

Ruentex Industries Ltd. and Subsidiaries
Consolidated Financial Statements and Report of
Independent Accountants
2022 and 2021
(Stock Code: 2915)

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Consolidated Financial Statements and Report of Independent Accountants of 2022 and
2021
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Ruentex Industries Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Hereby declare.

Company name: Ruentex Industries Ltd.

Person in Charge: Hsu, Sheng-Yu

March 14, 2023

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004839

To Ruentex Industries Ltd.:

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Industries Ltd. and its subsidiaries (hereinafter referred to as “the Group”) for December 31, 2022 and 2021, the consolidated comprehensive income statements, equity statements and cash flow statements of the Group for the period from January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial report (including a summary of significant accounting policies).

In our opinion, based on our audits and the report of other independent accountants (please refer to the “other matter” section of our report), the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission.

Basis of Audit Opinions

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of “Responsibilities of the Accountants for the Audit of Consolidated Financial Statements” in our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In view of the audit result concluded by our representatives and the audits concluded by other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

The most significant key audit matters in our audit of the Group’s consolidated financial statements for the year ended 2022 are as follows:

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

As of December 31, 2022, the Group's investments accounted under equity method were NT\$65,409,402 thousand, representing 64.052% of the total consolidated assets. Please refer to Note 4(15) for accounting policies on investments accounted under equity method and Note 6(7) for details.

As the investments using the equity method involved the domestic and overseas investments at multiple levels and cross shareholdings, and as stated in Note 6(7)11 to the consolidated financial statements, regarding the Group's investment in Nan Shan Life Insurance Co., Ltd. using the equity method, the Board of Directors resolved a decision to change the model of managing such financial assets on September 29, 2022, and the date of reclassification was October 1, 2022. The amount of the above matters had a significant impact, and it required a great deal of manpower to audit it, so it was a complicated calculation. Therefore, we believe that the correctness of the investment balance using the equity method is one of this year's key audit matters.

Corresponding Audit Procedures

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

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

Measurement of Investment Property Fair Value

Description of Key Audit Matters

The Group's Board of Directors resolved a decision to change the accounting policy on investment property on July 28, 2022, to adopt the fair value model, rather than the cost model, for subsequent measurement, so the accounting policy was applied retrospectively to adjust the affected items.

As the assessment of fair value involves significant accounting estimates and judgments by management, the auditor believes that the fair value assessment of investment properties is the most important matter for audit during the period.

Please refer to Notes 4(19) and (32) to the consolidated financial statements for the accounting policy on investment property; Note 5 for the uncertainties of accounting estimates and assumptions; Note 6(11) for the details of accounting titles; Note 12(4) for the details of fair values.

Corresponding Audit Procedures

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

1. Valuation of the professional competence and independence of the independent appraiser by the management. And discuss with management the scope of work and appointment method of the valuation personnel to ensure that there are no factors that affect their independence or limit their scope of work.
2. Evaluate the judgments made by the independent appraiser used by management, including whether the appraisal method and the key assumptions used are reasonable.
3. Verify the accuracy and completeness of the data used by the independent valuer employed by the management during the evaluation process.

Other Matters - Reference to Audits by Other Accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in the Group's consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2022 and 2021, were NT\$5,855,788 thousand and NT\$6,328,229 thousand, respectively, and constituted 5.734% and 3.935% of total consolidated assets. Their total operating income of NT\$284,638 thousand and NT\$321,149 thousand for the years ended December 31, 2022 and 2021, constituting 9.903% and 1.912% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2022 and 2021 were NT\$2,670 thousand and NT\$775 thousand, respectively, and constituted 0.003% and 0.000% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income were NT\$(6,105) thousand and NT\$(7,225) thousand for the years ended December 31, 2022 and 2021, respectively, constituting 0.011% and 0.290% of total consolidated comprehensive income.

Other Matters- Unconsolidated Financial Report

We have audited and expressed an unqualified opinion on the parent only financial statements of Ruentex Industries Ltd. as at and for the year ended December 31, 2022 and 2021.

Responsibilities of the Management and Governing Bodies for Consolidated Financial Statements

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

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

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

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

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

1. We identify and assess the risks of material misstatement of consolidated financial

statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruentex Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of Ruentex Group, and forming the audit opinion for Ruentex Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements of 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Shu-chiung Chang

CPA

Pei-ling Tu

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

Former Securities and Futures Commission, Ministry of
Finance
Approval Certificate No.:(1995) Tai-Cai-Zheng (6) No.
13377

March 14, 2023

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and December 31 and January 1, 2021

Unit: NT\$ thousands

Assets		Note	December 31, 2022		(After restatement) December 31, 2021		(After restatement) January 1, 2021	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 9,549,587	9	\$ 12,670,498	8	\$ 19,164,077	12
1120	Financial Assets at fair value through other comprehensive income acquired - Current	6(5)	-	-	1,303,338	1	-	-
1150	Net bills receivable	6(2)	380	-	280	-	287	-
1160	Bills receivable - related parties - net	6(2) and 7	114	-	-	-	-	-
1170	Net Accounts Receivable	6(2) and 12(3)	205,421	-	186,438	-	171,936	-
1180	Accounts receivable - related parties - net	6(2), 7 and 12(3)	1,159	-	816	-	2,490	-
1200	Other receivables		74,954	-	12,560	-	9,070	-
1210	Other Receivables - related party	7	6,630	-	9,147	-	9,413	-
1220	Current tax assets		-	-	-	-	27,989	-
130X	Inventories	6(3) and 8	533,904	1	749,931	-	2,424,726	1
1410	Prepayments		57,301	-	72,061	-	33,814	-
1470	Other Current Assets		485	-	576	-	474	-
11XX	Total current assets		10,429,935	10	15,005,645	9	21,844,276	13
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(4)	3,092,072	3	2,695,926	2	2,334,021	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(5), 7 and 8	7,106,544	7	8,107,838	5	11,190,047	7
1535	Amortized cost financial Assets - non-Current	6(6) and 8	4,951,510	5	874,083	1	888,117	1
1550	Investments accounted for using equity method	6(7), 7 and 8	65,409,402	64	125,989,666	78	123,366,606	75
1600	Property, plant, and equipment	6(8) and 8	1,410,827	2	1,667,279	1	1,703,830	1
1755	Right-of-use assets	6(9)	147,598	-	200,697	-	65,805	-
1760	Net value of investment properties	6(3)(11) and 8	8,557,513	8	4,981,727	3	1,942,690	1
1780	Intangible assets	6(12)(13)	1,385	-	388,325	-	398,817	-
1840	Deferred tax Assets	6(34)	942,164	1	860,983	1	662,917	-
1900	Other non-current Assets	6(14)	70,283	-	65,726	-	67,297	-
15XX	Total non-current assets		91,689,298	90	145,832,250	91	142,620,147	87
1XXX	Total Assets		\$ 102,119,233	100	\$ 160,837,895	100	\$ 164,464,423	100

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and December 31 and January 1, 2021

Unit: NT\$ thousands

Liabilities and Equity		Note	December 31, 2022		(After restatement) December 31, 2021		(After restatement) January 1, 2021	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(15) and 8	\$ 2,290,000	2	\$ 1,100,000	1	\$ 2,287,700	1
2110	Short-term bills payable	6(16) and 8	499,698	1	2,277,271	1	1,069,319	1
2130	Contract liabilities - current	6(26)	24,692	-	24,348	-	22,597	-
2150	Notes payable		99,243	-	13,195	-	13,654	-
2160	Notes payable - related party	7	345	-	88,380	-	50,131	-
2170	Accounts payable		235,336	-	189,613	-	201,279	-
2180	Accounts payable - related party	7	-	-	18,485	-	14,278	-
2200	Other payables	6(17)	297,381	-	283,501	-	274,292	-
2220	Other Payable - Related Party	7	1,268	-	13,800	-	14,696	-
2230	Income tax liabilities of current period		678,314	1	924,895	1	1,354,953	1
2280	Lease liabilities - current	6(9)	52,745	-	52,523	-	28,337	-
2320	Long-term liabilities due within one year or one operating cycle	6(18) and 8	1,975,000	2	1,435,000	1	3,237,500	2
2399	Other current liabilities - other		13,938	-	14,296	-	14,798	-
21XX	Total Current Liabilities		6,167,960	6	6,435,307	4	8,583,534	5
Non-current liabilities								
2540	Long-term borrowings	6(18) and 8	11,375,000	11	29,447,395	18	26,262,231	16
2570	Deferred income tax liabilities	6(34)	1,457,614	1	1,621,702	1	2,525,443	2
2580	Lease liabilities - non-current	6(9)	96,477	-	149,207	-	38,446	-
2600	Other non-Current liabilities	6(19)	743,674	1	761,514	1	784,296	-
25XX	Total Non-Current Liabilities		13,672,765	13	31,979,818	20	29,610,416	18
2XXX	Total Liabilities		19,840,725	19	38,415,125	24	38,193,950	23
Equity								
Equity attributed to owners of the parent								
3110	Share capital	6(22)	11,043,188	11	7,343,188	5	5,648,606	3
3200	Capital surplus	6(23)	28,091,265	27	13,091,165	8	13,053,510	8
	Retained earnings	6(24)						
3310	Legal reserve		4,601,302	5	3,019,067	2	2,245,751	1
3320	Special reserve		13,067,008	13	13,067,008	8	11,295,406	7
3350	Undistributed earnings		64,700,745	63	56,072,695	35	43,847,965	27
3400	Other Equities	6(25)	(41,349,830)	(40)	27,372,479	16	40,745,094	25
3500	Treasury stock	6(22)	(552,479)	(1)	(552,479)	-	(552,479)	-
31XX	Total equity attributable to owners of parent		79,601,199	78	119,413,123	74	116,283,853	71
36XX	Non-controlling Interest	6(35)	2,677,309	3	3,009,647	2	9,986,620	6
3XXX	Total Equity		82,278,508	81	122,422,770	76	126,270,473	77
	Significant contingent liabilities and unrecognized contractual commitments	9						
	Significant subsequent events	11						
3X2X	Total Liabilities and Equity		\$ 102,119,233	100	\$ 160,837,895	100	\$ 164,464,423	100

