

Ruentex Development Co., Ltd. and subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report
Three Months Ended March 31, 2024 and 2023
(Stock Code: 9945)

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Consolidated Financial Statements for the Three Months Ended March 31, 2024 and
2023 and Independent Auditors' Review Report
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Independent Auditors' Review Report

(113) Cai-Shen-Bao-Zi No. 24000430

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

Foreword

We have audited the consolidated balance sheets of Ruentex Development Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, the consolidated comprehensive income statements, equity statements and cash flow statements for the periods from January 1 to March 31, 2024 and 2023, and the notes to the consolidated financial statements (including a summary of significant accounting policies). It is the responsibility of the management to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission. It is our responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope

In addition to those stated in the Basis for Qualified Conclusion paragraph, we conducted the review in accordance with the R.O.C. Standards on Review Engagements 2410 "Reviews of Financial Statements." The procedures executed in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of a review is significantly smaller than the scope of an audit. We therefore are unable to express an audit opinion since we may not be able to identify all the significant matters that can be identified by an audit.

Basis for Qualified Conclusion

As mentioned in Note 4(3) to the consolidated financial statements, the financial statements of some non-material subsidiaries for the same period included in the above consolidated financial statements have not been reviewed by CPAs. As of March 31, 2024 and 2023, their total assets amounted to NT\$20,978,437 thousand and NT\$27,619,206 thousand, respectively, or 11.14% and 16.34% of consolidated total assets; their total liabilities were NT\$9,865,079 thousand and NT\$13,759,800 thousand, respectively, or 12.91% and 18.16% of consolidated total liabilities; their total comprehensive income for the periods from January 1 to March 31, 2024 and 2023 was NT\$80,215 thousand and (NT\$162,335) thousand, respectively, or 0.80% and 2.28% of consolidated total comprehensive income. The amounts listed in the financial statements of some of Ruentex Development Co., Ltd.'s investees accounted for under equity

method were based on the financial statements prepared by the respective investees for the same period that were not CPA-reviewed. The balance of relevant investments accounted for under equity method as of March 31, 2024 and 2023 was NT\$2,306,614 thousand and NT\$2,764,535 thousand, respectively, or 1.23% and 1.64% of consolidated total assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and total other comprehensive income were NT\$7,016 thousand and NT\$86,663 thousand for the periods from January 1 to March 31, 2024 and 2023, respectively, constituting 0.07% and 1.22% of total consolidated comprehensive income.

Qualified Conclusion

Based on our review results, the financial statements of some non-material subsidiaries and investees accounted for under the equity method mentioned in the Basis for Qualified Conclusion paragraph might have caused an impact on the consolidated financial statements that requires an adjustment if they were reviewed by CPAs. We found that the above consolidated financial statements were prepared in all material respects in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission and present fairly the consolidated financial position of Ruentex Development Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flows for the periods from January 1 to March 31, 2024 and 2023.

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

May 13, 2024

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
March 31, 2024 and December 31 and March 31, 2023

Unit: NT\$ thousands

	Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 3,833,619	2	\$ 3,930,166	2	\$ 8,225,504	5
1136	Financial assets measured by amortized cost - current	6(6)	-	-	-	-	75,360	-
1140	Contract asset - current	6(23) and 7	3,582,060	2	4,244,747	2	4,352,455	3
1150	Net bills receivable	6(2)	916,213	-	977,419	1	483,590	-
1170	Net Accounts Receivable	6(2)(10)	2,346,821	1	2,602,811	2	2,029,042	1
1180	Accounts receivable - related parties - net	6(2) and 7	14,450	-	35,451	-	2,996	-
1200	Other receivables		112,249	-	18,405	-	37,281	-
1210	Other Receivables - related party	7	15,066	-	10,645	-	15,107	-
1220	Current tax assets		91	-	87	-	6,152	-
130X	Inventories	6(3), 7, and 8	27,999,954	15	31,589,191	18	29,541,145	18
1410	Prepayments		974,285	1	797,226	-	646,771	-
1470	Other Current Assets	6(1)(4) and 8	1,553,380	1	1,448,077	1	1,825,016	1
11XX	Total current assets		<u>41,348,188</u>	<u>22</u>	<u>45,654,225</u>	<u>26</u>	<u>47,240,419</u>	<u>28</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(5), 7 and 8	5,048,250	3	5,242,131	3	4,936,531	3
1535	Amortized cost financial Assets - non-Current	6(6)	560,000	-	560,000	-	560,000	-
1550	Investments accounted for using equity method	6(7) and 8	86,547,919	46	81,078,232	46	71,283,121	42
1600	Property, plant, and equipment	6(8), 7, and 8	5,527,150	3	5,571,013	3	5,683,103	3
1755	Right-of-use assets	6(9), 7 and 8	2,586,667	1	2,646,917	2	2,945,352	2
1760	Net value of investment properties	6(11) and 8	45,069,471	24	34,586,648	20	34,644,267	21
1780	Intangible Assets	6(12)	203,929	-	205,467	-	206,773	-
1840	Deferred tax Assets		819,486	1	831,457	-	848,175	1
1930	Long-term notes and accounts receivable	6(10)	234,568	-	213,197	-	274,606	-
1990	Other non-current assets - others	6(1)(13) and 8	338,313	-	319,802	-	366,149	-
15XX	Total non-current assets		<u>146,935,753</u>	<u>78</u>	<u>131,254,864</u>	<u>74</u>	<u>121,748,077</u>	<u>72</u>
1XXX	Total Assets		<u>\$ 188,283,941</u>	<u>100</u>	<u>\$ 176,909,089</u>	<u>100</u>	<u>\$ 168,988,496</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
March 31, 2024 and December 31 and March 31, 2023

Unit: NT\$ thousands

Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(14) and 8	\$ 6,914,000	4	\$ 6,044,000	3	\$ 9,362,000	6
2110	Short-term bills payable	6(15) and 8	5,718,320	3	3,509,043	2	4,382,396	3
2130	Contract liabilities - current	6(23) and 7	3,816,579	2	4,085,357	2	3,613,286	2
2150	Notes payable		709,170	-	937,539	1	677,003	-
2160	Notes payable - related party	7	13,389	-	3,948	-	1,869	-
2170	Accounts Payable		4,240,066	2	3,569,803	2	3,453,389	2
2180	Accounts payable - related party	7	8,747	-	6,575	-	567	-
2200	Other payables		809,606	1	1,462,231	1	785,812	-
2230	Income tax liabilities of current period		949,353	1	778,008	1	1,057,196	1
2280	Lease liabilities - current	6(9) and 7	309,954	-	291,293	-	276,131	-
2310	Advance receipts	6(17)	357,728	-	171,184	-	187,822	-
2320	Long-term liabilities due within one year or one operating cycle	6(16) and 8	9,454,197	5	10,637,005	6	10,161,477	6
2399	Other current liabilities - other		48,610	-	25,025	-	21,819	-
21XX	Total Current Liabilities		<u>33,349,719</u>	<u>18</u>	<u>31,521,011</u>	<u>18</u>	<u>33,980,767</u>	<u>20</u>
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	25,406,020	13	27,123,600	15	25,194,611	15
2570	Deferred income tax liabilities		5,014,478	3	3,893,950	2	3,898,114	2
2580	Lease liabilities - non-current	6(9) and 7	10,562,539	6	10,599,816	6	10,701,182	7
2670	Other non-current liabilities - others	6(17)	2,077,958	1	1,955,394	1	1,988,019	1
25XX	Total Non-Current Liabilities		<u>43,060,995</u>	<u>23</u>	<u>43,572,760</u>	<u>24</u>	<u>41,781,926</u>	<u>25</u>
2XXX	Total Liabilities		<u>76,410,714</u>	<u>41</u>	<u>75,093,771</u>	<u>42</u>	<u>75,762,693</u>	<u>45</u>
Equity								
Equity attributed to owners of the parent								
Capital								
3110	Share capital	6(19)	28,442,251	15	28,442,251	16	31,602,501	19
3200	Capital surplus	6(20)	17,730,227	9	17,730,264	10	17,615,970	10
3310	Retained earnings	6(21)	8,007,702	4	8,007,702	5	6,962,392	4
3320	Legal reserve		58,772,480	31	58,772,480	33	20,326,692	12
3350	Special reserve		14,352,436	8	7,623,193	4	39,799,705	23
3400	Undistributed earnings	6(22)	(24,117,083)	(12)	(26,048,552)	(14)	(30,129,799)	(17)
3500	Other equities		(81,449)	-	(81,449)	-	(84,639)	-
31XX	Total equity attributable to owners of parent		<u>103,106,564</u>	<u>55</u>	<u>94,445,889</u>	<u>54</u>	<u>86,092,822</u>	<u>51</u>
36XX	Non-controlling Interest	4(3) and 6(32)	<u>8,766,663</u>	<u>4</u>	<u>7,369,429</u>	<u>4</u>	<u>7,132,981</u>	<u>4</u>
3XXX	Total Equity		<u>111,873,227</u>	<u>59</u>	<u>101,815,318</u>	<u>58</u>	<u>93,225,803</u>	<u>55</u>
3X2X	Total Liabilities and Equity		<u>\$ 188,283,941</u>	<u>100</u>	<u>\$ 176,909,089</u>	<u>100</u>	<u>\$ 168,988,496</u>	<u>100</u>

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
January 1 to March 31, 2024 and 2023

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

	Item	Notes	January 1 to March 31, 2024		January 1 to March 31, 2023	
			Amount	%	Amount	%
4000	Operating Revenue	6(23) and 7	\$ 7,000,524	100	\$ 6,297,589	100
5000	Operation cost	6(3)(18) (24) (29)(30) and 7	(5,213,059)	(75)	(4,758,026)	(76)
5900	Gross profit		<u>1,787,465</u>	<u>25</u>	<u>1,539,563</u>	<u>24</u>
	Operating Expenses	6(18) (29)(30) and 7				
6100	Selling expenses		(209,004)	(3)	(224,496)	(4)
6200	General & administrative expenses		(291,395)	(4)	(273,477)	(4)
6300	R&D expenses		(21,615)	-	(16,566)	-
6450	Expected credit impairment gains (losses)	12(2)	<u>1,296</u>	<u>-</u>	<u>(423)</u>	<u>-</u>
6000	Total Operating Expenses		<u>(520,718)</u>	<u>(7)</u>	<u>(514,962)</u>	<u>(8)</u>
6900	Operating Profit		<u>1,266,747</u>	<u>18</u>	<u>1,024,601</u>	<u>16</u>
	Non-operating Income and Expenses					
7100	Interest revenue	6(6)(25) and 7	12,235	-	71,648	1
7010	Other income	6(26)	32,026	-	37,546	1
7020	Other gains and losses	6(11) (27)	5,021,364	72	(535,741)	(9)
7050	Financial Costs	6(28) and 7	(215,913)	(3)	(220,389)	(4)
7060	Share of income of associates and joint ventures accounted for using the equity method	6(7)	<u>3,478,583</u>	<u>50</u>	<u>157,868</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>8,328,295</u>	<u>119</u>	<u>(489,068)</u>	<u>(8)</u>
7900	Net profit before tax		<u>9,595,042</u>	<u>137</u>	<u>535,533</u>	<u>8</u>
7950	Income tax expense	6(31)	<u>(1,284,886)</u>	<u>(18)</u>	<u>(89,882)</u>	<u>(1)</u>
8200	Net income of current period		<u>\$ 8,310,156</u>	<u>119</u>	<u>\$ 445,651</u>	<u>7</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to March 31, 2024 and 2023

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

Item	Notes	<u>January 1 to March 31, 2024</u>		<u>January 1 to March 31, 2023</u>	
		Amount	%	Amount	%
Other comprehensive income (net)					
Items not to be reclassified into profit or loss					
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	(\$ 247,582) (4)	(\$ 268,454) (4)	
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)	47,131 1	34,211 -	
8349	Income tax relating to non-reclassified items	6(31)	4,080 -	844 -	
8310	Total of items not to be reclassified into profit or loss		(196,371) (3)	(233,399) (4)	
Items may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operations	6(22)	88,441 1 (	20,007) -	
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)	1,895,688 27	6,947,035 110	
8399	Income tax related to items may be reclassified into profit or loss	6(31)	(39,968) -	(19,530) -	
8360	Total of items may be reclassified subsequently to profit or loss		1,944,161 28	6,907,498 110	
8300	Other comprehensive income (net)		\$ 1,747,790 25	\$ 6,674,099 106	
8500	Total comprehensive income for this period		\$ 10,057,946 144	\$ 7,119,750 113	
Profit attributable to:					
8610	Owners of the parent		\$ 6,729,243 96	\$ 308,607 5	
8620	Non-controlling Interest		\$ 1,580,913 23	\$ 137,044 2	
Comprehensive Income attributed to:					
8710	Owners of the parent		\$ 8,660,712 124	\$ 7,294,615 116	
8720	Non-controlling Interest		\$ 1,397,234 20	(\$ 174,865) (3)	
Earnings per share					
9750	Basic earnings per share	6(33)	\$ 2.46	\$ 0.10	
9850	Diluted earnings per share		\$ 2.46	\$ 0.10	

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
January 1 to March 31, 2024 and 2023

Unit: NT\$ thousands

Notes	Equity attributed to owners of the parent							Non-controlling Interest	Total Equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other equities	Treasury stock			Total
<u>January 1 to March 31, 2023</u>										
Balance on January 1, 2023	\$ 31,602,501	\$ 17,616,034	\$ 6,962,392	\$ 20,326,692	\$ 39,491,098	(\$ 37,115,807)	(\$ 84,639)	\$ 78,798,271	\$ 7,307,846	\$ 86,106,117
Net income of current period	6(21), (32) -	-	-	-	308,607	-	-	308,607	137,044	445,651
Other comprehensive income	6(22)(32) -	-	-	-	-	6,986,008	-	6,986,008	(311,909)	6,674,099
Total comprehensive income for this period	-	-	-	-	308,607	6,986,008	-	7,294,615	(174,865)	7,119,750
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(20) -	(9)	-	-	-	-	-	(9)	-	(9)
Changes in associates & joint ventures accounted for using equity method	6(20) -	(55)	-	-	-	-	-	(55)	-	(55)
Balance on March 31, 2023	\$ 31,602,501	\$ 17,615,970	\$ 6,962,392	\$ 20,326,692	\$ 39,799,705	(\$ 30,129,799)	(\$ 84,639)	\$ 86,092,822	\$ 7,132,981	\$ 93,225,803
<u>January 1 to March 31, 2024</u>										
Balance on January 1, 2024	\$ 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
Net income of current period	6(21), (32) -	-	-	-	6,729,243	-	-	6,729,243	1,580,913	8,310,156
Other comprehensive income	6(22)(32) -	-	-	-	-	1,931,469	-	1,931,469	(183,679)	1,747,790
Total comprehensive income for this period	-	-	-	-	6,729,243	1,931,469	-	8,660,712	1,397,234	10,057,946
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(20) -	(2)	-	-	-	-	-	(2)	-	(2)
Changes in associates & joint ventures accounted for using equity method	6(20) -	(35)	-	-	-	-	-	(35)	-	(35)
Balance on March 31, 2024	\$ 28,442,251	\$ 17,730,227	\$ 8,007,702	\$ 58,772,480	\$ 14,352,436	(\$ 24,117,083)	(\$ 81,449)	\$ 103,106,564	\$ 8,766,663	\$ 111,873,227

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
January 1 to March 31, 2024 and 2023

