made by the building material business segment and wholesale segment are handled as regular sales. The revenue from external parties reported to the Chief Operating Decision-Maker are measured in a manner consistent with the revenue in the statements of comprehensive income.

2. Reconciliation for segment income (loss) and profit before income tax from continuing operations for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Income/loss from the department to be reported	$ 5,134,135	$ 5,131,570
Adjustments and written-off	(117,737)	(106,534)
Total	5,016,398	5,025,036
Interest revenue	222,075	139,450
Dividend income	122,302	185,085
Net foreign exchange gains	88,399	546,265
Financial Costs	(869,064)	(690,346)
Share of profit of associates accounted for using the equity method	5,986,575	8,351,230
Gain (loss) on disposal of property, plant and equipment	(10)	10,481
Fair value adjustment loss - investment property	(872,462)	(2,910,132)
Gains on lease modifications	-	175
Gain on variable lease payments	-	8,476
Others	118,803	95,636
Income before tax from continuing operations	$ 9,813,016	$ 10,761,356

(V) Information on products and services

The Group primarily engaged in construction of residential buildings through entrusting professional construction enterprises, lease and sales of commercial buildings, trading of construction materials, sales of related merchandise and operation of supermarkets and shopping malls. The segment revenue above only presents the operating revenue and other income from external customers. The segment revenue does not include the gains from equity investment accounted under equity method and general revenue irrelevant to segments, and please refer to Note VI(23) for detail.

(VI) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	$ 27,394,143	$ 42,977,281	$ 32,247,177	$ 43,982,262
Others	-	50,580	-	50,770
Total	$ 27,394,143	$ 43,027,861	$ 32,247,177	$ 44,033,032

The Group's geographical revenue was calculated based on regions in which the payments were received. Non-current assets included property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, and excluded financial instruments and deferred tax assets.

(VII) Major customer information

The details of each customer who accounts for 10% or more of the operating income on the consolidated statement of comprehensive income are as follows:

	2023		2022	
	Income	Segment	Income	Segment
Customer A	$ 991,346	Construction Business Department	$ 3,442,588	Construction Business Department