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: Chang, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

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

	Item	Note	2022		(After restatement) 2021	
			Amount	%	Amount	%
4000	Operation income	6(26) and 7	\$ 2,874,195	100	\$ 2,695,981	100
5000	Operation Cost	6(27)(32)(33) and 7	(1,893,232)	(66)	(1,739,534)	(64)
5900	Gross profit		<u>980,963</u>	<u>34</u>	<u>956,447</u>	<u>36</u>
	Operating Expenses	6(21)(32)(33)				
6100	Selling expenses		(603,529)	(21)	(629,155)	(23)
6200	General & administrative expenses		(320,739)	(11)	(279,563)	(11)
6450	Expected credit impairment (losses) gains	12(3)	(518)	-	1,659	-
6000	Total Operating Expenses		(924,786)	(32)	(907,059)	(34)
6900	Operating Profit		<u>56,177</u>	<u>2</u>	<u>49,388</u>	<u>2</u>
	Non-operating Income and Expenses					
7100	Interest revenue	6(28) and 7	220,461	8	38,036	1
7010	Other income	6(29) and 7	388,470	13	201,794	8
7020	Other gains and losses	6(30)	4,157,882	145	1,293,102	48
7050	Financial Costs	6(31)	(379,442)	(13)	(326,658)	(12)
7060	Share of income of associates and joint ventures accounted for using the equity method	6(7)	<u>8,650,651</u>	<u>301</u>	<u>16,427,925</u>	<u>609</u>
7000	Total non-operating income and expenses		<u>13,038,022</u>	<u>454</u>	<u>17,634,199</u>	<u>654</u>
7900	Net profit before tax		13,094,199	456	17,683,587	656
7950	Income tax expense	6(34)	(1,031,044)	(36)	(270,742)	(10)
8200	Net income of current period		<u>\$ 12,063,155</u>	<u>420</u>	<u>\$ 17,412,845</u>	<u>646</u>

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

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

			2022		(After restatement) 2021	
Item	Note		Amount	%	Amount	%
Other comprehensive income (net)						
Items not to be reclassified into profit or loss						
8311	Remeasurement of defined benefit plan	6(20)	\$ 8,880	-	\$ 4,556	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	(1,458,126)	(51)	(1,355,989)	(50)
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(25)	(96,773)	(3)	458,914	17
8349	Income tax relating to non-reclassified items	6(34)	55,697	2	199,103	7
8310	Total of items not to be reclassified into profit or loss		(1,490,322)	(52)	(693,416)	(26)
Items may be reclassified subsequently to profit or loss						
8361	Exchange differences on translating foreign operations		657,680	23	(491,816)	(18)
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(25)	(66,932,988)	(2329)	(13,974,084)	(518)
8399	Income tax related to items may be reclassified into profit or loss	6(34)	529,707	18	241,319	9
8360	Total of items may be reclassified subsequently to profit or loss		(65,745,601)	(2288)	(14,224,581)	(527)
8300	Other comprehensive income (net)		(\$ 67,235,923)	(2340)	(\$ 14,917,997)	(553)
8500	Total Comprehensive Income Current Period		(\$ 55,172,768)	(1920)	\$ 2,494,848	93
Profit attributable to:						
8610	Owners of the parent		\$ 12,168,391	424	\$ 17,339,265	643
8620	Non-controlling Interest		(\$ 105,236)	(4)	\$ 73,580	3
Comprehensive Income attributed to:						
8710	Owners of the parent		(\$ 54,840,430)	(1908)	\$ 4,217,541	157
8720	Non-controlling Interest		(\$ 332,338)	(12)	(\$ 1,722,693)	(64)
Earnings per share						
		6(36)				
9750	Basic earnings per share		\$ 15.55		\$ 25.05	
9850	Diluted earnings per share		\$ 15.53		\$ 25.03	

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: Chang, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statement of Change in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

		Equity attributed to owners of the parent									
		Retained earnings									
	Note	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other Equities	Treasury stock	Total	Non-controlling Interest	Total Equity
<u>2021 (after restatement)</u>											
Balance at January 1, 2021		\$ 5,648,606	\$ 12,853,500	\$ 2,245,751	\$ 854,068	\$ 43,847,965	\$ 40,706,367	(\$ 552,479)	\$ 105,603,778	\$ 9,986,620	\$ 115,590,398
Adjustments due to retrospective restatement	4(32)	-	200,010	-	10,441,338	-	38,727	-	10,680,075	-	10,680,075
Restatement balance as of January 1, 2021		5,648,606	13,053,510	2,245,751	11,295,406	43,847,965	40,745,094	(552,479)	116,283,853	9,986,620	126,270,473
Net income of current period	6(24)	-	-	-	-	17,339,265	-	-	17,339,265	73,580	17,412,845
Other comprehensive income	6(24)(25)	-	-	-	-	82,452	(13,204,176)	-	(13,121,724)	(1,796,273)	(14,917,997)
Total Comprehensive Income Current Period		-	-	-	-	17,421,717	(13,204,176)	-	4,217,541	(1,722,693)	2,494,848
Earning provision and appropriate for 2020:	6(24)										
Legal reserve		-	-	773,316	-	(773,316)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,129,721)	-	-	(1,129,721)	-	(1,129,721)
Share dividend		1,694,582	-	-	-	(1,694,582)	-	-	-	-	-
To allocate the adjustment resulting from the change in accounting policy to the special reserve	4(32) and 6(24)	-	-	-	1,771,602	(1,771,602)	-	-	-	-	-
Cash dividends received by subsidiaries from the parent company	6(23)	-	30,963	-	-	-	-	-	30,963	-	30,963
Overdue dividends not collected by shareholders	6(23)	-	4,364	-	-	-	-	-	4,364	-	4,364
Changes in associates & joint ventures accounted for using equity method	6(23)(24)(25)	-	2,328	-	-	18,843	(15,048)	-	6,123	-	6,123
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(24)(25)	-	-	-	-	153,391	(153,391)	-	-	-	-
Decrease in non-controlling interests	6(35)	-	-	-	-	-	-	-	-	(5,254,280)	(5,254,280)
Balance on December 31, 2021		\$ 7,343,188	\$ 13,091,165	\$ 3,019,067	\$ 13,067,008	\$ 56,072,695	\$ 27,372,479	(\$ 552,479)	\$ 119,413,123	\$ 3,009,647	\$ 122,422,770
<u>2022</u>											
Restatement balance as of January 1, 2022		\$ 7,343,188	\$ 13,091,165	\$ 3,019,067	\$ 13,067,008	\$ 56,072,695	\$ 27,372,479	(\$ 552,479)	\$ 119,413,123	\$ 3,009,647	\$ 122,422,770
Net income of current period	6(24)	-	-	-	-	12,168,391	-	-	12,168,391	(105,236)	12,063,155
Other comprehensive income	6(24)(25)	-	-	-	-	278,600	(67,287,421)	-	(67,008,821)	(227,102)	(67,235,923)
Total Comprehensive Income Current Period		-	-	-	-	12,446,991	(67,287,421)	-	(54,840,430)	(332,338)	(55,172,768)
Appropriation and distribution of the earnings for 2021:	6(24)										
Legal reserve		-	-	1,582,235	-	(1,582,235)	-	-	-	-	-
Cash dividends		-	-	-	-	(3,671,594)	-	-	(3,671,594)	-	(3,671,594)
Cash Capitalization	6(22)	3,700,000	14,800,000	-	-	-	-	-	18,500,000	-	18,500,000
share-based payment transaction	6(21)(23)	-	62,840	-	-	-	-	-	62,840	-	62,840
Cash dividends received by subsidiaries from the parent company	6(23)	-	100,632	-	-	-	-	-	100,632	-	100,632
Overdue dividends not collected by shareholders	6(23)	-	1,931	-	-	-	-	-	1,931	-	1,931
Changes in associates & joint ventures accounted for using equity method	6(23)(24)(25)	-	34,688	-	-	288,906	(288,906)	-	34,688	-	34,688
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(24)(25)	-	-	-	-	1,145,982	(1,145,982)	-	-	-	-
Gains after disgorgement exercised	6(23)	-	9	-	-	-	-	-	9	-	9
Balance on December 31, 2022		\$ 11,043,188	\$ 28,091,265	\$ 4,601,302	\$ 13,067,008	\$ 64,700,745	(\$ 41,349,830)	(\$ 552,479)	\$ 79,601,199	\$ 2,677,309	\$ 82,278,508