Unit: NT\$ thousands

	Notes	January 1, 2024 to March 31, 2024	January 1 to March 31, 2023
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 9,595,042	\$ 535,533
Adjustments			
Income and expenses			
Depreciation expense	6(29)	176,862	165,138
Amortization	6(29)	3,120	3,450
Expected credit impairment (incomes) losses	6(29)	(1,296)	423
Interest Cost	6(28)	215,913	220,389
Interest revenue	6(25)	(12,235)	(71,648)
Share of profit of associates accounted for using the equity method	6(7)	(3,478,583)	(157,868)
Loss on disposal of property, plant and equipment	6(27)	9	42
Loss (gain) on fair value adjustment of investment property	6(27)	(5,031,879)	480,875
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contractual assets - Current		662,687	733,103
Notes receivable		61,206	121,794
Accounts receivable		257,286	(124,110)
Accounts receivable - related party		21,001	-
Other receivables	(	59,198)	137,603
Other receivables - related Party		479	4
Inventories	(	1,727,677)	(494,094)
Prepayments	(	177,059)	(60,507)
Other Current Assets	(	20,307)	(21,363)
Long-term notes and accounts receivable	(	21,371)	20,309
Other non-current Assets	(	17)	2,025
Net change in liabilities related to operating activities			
Contract liabilities - current	(	268,778)	471,796
Notes payable	(	228,369)	(422,545)
Notes Payable – related Party		9,441	(1,539)
Accounts Payable		670,263	(762,277)
Accounts Payable – related Party		2,172	348
Other payables	(	660,954)	(563,397)
Advance receipts		186,544	11,816
Other Current liabilities		23,585	9,205
Other non-Current liabilities	(	2,847)	(5,101)
Cash flow in from operating		195,040	229,404
Interest received		7,884	54,777
Amount of interest Paid	(	282,880)	(279,970)
Income tax paid	(	16,233)	(12,546)
Cash outflow from operating activities	(	96,189)	(8,335)

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Cash Flow
January 1 to March 31, 2024 and 2023

Unit: NT\$ thousands

	Notes	January 1, 2024 to March 31, 2024	January 1 to March 31, 2023
<u>Cash flows from investing activities</u>			
Acquisition of financial Assets at fair value	6(5)		
through other comprehensive income acquired - non-Current		(\$ 53,701)	\$ -
Acquisition of financial assets measured at amortized costs - current		-	(360)
Real estate, plant and equipment acquired	6(34)	(46,949)	(119,613)
Disposal the payment of property, plant and equipment		-	218
Acquisition of intangible assets	6(12)	(1,582)	(1,178)
Decrease (increase) in other financial assets		(85,436)	166,840
Increase in prepayments for equipment		(18,744)	(15,222)
Net cash inflow (outflow) from investing activities		(206,412)	30,685
<u>Cash flows from financing activities</u>			
Net increase in short-term borrowings	6(35)	870,000	200,000
Increase in short-term bills payable	6(35)	2,210,000	530,000
Amount of long-term borrowings	6(35)	11,290,000	4,077,000
Repayments of long-term borrowings	6(35)	(14,190,000)	(6,192,000)
Increase in guarantee deposits	6(35)	125,411	3,175
Principal elements of lease payments	6(9)(35)	(104,464)	(101,589)
Net cash inflow (outflow) from financing activities		200,947	(1,483,414)
Effects of exchange rate change on cash		5,107	(6,747)
Decrease of cash and cash equivalents current period		(96,547)	(1,467,811)
Cash and cash equivalents, beginning of period		3,930,166	9,693,315
Cash and cash equivalents, end of period		\$ 3,833,619	\$ 8,225,504

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 subsidiaries
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2024 and 2023

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 May 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 IFRSs/IASs, interpretations and amendments endorsed and issued by FSC effective from 2024 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”	January 1, 2024

The above standards and interpretations have no significant impact 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

NA

(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
IFRS 18 "Presentation and Disclosure in of Financial Statements"	January 1, 2027
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

Except for the following, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment:

1. IFRS 17 “Insurance Contracts”

The potential impact of IFRS 17 “Insurance Contracts” and its amendments on investments using the equity method is currently under assessment, and it is temporarily unable to reasonably estimate the impact on the Group. The relevant amount impacted will be disclosed when the assessment is completed.

2. IFRS 18 "Presentation and Disclosure in of Financial Statements"

IFRS 18 "Presentation and Disclosure in of Financial Statements" replaces IAS 1, updates the structure of statements of comprehensive income, adds the disclosure of management performance measures, and improves the principles for aggregation and disaggregation used in the main financial statements and notes.

IV. Summary of Significant Accounting Policies

The compliance statement, basis of preparation, basis of consolidation, and additions are described as follows. The other significant accounting policies are the same as those in Note 4 to the 2023 consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

1. These consolidated financial statements have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and IAS 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission.
2. These consolidated financial statements shall be read in conjunction with the 2023 consolidated financial statements.

(II) Basis of preparation

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

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements

The basis for preparation of these consolidated financial statements are the same as that of the 2023 consolidated financial statements.

2. Subsidiaries included in the consolidated financial statements:

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Ruentex Development Co., Ltd.	Ruentex Construction Co., Ltd. (Ruentex Construction)	Operating shopping center, self-operated counter, international commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	100.00	100.00	100.00	Note 2 & 6
Ruentex Development Co., Ltd.	Ruentex Construction International BVCo., Ltd. (Ruentex BVI)	General Investment	100.00	100.00	100.00	Note 2
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd. (Ruentex Property)	Property Management and Maintenance Services	100.00	100.00	100.00	Note 2

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp. (Ruen Fu)	Senior Citizen's housing and buildings general affairs administration	60.00	60.00	60.00	Notes 1, 2 and 4
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd. (Ruentex Security)	Private Security Service	100.00	100.00	100.00	Note 2
Ruentex Development Co., Ltd.	Ruentex Syu Jan Co., Ltd. (Ruentex Syu Jan)	Mall Operations and Commercial Property Leasing	80.00	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	35.00	Note 2
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Contracting of construction and civil engineering projects; import/export, production, planning of precast beam, columns, outer walls, and so on building structure, and related mechanical and electronic engineering projects.	39.14	39.14	39.14	Note 3
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd. (Ruentex Materials)	Production and distribution of building materials	10.49	10.49	10.49	Note 3
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Interior Design)	Design and construction of interior decoration and garden greening	5.45	5.45	5.45	Notes 3 and 5
Ruentex Development Co., Ltd.	Ruentex Innovative Development Co., Ltd. (Ruentex Innovative Development)	Contract construction company to build the congregate housing and sale, and renting out real estate	70.00	70.00	70.00	Note 2

			Percentage of shareholding (%)			
	Name of subsidiary	Nature of Business	March 31, 2024	December 31, 2023	March 31, 2023	Description
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	65.00	Note 2
Ruentex Construction International BVICo., Ltd.	Ruentex Construction International Ltd.(Ruentex Construction)	General Investment	100.00	100.00	100.00	Note 1 & 2
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	0.72	Note 3
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	0.20	Note 3
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd. (Ruentex Materials)	Production and distribution of building materials	39.15	39.15	39.15	Note 3

Name of the investing company	Name of subsidiary	Nature of Business	Percentage of shareholding (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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	20.34	Notes 3 and 5
Ruentex Engineering & Construction Co., Ltd.	Ruen Yang Construction Co., Ltd. (Ruen Yang)	Civil Engineering Projects	100.00	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	35.19	Notes 3 and 5

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

Note 2: As it did not meet the definition of a material subsidiary, the financial statements as of March 31, 2024 of Ruentex Innovative Development were reviewed by the CPAs, while the financial statements as of March 31, 2023 were not reviewed by the CPAs, and the financial statements of the remaining subsidiaries for the year ended December 31, 2024 and for the three months ended March 31, 2024 were not reviewed by the CPAs.

Note 3: 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 4: In order to improve financial structure and strengthen the operating capital, Ruen Fu conducted a capital reduction for making-up losses in December 2023, followed by a subsequent cash capital increase by issuing 1,799,997 new shares based on the plan, the Company paid NT\$18,000 for the new issue in proportion to its shareholding.

Note 5: On March 26, 2024, the Company's board of directors resolved for the Ruentex Interior Design to apply for a cash capital increase before initial listing on TWSE/TPEX by issuing new shares, with a total face value of NTD 15,000 and a total number of 1,500 thousand shares. After a report to the competent authority, the case is effective on April 10, 2024.

Note 6: Ruentex Construction, upon the resolution of the board of directors on May 8, 2024, approved a capital increase in cash for 500,000 shares in an amount of NT\$500,000 with the share subscription base date as May 21, 2024 for operational needs.

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 for NT\$8,766,663, NT\$7,369,429, and NT\$7,132,981 as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, and the following are non-controlling interests that are material to the Group:

<u>Subsidiaries</u> <u>Name</u>	<u>Main</u> <u>business</u> <u>Place of</u> <u>Business</u>	<u>Non-controlling Interest</u>			
		<u>March 31, 2024</u>		<u>December 31, 2023</u>	
		<u>Amount</u>	<u>Percentage</u> <u>shareholding</u>	<u>Amount</u>	<u>Percentage</u> <u>shareholding</u>
Ruentex Engineering & Construction	Taiwan	\$ 4,877,429	59.94%	\$ 4,778,575	59.94%
Ruentex Innovative Development (Note)	"	2,182,848	30.00%	-	-

<u>Subsidiaries</u> <u>Name</u>	<u>Main</u> <u>business</u> <u>Place of</u> <u>Business</u>	<u>Non-controlling Interest</u>	
		<u>March 31, 2023</u>	
		<u>Amount</u>	<u>Percentage</u> <u>shareholding</u>
Ruentex Engineering & Construction	Taiwan	\$ 4,537,822	59.94%

Note: As of December 31, 2023 and March 31, 2023, Ruentex Innovative Development was not a subsidiary with significant non-controlling interests in the Group, and will not be disclosed.

Summary of subsidiaries' financial information:

Balance Sheets

	<u>Ruentex Engineering & Construction</u>		
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current Assets	\$ 11,026,091	\$ 11,732,229	\$ 10,927,967
Non-current assets	9,880,193	10,230,859	9,709,333
Current liabilities	(8,841,795)	(8,497,278)	(9,051,221)
Non-current liabilities	(3,857,339)	(5,387,338)	(3,854,777)
Total net assets	\$ 8,207,150	\$ 8,078,472	\$ 7,731,302

	<u>Ruentex Innovative Development (Note)</u>		
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current Assets	\$ 3,964,164	\$ -	\$ -
Non-current assets	11,107,753	-	-
Current liabilities	(6,166,788)	-	-
Non-current liabilities	(1,628,969)	-	-
Total net assets	\$ 7,276,160	\$ -	\$ -

Note: As of December 31, 2023 and March 31, 2023, Ruentex Innovative Development was not a subsidiary with significant non-controlling interests in the Group, and will not be disclosed.

Statements of Comprehensive Income

	<u>Ruentex Engineering & Construction</u>	
	<u>January to March 2024</u>	<u>January to March 2023</u>
Income	\$ 5,356,902	\$ 4,814,743
Net profit before tax	561,827	303,270
Income tax expense	(112,502)	(59,780)
Net income of current period	449,325	243,490
Other comprehensive income (Net of tax)	(320,647)	(588,634)
Total comprehensive income for this period	\$ 128,678	(\$ 345,144)
Total comprehensive income attributed to non-controlling interest	\$ 24,000	(\$ 38,400)
	<u>Ruentex Innovative Development (Note)</u>	
	<u>January 2024 to March 2024</u>	<u>January 2023 to March 2023</u>
Income	\$ 47,953	\$ -
Profit (Loss) Before Tax	5,662,663	-
Income tax expense	(1,206,034)	-
Net Income (loss) Current Period	4,456,629	-
Other comprehensive income (Net of tax)	-	-
Total comprehensive income for this period	\$ 4,456,629	\$ -
Total comprehensive income attributed to non-controlling interest	\$ 1,336,988	\$ -

Note: As of December 31, 2023 and March 31, 2023, Ruentex Innovative Development was not a subsidiary with significant non-controlling interests in the Group, and will not be disclosed.

Statements of Cash Flows

	<u>Ruentex Engineering & Construction</u>	
	<u>January to March</u> <u>2024</u>	<u>January to March</u> <u>2023</u>
Cash inflow from operating activities	\$ 895,890	\$ 100,669
Cash used in investing activities	(96,002)	(154,650)
Cash used in financing activities	(499,964)	(1,039,879)
Net increase (decrease) in cash and cash equivalents	299,924	(1,093,860)
Cash and cash equivalents, beginning of period	<u>912,362</u>	<u>2,380,096</u>
Cash and cash equivalents, end of period	<u>\$ 1,212,286</u>	<u>\$ 1,286,236</u>
	<u>Ruentex Innovative Development (Note)</u>	
	<u>January to March</u> <u>2024</u>	<u>January to March</u> <u>2023</u>
Cash inflow from operating activities	(\$ 525,152)	\$ -
Cash used in investing activities	-	-
Cash used in financing activities	<u>478,609</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(46,543)	-
Cash and cash equivalents, beginning of period	<u>86,160</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 39,617</u>	<u>\$ -</u>

Note: From January to March 2023, Ruentex Innovative Development was not a significant non-controlling interests in the Group,
and will not be disclosed.

(IV) Employee benefits

Pension - defined benefit plan

The pension cost for the interim period was calculated using the actuarially determined pension cost rate at the end of the previous fiscal year based on the period from the beginning of the year to the end of the current period. If there are significant market changes and major reductions, settlements or other significant one-time events after the end date, adjustments will be made accordingly, and the relevant information will be disclosed in accordance with the aforementioned policies.

(V) Income tax

The annual average effective tax rate used to estimate the interim income tax expense shall be used to calculate the interim income before tax, and the relevant information is disclosed in accordance with the aforementioned policies.

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

There was no significant change in the current period. Please refer to Note 5 to the 2023 consolidated financial statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 10,648	\$ 10,583	\$ 11,072
Checking deposits	360,448	413,748	991,874
Demand deposits	686,150	712,870	812,585
Time deposits	1,141,211	1,105,806	4,643,463
Cash equivalents - Bonds under repurchase agreements	<u>1,635,162</u>	<u>1,687,159</u>	<u>1,766,510</u>
	<u>\$ 3,833,619</u>	<u>\$ 3,930,166</u>	<u>\$ 8,225,504</u>

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 March 31, 2024, December 31, 2023 and March 31, 2023 due to advance receipt trust for construction projects, project performance bond, contracted business, and warranty were NT\$1,115,746, NT\$971,820, and NT\$1,446,955, respectively, of which NT\$895,925, NT\$752,443 and NT\$1,215,237 were classified as other current assets - other financial assets. Please refer to Note 6(5) for the description; and NT\$219,821, NT\$219,377 and NT\$231,718 were classified as other non-current assets - other financial assets. Please refer to Note 6(13) for details.

(II) Notes and accounts receivable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	<u>\$ 916,213</u>	<u>\$ 977,419</u>	<u>\$ 483,590</u>
Accounts receivable (Note)	\$ 238,280	\$ 234,172	\$ 178,066
Construction payment receivable	2,114,704	2,376,098	1,855,257
Less: Allowance for loss	<u>(6,163)</u>	<u>(7,459)</u>	<u>(4,281)</u>
Subtotal	<u>2,346,821</u>	<u>2,602,811</u>	<u>2,029,042</u>
Accounts receivable - related party	<u>14,450</u>	<u>35,451</u>	<u>2,996</u>
	<u>\$ 2,361,271</u>	<u>\$ 2,638,262</u>	<u>\$ 2,032,038</u>

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, debits 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 receipts related to undelivered cement are offset by each other and presented in net values. As of March 31,

2024, December 31, 2023 and March 31, 2023, the amounts were NT\$60,461, NT\$112,165 and NT\$125,469.