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: Chang, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

	Note	2022	(After restatement) 2021
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 13,094,199	\$ 17,683,587
Adjustments			
Income and expenses			
Depreciation expense	6(32)	101,631	98,797
Amortization	6(32)	3,058	3,264
Expected credit impairment losses (gains on reversal)	6(32)	518	(1,659)
Impairment loss	6(13)(31)	415,570	-
Gains on Financial assets at fair value through profit or loss	6(30)	(243,915)	(143,521)
Interest Cost	6(31)	379,442	326,658
Dividend income	6(26)		
	(29)	(452,500)	(281,027)
Interest revenue	6(28)	(220,461)	(38,036)
Share of income of associates and joint ventures accounted for using the equity method	6(7)		
		(8,650,651)	(16,427,925)
Gains on disposals of real estate, plant and equipment	6(30)	(7,278)	(18,023)
Write-off of loss on investment properties	6(30)	-	7
Gain on fair value change of investment property	6(30)	(3,163,963)	(1,341,722)
Gain from the price recovery of inventory declines	6(3)(32)	(110,996)	(201,076)
Compensation cost of employee stock options	6(21)(33)	62,840	-
Loss (gain) on foreign currency exchange		(833,698)	159,773
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(152,231)	(267,664)
Notes receivable		(114)	7
Notes Receivable – related party		(100)	-
Accounts receivable		(20,233)	(12,750)
Accounts receivable - related party		613	1,512
Other receivables		(3,417)	(6,936)
Other receivables - related Party		2,517	266
Inventories		146,265	178,973
Prepayments		15,821	(38,308)
Other Current Assets		91	(102)
Net defined benefit asset (listed as “non-current assets”)		(19,281)	-
Net change in liabilities related to operating activities			
Contract liabilities		333	1,751
Notes payable		86,048	38,249
Notes Payable – related Party		(88,035)	(459)
Accounts payable		44,931	(11,492)
Accounts Payable – related Party		(18,506)	4,222
Other payables		21,996	21,824
Other Payable - Related Party		(12,532)	(896)
Other Current liabilities		(358)	(502)
Defined benefit liability (listed as “non-current liabilities”)		(14,872)	(6,152)
Cash inflow (outflow) from operations		362,732	(279,360)
Interest received		163,411	42,149
Interest paid		(381,180)	(329,966)
Income tax paid		(939,705)	(1,362,351)
Income tax refunded		-	28,083
Cash outflow from operating activities		(794,742)	(1,901,445)

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

	Note	2022	(After restatement) 2021
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(5)	(\$ 104,676)	(\$ 10,023)
Disposal of financial assets at fair value through other comprehensive income	6(5)	1,299,428	173,409
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income	6(5)	-	127,438
Acquisition of financial assets at amortized cost		(4,168,988)	-
Investment accounted for under the equity method	6(7)	(100,000)	(90,800)
Acquisition of property, plant and equipment	6(37)	(20,049)	(16,463)
Disposal of real estate properties, plants and equipment	6(37)	4,276	18,099
Investment real estate acquired	6(37)	(747)	(759)
Acquisition of intangible assets	6(37)	(1,733)	(2,010)
Decrease (increase) in refundable deposits (listed in "other non-current assets")		(252)	227
Increase in prepayments for business facilities (recognized in "other non-current assets")		-	(476)
Increase in other non-current assets		(208)	(233)
Dividends received		2,790,557	667,794
Net cash inflow (outflow) from investing activities		(302,392)	866,203
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(38)	1,190,000	(1,187,700)
Increase in short-term bills payable	6(38)	-	1,210,000
Decrease in short-term bills payable	6(38)	(1,780,000)	-
Proceeds from long-term borrowings	6(38)	41,132,500	33,220,000
Repayments of long-term borrowings	6(38)	(58,665,000)	(31,837,500)
Increase in guarantee deposits received (listed in "other non-current liabilities")	6(38)	101,258	47,929
Decrease in guarantee deposits received (listed in "other non-current liabilities")	6(38)	(85,379)	(60,003)
Principal elements of lease payments	6(9)(38)	(52,103)	(52,188)
Cash dividends paid	6(24)	(3,570,962)	(1,098,758)
Cash Capitalization	6(22)	18,500,000	-
Net changes in non-controlling interest	6(35)	-	(5,254,280)
Disgorgement exercised	6(23)	9	-
Cash used in financing activities		(3,229,677)	(5,012,500)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent		1,205,900	(445,837)
Decrease of cash and cash equivalents current period		(3,120,911)	(6,493,579)
Cash and cash equivalents, beginning of period		12,670,498	19,164,077
Cash and cash equivalents, end of period		\$ 9,549,587	\$ 12,670,498

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: Chang, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
2022 and 2021

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

I. History and Organization

For Ruentex Industries Ltd. (hereinafter referred to as the “Company”), it was originally merged from Huaxin Textile Co., Ltd. and Ruentex Textile Dyeing & Finishing Industry Co., Ltd. to Huaxin Ruentex Co., Ltd. on January 14, 1976, and was renamed Ruentex Textile Co., Ltd. on May 14, 1990, and later renamed Ruentex Industries Ltd. on July 25, 2002. The Company’s stock was approved by the competent authority and was listed on the Taiwan Stock Exchange in July 1977. The main business items of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are the textile business, including manufacturing, processing, dyeing and finishing, printing, and marketing of woven fabrics, garments, knitted fabrics, and woven fabric items, and the construction business, including commissioning of construction companies to build public housing projects and office buildings as well as leasing and sales of property. In 1997, it engaged in the operation and management of shopping malls and markets and import for its hypermarket business.

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

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

III. Application of New Standards, Amendments and Interpretations

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendment to IFRS 3 - “Reference to the Conceptual Framework”	January 1, 2022

Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
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Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
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2018-2020 annual improvements cycle	January 1, 2022
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The above standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

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

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

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

The above standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

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

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

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

Amendments to IFRS 17 - “Initial Application of IFRS 17 and January 1, 2023
IFRS 9—Comparative Information”

Amendment to IAS 1 “Classification of Liabilities as Current or January 1, 2024
Non-current”

Amendments to IAS 1 “Non-current Liabilities with January 1, 2024
Covenants”

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except the following material items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Investment property subsequently measured at fair value
 - (4) Defined benefit assets liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or

areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements

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

in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

<u>Name of the investing company</u>	<u>Name of Subsidiary</u>	<u>Business nature</u>	<u>Percentage of shareholding (%)</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd. (Gin-Hong)	Investment	55.00	55.00	Note 1, 2 and 7
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd. (Shing Yen Construction & Development)	Construction Business	50.94	50.94	
Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd. (Kompass)	International Trade	100.00	100.00	Note 1
Ruentex Industries Ltd.	Full Shine International Holding Ltd. (Full Shine)	Investment	100.00	100.00	Note 1
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.(Gold Leaf)	International Trade	100.00	100.00	
Ruentex Industries Ltd.	East Capital International Limited.(East Capital)	Investment	100.00	100.00	
Ruentex Industries Ltd.	New Zone International Limited.(New Zone)	Investment	100.00	100.00	
Ruentex Industries Ltd.	Concord Greater China Limited. (Concord)	Investment	42.25	42.25	Note 1, 3, and 4
Full Shine International Holding Ltd.	Sinopac Global Investment Ltd.(Sinopac)	Investment	49.06	49.06	Note 1 & 6
Sinopac Global Investment Ltd.	Concord Greater China Limited. (Concord)	Investment	15.51	15.51	Note 1, 3, and 4

			<u>Percentage of shareholding</u>		
			<u>(%)</u>		
<u>Name of the investing company</u>	<u>Name of Subsidiary</u>	<u>Business nature</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Description</u>
East Capital International Limited.	Ruentex Industries Ltd. (Shanghai)	Trade	23.08	23.08	(Notes 1 & 5)
New Zone International Limited.	Ruentex Industries Ltd. (Shanghai)	Trade	76.92	76.92	(Notes 1 & 5)

Note 1: The financial statements of 2022 and 2021 were audited by other independent accountants.