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 1,530,822	\$ 916,213	\$ 2,060,311	\$ 977,419
Overdue				
Within 30 days	82,992	-	91,097	-
31-60 days	139,345	-	130	-
61-90 days	16,661	-	69,469	-
91 days and more	<u>597,614</u>	<u>-</u>	<u>424,714</u>	<u>-</u>
	<u>\$ 2,367,434</u>	<u>\$ 916,213</u>	<u>\$ 2,645,721</u>	<u>\$ 977,419</u>

	<u>March 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 2,027,534	\$ 483,590
Overdue		
Within 30 days	3,711	-
31-60 days	1,664	-
61-90 days	1,423	-
91 days and more	<u>1,987</u>	<u>-</u>
	<u>\$ 2,036,319</u>	<u>\$ 483,590</u>

The aging analysis was based on past due date.

3. The accounts receivable from the Group's contracts with customers (including related parties) on March 31, 2024, December 31, 2023, March 31, 2023, and January 1, 2023 were NT\$2,280,755, NT\$2,564,110, NT\$1,956,226, and NT\$1,835,172, respectively. The notes receivable from the Group's contracts with customers (including related parties) on March 31, 2024, December 31, 2023, March 31, 2023, and January 1, 2023 were NT\$916,213, NT\$977,419, NT\$483,590, and NT\$605,388, respectively.
4. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, was NT\$916,213, NT\$977,419, and NT\$483,590 for notes receivable as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively; NT\$2,361,271, NT\$2,638,262, and NT\$2,032,038 for accounts receivable (include related parties) as of March 31, 2024, December 31, 2023, and March 31, 2023, 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. As of March 31, 2024, according to the Group's credit risk management policy, it should have appropriated an impairment loss of NT\$594,261. However, the Group has obtained guarantees for this account receivable the value of the collateral amounted to NT\$1,661,988, and no impairment loss was appropriated for the accounts receivable of this customer considering the collateral held. The accounts receivable of the Group from this customer were fully recovered on April 29, 2024, and the mortgage was written off on May 1, 2024. Please refer to Note 12 (2) for details.

(III) Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Construction business department:			
Real property for sale (including parking space)	\$ 7,992,254	\$ 5,164,376	\$ 5,249,363
Property under construction	11,568,885	18,872,157	17,151,306
Construction land	4,832,413	4,636,327	3,750,824
Prepayment for land purchases	3,300,734	2,578,538	3,081,122
Materials and supplies	463,289	491,056	544,833
Work in progress and finished goods	276,429	266,301	213,001
Less: Allowance for valuation losses	(540,239)	(539,915)	(553,195)
Subtotal	<u>27,893,765</u>	<u>31,468,840</u>	<u>29,437,254</u>
Hypermarket and Franchise Business Department:			
Merchandise inventory	107,114	121,231	105,428
Less: allowance for obsolescence loss	(925)	(880)	(1,537)
Subtotal	<u>106,189</u>	<u>120,351</u>	<u>103,891</u>
Total	<u>\$ 27,999,954</u>	<u>\$ 31,589,191</u>	<u>\$ 29,541,145</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Cost of inventories sold and construction costs	\$ 5,004,710	\$ 4,560,128
Loss on physical inventory	2,211	2,042
Unallocated manufacturing costs	1,710	1,710
Revenue from sales of scraps	(5,958)	(7,917)
Valuation loss	369	9,186
	<u>\$ 5,003,042</u>	<u>\$ 4,565,149</u>

2. Inventory capitalization amount and interest range:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Amount of capitalization	\$ <u>61,277</u>	\$ <u>60,185</u>
Interest rate collars of capitalization	1.71%~2.69%	1.66%~2.37%

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

4. Ruentex Innovative Development leased the building at Yucheng Section in Nangang in February 2024 and was therefore reclassified as investment property - land of NT\$2,517,076 and investment property - building of NT\$2,861,115.

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

(IV) Other Current Assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Joint construction guarantee deposits	\$ 488,226	\$ 514,935	\$ 495,973
Restricted bank deposits	895,925	752,443	1,215,237
Guarantee deposits paid	25,748	57,525	74,786
Incremental costs of obtaining contracts	125,568	106,108	37,283
Others	17,913	17,066	1,737
	<u>\$ 1,553,380</u>	<u>\$ 1,448,077</u>	<u>\$ 1,825,016</u>

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

<u>Item</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items			
Equity Instrument			
Shares of TWSE listed companies	\$ 2,816,109	\$ 2,816,109	\$ 2,816,109
Shares of the TPEX listed companies	808,039	754,338	758,421
Shares of non-TWSE/TPEX listed companies	<u>287,287</u>	<u>287,287</u>	<u>288,460</u>
	<u>3,911,435</u>	<u>3,857,734</u>	<u>3,862,990</u>
Adjustments for valuation			
- Shares of TWSE listed companies	750,253	1,044,447	576,139
- Shares of the TPEX listed companies	591,828	545,216	706,147
- Shares of non-TWSE/TPEX listed companies	<u>(205,266)</u>	<u>(205,266)</u>	<u>(208,745)</u>
	<u>1,136,815</u>	<u>1,384,397</u>	<u>1,073,541</u>
Total	<u>\$ 5,048,250</u>	<u>\$ 5,242,131</u>	<u>\$ 4,936,531</u>

1. The Group elected to classify the TWSE listed securities investments for stable dividends as financial assets at fair value through other comprehensive income; such investments amounted to NT\$3,566,362, NT\$3,860,556 and NT\$3,392,248 as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
2. The Group elected to classify the strategic investments in over-the-counter market as financial assets at fair value through other comprehensive income, amounting to NT\$1,399,867, NT\$1,299,554, and NT\$1,464,568 as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.
3. The Group elected to classify the strategic investments in unlisted stock as financial assets at fair value through other comprehensive income, amounting to NT\$82,021, NT\$82,021, and NT\$79,715 as of March 31, 2024, December 31, 2023, and March 31, 2023, 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\$5,048,250, NT\$5,242,131, and NT\$4,936,531 as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.
5. The non-listed Pacific Resources Corporation held by the Group 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%.

6. 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.
7. TPEX-listed company, TaiMed Biologics, Inc., increased its capital in cash in March 2024, and the Group subscribed for 655 thousand shares in the amount of NT\$53,701.
8. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

<u>Item</u>	<u>January to March 2024</u>	<u>January to March 2023</u>
Changes in fair value recognized as other comprehensive income	(\$ 247,582)	(\$ 268,454)

9. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.
10. For information on the price risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(VI) Financial assets at amortised cost

<u>Item</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Demand deposit with original maturity date for more than three months			
Time deposits	\$ -	\$ -	\$ 75,360
Non-current items:			
Subordinated corporate bonds	\$ 560,000	\$ 560,000	\$ 560,000

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest revenue	\$ 4,900	\$ 5,137

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, NT\$560,000, and NT\$635,360 as of March 31, 2024, December 31, 2023, and March 31, 2023, 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:

Name of associate	Carrying amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Shing Yen Construction Development Co., Ltd. (Shing Yen)	\$ 400,272	\$ 398,388	\$ 424,311
Ruentex Industries Ltd. (Ruentex Industries)	11,896,480	11,176,369	10,275,026
Gin-Hong Investment Co., Ltd. (Gin-Hong)	654,232	708,113	695,225
Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend)	1,334,481	1,306,417	913,749
Ruen Chen Investment Holdings Ltd. (Ruen Chen Investment Holdings)	70,167,293	65,523,748	56,616,423
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	843,051	797,320	713,388
Global Mobile Corp. (Global Mobile)	-	-	-
Concord Greater China Ltd. (Concord)	634,495	569,928	949,672
Sinopac Global Investment Ltd. (Sinopac)	617,615	597,949	695,327
	<u>\$ 86,547,919</u>	<u>\$ 81,078,232</u>	<u>\$ 71,283,121</u>

2. The investment shareholder percentage is as follows:

Name of the associate	Shareholding percentage		
	March 31, 2024	December 31, 2023	March 31, 2023
Shing Yen	45.45%	45.45%	45.45%
Ruentex Industries	14.58%	14.58%	14.58%
Gin-Hong	30.00%	30.00%	30.00%
Sunny Friend	25.67%	25.67%	26.62%
Ruen Chen Investment Holdings	25.00%	25.00%	25.00%
Nan Shan Life Insurance	0.23%	0.23%	0.23%
Global Mobile	9.46%	9.46%	9.46%
Concord	25.46%	25.46%	25.46%
Sinopac	49.06%	49.06%	49.06%

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

<u>Name of associate</u>	<u>January to March 2024</u>	<u>January to March 2023</u>
Shing Yen	\$ 1,884	\$ 1,527
Ruentex Industries	406,157	9,377
Gin-Hong	(89)	-
Sunny Friend	15,660	35,634
Ruen Chen Investment Holdings	3,015,377	109,530
Nan Shan Life Insurance	31,255	1,121
Concord	2,522	172
Sinopac	5,817	507
	<u>\$ 3,478,583</u>	<u>\$ 157,868</u>

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

<u>Company name</u>	<u>Principal Place of Business</u>	<u>Shareholding percentage</u>			<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>		
Ruen Chen Investment Holdings	Taiwan	25.00%	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	14.58%	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

	<u>Ruen Chen Investment Holdings</u>		
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current Assets	\$ 136,394,103	\$ 121,888,195	\$ 140,031,743
Non-current assets (Note 1)	5,418,126,477	5,281,003,679	5,178,428,903
Current liabilities	(51,618,730)	(42,098,461)	(24,521,661)
Non-current liabilities	<u>(5,184,235,676)</u>	<u>(5,062,762,560)</u>	<u>(5,035,320,323)</u>
Total net assets (Note 2)	<u>\$ 318,666,174</u>	<u>\$ 298,030,853</u>	<u>\$ 258,618,662</u>
Portion of the net assets of associates	<u>\$ 70,167,293</u>	<u>\$ 65,523,748</u>	<u>\$ 56,616,423</u>

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

Note 2: Including the non-controlling interests in Ruen Chen Investment Holdings as of March 31, 2024, December 31, 2023 and March 31, 2023 in the amounts of NT\$37,997,002, NT\$35,935,861, and NT\$32,152,969, respectively.

	<u>Ruentex Industries</u>		
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current Assets	\$ 4,409,979	\$ 8,011,592	\$ 10,413,097
Non-current assets	110,939,521	108,058,633	99,714,299
Current liabilities	(1,953,491)	(1,880,037)	(4,629,077)
Non-current liabilities	(8,051,755)	(16,070,358)	(15,208,519)
Total net assets (Note)	<u>\$ 105,344,254</u>	<u>\$ 98,119,830</u>	<u>\$ 90,289,800</u>
Portion of the net assets of associates	<u>\$ 11,896,480</u>	<u>\$ 11,176,369</u>	<u>\$ 10,275,026</u>

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

Statements of Comprehensive Income

	<u>Ruen Chen Investment Holdings</u>	
	<u>January to March 2024</u>	<u>January to March 2023</u>
Income	<u>\$ 133,411,035</u>	<u>\$ 113,573,292</u>
Current Net Profit (Note 1)	13,470,196	488,640
Other comprehensive income (Net of tax)	<u>7,272,680</u>	<u>26,648,397</u>
Total Comprehensive Income Current Period (Note 2)	<u>\$ 20,742,876</u>	<u>\$ 27,137,037</u>

Note 1: Included the net combined income attributable to non-controlling interests in Ruen Chen for the years for the three months ended March 31, 2024 and 2023, in the amount of NT\$1,408,689 and NT\$50,518, respectively.

Note 2: Included the net combined comprehensive income attributable to non-controlling interests in Ruen Chen Investment Holdings for the three months ended March 31, 2024 and 2023, in the amount of NT\$2,168,697 and NT\$2,835,321, respectively.

	<u>Ruentex Industries</u>	
	<u>January to March 2024</u>	<u>January to March 2023</u>
Income	<u>\$ 702,431</u>	<u>\$ 750,176</u>
Net income of current period	4,478,737	143,824
Other comprehensive income (Net of tax)	<u>2,745,954</u>	<u>7,867,861</u>
Total comprehensive income for this period	<u>\$ 7,224,691</u>	<u>\$ 8,011,685</u>

6. The carrying amount of the Group's interests in all individually immaterial associates and the operating results are summarized below:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of the Group's individually immaterial affiliates amounted to NT\$4,484,146, NT\$4,378,115, and NT\$4,391,672, respectively.

	<u>January to March 2024</u>	<u>January to March 2023</u>
Net income of current period	\$ 13,565,957	\$ 622,340
Other comprehensive income (Net of tax)	<u>6,238,932</u>	<u>25,946,469</u>
Total comprehensive income for this period	<u>\$ 19,804,889</u>	<u>\$ 26,568,809</u>

- 7.(1) Among the investments accounted for under the equity method as of March 31, 2024 and 2023, the amounts for Ruentex Industries, Sunny Friend Environmental Technology, Ruen Chen Investment Holdings, and Nan Shan Life Insurance were measured according to the assessment on the financial reports reviewed by independent accountants, while the remainder was measured according to the assessment on the financial reports of each investee company for the same periods not reviewed by independent accountants.
- (2) As of December 31, 2023, among the investments accounted under equity method, the amounts for Jing-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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Ruentex Industries	\$ 9,564,743	\$ 10,353,754	\$ 9,097,778
Sunny Friend	<u>3,256,927</u>	<u>3,837,568</u>	<u>4,896,729</u>
	<u>\$ 12,821,670</u>	<u>\$ 14,191,322</u>	<u>\$ 13,994,507</u>

9. Ruen Chen Investment Holdings conducted a cash capital increase October 2023, and the Company subscribed for the new issued shares in proportion to its shareholding amounting to NT\$125,000.
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. As of the reporting date, the litigation has been concluded, but the liquidation procedure has not been completed.
- 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. 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).
14. 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.
15. 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.

16. 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.
17. 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.
18. 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.
19. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note 8.
- 20.(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:

	<u>September 30, 2022</u> <u>(before reclassification)</u>	<u>Effects of</u> <u>reclassification</u>	<u>October 1, 2022</u> <u>(after reclassification)</u>
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

2024

	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	\$ 2,270,668	\$ 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)
	<u>\$ 2,005,866</u>	<u>\$ 1,480,042</u>	<u>\$ 1,079,412</u>	<u>\$ 14,414</u>	<u>\$ 12,187</u>	<u>\$ 46,770</u>	<u>\$ 723,306</u>	<u>\$ 209,016</u>	<u>\$ 5,571,013</u>
January 1	\$ 2,005,866	\$ 1,480,042	\$ 1,079,412	\$ 14,414	\$ 12,187	\$ 46,770	\$ 723,306	\$ 209,016	\$ 5,571,013
Addition	-	261	12,459	-	-	459	8,991	37,685	59,855
Transfer (Note)	-	-	162,767	-	-	-	18,110	(180,187)	690
Costs of disposal of assets	-	-	(941)	-	-	(329)	-	-	(1,270)
Accumulated depreciation on disposal date	-	-	941	-	-	320	-	-	1,261
Depreciation expense	-	(16,275)	(54,795)	(1,011)	(904)	(4,697)	(26,717)	-	(104,399)
March 31	<u>\$ 2,005,866</u>	<u>\$ 1,464,028</u>	<u>\$ 1,199,843</u>	<u>\$ 13,403</u>	<u>\$ 11,283</u>	<u>\$ 42,523</u>	<u>\$ 723,690</u>	<u>\$ 66,514</u>	<u>\$ 5,527,150</u>
March 31									
Cost	\$ 2,005,866	\$ 2,270,929	\$ 2,840,291	\$ 30,441	\$ 69,895	\$ 198,150	\$ 1,465,085	\$ 66,514	\$ 8,947,171
Accumulated depreciation	-	(796,570)	(1,585,007)	(17,038)	(58,612)	(155,627)	(741,016)	-	(3,353,870)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	<u>\$ 2,005,866</u>	<u>\$ 1,464,028</u>	<u>\$ 1,199,843</u>	<u>\$ 13,403</u>	<u>\$ 11,283</u>	<u>\$ 42,523</u>	<u>\$ 723,690</u>	<u>\$ 66,514</u>	<u>\$ 5,527,150</u>

Note: The amount NT\$690 is reclassified from prepayments for business facilities.