Note 2: Gin-Hong Investment held 36,593,388 ordinary shares issued by the Company on December 31, 2022 and 2021, respectively, accounting for around 3.31% and 4.98% of the Company's outstanding ordinary shares, respectively.

Note 3: The Company's ownership of Concord's shares is 42.25%. The Company's subsidiary Full Shine holds 15.51% of its shares indirectly; as such, the Company's comprehensive ownership of Concord's voting rights is 57.76%.

Note 4: It is a subsidiary with material non-controlling interests.

Note 5: The comprehensive ownership is 100%.

Note 6: Although the Group's ownership of Sinopac's shares through the subsidiary Full Shine does not reach 50%, it has decision-making power over Sinopac's finance, operations, and personnel, and thus has control over it, so it is included in the consolidated financial statements prepared by the Group.

Note 7: To revitalize capital, Gin-Hong Investment's shareholders' meeting approved to reduce its capital on June 17, 2021, with the capital reduced by 36.67% at NT\$10 per share. The total amount of the payment for the capital reduction was NT\$330,000. After the capital reduction, the Company's shareholding remains at 55.00%.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustments for subsidiaries with different balance sheet dates.

None.

5. Significant restrictions.

None.

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

The Group's non-controlling interests accounted NT\$2,677,309 and NT\$3,009,647 as of December 31, 2022 and 2021, respectively, and the following are non-controlling interests that are material to the Group:

Subsidiaries	Main business Place of Business	<u>Non-controlling Interest</u>			
		<u>December 31, 2022</u>		<u>December 31, 2021</u>	
<u>Title</u>		<u>Amount</u>	<u>Percentage shareholding</u>	<u>Amount</u>	<u>Percentage shareholding</u>
Concord Greater China Limited.	British Virgin Islands (BVI)	\$1,368,714	42.24%	\$1,416,793	42.24%

Summary of subsidiaries' financial information:

Balance Sheets

	<u>Concord Greater China Limited.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Assets	\$ 907,730	\$ 784,538
Non-current assets	2,332,024	2,569,021
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 3,239,754</u>	<u>\$ 3,353,559</u>

Statements of Comprehensive Income

	<u>Concord Greater China Limited.</u>	
	<u>2022</u>	<u>2021</u>
Income	\$ 39,403	\$ 108,187
Net profit before tax	36,207	97,738
Net income of current period	36,207	97,738
Other comprehensive income (loss) (net of tax)	(150,012)	(3,638,414)
Total Comprehensive Income (Loss), Current Period	<u>(\$ 113,805)</u>	<u>(\$ 3,540,676)</u>
Total comprehensive income (loss) attributed to non-controlling interest	<u>(\$ 48,080)</u>	<u>(\$ 1,495,846)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ 4,302,321</u>

Statements of Cash Flows

	<u>Concord Greater China Limited.</u>	
	<u>2022</u>	<u>2021</u>
Net cash generated from (used in) operating activities	(\$ 5,283)	\$ 16,622
Net cash inflow from investing activities	39,960	119,388
Cash used in financing activities	-	(10,183,622)
Effects of exchange rate change on cash	<u>86,926</u>	<u>(304,586)</u>
Decrease of cash and cash equivalents current period	121,603	(10,352,198)
Cash and cash equivalents, beginning of period	<u>784,424</u>	<u>11,136,622</u>
Cash and cash equivalents, end of period	<u>\$ 906,027</u>	<u>\$ 784,424</u>

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan dollars," which is the Group's functional currency.

1. Foreign currency translation and balances

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

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

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

2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. When the Group still retains partial interest in the former associate or joint arrangements after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in those foreign operations.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. When the Group still retains partial interest in the former subsidiary after losing significant influence over the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) Classification of Current and non-Current items

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

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within 12 months from the balance sheet date;
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that do not meet any of above criteria are classified as non-current assets.

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

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

Liabilities that do not meet any of above criteria are classified as non-current liabilities.

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

(VI) Cash equivalents

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

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

1. Financial assets not included as financial assets measured at amortized costs or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Associated transaction costs are accounted in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. When the right to receive dividend is established, inflow of economic effects of dividend becomes probable, and the dividend amount can be reliably measured, the Group recognizes the dividend income in profit or loss.

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

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. These financial assets are initially recognized at fair value plus transaction costs and subsequently remeasured and stated at fair value:

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be listed under the retained earnings. When the right to receive dividend is established, inflow of economic effects of dividend becomes probable, and the dividend amount can be reliably measured, the Group recognizes the dividend income in profit or loss.

(IX) Financial assets at amortised cost

1. Refer to financial Assets satisfying the following criteria at the same time:
 - (1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.

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

(X) Notes and accounts receivable

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

(XI) Impairment of financial assets

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

(XII) Derecognition of financial assets

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

1. The contractual rights to receive the cash flows from the financial asset

expire.

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

(XIII) Lease transactions of lessor - operating lease

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

(XIV) Inventories

1. Inventory of Construction Business Department

The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at the construction site) is capitalized. The inventory at the end of the period is determined based on the cost and net realizable value, whichever is lower. Comparing the cost and the net realizable value to see which is lower, the item-by-item comparison approach is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

2. Inventory of textiles and wholesale

The acquisition cost is used as the basis for account entry. The inventory is measured based on the cost and net realizable value, whichever is lower, and determined using the weighted average approach. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses but does not include borrowing costs. Comparing the cost and the net realizable value to see which is lower, the item-by-item comparison approach is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(XV) Investments-associates accounted for under equity method

1. An associate is an entity over which the Group has significant influence but not control. Generally, it is an entity in which the Group directly or indirectly holds more than 20% of its voting shares. The Group recognizes

the investments in associates using the equity method at acquisition cost initially.

2. Subsequent profit or loss for the investments in associates are recognized in profit or loss after the acquisition; other comprehensive income after the acquisition is recognized in other comprehensive income.

Among them, for “other comprehensive income recognized by share - reclassification using overlay approach”, the overlay approach may only be designated for financial assets that meet the criteria below:

- (1) The financial asset at fair value through profit or loss under IFRS 9, but if the International Accounting Standards 39 (IAS 39) (Financial Instruments: Recognition and Measurement) applies, it will not be measured at fair value through profit or loss as a whole; and
- (2) The financial asset is not held for an activity not connected to a contract within the scope of IFRS 4.

Investees using the equity method may (but are not required to) apply the overlay approach to a designated financial asset. The overlay approach is accounting treatment of a reclassified amount between profit or loss and other comprehensive income; such that the gain or loss on the designated financial asset at the end of the reporting period is the same as that on the designated financial asset with IAS 39 applied. Accordingly, the reclassified amount is the difference between:

- (1) The amount recognized in profit or loss when IFRS 9 applies to the designated financial asset; and
- (2) The amount recognized in profit or loss if IAS 39 applies to the designated financial asset.

If the Group’s share of losses of an associate equals to or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. When there is a change in equity of an associate that is not related to profit or loss and other comprehensive income and does not impact the Group’s shareholding in the associate, the equity change attributable to the Group’s interests in the associate is recognized as “Capital Surplus” in proportion to the Group’s shareholding in the associate.
4. The unrealized gains and losses resulted from transactions between the Group and associates are eliminated to the extent of the Group’s interest in each associate. Unless impairment on the assets transferred is indicated

with clear evidence, the unrealized losses are eliminated. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

5. When an associate issues new shares and the Group does not subscribe or acquire in proportion to its shareholding resulting in a change of the Group's investment percentage in the associate but where the Group still retain significant influence over the associate, the change in the net equity value is recognized in "Capital Surplus" or "Investments Recognized under Equity Method". If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.
6. When the Group's significant influence over an associate ceases, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
7. When the Group disposes shares in an associate and thus loses significant influence over the former associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses significant influence over an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
8. If there is a mutual shareholding situation with an investee under the equity method, and the investee also evaluates its investment in the Group using the equity method, the gains or losses on such investment is measured at the investee's carrying amount, excluding the Group's profit or loss recognized by the investee.

(XVI) Investment using the equity method—joint ventures

The Group adopts the equity method to recognize its equity in joint ventures. The unrealized gains and losses on the transactions between the Group and joint ventures have been eliminated in proportion to the interests in the joint

ventures; however, if the evidence shows that the net realizable value of assets has decreased or assets have suffered impairment losses, the full loss is recognized immediately. The Group's share of losses in any joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables). The Group discontinues recognizing its share of further losses unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(XVII) Property, plant, and equipment

1. Real estate, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	10 years
Buildings and structures	7 years ~ 60 years
Machinery and equipment	3 years ~ 12 years
Transportation equipment	5 years ~ 10 years
Leased assets	2 years ~ 7 years
Leasehold	2 years ~ 5 years

Improvements

Other equipment

2 years ~ 12 years

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Group. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.
2. From the starting date of lease, the lease liabilities are recognized at the current values of the unpaid lease payments discounted with the Group's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives, and the variable lease payments depending on certain index or rate. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.
4. For lease modifications that reduce the scope of a lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between the reduced carrying amount and the remeasurements of the lease liabilities in the profit or loss.

(XIX) Investment Real Estate

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

(XX) Intangible assets

1. Computer software

Computer software is stated at acquisition cost and amortized on a straight line basis with useful lives of 2~10 years.

2. Goodwill

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

(XXI) Impairment of non-financial Assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should be not more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. The recoverable amount of goodwill shall be regularly estimated. An impairment loss is recognized for the amount by which the carrying amount of goodwill exceeds its recoverable amount. Impairment loss for goodwill is not reversible.
3. To test for impairment, goodwill must be allocated to each cash-generating units. The allocation is based on operation units, and goodwill is allocated to each cash-generating units or groups of cash-generating units that are expected to be benefited by the business combination.

(XXII) Loans

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

(XXIII) Notes and accounts payable

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

(XXIV) Derecognition of financial liabilities

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

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

C. Past service costs are recognized immediately in profit or loss.

3. Termination benefits

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

4. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXVI) Employee share-based payment

The equity share-based payment agreement refers to the employees' services obtained by measuring the fair value of the equity instruments given on the grant date and is recognized in remuneration costs during the vesting period with the equity adjusted relatively. The fair value of equity instruments should reflect the effects of vesting and non-vesting conditions related to market prices. The remuneration costs recognized are adjusted as per the amount of remuneration expected to meet the service conditions and non-vesting conditions related to market prices, and the final amount recognized is based on the vested amount on the grant day.

(XXVII) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws

enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.

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

extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXVIII) Capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. When the Company buys back the shares issued, the consideration paid, including any directly attributable increased costs, is recognized as a deduction, net of tax, from shareholders' equity. When the shares bought back are reissued subsequently, the difference between the consideration received less any directly attributable incremental costs and the effect of income tax. The carrying amount is recognized as an adjustment to shareholders' equity.

(XXIX) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXX) Income

Sales of goods

1. The Group manufactures and sells textile-related products and engages in the hypermarket business. Revenue arising from sales of goods is recognized when the control of products has been transferred to the customer, that is when products are delivered to the customer and there is no unsatisfied performance obligation by the Group that may affect the customer acceptance of the product. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
2. Accounts receivable are recognized when products are delivered to customers. Since the Group has the absolute right for the contract consideration after the point of the time of delivery, and may collect such consideration from customers after such point of time.
3. Financial component
For the contracts that the Group signs with customers, the time between product or service delivery and customer payment does not exceed one

year, so the price is not adjusted for the time value of money.

(XXXI) Operating segments

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

(XXXII) Changes in accounting policies

The Group approved the revision of its accounting policy on investment property by a resolution of the Board of Directors on July 28, 2022 to adopt the fair value model, rather than the cost model, for subsequent measurement.

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

<u>Consolidated Balance Sheet</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Increase in investments accounted for using equity method	<u>\$ 9,903,882</u>	<u>\$ 9,485,236</u>
Increase in investment property	<u>\$ 2,662,203</u>	<u>\$ 1,309,256</u>
Decrease in deferred tax income assets	<u>\$ 2,071</u>	<u>\$ 2,118</u>
Increase in deferred income tax liabilities	<u>\$ 127,821</u>	<u>\$ 128,395</u>
Increase in special reserve (Note)	<u>\$ 12,212,940</u>	<u>\$ 10,441,338</u>
Other equities-Increase in property revaluation surplus	<u>\$ 38,727</u>	<u>\$ 38,727</u>
Capital surplus-Increase in the associates' net value of equity	<u>\$ 200,010</u>	<u>\$ 200,010</u>
Decrease in non-controlling interests	<u>\$ 15,484</u>	<u>\$ 16,096</u>

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

<u>Consolidated Statements of Comprehensive Income</u>	<u>2021</u>
Decrease in operating cost - lease cost	<u>\$ 11,225</u>

Increase in share of income of associates and joint ventures accounted for using the equity method	\$ 418,646
Fair value adjustment gain - investment property	\$ 1,341,722
Decrease in income tax expense	\$ 621
Increase in net income of the current period	\$ 1,772,214
Net income of current period	
Increase in Net Income Attributable to Shareholders of the Parent	\$ 1,771,602
Increase in Net Profit Attributable to Non-controlling Interests	\$ 612
Increase in basic earnings per share (Note)	\$ 2.56
Increase in diluted earnings per share (Note)	\$ 2.56

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

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

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

(I) Critical judgments in applying the Company accounting policies

None.

(II) Critical accounting estimates and assumptions

1. As investment property is subsequently measured at fair value, and the investment property held by the Group is mainly land and buildings, an expert should be appointed to determine the fair value of investment property on the balance sheet date with their professional judgment and appraisal. The Group will adjust the cost to the fair value based on the appraisal report issued by the expert. The valuation of these investment properties is

primarily based on expert reports and estimates, which may be subject to changes in the demand for products, the real estate market conditions, and the judgment and estimation of experts during a specific future period. Therefore, the fair value measurement of these properties may be affected. Please refer to Note 12(4) for the details of fair value of investment property.

2. Financial assets measured at fair value through other comprehensive income
 - unlisted stocks measured at fair value: For the Group's investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition, and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. Please refer to Note 12 (4) for the details of fair value of financial instruments.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 6,477	\$ 6,157
Checking deposits	49,314	26,934
Demand deposits	2,558,346	2,791,348
Time deposits	6,340,953	9,653,881
Cash equivalents - Bonds under repurchase agreements	<u>594,497</u>	<u>192,178</u>
	<u>\$ 9,549,587</u>	<u>\$ 12,670,498</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 did not pledge cash and cash equivalents to others as collateral.

(II) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 380	\$ 280
Notes Receivable – related party	114	-
	<u>\$ 494</u>	<u>\$ 280</u>
Accounts receivable	\$ 206,881	\$ 187,380
Less: Allowance for loss	(1,460)	(942)
	205,421	186,438
Accounts receivable - related party	1,159	816
	<u>\$ 206,580</u>	<u>\$ 187,254</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not overdue	\$ 494	\$ 196,184	\$ 280	\$ 180,395
Past due 1-90 days	-	11,281	-	6,765
91 days and more	-	575	-	1,036
	<u>\$ 494</u>	<u>\$ 208,040</u>	<u>\$ 280</u>	<u>\$ 188,196</u>

The aging analysis was based on past due date.

2. The balance of notes and accounts receivable as of December 31, 2022 and 2021 was all generated from customer contracts. In addition, the balance of receivables from customer contracts as of January 1, 2021 was NT\$174,426.
3. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$494 and NT\$280 for notes receivable, as of December 31, 2022 and 2021, respectively; the accounts receivable were NT\$206,580 and NT\$187,254 as of December 31, 2022 and 2021, respectively.

4. The Group did not hold any collateral as security.

5. Please refer to Note 12 (3) for information of credit risk for accounts receivable and notes receivable.

(III) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Textile Business Department:		
Raw materials	\$ 19,412	\$ 86,006
Supplies	214	19,419
Finished goods	63,324	66,388
Merchandise inventory	258,941	306,100
Less: Allowance for valuation losses	(170,377)	(280,619)
Subtotal	<u>171,514</u>	<u>197,294</u>
Wholesale Business Department:		
Work in process	1,217	1,228
Merchandise inventory	92,974	103,118
Less: Allowance for valuation losses	(929)	(1,683)
Subtotal	<u>93,262</u>	<u>102,663</u>
Construction Business Department:		
Building and land held for sale	59,055	59,055
Construction land	283,608	464,454
Less: Allowance for valuation losses	(73,535)	(73,535)
Subtotal	<u>269,128</u>	<u>449,974</u>
Total	<u>\$ 533,904</u>	<u>\$ 749,931</u>

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

	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 1,978,272	\$ 1,928,951
loss on physical inventory	2,974	3,277
Gain on declining price recovery	(110,996)	(201,076)
Loss on inventory scrap	<u>22,982</u>	<u>8,382</u>
	<u>\$ 1,893,232</u>	<u>\$ 1,739,534</u>

2. The Group's inventories - construction land was reclassified from inventories to investment property in August 2022 and July 2021 due to the change in use, in an amount of NT\$180,846 and NT\$1,696,889.
3. In 2022 and 2021, the Group sold inventories that had been recognized in valuation loss in prior years, resulting in a recovery in the net realizable value of the inventories, which is recognized as a decrease in sales cost.
4. For the collateral status for the inventory of the aforementioned Construction Business Department, please refer to Note 8.