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)
	<u>\$ 2,005,866</u>	<u>\$ 1,684,796</u>	<u>\$ 1,073,441</u>	<u>\$ 18,702</u>	<u>\$ 9,411</u>	<u>\$ 40,776</u>	<u>\$ 761,913</u>	<u>\$ 38,456</u>	<u>\$ 5,633,361</u>
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	-	1,529	27,927	-	1,191	4,010	10,571	88,190	133,418
Transfer (Note)	-	2,498	1,994	-	-	-	-	14,895	19,387
Costs of disposal of assets	-	-	-	-	-	(694)	(974)	-	(1,668)
Accumulated depreciation on disposal date	-	-	-	-	-	694	714	-	1,408
Depreciation expense		-(17,193)	(48,101)	(1,078)	(837)	(4,938)	(30,656)	-	(102,803)
March 31	<u>\$ 2,005,866</u>	<u>\$ 1,671,630</u>	<u>\$ 1,055,261</u>	<u>\$ 17,624</u>	<u>\$ 9,765</u>	<u>\$ 39,848</u>	<u>\$ 741,568</u>	<u>\$ 141,541</u>	<u>\$ 5,683,103</u>
March 31									
Cost	\$ 2,005,866	\$ 2,438,712	\$ 2,533,336	\$ 30,441	\$ 66,893	\$ 186,379	\$ 1,371,209	\$ 141,541	\$ 8,774,377
Accumulated depreciation		-(756,751)	(1,422,634)	(12,817)	(57,128)	(146,531)	(629,262)	-	(3,025,123)
Accumulated impairment		-(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	<u>\$ 2,005,866</u>	<u>\$ 1,671,630</u>	<u>\$ 1,055,261</u>	<u>\$ 17,624</u>	<u>\$ 9,765</u>	<u>\$ 39,848</u>	<u>\$ 741,568</u>	<u>\$ 141,541</u>	<u>\$ 5,683,103</u>

Note: The amount NT\$19,387 is reclassified from prepayments for business facilities.

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.

(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. Lease contracts are individually negotiated and contain various terms and conditions. Rights may not be transferred to others in the form of business transfer or merger.
2. The information of the right-of-use assets are as the following:

	2024				
	<u>Land - rent</u>	<u>Buildings - rent</u>	<u>Land - premiums</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1					
- 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)
	<u>\$ 873,274</u>	<u>\$ 695,650</u>	<u>\$ 1,072,826</u>	<u>\$ 5,167</u>	<u>\$ 2,646,917</u>
January 1	\$ 873,274	\$ 695,650	\$ 1,072,826	\$ 5,167	\$ 2,646,917
Addition-Newly added lease contracts	-	1,973	-	-	1,973
Lease contract modifications - costs	25	369	-	-	394
Revaluation of lease liabilities	9,846	-	-	-	9,846
Depreciation expense	(24,576)	(41,155)	(6,215)	(517)	(72,463)
March 31	<u>\$ 858,569</u>	<u>\$ 656,837</u>	<u>\$ 1,066,611</u>	<u>\$ 4,650</u>	<u>\$ 2,586,667</u>
March 31					
- Cost	\$ 961,258	\$ 1,220,432	\$ 1,222,045	\$ 6,181	\$ 3,409,916
- Accumulated depreciation	(102,689)	(563,595)	(126,765)	(1,531)	(794,580)
- Accumulated impairment	-	-	(28,669)	-	(28,669)
	<u>\$ 858,569</u>	<u>\$ 656,837</u>	<u>\$ 1,066,611</u>	<u>\$ 4,650</u>	<u>\$ 2,586,667</u>

	2023				
	<u>Land - rent</u>	<u>Buildings - rent</u>	<u>Land - premiums</u>	<u>Transportation equipment</u>	<u>Total</u>
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)
	<u>\$ 880,251</u>	<u>\$ 851,084</u>	<u>\$ 1,274,932</u>	<u>\$ 1,148</u>	<u>\$ 3,007,415</u>
January 1	\$ 880,251	\$ 851,084	\$ 1,274,932	\$ 1,148	\$ 3,007,415
Addition-Newly added lease contracts	-	272	-	-	272
Cost of derecognition	(34,200)	-	-	-	(34,200)
Accumulated depreciation, derecognized	34,200	-	-	-	34,200
Depreciation expense	(14,396)	(40,412)	(6,940)	(587)	(62,335)
March 31	<u>\$ 865,855</u>	<u>\$ 810,944</u>	<u>\$ 1,267,992</u>	<u>\$ 561</u>	<u>\$ 2,945,352</u>
March 31					
- Cost	\$ 911,699	\$ 1,210,307	\$ 1,472,507	\$ 6,893	\$ 3,601,406
- Accumulated depreciation (	45,844)	(399,363)	(114,734)	(6,332)	(566,273)
- Accumulated impairment	-	-	(89,781)	-	(89,781)
	<u>\$ 865,855</u>	<u>\$ 810,944</u>	<u>\$ 1,267,992</u>	<u>\$ 561</u>	<u>\$ 2,945,352</u>

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 March 31, 2024, December 31, 2023 and March 31, 2023, the cumulative premiums paid were NT\$932,169, NT\$906,344 and NT\$829,994, 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 March 31, 2024, December 31, 2023 and March 31, 2023, 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:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Operating Revenue	\$ 5,262	\$ 5,395
Operation cost	<u>(20,663)</u>	<u>(20,748)</u>
Net operating losses	<u>(\$ 15,401)</u>	<u>(\$ 15,353)</u>

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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total amount of lease liabilities	\$ 10,872,493	\$ 10,891,109	\$ 10,977,313
Less: Due within one year (listed as lease liabilities - current)	(309,954)	(291,293)	(276,131)
	<u>\$ 10,562,539</u>	<u>\$ 10,599,816</u>	<u>\$ 10,701,182</u>

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

<u>Items affects the income of the current period</u>	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest expenses of lease liabilities	\$ 61,522	\$ 62,090
Expenses of short-term lease contracts	<u>32,635</u>	<u>34,718</u>
	<u>\$ 94,157</u>	<u>\$ 96,808</u>

6. The Company's total lease cash outflows were NT\$198,621 and NT\$198,397 for the three months ended March 31, 2024 and 2023, respectively, which consisted of NT\$32,635 and NT\$34,718 for short-term lease contracts; NT\$61,522 and NT\$62,090 for interest expense on lease liabilities; and NT\$104,464 and NT\$101,589 for lease principal repayments.

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 the three months ended March 31, 2024 and 2023 were calculated as the following:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Revenue - tourist service center	<u>\$ 2,418</u>	<u>\$ 2,301</u>
Revenue - open counters	<u>\$ 1,921</u>	<u>\$ 1,724</u>
Royalty costs - tourist service center	<u>\$ 1,209</u>	<u>\$ 1,151</u>
Royalty costs - open counters	<u>\$ 961</u>	<u>\$ 862</u>

8. 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. In addition, according to the letter from the Yilan Branch of the Forestry and Conservation Administration, Ministry of Agriculture, the rent of the mining land was calculated based on the approved market value of forest land and included in the ecological damage compensation. The Ruentex Materials recognized the abovementioned rent in March 2024 and the addition of the re-measured right-of-use assets of NT\$9,846 and lease liabilities of NT\$9,846.
9. Please refer to Note 8 for the descriptions of the information of these collaterals provides with the right-of-use assets.
10. The Ruentex Engineering & Construction, a subsidiary of the Company, rented land from related parties. Please refer to Note 7(2) for related explanations.
11. The Company’s subsidiaries, Ruentex Xu-Zhan, Ruentex Bai-Yi, and Ruentex Construction increased the right-of-use assets - land - rent by NT\$25, investment property - land - rent by NT\$73,635, and lease liabilities by NT\$73,660, respectively, according to the contracts signed January 1, 2024 with the Taiwan Railways Administration, Ministry of Transportation and Communications, and the Northern Region Branch, National Property Administration, and Ministry of Finance.
12. In February 2024, the Company’s subsidiary Ruentex Construction increased the right-of-use assets - building - rent by NT\$369, and lease liabilities of NT\$369 based on the 7th year building rent adjustment index of the contract.
13. In May 2023, the Company’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.
14. 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, Nangang Yucheng Section Building 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. Due to the newly added leased property, the Group transferred the property, plant and equipment and right-of-use assets into investment property in July 2023 for NT\$149,574 and NT\$198,912, and recognized property revaluation losses of NT\$16,213.
3. The Group leased new objects in February 2024 with a lease term of February 2024 to March 2034. As of March 31, 2024, NT\$47,889 of long-term notes and receivables were recognized.
4. For the three months ended March 31, 2024 and 2023, the Group recognized rental income of NT\$417,439 and NT\$366,437, 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 NT\$27,735 and (NT\$16,876).
5. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Long-term notes and accounts receivable	\$ 315,084	\$ 287,349	\$ 350,418
Less: Due within one year (listed as other accounts receivable)	(80,516)	(74,152)	(75,812)
	<u>\$ 234,568</u>	<u>\$ 213,197</u>	<u>\$ 274,606</u>

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>
April to December 2024	\$ 1,019,859	2024	\$ 1,391,097
2025	1,530,031	2025	1,308,581
2026	779,165	2026	535,808
2027	752,671	2027	469,228
2028	753,129	2028 and after	<u>3,312,023</u>
2029 and after	<u>4,509,220</u>		<u>\$ 7,016,737</u>
	<u>\$ 9,344,075</u>		

	<u>March 31, 2023</u>
April to December 2023	\$ 1,052,321
2024	1,364,548
2025	1,266,248
2026	465,472
2027	435,602
2028 and after	<u>3,253,288</u>
	<u>\$ 7,837,479</u>

(XI) Investment Real Estate

	<u>2024</u>					
	<u>Land</u>	<u>Land - rent</u>	<u>Land - premiums</u>	<u>Operation premiums</u>	<u>Buildings</u>	<u>Total</u>
January 1	\$1,159,789	\$6,089,146	\$ 1,322,594	\$ 7,315,129	\$18,699,990	\$34,586,648
Reclassification (Note 1)	2,517,076	-	-	-	2,861,115	5,378,191
Lease modifications (Note 2)	-	73,635	-	-	-	73,635
Fair value adjustment gain (loss)	4,162,251	(123,778)	(6,335)	(145,027)	1,144,768	5,031,879
Net exchange differences	-	-	-	-	(882)	(882)
March 31	<u>\$7,839,116</u>	<u>\$6,039,003</u>	<u>\$ 1,316,259</u>	<u>\$ 7,170,102</u>	<u>\$22,704,991</u>	<u>\$45,069,471</u>

Note 1: NT\$5,378,191 reclassified from inventories. Please refer to Note 6(3)4 for description.

Note 2: Please refer to the descriptions in Note 6(9)11.

	2023					
	<u>Land</u>	<u>Land - rent</u>	<u>Land - premiums</u>	<u>Operation premiums</u>	<u>Buildings</u>	<u>Total</u>
January 1	\$ 1,191,679	\$ 6,188,419	\$ 1,202,699	\$ 7,505,929	\$ 19,036,405	\$ 35,125,131
Fair value adjustment loss	-	(103,252)	(4,850)	(111,073)	(261,700)	(480,875)
Net exchange differences	-	-	-	-	11	11
March 31	<u>\$1,191,679</u>	<u>\$6,085,167</u>	<u>\$ 1,197,849</u>	<u>\$ 7,394,856</u>	<u>\$18,774,716</u>	<u>\$ 34,644,267</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Rental income from investment real estate	<u>\$ 417,439</u>	<u>\$ 366,437</u>
Direct operating expenses incurred by investment real estate with the rental income for current period.	<u>\$ 70,819</u>	<u>\$ 65,001</u>

2. Basis of Investment Property Fair Value

The fair value of the investment property held by the Group on March 31, 2024, December 31, 2023, and March 31, 2023 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 and real estate price opinion on the parking spaces of Ruentex Spectacular Life, Banqiao New Land, Ruen Fu Newlife (New Aspects), and Ruentex Daiguanshan as of March 31, 2024, December 31, 2023, and March 31, 2023 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 March 31, 2024, December 31, 2023 and March 31, 2023 were issued by Lai, Chin-Wei, appraiser at the G-Beam Real Estate Appraisers Firm. The appraisal report and real estate price opinion on February 1, 2024 and March 31, 2024 in Yucheng Section, Nangang were issued by Mr. Chang, Hung-Kai and Mr. Wu, Cheng-Ye, appraisers of Savills (Taiwan) Limited.
- (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:

	March 31, 2024		
	Residences (NT\$/ping/monthly)	Offices and stores (NT\$/ping/monthly)	Parking space (NT\$/space/monthly)
Estimated rent of the project	\$309~\$1,040	\$1,160~\$4,600	\$1,290~\$5,500
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, 2023		
	Residences (NT\$/ping/monthly)	Offices and stores (NT\$/ping/monthly)	Parking space (NT\$/space/monthly)
Estimated rent of the project	\$448~\$990	\$1,160~\$4,600	\$1,290~\$5,500
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%	
	March 31, 2023		
	Residences (NT\$/ping/monthly)	Offices and stores (NT\$/ping/monthly)	Parking space (NT\$/space/monthly)
Estimated rent of the project	\$448~\$990	\$1,290~\$4,600	\$1,290~\$5,500
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%~2%	

- (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.

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Discount rate	2.55%~5.70%	2.55%~5.58%	2.61%~5.575%

- (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 valuation amount and fair value of the assets transferred from the right-of-use assets to the investment properties are adjusted as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Valuated amount	\$ 24,249,612	\$ 24,829,612	\$ 24,940,015
Add: Lease liabilities	<u>8,130,109</u>	<u>8,097,707</u>	<u>8,087,700</u>
Fair value	<u>\$ 32,379,721</u>	<u>\$ 32,927,319</u>	<u>\$ 33,027,715</u>

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

	<u>2024</u>					
	Mineral source	Trademark, patent and franchise	Computer software	Good will	Others	Total
January 1						
- 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)
	<u>\$ 111,688</u>	<u>\$ 29,931</u>	<u>\$ 5,840</u>	<u>\$ 2,553</u>	<u>\$ 55,455</u>	<u>\$ 205,467</u>
January 1	\$ 111,688	\$ 29,931	\$ 5,840	\$ 2,553	\$ 55,455	\$ 205,467
Addition	-	338	576	-	668	1,582
Cost of derecognition	-	-	(5,470)	-	-	(5,470)
Balance of accumulated amortization on the derecognition date	-	-	5,470	-	-	5,470
Amortization	-	(548)	(862)	-	(1,710)	(3,120)
March 31	<u>\$ 111,688</u>	<u>\$ 29,721</u>	<u>\$ 5,554</u>	<u>\$ 2,553</u>	<u>\$ 54,413</u>	<u>\$ 203,929</u>

March 31						
- Cost	\$ 234,076	\$ 71,896	\$ 87,613	\$ 2,553	\$ 94,721	\$ 490,859
- Accumulated amortization	(60,416)	(42,175)	(82,059)	-	(29,068)	(213,718)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	<u>\$ 111,688</u>	<u>\$ 29,721</u>	<u>\$ 5,554</u>	<u>\$ 2,553</u>	<u>\$ 54,413</u>	<u>\$ 203,929</u>

2023

	Mineral source	Trademark, patent and franchise	Computer software	Good will	Others	Total
January 1	\$ 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)
	<u>\$ 111,688</u>	<u>\$ 27,486</u>	<u>\$ 10,303</u>	<u>\$ 2,553</u>	<u>\$ 57,015</u>	<u>\$ 209,045</u>
January 1	\$ 111,688	\$ 27,486	\$ 10,303	\$ 2,553	\$ 57,015	\$ 209,045
Addition	-	874	304	-	-	1,178
Cost of derecognition	-	-	(684)	-	-	(684)
Balance of accumulated amortization on the derecognition date	-	-	684	-	-	684
Amortization	-	(581)	(1,159)	-	(1,710)	(3,450)
March 31	<u>\$ 111,688</u>	<u>\$ 27,779</u>	<u>\$ 9,448</u>	<u>\$ 2,553</u>	<u>\$ 55,305</u>	<u>\$ 206,773</u>
March 31						
- Cost	\$ 234,076	\$ 67,619	\$ 93,264	\$ 2,553	\$ 88,773	\$ 486,285
- Accumulated amortization	(60,416)	(39,840)	(83,816)	-	(22,228)	(206,300)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	<u>\$ 111,688</u>	<u>\$ 27,779</u>	<u>\$ 9,448</u>	<u>\$ 2,553</u>	<u>\$ 55,305</u>	<u>\$ 206,773</u>

- 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. The Ruentex Materials has already make a provision for impairment loss. Hence, there is no material impact on the Ruentex Materials' finance or business of the judgment results, and an appeal has been filed to the Supreme Administrative Court in March 2024, and the litigation is ongoing.

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 May 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:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Operation cost	\$ 2,113	\$ 2,295
General & administrative expenses	<u>1,007</u>	<u>1,155</u>
	<u>\$ 3,120</u>	<u>\$ 3,450</u>

(XIII) Other non-current Assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Restricted bank deposits	\$ 219,821	\$ 219,377	\$ 231,718
Guarantee deposits paid	82,605	82,609	82,541
Others	<u>35,887</u>	<u>17,816</u>	<u>51,890</u>
	<u>\$ 338,313</u>	<u>\$ 319,802</u>	<u>\$ 366,149</u>

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

(XIV) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured bank loan	\$ 365,000	\$ 500,000	\$ 1,255,000
Credit bank loan	<u>6,549,000</u>	<u>5,544,000</u>	<u>8,107,000</u>
	<u>\$ 6,914,000</u>	<u>\$ 6,044,000</u>	<u>\$ 9,362,000</u>
Interest rate collars	1.65%~2.03%	1.65%~1.91%	1.53%~2.22%

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee notes	<u>\$ 17,010,000</u>	<u>\$ 18,145,000</u>	<u>\$ 16,265,000</u>

(XV) Short-term bills payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Commercial papers payable	\$ 5,720,000	\$ 3,510,000	\$ 4,385,000
Less: Unamortized discount	(1,680)	(957)	(2,604)
	<u>\$ 5,718,320</u>	<u>\$ 3,509,043</u>	<u>\$ 4,382,396</u>
Interest rate collars	1.34%~1.83%	1.32%~1.75%	1.10%~1.66%

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee notes	<u>\$ 9,423,000</u>	<u>\$ 8,678,000</u>	<u>\$ 9,090,000</u>

(XVI) Long-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured bank loan	\$ 17,727,000	\$ 19,294,000	\$ 21,998,000
Credit bank loan	<u>14,157,288</u>	<u>15,520,288</u>	<u>10,800,288</u>
	31,884,288	34,814,288	32,798,288
Less: Arrangement fees for leading banks of syndicated loan	(18,760)	(19,620)	(929)
	31,865,528	34,794,668	32,797,359
Face value of long term commercial paper	3,000,000	2,970,000	2,565,000
Less: Unamortized discount	(3,303)	(1,950)	(3,841)
Deferred expenses - transaction costs	(2,008)	(2,113)	(2,430)
	34,860,217	37,760,605	35,356,088
Less: Due within one year	(4,287,500)	(5,868,750)	(6,721,477)
Due within one operating cycle	(5,166,697)	(4,768,255)	(3,440,000)
	<u>\$ 25,406,020</u>	<u>\$ 27,123,600</u>	<u>\$ 25,194,611</u>
Interest rate collars	1.67%~2.69%	1.42%~2.69%	1.10%~2.37%

1. The Company signed a syndicated loan agreement with Land Bank of Taiwan and other banks in July 2010 for the Company's construction financing. The term of the loan was from July 2024 to July 2026, the total loan amount was NT\$4,600,000. Up to the date of March 31, 2024, the Company has not yet drawn down the credit amount. 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 March 31, 2024, the facility drawn was NT\$2,830,000.
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 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 March 31, 2024, the facility drawn was NT\$4,180,000.
5. The Company signed a long-term borrowing contract with Bank of Taiwan in September 2022 for its operating funds, and the loan period is from September 2022 to September 2025 with a credit line of NT\$2,000,000. As of March 31, 2024, the facility drawn was NT\$1,820,000.
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 March 31, 2024, 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 March 31, 2024, the Company has not yet drawn down the credit amount.

8. Ruentex Innovative 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 March 31, 2024, the facility drawn was NT\$5,170,000. 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 March 31, 2024, the Class A facility drawn was NT\$1,570,000; 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 March 31, 2024, Class E facility drawn was \$970,000 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 March 31, 2024, 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee notes	<u>\$ 83,399,000</u>	<u>\$ 84,660,480</u>	<u>\$ 85,024,550</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Due within one year	\$ 4,050,000	\$ 2,772,000	\$ 6,613,774
Due longer than one year	<u>44,082,483</u>	<u>42,341,240</u>	<u>48,889,343</u>
	<u>\$ 48,132,483</u>	<u>\$ 45,113,240</u>	<u>\$ 55,503,117</u>

(XVII) Other non-current liabilities - other

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee deposits received	\$ 1,529,781	\$ 1,404,370	\$ 1,416,629
Accrued pension liabilities	142,331	144,763	151,879
Other non-Current liabilities	262,758	263,491	276,110
Warranty provision	<u>143,088</u>	<u>142,770</u>	<u>143,401</u>
	<u>\$ 2,077,958</u>	<u>\$ 1,955,394</u>	<u>\$ 1,988,019</u>

- As of March 31, 2024, December 31, 2023 and March 31, 2022, the major part of the deposited bonds are the deposits paid by the tenants of the Company's subsidiary, Ruen Fu, for NT\$1,080,042, NT\$1,065,642 and NT\$997,176, respectively; others are the deposits for warranty, office leasing and proprietary booths deposits.
- 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 March 31, 2024, December 31, 2023 and March 31, 2023, the advance rent receipts due within one year amounted to NT\$18,571, NT\$18,571 and NT\$18,565, respectively, which was recognized in advance receipts.

(XVIII) Pensions

- (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) For the three months ended March 31, 2024 and 2023, pension expenses were NT\$1,264 and NT\$1,401, respectively.
 - (3) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to NT\$5,935.
- 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 three months ended March 31, 2024 and 2023, pension expenses were NT\$23,934 and NT\$22,990, respectively.

(XIX) Capital

- 1. As of March 31, 2024, the Company's authorized capital was NT\$50,000,000, and the paid-in capital was NT\$28,442,251 (including share capital of convertible corporate bonds of NT\$346,085) with a par value of NT\$10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

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

	<u>2024</u>	<u>2023</u>
January 1 (i.e. March 31)	<u>2,844,225</u>	<u>3,160,250</u>

- 2. In order to improve return on equity ratio and adjust the capital structure, the Company's cash capital reduction and return of capital was approved by the shareholders meeting on June 9, 2023, with the capital to be reduced by NT\$3,160,250, or 10%, cancelled 316,025 shares. As approved by the competent authority, and approved by the Board of Directors on August 11, 2023, August 15, 2023 was set as the base date for the capital decrease. After that, the share capital change registration was completed on August 22, 2023, and the share payment was returned on October 2, 2023.
- 3. 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 March 31, 2024, December 31, 2023 and March 31, 2023, Ruentex Engineering & Construction held 9,714 thousand shares, 9,714 thousand shares and 10,793 thousand shares, respectively. The information on their respective amounts is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Ruentex Engineering & Construction	\$ 16,794	\$ 16,794	\$ 19,984
Amount accounted for using equity method	<u>64,655</u>	<u>64,655</u>	<u>64,655</u>
	<u>\$ 81,449</u>	<u>\$ 81,449</u>	<u>\$ 84,639</u>

(XX) Capital surplus

- 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.
- 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.
- Change of capital surplus is as follows:

	2024						
	<u>Issued at premium</u>	<u>Treasury share transactions</u>	<u>Dividends not claimed by shareholders in the given period of time</u>	<u>Changes in the associates' net value of equity</u>	<u>Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries</u>	<u>Changes in the ownership interests of subsidiaries as recognized</u>	<u>Total</u>
January 1	\$ 17,283,659	\$ 136,626	\$ 13,604	\$ 122,086	\$ 5,209	\$ 169,080	\$ 17,730,264
Others	-	-	(2)	(37)	-	-	(39)
Income tax effect	-	-	-	2	-	-	2
March 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 13,602</u>	<u>\$ 122,051</u>	<u>\$ 5,209</u>	<u>\$ 169,080</u>	<u>\$ 17,730,227</u>

	Issued at premium	Treasury share transactions	Dividends not claimed by shareholders in the given period of time	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1	17,283,659	136,626	11,887	9,573	5,209	169,080	17,616,034
Others	-	-	(9)	(55)	-	-	(64)
Income tax effect	-	-	-	-	-	-	-
March 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 11,878</u>	<u>\$ 9,518</u>	<u>\$ 5,209</u>	<u>\$ 169,080</u>	<u>\$ 17,615,970</u>

(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 2023 and 2022 profit distribution proposals of the Company were approved by the Board of Directors on March 13, 2024 and by resolution of the shareholders' meeting on June 9, 2023 as follows:

	2023		2022	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 762,320		\$ 1,045,310	
Provision of special reserve (Note)	-		38,445,788	
Reversal of special reserve (Note)	(11,387,110)		-	
Cash dividends	<u>4,266,338</u>	\$ 1.50	<u>-</u>	\$ -
Total	<u>(\$ 6,358,452)</u>		<u>\$ 39,491,098</u>	

Note: (1) As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the 2023 and 2022 investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of (NT\$319,855) and (NT\$1,697,799) were reversed.

- (2) According to the Order Jin-Guan-Zheng-Fa-Zi No. 1090150022, the Company reversed (NT\$11,067,255) and appropriated NT\$37,115,807 for the net deduction of other equity recognized in 2023 and 2022, respectively.
- (3) as per Note 6(7)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:

	<u>2024</u>
January 1, 2024	\$ 7,623,193
Net income of current period	<u>6,729,243</u>
March 31, 2024	<u>\$ 14,352,436</u>
	<u>2023</u>
January 1, 2023	\$ 39,491,098
Net income of current period	<u>308,607</u>
March 31, 2023	<u>\$ 39,799,705</u>

(XXII) Other equity items

	<u>2024</u>					
	<u>Unrealized valuation profit or loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>Reclassification by the overlay approach</u>	<u>Property revaluation surplus</u>	<u>Total</u>
January 1	(\$ 11,398,110)	(\$ 396,096)	\$ 6	(\$ 14,294,948)	\$ 40,596	(\$26,048,552)
Unrealized valuation profit or loss of financial assets:						
- Group	(63,566)	-	-	-	-	(63,566)
- Tax related to the group	4,042	-	-	-	-	4,042
- Associate (Note)	(689,811)	-	-	-	-	(689,811)
- Tax related to the associates	(965)	-	-	-	-	(965)
Foreign currency translation differences:						
- Group	-	88,441	-	-	-	88,441
- Tax related to the group	-	(17,696)	-	-	-	(17,696)
- Associate	-	27,473	-	-	-	27,473
- Tax related to the associates	-	(1,551)	-	-	-	(1,551)
Reclassification by the overlay approach:						
- Associate (Note)	-	-	-	2,605,157	-	2,605,157
- Tax related to the associates	-	-	-	(20,055)	-	(20,055)
March 31	<u>(\$ 12,148,410)</u>	<u>(\$ 299,429)</u>	<u>\$ 6</u>	<u>(\$ 11,709,846)</u>	<u>\$ 40,596</u>	<u>(\$24,117,083)</u>

2023

	<u>Unrealized valuation profit or loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>Reclassification by the overlay approach</u>	<u>Property revaluation surplus</u>	<u>Total</u>
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	45,124	-	-	-	-	45,124
- Tax related to the group	(1,463)	-	-	-	-	(1,463)
- Associate (Note)	1,575,371	-	-	-	-	1,575,371
- Tax related to the associates	(2,844)	-	-	-	-	(2,844)
Foreign currency translation differences:						
- Group	-	(20,007)	-	-	-	(20,007)
- Tax related to the group	-	4,001	-	-	-	4,001
- Associate	-	152	-	-	-	152
- Tax related to the associates	-	(55)	-	-	-	(55)
Reclassification by the overlay approach:						
- Associate (Note)	-	-	-	5,405,723	-	5,405,723
- Tax related to the associates	-	-	-	(19,994)	-	(19,994)
March 31	<u>(\$ 10,872,095)</u>	<u>(\$ 398,542)</u>	<u>\$ 6</u>	<u>(\$ 18,895,962)</u>	<u>\$ 36,794</u>	<u>(\$ 30,129,799)</u>

Note: The changes in unrealized gains or losses from valuation and reclassification using overlay method were due to the affiliates, Ruentex Industries, 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.

(XXIII) Operating Revenue

	<u>January 2024 to</u> <u>March 2024</u>	<u>January 2023 to</u> <u>March 2023</u>
Revenue from contracts with customers:		
Revenue from construction contracts	\$ 3,217,726	\$ 2,501,582
Revenue from sales of real estate	1,734,544	2,030,242
Revenue from sales of goods	1,343,732	1,136,238
Revenue from contract for service	88,665	68,866
Revenues from booths	129,668	122,869
Other revenue from contracts	68,750	71,355
Subtotal	<u>6,583,085</u>	<u>5,931,152</u>
Rental income:		
Lease income - real estate properties	407,253	357,033
Lease income - proprietary booths	10,186	9,404
Subtotal	<u>417,439</u>	<u>366,437</u>
Total	<u>\$ 7,000,524</u>	<u>\$ 6,297,589</u>

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:

	<u>Taiwan</u>				
	<u>Construction</u> <u>business</u>	<u>Building materials</u> <u>business</u>	<u>Hypermarket</u> <u>business</u>	<u>Other</u> <u>operations</u>	<u>Total</u>
<u>January 2024 to March 2024</u>					
Departmental revenue	\$ 6,043,925	\$ 1,103,953	\$ 260,383	\$ 378,604	\$ 7,786,865
Revenue from internal department transactions	(1,098,510)	(42,873)	-	(62,397)	(1,203,780)
Revenue from contracts with external customers	<u>\$ 4,945,415</u>	<u>\$ 1,061,080</u>	<u>\$ 260,383</u>	<u>\$ 316,207</u>	<u>\$ 6,583,085</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 1,734,544	\$ 1,030,552	\$ 260,383	\$ 182,465	\$ 3,207,944
Revenue recognized over time	<u>3,210,871</u>	<u>30,528</u>	<u>-</u>	<u>133,742</u>	<u>3,375,141</u>
	<u>\$ 4,945,415</u>	<u>\$ 1,061,080</u>	<u>\$ 260,383</u>	<u>\$ 316,207</u>	<u>\$ 6,583,085</u>