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Foreign investments		
Privately offered fund	\$ 2,385,149	\$ 2,232,918
Adjustments for valuation	<u>706,923</u>	<u>463,008</u>
Subtotal	<u>3,092,072</u>	<u>2,695,926</u>
Total	<u>\$ 3,092,072</u>	<u>\$ 2,695,926</u>

1. The amount of financial assets at fair value through profit and loss recognized in profit or loss in 2022 and 2021 was NT\$243,915 and NT\$143,521, respectively.
2. The Group subscribed for the convertible bonds III issued by Brogent Technologies Inc. with its stock traded on Taipei Exchange in October 2020, in an amount of NT\$33,835 and converted the convertible bonds held to ordinary shares in the fourth quarter of 2021; thus, the original holding costs and relevant appraised value gains were offset in the amounts of NT\$33,835 and NT\$15,445, respectively.
3. The amount of dividend income recognized in profit or loss for financial assets at fair value through profit and loss in 2022 and 2021 was NT\$149,936 and NT\$33,392, respectively.
4. The Group did not pledge financial assets at fair value through profit or loss as collateral.
5. For information on the credit risk of financial assets at fair value through profit and loss, please refer to Note 12 (3).

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

Item	December 31, 2022	December 31, 2021
Current items:		
Equity Instrument		
Domestic investment		
Unlisted stocks	\$ -	\$ 152,740
Adjustments for valuation		
Unlisted stocks	-	1,150,598
Total	<u>\$ -</u>	<u>\$ 1,303,338</u>
Non-current items:		
Equity Instrument		
Domestic investment		
Shares of TWSE/TPEX listed companies	\$ 3,063,111	\$ 2,963,422
Shares of the TPEX-listed companies	10,013	-
Unlisted stocks	51,659	62,378
Subtotal	3,124,783	3,025,800
Adjustments for valuation		
Shares of TWSE/TPEX listed companies	1,404,444	1,855,883
Shares of the TPEX-listed companies	24,065	-
Unlisted stocks	41,501	47,987
Subtotal	1,470,010	1,903,870
Total	4,594,793	4,929,670
Foreign investments		
Shares of TWSE listed companies	7,185,039	7,180,052
Adjustments for valuation		
Shares of TWSE listed companies	(4,509,090)	(3,489,440)
Effects of exchange rate changes	(164,198)	(512,444)
Total	2,511,751	3,178,168
Total	<u>\$ 7,106,544</u>	<u>\$ 8,107,838</u>

1. The Group elected to classify the strategic investments in equity instruments as financial assets at fair value through other comprehensive income, amounting to NT\$7,106,544 and NT\$9,411,176 as of December 31, 2022 and 2021, respectively.
2. The Group subscribed for the Convertible Bonds III issued by Brogent Technologies Inc., a TPEX-listed company, in October 2020, in an amount of NT\$33,835 and converted the convertible bonds held to ordinary shares in the fourth quarter of 2021. The number of shares subscribed for was 320

thousand shares in an amount of NT\$49,280.

3. In March 2022, the Group subscribed for 949 thousand shares of OBI Pharma, Inc., a TPEx-listed company, in its cash capital increase in an amount of NT\$99,689.
4. Evergreen Steel Corporation's (Evergreen Steel's) equity instruments held by the Group:
 - (1) Evergreen Steel Corporation was initially listed on the emerging stock market and then listed on the Taiwan Stock Exchange (TWSE) on April 12, 2021. Therefore, the Group reclassified the shares held from the emerging stock market stock to the TWSE-listed stock. The adjustments to the cost and valuation gains are NT\$12,726 and NT\$97,111, respectively.
 - (2) The Group disposed of 1,801 thousand shares of Evergreen Steel in the open trading market in June and July 2021. The cost and the gains on the adjusted value of the shares were NT\$12,726 and NT\$107,015, respectively.
5. RT-MART International Co., Ltd.'s (RT-MART's) equity instruments held by the Group:
 - (1) To adjust the capital structure and increase the return on shareholders' equity, RT-Mart's shareholders' meeting approved to reduce its capital on July 27, 2021 by 75.73% as per the par value of NT\$10 per share. The payment received by the Group for the capital reduction amounted to NT\$127,438, which was regarded as a reduction in the original cost of the holding. After the capital reduction, the Group's shareholding percentage remained at 10.80%.
 - (2) On October 22, 2021, the Group's board of directors passed a resolution to transfer its RT-Mart's shares disposed of to Chuan Lian Enterprise Co., Ltd. It is expected to complete the relevant transactions and procedures within one year. The original cost of the holding and relevant value gain of NT\$152,740 and NT\$1,150,598 were reclassified from non-current assets to current assets. The aforementioned has been approved by the Fair Trade Commission through resolution on July 13, 2022, and disposition related procedure has been completed in September 2022. The cost and valuation gain adjustment amounts were NT\$152,740 and NT\$1,146,688 respectively.
6. Pacific Resources Corporation's (Pacific Resources Corporation's) equity instruments held by the Group:
 - (1) Pacific Resources Corporation conducted a capital reduction to offset the

deficit as approved by the shareholders' meeting in August 2021 with a capital reduction percentage of 77.5%. Therefore, the initial cost of the holding and relevant valuation losses written off by the Group were both NT\$6,954.

- (2) Pacific Resources Corporation's shareholders' meeting approved to reduce its capital in June 2022 by 35% of the par value of NT\$10 per share. The capital returned to the Group for the capital reduction amounted to NT\$848, of which NT\$706 was regarded as a reduction in the initial cost of the holding and valuation loss. After the capital reduction, the Group's shareholding percentage remained at 1.05%.

7. Ruentex Engineering & Construction Co., Ltd.'s (Ruentex Engineering & Construction's) equity instruments held by the Group:

- (1) The Group disposed of 349 thousand shares of Ruentex Engineering & Construction in the open trading market in July and August 2021. The cost and the gains on the adjusted value of the shares were NT\$338 and NT\$53,330, respectively.
- (2) In October 2021, the Group subscribed for 1 thousand shares of Ruentex Engineering & Construction's fractional shares, subscribed for by the Company's specific parties through allotment during capitalization of earnings in 2020, in the amount of NT\$10.

8. The equity instruments of Ruentex Interior Design Inc. (Ruentex Interior Design), a non-public company, held by the Group:

- (1) The Group participated in the capital increase in cash by Ruentex Interior Design in September 2021, and subscribed for 334 thousand shares in an amount of NT\$10,013.
- (2) Ruentex Interior Design was a non-public company and listed on the emerging stock market on July 25, 2022. Therefore, the Group reclassified the stock from non-TPEX-listed stock to the emerging stock market stock. The adjustments to the cost and valuation gains are NT\$10,013 and NT\$7,484, respectively.

9 For the shares of A-RT Retail Holdings Limited (A-RT), a foreign unlisted company, held by the Group, its shareholders' meeting approved a share repurchase, and it exchanged 231,204,324 shares of Sun Art Retail Group Limited (Sun Art) held by A-RT for 8,892,474 shares of A-RT held by the Group in March 2021. The Group originally held 2.42% of the equity of Sun Art indirectly through A-RT. After the share exchange, it will hold 2.42% of the equity of Sun Art directly.

10. The Group purchased 42 thousand shares of Gogoro Inc. on the Nasdaq

Exchange in the United States in an amount of NT\$4,987 in April 2022.

11. Detail of the financial assets at fair value through other comprehensive income recognized under profit or loss and comprehensive income is as follows:

	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized as other comprehensive income	(\$ 1,458,126)	(\$ 1,355,989)
Dividend income recognized in operating income	\$ 121,738	\$ 133,521
Dividend income recognized in other non-operation income	\$ 180,826	\$ 114,114

12. 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\$7,106,544 and NT\$9,411,176 as of December 31, 2022 and 2021, respectively.

13. For the details of the financial assets at fair value through other comprehensive income pledged as collateral, please refer to Note 8.

14. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12(3).