	<u>Taiwan</u>				
	<u>Construction</u> <u>business</u>	<u>Building materials</u> <u>business</u>	<u>Hypermarket</u> <u>business</u>	<u>Other</u> <u>operations</u>	<u>Total</u>
<u>January 2023 to March 2023</u>					
Departmental revenue	\$ 5,995,937	\$ 910,705	\$ 253,964	\$ 343,831	\$ 7,504,437
Revenue from internal department transactions	(1,469,548)	(42,741)	-	(60,996)	(1,573,285)
Revenue from contracts with external customers	<u>\$ 4,526,389</u>	<u>\$ 867,964</u>	<u>\$ 253,964</u>	<u>\$ 282,835</u>	<u>\$ 5,931,152</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 2,030,242	\$ 862,528	\$ 253,964	\$ 170,893	\$ 3,317,627
Revenue recognized over time	<u>2,496,147</u>	<u>5,436</u>	<u>-</u>	<u>111,942</u>	<u>2,613,525</u>
	<u>\$ 4,526,389</u>	<u>\$ 867,964</u>	<u>\$ 253,964</u>	<u>\$ 282,835</u>	<u>\$ 5,931,152</u>

2. As of March 31, 2024 and March 31, 2023, 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:

<u>Year</u>	<u>Year of the estimated recognized revenues</u>	<u>Amounts of the signed contracts</u>
2024	2024 - 2027	\$ <u>24,546,033</u>
2023	2023 ~ 2026	\$ <u>23,237,708</u>

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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract asset:				
Contract asset - Construction retainage	\$ 1,218,490	\$ 1,627,850	\$ 1,365,099	\$ 1,324,175
Contract asset - Construction contract	<u>2,363,570</u>	<u>2,616,897</u>	<u>2,987,356</u>	<u>3,761,383</u>
Total	<u>\$ 3,582,060</u>	<u>\$ 4,244,747</u>	<u>\$ 4,352,455</u>	<u>\$ 5,085,558</u>
Contract liability:				
Contract liability - Construction contract	\$ 1,980,233	\$ 2,180,545	\$ 1,529,500	\$ 1,014,282
Contract liability - Sales contract for building materials	11,116	23,527	6,285	18,078
Contract liabilities - contract for sale of buildings and land	1,822,493	1,879,864	2,076,509	2,106,689
Contract liability - Sales contract for goods	<u>2,737</u>	<u>1,421</u>	<u>992</u>	<u>2,441</u>
Total	<u>\$ 3,816,579</u>	<u>\$ 4,085,357</u>	<u>\$ 3,613,286</u>	<u>\$ 3,141,490</u>

4. The contract assets/contract liabilities recognized in the aforementioned construction contracts on March 31, 2024, December 31, 2023, March 31, 2023, and January 1, 2023 are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Total costs incurred plus profits recognized (less losses recognized)	\$ 36,387,571	\$ 31,458,827	\$ 27,815,028	\$ 28,407,820
Less: Amount requested for progress of works	<u>(36,004,234)</u>	<u>(31,022,475)</u>	<u>(26,357,172)</u>	<u>(25,660,719)</u>
Status of net assets and liabilities of ongoing contracts	<u>\$ 383,337</u>	<u>\$ 436,352</u>	<u>\$ 1,457,856</u>	<u>\$ 2,747,101</u>
Listed as:				
Contract asset - Construction contract	\$ 2,363,570	\$ 2,616,897	\$ 2,987,356	\$ 3,761,383
Contract liability - Construction contract	<u>(1,980,233)</u>	<u>(2,180,545)</u>	<u>(1,529,500)</u>	<u>(1,014,282)</u>
	<u>\$ 383,337</u>	<u>\$ 436,352</u>	<u>\$ 1,457,856</u>	<u>\$ 2,747,101</u>

(XXIV) Operation cost

	<u>January to March 2024</u>	<u>January to March 2023</u>
Costs of clients' contracts		
Cost of construction contract	\$ 2,520,581	\$ 2,007,743
Cost of sales of real estate	1,310,982	1,504,965
Cost of sales of goods	1,171,479	1,052,441
Cost of contract for service	76,186	59,455
Costs of booths	60,820	66,825
Other costs from contracts	<u>2,192</u>	<u>1,596</u>
Subtotal	<u>5,142,240</u>	<u>4,693,025</u>
Lease costs:		
Lease cost - real estate properties	68,630	61,978
Lease cost - proprietary booths	<u>2,189</u>	<u>3,023</u>
Subtotal	<u>70,819</u>	<u>65,001</u>
Total	<u>\$ 5,213,059</u>	<u>\$ 4,758,026</u>

(XXV) Interest revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest on cash in banks	\$ 6,456	\$ 65,699
Interest income from the financial assets measured at amortized costs	4,900	5,137
Other interest income	<u>879</u>	<u>812</u>
	<u>\$ 12,235</u>	<u>\$ 71,648</u>

(XXVI) Other income

	<u>January to March 2024</u>	<u>January to March 2023</u>
Other income	<u>\$ 32,026</u>	<u>\$ 37,546</u>

(XXVII) Other gains and losses

	<u>January to March 2024</u>	<u>January to March 2023</u>
Loss on disposal of property, plant and equipment	(\$ 9)	(\$ 42)
Investment property fair value adjustment gain (loss)	5,031,879	(480,875)
Foreign exchange net gain (loss)	5,482	(43,910)
Others	<u>(15,988)</u>	<u>(10,914)</u>
	<u>\$ 5,021,364</u>	<u>(\$ 535,741)</u>

(XXVIII) Financial Costs

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 215,668	\$ 218,484
Lease liabilities	61,522	62,090
Amount of assets eligible for capitalization		
Inventories	(61,277)	(60,185)
Financial Costs	<u>\$ 215,913</u>	<u>\$ 220,389</u>

(XXIX) Additional information of expenses by nature

	<u>January to March 2024</u>	<u>January to March 2023</u>
Changes in merchandise inventory	\$ 2,476,385	\$ 2,534,618
Raw materials purchased and contract work for current period	1,770,774	1,354,459
Employee benefit expense	770,300	734,580
Depreciation expenses for real estate properties, plants, equipment	104,399	102,803
Depreciation expenses for right-of-use assets	72,463	62,335
Amortization	3,120	3,450
Tax expense	103,752	89,049
Advertisement expense	22,115	54,388
Rent expenses - short term lease	32,635	34,718
Expected credit impairment (incomes) losses	(1,296)	423
Other expense	<u>379,130</u>	<u>302,165</u>
Operating costs and expenses	<u>\$ 5,733,777</u>	<u>\$ 5,272,988</u>

(XXX) Employee benefit expense

	<u>January to March 2024</u>	<u>January to March 2023</u>
Wages and salaries	\$ 638,808	\$ 599,425
Labor and Health Insurance costs	57,592	60,251
Pension expense	25,198	24,391
Directors' Remuneration	16,258	22,152
Other employment fees	<u>32,444</u>	<u>28,361</u>
	<u>\$ 770,300</u>	<u>\$ 734,580</u>

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

2. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at NT\$20,331 and NT\$1,136, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 0.3% of distributable profit for the three months ended March 31, 2024 and 2023.

Employees' compensation of 2023 as resolved by the board of directors was in agreement with the amount of NT\$24,067 recognized in the 2023 financial statements. The aforementioned employee remuneration will be distributed in the form of cash. As of the reporting date, the actual distribution has not yet been made.

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:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Current income tax:		
Income tax occurred in the current period	\$ 172,532	\$ 163,534
Land value increment tax	15,741	7,253
Total income tax for current period	<u>188,273</u>	<u>170,787</u>
Deferred income tax:		
Origination and reversal of temporary differences	1,096,613	(81,290)
Tax loss	-	385
Total deferred income tax	<u>1,096,613</u>	<u>(80,905)</u>
Income tax expense	<u>\$ 1,284,886</u>	<u>\$ 89,882</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Changes in unrealized valuation profit or loss - group	\$ 4,042	(\$ 1,463)
Changes in unrealized valuation profit or loss - non-controlling interest	337	1,669
Differences on translation of foreign operations - group	(17,696)	4,001
Portion of other comprehensive income from the associates	<u>(22,571)</u>	<u>(22,893)</u>
	<u>(\$ 35,888)</u>	<u>(\$ 18,686)</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Capital surplus	<u>\$ 2</u>	<u>\$ -</u>

2. 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 2022.

(XXXII) Non-controlling Interest

Changes in non-controlling interest:

	<u>2024</u>	<u>2023</u>
January 1	\$ 7,369,429	\$ 7,307,846
Net income of current period	1,580,913	137,044
Changes in unrealized valuation profit or loss	(184,016)	(313,578)
Tax amount:		
- Changes in unrealized valuation profit or loss	<u>337</u>	<u>1,669</u>
March 31	<u>\$ 8,766,663</u>	<u>\$ 7,132,981</u>

(XXXIII) Earnings per share

	<u>January 2024 to March 2024</u>		
	<u>After-tax amount</u>	<u>Number of shares outstanding (thousand shares) at the end of the period</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	<u>\$ 6,729,243</u>	<u>2,730,130</u>	<u>\$ 2.46</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 6,729,243	2,730,130	
Dilutive potential ordinary shares effecting employee compensation	<u>-</u>	<u>1,092</u>	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 6,729,243</u>	<u>2,731,222</u>	<u>\$ 2.46</u>

	<u>January 2023 to March 2023</u>		
	<u>After-tax amount</u>	<u>Number of shares outstanding (thousand shares) at the end of the period</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	<u>\$ 308,607</u>	<u>3,033,478</u>	<u>\$ 0.10</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 308,607	3,033,478	
Dilutive potential ordinary shares effecting employee compensation	<u>-</u>	<u>563</u>	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 308,607</u>	<u>3,034,041</u>	<u>\$ 0.10</u>

(XXXIV) Cash flow supplementary information

1. Investing activities paid partially by cash

	<u>January 2024 to March 2024</u>	<u>January 2023 to March 2023</u>
Acquisition of property, plant and equipment	\$ 59,855	\$ 133,418
Add: Other payables at the beginning of the period	13,065	31,937
Less: Other payables at the end of the period	<u>(25,971)</u>	<u>(45,742)</u>
Cash payments for current period	<u>\$ 46,949</u>	<u>\$ 119,613</u>

2. Business and investment activities that do not affect cash payments

	<u>January 2024 to March 2024</u>	<u>January 2023 to March 2023</u>
Prepayments for business facilities reclassified to property, plant and equipment	<u>\$ 690</u>	<u>\$ 19,387</u>
Inventories reclassified to Investment real estate	<u>\$ 5,378,191</u>	<u>\$ -</u>

(XXXV) Liabilities from financing activities

	2024					
	<u>Short-term borrowings</u>	<u>Short-term bills payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (including due within one year and one operating cycle)</u>	<u>Lease liabilities (including those due within 1 year)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 6,044,000	\$ 3,509,043	\$ 1,404,370	\$ 37,760,605	\$ 10,891,109	\$ 59,609,127
Changes of the financing cash flows	870,000	2,210,000	125,411 (	2,900,000)	(104,464)	200,947
Addition-Newly added lease contracts	-	-	-	-	1,973	1,973
Modifications to leases	-	-	-	-	74,029	74,029
Revaluation of lease liabilities	-	-	-	-	9,846	9,846
Other non-cash changes	- (	723)	- (	388)	- (	1,111)
March 31	<u>\$ 6,914,000</u>	<u>\$ 5,718,320</u>	<u>\$ 1,529,781</u>	<u>\$ 34,860,217</u>	<u>\$ 10,872,493</u>	<u>\$ 59,894,811</u>
	2023					
	<u>Short-term borrowings</u>	<u>Short-term bills payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (including due within one year and one operating cycle)</u>	<u>Lease liabilities (including those due within 1 year)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 9,162,000	\$ 3,851,231	\$ 1,413,454	\$ 37,469,251	\$ 11,078,630	\$ 62,974,566
Changes of the financing cash flows	200,000	530,000	3,175 (	2,115,000)	(101,589)	(1,483,414)
Addition-Newly added lease contracts	-	-	-	-	272	272
Other non-cash changes	-	1,165	-	1,837	-	3,002
March 31	<u>\$ 9,362,000</u>	<u>\$ 4,382,396</u>	<u>\$ 1,416,629</u>	<u>\$ 35,356,088</u>	<u>\$ 10,977,313</u>	<u>\$ 61,494,426</u>

VII. Transaction with Related Parties

(I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Group</u>
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)
OBI Pharma, Inc.	Other related party (the Group's substantial related party)
TaiMed Biologics, Inc. (TaiMed)	Other related party (one of the juridical person director of the Company's subsidiaries is also a juridical person director of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (juridical person director of the Company's associates)
Ruentex Construction & Engineering Co., Ltd.	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.	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)
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)
Tang-Jien Chen	The Group'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)

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

(II) Significant related party transactions and balances

1. Operating revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Revenues from booths:		
- Associates	\$ 279	\$ 198
Contract of construction:		
- Other related parties	66,979	4,984
- Associates	519	473
Sales of Services:		
- Other related parties	2,794	2,906
- Associates	572	484
Rental income:		
- Other related parties	<u>-</u>	<u>3,120</u>
	<u>\$ 71,143</u>	<u>\$ 12,165</u>

- (1) There is no significant difference in the Group's transaction prices and payment terms for counter income between related parties and non-related 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Less than one years	\$ -	\$ -	\$ 16,144
More than one year but less than five years	<u>-</u>	<u>-</u>	<u>24,216</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,360</u>

(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:

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Total contract</u>	<u>Advance real estate</u>	<u>Total contract</u>	<u>Advance real estate</u>
	<u>amount</u>	<u>receipts</u>	<u>amount</u>	<u>receipts</u>
Other related parties	\$ 70,480	\$ 32,880	\$ 70,480	\$ 14,150
Key management personnel	80,390	25,536	80,390	12,290
	<u>\$ 150,870</u>	<u>\$ 58,416</u>	<u>\$ 150,870</u>	<u>\$ 26,440</u>

	<u>March 31, 2023</u>	
	<u>Total contract</u>	<u>Advance real estate</u>
	<u>amount</u>	<u>receipts</u>
Other related parties	<u>\$ 70,480</u>	<u>\$ 12,650</u>

2. Purchases of goods

	<u>January to March 2024</u>	<u>January to March 2023</u>
Project contracting:		
- Other related parties	<u>\$ 40,861</u>	<u>\$ -</u>

- (1) The Group pays its related parties with the promissory notes due within 1~2 months.
- (2) The construction price for the project contracted out by the Company to related parties were determined based on the price negotiation between both parties.
- (3) The construction contracts entered into by the Group and its related parties, uncompleted construction-in-progress contracts, and payment amounts are as follows:

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Total contract</u>		<u>Total contract</u>	
	<u>amount</u>		<u>amount</u>	
	<u>(Tax excluded)</u>	<u>Amount paid</u>	<u>(Tax excluded)</u>	<u>Amount paid</u>
Other related parties	<u>\$ 611,191</u>	<u>\$ 142,593</u>	<u>\$ 629,306</u>	<u>\$ 107,126</u>

	<u>March 31, 2023</u>	
	<u>Total contract</u>	
	<u>amount</u>	
	<u>(Tax excluded)</u>	<u>Amount paid</u>
Other related parties	<u>\$ 629,306</u>	<u>\$ 4,938</u>

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Total contract amount (Tax excluded)</u>	<u>Based on the progress of works Amount of claim</u>	<u>Total contract amount (Tax excluded)</u>	<u>Based on the progress of works Amount of claim</u>
Other related parties	<u>\$ 440,717</u>	<u>\$ 309,567</u>	<u>\$ 423,721</u>	<u>\$ 305,661</u>

	<u>March 31, 2023</u>	
	<u>Total contract amount (Tax excluded)</u>	<u>Based on the progress of works Amount of claim</u>
Other related parties	<u>\$ 419,936</u>	<u>\$ 17,120</u>

4. Interest revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest income from the financial assets measured at amortized costs:		
Nan Shan Life Insurance	<u>\$ 4,900</u>	<u>\$ 4,900</u>

5. Receivables from related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable:			
Other related parties	\$ 14,128	\$ 35,166	\$ 2,546
Associates	322	285	450
	<u>\$ 14,450</u>	<u>\$ 35,451</u>	<u>\$ 2,996</u>
Other receivables (Note 1):			
Nan Shan Life Insurance	\$ 15,028	\$ 10,128	\$ 15,031
Associates	38	36	76
Other related parties	-	481	-
	<u>\$ 15,066</u>	<u>\$ 10,645</u>	<u>\$ 15,107</u>
Contract assets (Note 2):			
Other related parties	<u>\$ 16,252</u>	<u>\$ 14,699</u>	<u>\$ -</u>

Note 1: They are the funds of interest receivable and wages and salaries receivable for personnel secondment.

Note 2: mainly the retention money related to construction contracts.

6. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes payable:			
Associates (Note)	\$ 865	\$ 2,789	\$ 1,869
Other related parties	<u>12,524</u>	<u>1,159</u>	<u>-</u>
	<u>\$ 13,389</u>	<u>\$ 3,948</u>	<u>\$ 1,869</u>
Accounts payable:			
Other related parties	\$ 7,969	\$ 5,822	\$ 88
Associates (Note)	<u>778</u>	<u>753</u>	<u>479</u>
	<u>\$ 8,747</u>	<u>\$ 6,575</u>	<u>\$ 567</u>

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. Property transactions

Acquisition of financial Assets

Please refer to Note 6(5)7.

8. Lease transactions - lessees/rent expenses

(1) The Company's subsidiary Ruentex Engineering & Construction leases land from Ruentex Industries, and the lease agreement with Ruentex Industries covers the period from June 2022 to May 2040. The right-of-use asset/lease liability of \$342,534 are 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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Other related parties	<u>\$ 10,549</u>	<u>\$ 9,199</u>

(4) Lease liabilities

A. Balance at the end of the period

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total amount of lease liabilities (Note)	\$ 840,420	\$ 851,787	\$ 822,425
Less: Due within one year (listed as lease liabilities - current)	(45,926)	(45,743)	(41,992)
	<u>\$ 794,494</u>	<u>\$ 806,044</u>	<u>\$ 780,433</u>

Note: Please refer to Note 6(9)14.

B. Interest Costs:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Other related parties	\$ 3,390	\$ 3,304

9. Endorsements or Guarantees made by related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Key management personnel	\$ 95,625,020	\$ 92,426,888	\$ 104,603,601

10. 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 March 31, 2024, 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, and 2020 were registered to the chief management for a total of NT\$84,306 and pledged as collateral to the Ruentex Materials. As of March 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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Wages and salaries and other short-term employee benefits	\$ 107,011	\$ 107,879
Post-employment benefits	1,407	1,435
Termination benefits	<u>1,111</u>	<u>2,500</u>
Total	<u>\$ 109,529</u>	<u>\$ 111,814</u>

VIII. Pledged Assets

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

<u>Asset items</u>	<u>Carrying amount</u>			<u>For guarantee purpose</u>
	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>	
Inventories	\$17,563,843	\$ 20,888,620	\$19,838,413	Long-term/short-term borrowings and Issuance of Commercial Paper
Other financial assets-current (listed as Other Current Assets)	1,384,151	1,267,378	1,711,210	Joint construction guarantee deposits and real estate trust receipts in advance
Investments accounted for using equity method	16,465,498	16,107,781	15,141,203	Long-term/short-term borrowings and Issuance of Commercial Paper
Right-of-use assets	111,238	111,917	313,151	Long-term/short-term borrowings
Other financial assets - non-current (listed as "other non-current assets")	219,821	219,377	231,718	Money Lodged at Courts and Performance Bonds
Property, plant, and equipment	1,698,906	1,706,461	1,882,464	Long-term/short-term borrowings Guarantee for long-term borrowings and Advance rent receipts
Investment Real Estate	<u>38,641,279</u>	<u>32,444,428</u>	<u>32,905,100</u>	
	<u>\$76,084,736</u>	<u>\$ 72,745,962</u>	<u>\$72,023,259</u>	

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.

On April 24, 2019, Taiwan Taipei District Court rejected the appeal filed by the plaintiff, CHIN KUANG TAI CONSTRUCTION CO., LTD.. The case was remanded to Taiwan High Court for retrial. Taiwan High Court ordered the Company to pay NT\$28,782 to CHIN KUANG TAI CONSTRUCTION CO., LTD. on January 2, 2024. The Company appealed within the statutory time limit against the repayment of the first instance decision. No further information is available as of the reporting date.

(II) Commitments

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

1. As of March 31, 2023, December 31, 2023 and March 31, 2023, the total amount of the construction contracts entered into by the Group for construction projects were NT\$48,895,032, NT\$47,497,257 and NT\$41,472,783, respectively. Amounts of NT\$31,903,239, \$30,423,172 and NT\$27,458,018 have been paid, respectively, and the remainder will be paid based on the stage of completion.
2. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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\$488,226, NT\$514,935 and NT\$495,973.
3. The amounts of letters of credit issued by the subsidiaries but not yet used are as follows:

Currency (thousands)	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
USD	\$ -	\$ 139	\$ 262
EUR	106	106	-

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.
5. Authorized operation contracts of Hypermarket Business Department
 - (1) The Company and RT-MART International Co., Ltd. signed an authorized operation contract and an entrusted management and purchase agreement for the Zhonglun Hypermarket in August 2004 in order to allow RT-MART International Co., Ltd. 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 sales outlets have profits, 50% surplus of stores and food courts should be paid to RT-MART International Co., Ltd. as surplus remuneration, and RT-MART International Co., Ltd. is not liable for losses of the sales outlets.
 - b. In addition, a fixed service fee of NT\$500 is paid annually.
- C. Restrictive provisions:
During the contract period, if the Company intends to sell, lease, or otherwise dispose of the assets or business of the wholesale store, it shall propose in writing to sell, rent, or transfer the same to RT-MART International Co., Ltd. at the agreed price. If the RT-MART International Co., Ltd. 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).

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Please refer to the descriptions in Notes 4(3), 6(2)6 and 12(2)3.

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 debt ratios as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total borrowings	\$ 47,492,537	\$ 47,313,648	\$ 49,100,484
Less: Cash and cash equivalents	(3,833,619)	(3,930,166)	(8,225,504)
Net debt	43,658,918	43,383,482	40,874,980
Total equity	<u>111,873,227</u>	<u>101,815,318</u>	<u>93,225,803</u>
Total capital	<u>\$ 155,532,145</u>	<u>\$ 145,198,800</u>	<u>\$ 134,100,783</u>
Debt-to-total-capital ratio	28.07%	29.88%	30.48%

(II) Financial instruments

1. Type of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income - non-current	\$ 5,048,250	\$ 5,242,131	\$ 4,936,531
Financial assets at amortized cost			
Cash and cash equivalents	3,833,619	3,930,166	8,225,504
Notes receivable	916,213	977,419	483,590
Accounts receivable (including related parties)	2,361,271	2,638,262	2,032,038
Other receivables (including related parties)	127,315	29,050	52,388
Financial Assets at amortized cost-Current	-	-	75,360
Financial Assets at amortized cost-non-Current	560,000	560,000	560,000
Long-term notes and accounts receivable	234,568	213,197	274,606
Other financial assets (listed as other current assets and other non-current assets)	1,603,972	1,486,755	1,942,928
Refundable deposits listed in (“other current assets” and “other non-current assets”)	<u>108,353</u>	<u>140,134</u>	<u>157,327</u>
	<u>\$ 14,793,561</u>	<u>\$ 15,217,114</u>	<u>\$ 18,740,272</u>
<u>Financial liabilities</u>			
Financial liabilities are carried at amortized cost			
Short-term borrowings	\$ 6,914,000	\$ 6,044,000	\$ 9,362,000
Short-term bills payable	5,718,320	3,509,043	4,382,396
Notes payable (including related parties)	722,559	941,487	678,872
Accounts payable (including related parties)	4,248,813	3,576,378	3,453,956
Other payables (including expenses payable)	809,606	1,462,231	785,812
Long-term borrowings (including due within one year or one operating cycle)	34,860,217	37,760,605	35,356,088
Guarantee deposits received (listed as other non-current liabilities)	<u>1,529,781</u>	<u>1,404,370</u>	<u>1,416,629</u>
	<u>\$ 54,803,296</u>	<u>\$ 54,698,114</u>	<u>\$ 55,435,753</u>
Lease liabilities - current and non-current	<u>\$ 10,872,493</u>	<u>\$ 10,891,109</u>	<u>\$ 10,977,313</u>

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:

March 31, 2024						
	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Range of</u> <u>variation</u>	<u>Sensitivity analysis</u>	
					<u>Effects on profit</u> <u>and loss</u>	<u>Effects on other comprehensive</u> <u>income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 4,240	32.00	\$ 135,680	1%	\$ 1,357	\$ -
<u>Non-monetary</u> <u>Items</u>						
USD:NTD	39,128	32.00	1,252,110	1%	-	12,521
<u>Financial</u> <u>liabilities</u>						
<u>Monetary item</u>						
USD:NTD	28	32.00	896	1%	9	-
December 31, 2023						
	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Range of</u> <u>variation</u>	<u>Sensitivity analysis</u>	
					<u>Effects on profit</u> <u>and loss</u>	<u>Effects on other comprehensive</u> <u>income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 4,223	30.71	\$ 129,688	1%	\$ 1,297	\$ -
<u>Non-monetary</u> <u>Items</u>						
USD:NTD	38,029	30.71	1,167,877	1%	-	11,679
<u>Financial</u> <u>liabilities</u>						
<u>Monetary item</u>						
USD:NTD	3,005	30.71	92,284	1%	923	-
EUR:NTD	31	33.98	1,053	1%	11	-

March 31, 2023

	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Range of</u> <u>variation</u>	<u>Sensitivity analysis</u>	
					<u>Effects on profit</u> <u>and loss</u>	<u>Effects on other comprehensive</u> <u>income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 142,886	30.45	\$ 4,350,879	1%	\$ 43,509	\$ -
<u>Non-monetary</u>						
<u>Items</u>						
USD:NTD	54,023	30.45	1,644,999	1%	-	16,450
<u>Financial</u>						
<u>liabilities</u>						
<u>Monetary item</u>						
USD:NTD	664	30.45	20,219	1%	202	-
EUR:NTD	40	33.15	1,326	1%	13	-

B. Foreign exchange risk has significant impact on the Group, and the foreign exchange gains or losses (including realized and unrealized) on monetary items recognized were gains of NT\$5,482 and losses of NT\$43,910 for the three months ended March 31, 2024 and 2023, 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 three months ended March 31, 2024 and 2023 would have increased or decreased by NT\$50,483 and NT\$49,365.

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 three months ended March 31, 2024 and 2023, the Group's borrowings issued at variable rates were mostly denominated in New Taiwan Dollars.
- 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 three months ended March 31, 2024 and 2023 would have decreased or increased NT\$9,700 and NT\$10,540, 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 its 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 rating 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 forecasting ability of the 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 March 31, 2024, December 31, 2023 and March 31 2023, the loss rate methodology is as follows:

	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>March 31, 2024</u>				
Expected loss	0%~100%	0.00%~0.03%	0.50%~100%	
Total carrying amount (including related parties)	\$ 872,063	\$ 4,800,070	\$ 277,361	\$ 5,949,494
Allowance for losses	11	359	5,793	6,163
	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2023</u>				
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
	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>March 31, 2023</u>				
Expected loss	50%~100%	0.00%~0.03%	0.28%~100%	
Total carrying amount (including related parties)	\$ 99	\$ 6,170,032	\$ 218,643	\$ 6,388,774
Allowance for losses	53	353	3,875	4,281

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. The accounts receivable of the Group from this customer were fully recovered on April 29, 2024, and the mortgage was written off on May 1, 2024.

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:

	<u>2024</u>	<u>2023</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 7,459	\$ 3,858
Provision of impairment loss	-	423
Reversal of impairment loss	<u>(1,296)</u>	<u>-</u>
March 31	<u>\$ 6,163</u>	<u>\$ 4,281</u>

The amounts set forth above are based on the collateral held and other credit enhancements. Therefore, the unrecognized allowance for losses was NT\$594,261, NT\$421,612 and NT\$0 on March 31, 2024, December 31, 2023 and March 31, 2023, 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. March 31, 2024, December 31, 2023, and March 31, 2023, the Group's position held in money market were NT\$3,462,523, NT\$3,505,835, and NT\$7,222,558.
- 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:

March 31, 2024	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings	\$ 6,914,000	\$ -	\$ -
Short-term notes and bills payable (Note 1)	5,720,000	-	-
Notes payable (including related parties)	722,559	-	-
Accounts payable (including related parties)	3,501,878	709,110	37,825
Other payables	788,653	20,892	61
Lease liabilities (Note 1)	554,866	2,512,381	14,149,303
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	4,361,101	34,613,001	-
Other financial liabilities (Note 2)	1,606	1,237,838	290,337

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings	\$ 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:

March 31, 2023	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings	\$ 9,362,000	\$ -	\$ -
Short-term notes and bills payable (Note 1)	4,385,000	-	-
Notes payable (including related parties)	678,872	-	-
Accounts payable (including related parties)	2,909,852	485,569	58,535
Other payables	780,871	4,903	38
Lease liabilities (Note 1)	521,861	2,466,749	14,419,978
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	10,260,301	28,869,260	1,283,857
Other financial liabilities (Note 2)	5,039	1,208,582	203,008

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

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

D. The 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, 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:

March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial Assets at fair value through other comprehensive income acquired - Non-Current				
Equity securities	\$ 4,966,229	\$ -	\$ 82,021	\$ 5,048,250
Investment property (Note)	-	-	45,069,471	45,069,471
Total	<u>\$ 4,966,229</u>	<u>\$ -</u>	<u>\$ 45,151,492</u>	<u>\$ 50,117,721</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial Assets at fair value through other comprehensive income acquired - Non-Current				
Equity securities	\$ 5,160,110	\$ -	\$ 82,021	\$ 5,242,131
Investment property (Note)	-	-	34,586,648	34,586,648
Total	<u>\$ 5,160,110</u>	<u>\$ -</u>	<u>\$ 34,668,669</u>	<u>\$ 39,828,779</u>
March 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial Assets at fair value through other comprehensive income acquired - Non-Current				
Equity securities	\$ 4,856,816	\$ -	\$ 79,715	\$ 4,936,531
Investment property (Note)	-	-	34,644,267	34,644,267
Total	<u>\$ 4,856,816</u>	<u>\$ -</u>	<u>\$ 34,723,982</u>	<u>\$ 39,580,798</u>

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. There was no transfer between the Level 1 and the Level 2 fair values for the three months ended March 31, 2024 and 2023.
6. There have been no occurrences of transfer in or out for Level 3 in for the three months ended March 31, 2024 and 2023.
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:

	<u>March 31, 2024</u>		<u>Significant</u>		<u>Relationship between inputs</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable inputs</u>	<u>Discount rate</u>	<u>and fair value</u>
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		900Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	45,069,471	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.
	<u>December 31, 2023</u>		<u>Significant</u>		<u>Relationship between inputs</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable inputs</u>	<u>Discount rate</u>	<u>and fair value</u>
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		900Net 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.

	<u>March 31, 2023</u>		<u>Significant</u>	<u>Discount rate</u>	<u>Relationship between inputs and fair value</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable inputs</u>		
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		900Net assets value method	Not applicable	Not applicable	Not applicable
Investment Real Estate	34,644,267	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:

		<u>March 31, 2024</u>			
		<u>Recognized as other comprehensive income</u>			
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
Financial assets					
Equity					
Instrument	Discount for lack of marketability	±1%	\$ 820	(\$ 820)	
		<u>December 31, 2023</u>			
		<u>Recognized as other comprehensive income</u>			
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
Financial assets					
Equity					
Instrument	Discount for lack of marketability	±1%	\$ 820	(\$ 820)	
		<u>March 31, 2023</u>			
		<u>Recognized as other comprehensive income</u>			
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
Financial assets					
Equity					
Instrument	Discount for lack of marketability	±1%	\$ 797	(\$ 797)	

(IV) Others

Based on the subsidiary of the Company, Ruentex Materials', past greenhouse gas emissions, it is expected that the amount of greenhouse gas emission will reach the collection threshold in 2024 and will be required to pay the carbon fee.