(VI) Financial assets at amortised cost

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Subordinated debts	\$ 250,000	\$ 250,000
Time deposits pledged	4,701,510	624,083
Total	\$ 4,951,510	\$ 874,083

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

<u>2022</u>	<u>2021</u>
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Interest revenue	\$	100,179	\$	10,995
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2. The coupon rate and the effective interest rate of the Nan Shan Life Insurance Company, Ltd.'s subordinated bonds with no maturity date held the Group at a par value of NT\$250,000 thousand are both 3.5%.
3. 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\$4,951,510 and NT\$874,083 as of December 31, 2022 and 2021, respectively.
4. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
5. For information on the credit risk of financial assets at amortized cost, please refer to Note 12(3). 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. The details of the carrying amount of long-term equity investment are as follows:

Name of associate	Carrying amount		
		(After restatement)	(After restatement)
	December 31, 2022	December 31, 2021	January 1, 2021
Ruentex Development Co., Ltd. (Ruentex Development)	\$ 18,308,077	\$ 32,022,828	\$ 31,226,566
Ruen Chen Investment Holdings Ltd. (Ruen Chen Investment Holdings)	46,497,714	92,874,647	91,057,632
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	600,941	1,091,416	1,082,408
Ruen Fu Newlife Corp. (Ruen Fu)	2,670	775	-
	<u>\$ 65,409,402</u>	<u>\$125,989,666</u>	<u>\$123,366,606</u>

2. The investment shareholder percentage is as follows:

<u>Name of the associate</u>	<u>Shareholding percentage</u>		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Ruentex Development	25.70%	25.70%	25.70%
Ruen Chen Investment Holdings	23.00%	23.00%	23.00%
Nan Shan Life Insurance	0.21%	0.21%	0.21%
Ruen Fu Newlife	40.00%	40.00%	40.00%

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

<u>Name of the associate</u>			(After restatement)	
	<u>2022</u>		<u>2021</u>	
Ruentex Development	\$	2,071,172	\$	3,996,620
Ruen Chen Investment Holdings		6,518,687		12,311,271
Nan Shan Life Insurance		67,304		127,326
Ruen Fu Newlife	(	6,512)	(	7,292)
	\$	8,650,651	\$	16,427,925

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 relations</u>	<u>Measurement method</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>	<u>hip</u>	<u>method</u>
Ruentex Development	Taiwan	25.70%	25.70%	25.70%	Diversification	Equity method
Ruen Chen Investment Holdings	Taiwan	23.00%	23.00%	23.00%	Diversification	Equity method

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

Balance Sheets

	<u>Ruentex Development</u>		
	(After restatement)		(After restatement)
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Current Assets	\$ 49,061,161	\$ 47,464,148	\$ 39,202,599
Non-current assets	115,426,855	169,526,736	171,373,074
Current liabilities	(33,993,720)	(23,692,868)	(24,848,429)
Non-current liabilities	(44,388,179)	(48,687,653)	(46,175,111)
Equity	86,106,117	144,610,363	139,552,133
Non-controlling Interest	(7,307,846)	(7,704,322)	(6,178,244)

	<u>\$ 78,798,271</u>	<u>\$ 136,906,041</u>	<u>\$ 133,373,889</u>
Portion of the net assets of associates	\$ 20,251,156	\$ 35,184,853	\$ 34,277,089
Unrealized gains or losses on upstream transactions	(2,191)	(2,191)	(2,191)
Mutual shareholdings	(1,940,888)	(3,159,834)	(3,048,332)
Carrying amount	<u>\$ 18,308,077</u>	<u>\$ 32,022,828</u>	<u>\$ 31,226,566</u>

Ruen Chen Investment Holdings

		(After restatement)	(After restatement)
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Current Assets	\$ 156,044,206	\$ 239,909,703	\$ 281,185,274
Non-current assets (Note 1)	5,136,892,334	5,066,659,916	4,904,888,203
Current liabilities	(39,007,661)	(20,344,978)	(33,539,725)
Non-current liabilities	(5,022,339,699)	(4,829,374,607)	(4,704,032,103)
Equity	231,589,180	456,850,034	448,501,649
Non-controlling Interest	(29,425,203)	(53,047,205)	(52,598,896)
	<u>\$ 202,163,977</u>	<u>\$ 403,802,829</u>	<u>\$ 395,902,753</u>
Portion of the net assets of associates	<u>\$ 46,497,714</u>	<u>\$ 92,874,647</u>	<u>\$ 91,057,632</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.

Statements of Comprehensive Income

	<u>Ruentex Development</u>	
		(After restatement)
	<u>2022</u>	<u>2021</u>
Income	\$ 32,247,177	\$ 27,293,884
Current Net Profit (Note 2)	10,272,997	18,409,717
Other comprehensive income (Net of tax)	(62,418,510)	(11,403,700)
Total Comprehensive Income Current Period (Note 3)	<u>(\$ 52,145,513)</u>	<u>\$ 7,006,017</u>

Note 2: Included the net combined income attributable to non-controlling

interests in Ruentex Development for 2022 and 2021, in the amount of NT\$1,117,911 and NT\$1,252,723, respectively.

Note 3: Included the net combined comprehensive Income attributable to non-controlling interests in Ruentex Development for 2022 and 2021, in the amount of NT\$740,631 and NT\$1,986,169, respectively.

	<u>Ruen Chen Investment Holdings</u>	
		(After restatement)
	<u>2022</u>	<u>2021</u>
Income	\$ 478,762,509	\$ 570,159,159
Current Net Profit (Note 4)	31,639,526	59,747,356
Other comprehensive income (Net of tax)	(251,235,513)	(51,367,996)
Total Comprehensive Income Current Period (Note 5)	<u>(\$ 219,595,987)</u>	<u>\$ 8,379,360</u>

Note 4: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2022 and 2021, in the amount of NT\$3,297,410 and NT\$6,220,090, respectively.

Note 5: Including the net combined comprehensive income (loss) attributable to non-controlling interests in Ruen Chen Investment Holdings for the year ended 2022 and 2021, in an amount of NT(\$22,957,135) and NT\$852,046, respectively.

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

As of December 31, 2022 and 2021 and January 1, 2021, the carrying amounts of the Group's individually immaterial affiliates amounted to NT\$603,611, NT\$1,092,191, and NT\$1,082,408, respectively.

		(After restatement)
	<u>2022</u>	<u>2021</u>
Net income of current period	\$ 31,537,358	\$ 59,681,310
Other comprehensive income (Net of tax)	(255,351,388)	(55,484,720)
Total Comprehensive Income Current Period	<u>(\$ 223,814,030)</u>	<u>\$ 4,196,590</u>

7. Among the investments accounted for under the equity method as of

December 31, 2022 and 2021, the amount for Ruen Fu Newlife was measured according to the assessment on the financial reports audited by other independent auditors.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Ruentex Development	<u>\$ 35,127,999</u>	<u>\$ 34,545,904</u>	<u>\$ 15,818,706</u>

9. The Group holds 25.70% of Ruentex Development 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 Development's business decision-making. There are nine 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 the activities of Ruentex Development. Therefore, it is judged that the Group has no control over it and only has significant influence.
10. Ruentex Development, an investee measured under the equity method, adopts the equity method for measurement of the Group because of the mutual shareholdings with the Group. The investment gains and losses are calculated and adjusted based on the method adopted for the treasury stock.
11. (1) Due to the supply chain disruption caused by the global pandemic over the past two years and the Russo-Ukrainian War, and other factors that have raised global inflationary pressures, interest rates have surged this year, which has met the definition of an extreme scenario defined by the Insurance Capital Standard (ICS). Therefore, the Board of Directors of Nan Shan Life Insurance, an insurance investee directly and indirectly invested 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\$60,930,167, a decrease in deferred tax assets by NT\$834,365, and an increase in other equity by NT\$60,095,802. In accordance with the Letter Jin-Guan-Zheng-Fa No. 1110384722, when the distributable earnings are distributed, a special reserve for the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance should be provided in proportion to the shareholding using the equity method. Additionally, when there is a reversal of the change in the fair value of financial assets reclassified by Nan Shan Life Insurance, the Company may reverse the special reserve and distribute the special reserve in proportion to the shareholding using the equity method; the changes in the fair values of financial assets reclassified by Nanshan Life Insurance and the corresponding special reserve provided are disclosed in the notes to the annual financial statements. The information on the finances before and after the relevant reclassification dates is summarized as follows:

	September 30, 2022		October 1, 2022
	<u>(Before reclassification)</u>	<u>Effects of reclassification</u>	<u>(After reclassification)</u>
Consolidated total assets	\$ 59,509,663	\$ 60,095,802	\$ 119,605,465
Consolidated total liabilities	38,471,492	-	38,471,492
Consolidated total equity	21,038,171	60,095,802	81,133,973

- (2) Nan Shan Life Insurance reclassified financial assets on October 1, 2022 that were affected by significant changes in reclassification from being measured at fair value through other comprehensive income to being measured at amortized cost. As of December 31, 2022, the fair value of the affected financial assets was NT\$994,679,285. If Nan Shan Life Insurance had not reclassified these assets on October 1, 2022, the other equity would have been (NT\$290,546,374) as of December 31, 2022. The after-tax change in fair value recognized in other comprehensive income for the period from October to December 2022 was NT\$35,953,774.
- (3) As per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and

Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. As of December 31, 2022, a special reserve that should be provided by the Group as per the above regulations is NT\$74,964,393.