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. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
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 individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
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 3.
8. Receivables from related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table 4.
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 5.

(II) Information on Investees

Names, locations and other information of investees (not including investees in China): Please refer to Table 6.

(III) Information on Investments in China

None.

(IV) Information on main investors

Information on main investors: Please refer to Table 7.

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) Information on Departments

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

	January 2024 to March 2024					
	<u>Construction Business Department</u>	<u>Commercial Real Estate</u>	<u>Building Materials Division</u>	<u>Wholesale Business Division</u>	<u>Other operating departments</u>	<u>Total</u>
Revenue from external customers	\$ 5,010,398	\$ 513,957	\$ 1,061,080	\$ 260,383	η \$ 154,706	\$ 7,000,524
Internal revenue	<u>1,098,510</u>	<u>9,764</u>	<u>42,873</u>	<u>-</u>	<u>52,633</u>	<u>1,203,780</u>
Departmental revenue	<u>\$ 6,108,908</u>	<u>\$ 523,721</u>	<u>\$ 1,103,953</u>	<u>\$ 260,383</u>	<u>\$ 207,339</u>	<u>\$ 8,204,304</u>
Operating net income (loss) from the department to be reported	<u>\$ 878,675</u>	<u>\$ 363,198</u>	<u>\$ 66,821</u>	<u>(\$ 19,802)</u>	η <u>\$ 1,504</u>	<u>\$ 1,290,396</u>

	January 2023 to March 2023					
	<u>Construction Business Department</u>	<u>Commercial Real Estate</u>	<u>Building Materials Division</u>	<u>Wholesale Business Division</u>	<u>Other operating departments</u>	<u>Total</u>
Revenue from external customers	\$ 4,542,638	\$ 505,090	\$ 867,964	\$ 253,964	\$ 127,933	\$ 6,297,589
Internal revenue	<u>1,469,548</u>	<u>9,364</u>	<u>42,741</u>	<u>-</u>	<u>51,632</u>	<u>1,573,285</u>
Departmental revenue	<u>\$ 6,012,186</u>	<u>\$ 514,454</u>	<u>\$ 910,705</u>	<u>\$ 253,964</u>	<u>\$ 179,565</u>	<u>\$ 7,870,874</u>
Operating net income (loss) from the department to be reported	<u>\$ 723,641</u>	<u>\$ 336,048</u>	<u>\$ 9,744</u>	<u>(\$ 20,562)</u>	<u>(\$ 8,359)</u>	<u>\$ 1,040,512</u>

(III) 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 tax from continuing operations for the three months ended March 31, 2024 and 2023 is as follows:

	<u>January 2024 to March 2024</u>	<u>January 2023 to March 2023</u>
Income/loss from the department to be reported	\$ 1,290,396	\$ 1,040,512
Adjustments and written-off	(23,649)	(15,911)
Total	1,266,747	1,024,601
Interest revenue	12,235	71,648
Foreign exchange net gain (loss)	5,482	(43,910)
Financial Costs	(215,913)	(220,389)
Share of profit of associates accounted for using the equity method	3,478,583	157,868
Loss on disposal of property, plant and equipment	(9)	(42)
Investment property fair value adjustment gain (loss)	5,031,879	(480,875)
Others	16,038	26,632
Income before tax from continuing operations	<u>\$ 9,595,042</u>	<u>\$ 535,533</u>

Ruentex Development Co., Ltd. and subsidiaries

Endorsements and Guarantees for Others

January 1 to March 31, 2024

Attached Table 1

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

No. (Note 1)	Name of the company making an endorsement/guarantee	endorsement/guarantee is made Company name (Note 2)	hip (Note 2)	of endorsements/guarantees permitted to	balance of endorsements/guarantees for the	endorsements/guarantees at the end of the period	Actual amount drawn	endorsements/guarantees secured by property	of endorsements/guarantees as a	of endorsements/guarantees	/guarantees made by the parent for its	/guarantees made by the subsidiary	s/guarantees made for the entities in	Remarks
0	Ruentex Development Co., Ltd.	Ruentex Innovative Development Co. Ltd.	2	\$ 92,795,908	\$ 6,200,000	\$ 6,200,000	\$ 5,170,000	\$ -	6.01	\$ 103,106,564	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	924,750	88,368	88,368	88,368	-	1.34	1,849,500	Y	N	N	Notes 4

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

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

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

- (1). A company with which the Company does business.
- (2). A company in which the Company directly and indirectly holds more than 50% of the voting share
- (3). A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4). A company in which the Company holds, directly or indirectly, 90%, or more of the voting shares.
- (5). A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6). A company in which all capital contributing shareholders make endorsements/guarantees for their jointly invested in proportion to their shareholding percentages.
- (7). Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

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

March 31, 2024

Attached Table 2

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

Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized	End of the period				Remark
				Number of shares	Carrying amount (Note 3)	Shareholding percentage	Fair value (Note 4)	
Ruentex Development Co., Ltd.	Shares of TaiMed Biologics	The juridical person director of the Company's subsidiary is also the juridical person director of that company	Financial assets at fair value through other comprehensive income - non-current	11,012,298	\$ 963,576	4.03	\$ 963,576	
	Shares of OBI Pharma, Inc.	Substantive related party of the Company	"	1,495,334	93,757	0.65	93,757	
	Shares of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	2,809,060	318,828	4.34	318,828	
	Shares of Pacific Resources Corporation	-	"	7,886	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900	
	Subordinated debts of Nan Shan Life Insurance	Associates of the Company	Amortized cost financial Assets - non-Current	-	60,000	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The Company	Financial assets at fair value through other comprehensive income - non-current	9,713,457	341,428	0.34	341,428	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using t	"	50,241,066	2,984,319	4.55	2,984,319	
	Shares of OBI Pharma, Inc.	Substantive related party of the Company	"	260,748	16,349	0.11	16,349	
	Shares of Save & Safe Corporation	-	"	4,267,233	81,121	2.51	81,121	
	Shares of Powertec Electrical Chemicals Corp.	-	"	19,737,629	-	1.39	-	
	Subordinated debts of Nan Shan Life Insurance	Associates of the Company	Amortized cost financial Assets - non-Current	-	500,000	-	-	
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial assets at fair value through other comprehensive income - non-current	7,200,236	427,694	0.65	427,694	
	Shares of OBI Pharma, Inc.	Substantive related party of the Company	"	117,337	7,357	0.05	7,357	
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	2,598,464	154,349	0.24	154,349	

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

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

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

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

Ruentex Development Co., Ltd. and subsidiaries
 Total purchase from or sale to related parties amounting to at least NTS100 million or 20% of the paid-in capital
 January 1 to March 31, 2024

Attached Table 3

Unit: NTS thousands
 (Except as Otherwise Indicated)

The company making the purchase (sale) of goods	Name of counterparty	Relationship	Transaction conditions			conditions of transaction and the general type of transaction and the reason for any		Notes receivable/payable and accounts receivable/payable		Remark (Note 2)
			Purchase (sale) of goods	Amount	total purchases (sales) of goods (Note 4)	Credit period	Unit price	Credit period	Balance		receivable/payable and accounts receivable/payable (Note 4)
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Purchase of goods	\$ 895,492	44.58	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the prescribed period of the	(\$ 363,999)	20.36
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The Company	Contract of construction	802,872	20.67	The amount shall be collected in accordance	Negotiated price	The amount shall be collected in accordance with	363,999	13.38
Ruentex Interior Design Inc.	Ruentex Innovative Development Co. Ltd.	Subsidiaries	Contract of construction	101,754	24.31	The amount shall be collected in accordance with the term of the	Negotiated price	The amount shall be collected in accordance with the term of the construction	63,878	39.42
Ruentex Innovative Development Co. Ltd.	Ruentex Interior Design Inc.	Subsidiaries	Purchase of goods	121,229	32.02	The amount shall be collected in accordance with the term of the	Negotiated price	The amount shall be collected in accordance with the term of the construction	(63,878)	9.54

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

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

Note 3: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NTS10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

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

Ruentex Development Co., Ltd. and subsidiaries

Accounts receivable due from related parties amounting to at least \$100 million or 20% of the paid-in capital

March 31, 2024

Attached Table 4

Unit: NT\$ thousands

(Except as Otherwise Indicated)

The company recognized as receivables	Name of counterparty	Relationship	receivable due from		Overdue accounts receivable due from related		subsequent periods for	allowance for bad
			related parties	Turnover	Amount	Approach to handling			accounts receivable	debts
Ruentex Engineering & Construction Co.,	Ruentex Development Co., Ltd.	The Company	\$ 363,999	8.23	\$ -	-	\$ 245,282	\$ -
Ruentex Engineering & Construction Co.,	Ruentex Innovative Development Co. Ltd.	Subsidiaries	104,424	2.75	-	-	104,424	-

Note 1: Please fill in the value separately according the accounts receivable, notes receivable and other receivables.

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

Ruentex Development Co., Ltd. and subsidiaries
Business relationships and significant intercompany transactions and amount between a parent and its subsidiary company, or between its subsidiaries
January 1 to March 31, 2024

Attached Table 5

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

No. (Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			As a percentage of the consolidated total operating revenue or total assets (Note 3)
				Account	Amount	Terms and conditions of transaction	
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction revenue/sales revenue	\$ 85,963	Notes 4	1.23
		"	2	Receivable	45,656	Notes 4	0.02
		Ruentex Innovative Development Co. Ltd.	3	Construction contract revenue	101,754	Notes 4	1.45
		"	3	Receivable	63,878	Notes 4	0.03
2	Ruentex Engineering & Construction Co., Ltd.	"	3	Contract asset	19,245	Notes 4	0.01
		Ruentex Development Co., Ltd.	2	Construction contract revenue	802,872	Notes 4	11.47
		"	2	Receivable	363,999	Notes 4	0.19
		"	2	Contract asset	543,231	Notes 4	0.29
		Ruentex Construction & Development Co., Ltd.	3	Construction contract revenue	21,670	Notes 4	0.31
		"	3	Contract asset	21,294	Notes 4	0.01
		Ruentex Innovative Development Co. Ltd.	3	Construction contract revenue	71,999	Notes 4	1.03
		"	3	Receivable	104,424	Notes 4	0.06
3	Ruentex Materials Co., Ltd.	"	3	Contract asset	162,006	Notes 4	0.09
		Ruentex Development Co., Ltd.	2	Construction revenue/sales revenue	17,140	Notes 4 and 5	0.24
		Ruentex Engineering & Construction Co., Ltd.	2	Construction revenue/sales revenue	40,925	Notes 4 and 5	0.58
		"	2	Receivable	29,358	Note 5	0.02
4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	3	Receivable	10,460	Note 5	0.01
		"	3	Service revenue	15,568	Note 5	0.22
		Ruentex Baiyi Co., Ltd.	3	Service revenue	11,174	Note 5	0.16
5	Ruentex Construction & Development Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	3	Receivable	15,392	Note 5	0.01

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

- (1). Please fill in "0" for the parent.
- (2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

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

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

- (1). Parent and its subsidiary
- (2). Subsidiary and its parent
- (3). Subsidiary and the other subsidiary

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

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

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

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

Ruentex Development Co., Ltd. and subsidiaries

The name of the invested company, the location and other relevant information (excluding the invested companies in China)

January 1 to March 31, 2024

Attached Table 6

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

Name of the investing company	Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period			and loss of the investee company	on investment recognized for the current period	Remark
				nd of the current peric	End of last year	Shares	Percentage	Carrying amount			
Ruentex Development Co., Ltd.	Ruentex Construction International BVI Co., Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 1,631,224	\$ 5,817	\$ 5,817	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and construction of interior decoration and garden	22,076	22,076	735,862	5.45	25,413	42,690	1,510	Sub-sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	41,500	3,624	3,624	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs	18,000	18,000	1,800,000	60.00	15,225 (	1,762) (	1,057)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Private Security Service	49,000	49,000	6,900,000	100.00	95,046	2,939	2,939	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction & Development Co., Ltd.	Taiwan	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings	1,959,299	1,959,299	200,000,000	100.00	2,117,610	122,313	122,313	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Xu-Zhan Development co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,600,000	1,600,000	160,000,000	80.00	6,785,537 (	189,345) (	151,476)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	700,000	700,000	70,000,000	35.00	7,081,825 (	59,148) (	20,702)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Innovative Development Co. Ltd.	Taiwan	Congregate housing and commercial building rental and sale	1,988,000	1,988,000	198,800,000	70.00	4,986,303	4,456,628	3,119,640	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	72,397,456	39.14	1,550,043	395,871	134,474	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	178,793	56,646	5,333	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	93,000	93,000	9,300,000	30.00	654,232 (	297) (	89)	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	General Investment	19,440,000	19,440,000	7,796,750,000	25.00	70,167,293	12,061,507	3,015,377	The investee company accounted for under the equity

Name of the investing company	Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period			and loss of the investee company	on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Percentage	Carrying amount			
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	\$ 409,489	\$ 409,489	10,593,334	25.46	\$ 634,495	\$ 9,906	\$ 2,522	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale	256,784	256,784	25,678,430	45.45	400,272	3,428	1,884	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment	774,308	774,308	33,370,156	25.67	1,334,481	61,005	15,660	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales	6,167,924	6,167,924	157,697,626	14.28	11,583,803	2,844,220	406,157	The investment company which accounts for the
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health	474,720	474,720	32,047,620	0.23	843,051	13,480,057	31,255	The investee company accounted for under the equity
Ruentex Construction International BVI Limited amount	Ruentex Construction International Ltd.	Hong Kong	General Investment	32,860	32,860	7,800,000	100.00	22,707	(300)	(300)	Sub-sub-subsidiary of the Company
Ruentex Construction International BVI Limited amount	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	640,770	640,770	19,500,000	49.06	617,615	11,859	5,817	The investee company accounted for under the equity
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	847,493	56,646	22,178	Sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and construction of interior decoration and garden	82,365	82,365	2,745,483	20.34	107,471	42,690	8,682	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruen Yang Construction Co., Ltd.	Taiwan	Civil Engineering Projects	5,408	5,408	600,000	100.00	5,871	(185)	(185)	Sub-subsidiary of the Company
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and construction of interior decoration and garden	126,721	126,721	4,750,000	35.19	185,937	42,690	15,020	Sub-sub-subsidiary of the Company
Ruentex Construction & Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales	178,920	178,920	3,324,989	0.30	312,677	2,844,220	-	The investment company which accounts for the
Ruentex Construction & Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,300,000	1,300,000	130,000,000	65.00	1,106,051	(59,148)	(38,446)	Subsidiary of the Company
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	1,337,120	0.72	74,016	395,871	2,829	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd. Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	361,680	0.20	20,022	395,871	765	Subsidiary of the Company

Note 1: The provision of 29,677 thousand shares, a total of NT\$1,186,796 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 64,607 thousand shares, a total of NT\$4,745,743 thousand was pledged to financial institutions for financing loans.

Note 3: The provision of 1,170,386 thousand shares, a total of NT\$10,532,959 thousand was pledged to financial institutions for financing loans.

Ruentex Development Co., Ltd. and subsidiaries

Information on main investors

March 31, 2024

Attached Table 7

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding percentage
Ruentex Industries Ltd.	730,987,807	25.70
Huei Hong Investment Co., Ltd.	191,102,442	6.71