- 12.(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 563,500 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.

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 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 thousand 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\$4,600,000 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\$4,596,097 and NT\$3,903.

13. To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 27,300 thousand shares of Nan Shan Life Insurance for NT\$436,800, for holding 0.21% of the total shares. As Nan Shan Life Insurance is the investee company accounted for under the equity method of Ruen Chen Investment Holdings, 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.

14. Ruen Chen Investment Holdings conducted cash capital increases in July,

2021 and December, 2022, and the Company subscribed for the new issued shares in proportion to its shareholding amounting to NT\$82,800 and NT\$92,000.

15. In order to improve financial structure and strengthen the operating capital, Ruen Fu conducted a capital reduction for making up losses of NT15,000 in June 2021, followed by a subsequent cash capital increase of NT\$20,000, and the Company paid NT\$8,000 for the new shares issued in proportion to its shareholding. In addition, capital reduction was executed for making up losses of NT20,000 in December 2022, followed by a subsequent cash capital increase of NT\$20,000, and the Company paid NT\$8,000 for the new shares issued in proportion to its shareholding.
16. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note 8.

(VIII) Property, plant, and equipment

	<u>2022</u>								
	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportatio n equipment</u>	<u>Leased assets</u>	<u>Leasehold Improvements</u>	<u>Other equipment</u>	<u>Total</u>
January 1									
Cost	\$890,879	\$ 37,756	\$ 1,097,079	\$ 520,681	\$ 19,097	\$ 24,514	\$221,506	\$1,793,731	\$4,605,243
Accumulated impairment and depreciation	<u>-</u>	<u>(34,467)</u>	<u>(580,385)</u>	<u>(483,272)</u>	<u>(18,024)</u>	<u>(24,514)</u>	<u>(210,969)</u>	<u>(1,586,333)</u>	<u>(2,937,964)</u>
	<u>\$890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$1,667,279</u>
January 1	\$890,879	\$ 3,289	\$ 516,694	\$ 37,409	\$ 1,073	\$ -	\$ 10,537	\$ 207,398	\$1,667,279
Addition	-	-	-	838	2,400	-	13,073	1,996	18,307
Disposal - costs	-	-	-	(389,406)	(605)	-	(5,360)	(147,405)	(542,776)
Disposal - accumulated impairment and depreciation	-	-	-	389,406	605	-	5,360	147,120	542,491
Depreciation expense	-	-	(22,259)	(7,987)	(1,019)	-	(11,578)	(6,098)	(48,941)
Transfer - costs (Note)	(222,304)	(37,756)	-	-	-	-	-	(689,714)	(949,774)
Transfer - accumulated impairment loss and depreciation (Note)	-	34,467	-	-	-	-	-	689,714	724,181
Net exchange differences-Cost	-	-	-	-	52	-	106	158	316
Net exchange differences- accumulated impairment and depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(106)</u>	<u>(100)</u>	<u>(256)</u>
December 31	<u>\$668,575</u>	<u>\$ -</u>	<u>\$ 494,435</u>	<u>\$ 30,260</u>	<u>\$ 2,456</u>	<u>\$ -</u>	<u>\$ 12,032</u>	<u>\$ 203,069</u>	<u>\$1,410,827</u>
December 31									
Cost	\$668,575	\$ -	\$1,097,079	\$ 132,113	\$ 20,944	\$ 24,514	\$229,325	\$ 958,766	\$3,131,316
Accumulated impairment and depreciation	<u>-</u>	<u>-</u>	<u>(602,644)</u>	<u>(101,853)</u>	<u>(18,488)</u>	<u>(24,514)</u>	<u>(217,293)</u>	<u>(755,697)</u>	<u>(1,720,489)</u>
	<u>\$668,575</u>	<u>\$ -</u>	<u>\$ 494,435</u>	<u>\$ 30,260</u>	<u>\$ 2,456</u>	<u>\$ -</u>	<u>\$ 12,032</u>	<u>\$ 203,069</u>	<u>\$1,410,827</u>

Note: The cost of NT\$949,774 and accumulated impairment and depreciation of NT\$724,181 were transferred to investment property in August 2022 due to a change in use.

	<u>2021</u>								
	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Leasehold Improvements</u>	<u>Other equipment</u>	<u>Total</u>
January 1									
Cost	\$890,879	\$ 37,756	\$1,097,079	\$1,215,317	\$ 19,115	\$ 24,514	\$231,451	\$2,214,900	\$5,731,011
Accumulated impairment and depreciation	<u>-</u>	<u>(34,467)</u>	<u>(558,126)</u>	<u>(1,170,234)</u>	<u>(17,389)</u>	<u>(24,514)</u>	<u>(217,757)</u>	<u>(2,004,694)</u>	<u>(4,027,181)</u>
	<u>\$890,879</u>	<u>\$ 3,289</u>	<u>\$ 538,953</u>	<u>\$ 45,083</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ 13,694</u>	<u>\$ 210,206</u>	<u>\$1,703,830</u>
January 1	\$890,879	\$ 3,289	\$ 538,953	\$ 45,083	\$ 1,726	\$ -	\$ 13,694	\$ 210,206	\$1,703,830
Addition	-	-	-	900	-	-	4,947	3,500	9,347
Disposal - costs	-	-	-	(695,536)	-	-	(14,844)	(425,373)	(1,135,753)
Disposal - accumulated impairment and depreciation	-	-	-	695,460	-	-	14,844	425,373	1,135,677
Depreciation expense	-	-	(22,259)	(8,498)	(652)	-	(8,104)	(7,041)	(46,554)
Transfer - costs (Note)	-	-	-	-	-	-	-	762	762
Net exchange differences-Cost	-	-	-	-	(18)	-	(48)	(58)	(124)
Net exchange differences- accumulated impairment and depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>48</u>	<u>29</u>	<u>94</u>
December 31	<u>\$890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$1,667,279</u>
December 31									
Cost	\$890,879	\$ 37,756	\$1,097,079	\$ 520,681	\$ 19,097	\$ 24,514	\$221,506	\$1,793,731	\$4,605,243
Accumulated impairment and depreciation	<u>-</u>	<u>(34,467)</u>	<u>(580,385)</u>	<u>(483,272)</u>	<u>(18,024)</u>	<u>(24,514)</u>	<u>(210,969)</u>	<u>(1,586,333)</u>	<u>(2,937,964)</u>
	<u>\$890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$1,667,279</u>

Note: The amount of NT\$762 is reclassified from prepayments for business facilities.

Details of the Group's property, plant and equipment pledged to others as collateral are provided in Note 8.

(IX) Lease transactions - lessees

1. The assets leased by the Group include the Zhonglun Building office and other offices, and the lease terms in 2022 and 2021 are from 2020 to 2026. The lease contracts are negotiated individually and contain different terms and conditions.
2. The information of the right-of-use assets are as the following:

	<u>Buildings and structures</u>	
	<u>2022</u>	<u>2021</u>
January 1		
Cost	\$ 249,894	\$ 149,612
Accumulated depreciation	(49,197)	(83,807)
	<u>\$ 200,697</u>	<u>\$ 65,805</u>
January 1	\$ 200,697	\$ 65,805
Addition	-	187,135
Depreciation expense	(52,690)	(52,243)
Modifications to leases	(433)	-
Derecognition - costs	-	(86,853)
Derecognition - accumulated depreciation	-	86,853
Effects of exchange rate changes - cost	3,084	-
Effects of exchange rate changes - accumulated depreciation	(3,060)	-
December 31	<u>\$ 147,598</u>	<u>\$ 200,697</u>
December 31		
Cost	\$ 252,545	\$ 249,894
Accumulated depreciation	(104,947)	(49,197)
	<u>\$ 147,598</u>	<u>\$ 200,697</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total amount of lease liabilities	\$ 149,222	\$ 201,730
Less: Due within one year (listed as lease liabilities - current)	(52,745)	(52,523)
	<u>\$ 96,477</u>	<u>\$ 149,207</u>

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

<u>Items affects the income of the current period</u>	<u>2022</u>	<u>2021</u>
Interest expenses of lease liabilities	\$ 1,742	\$ 1,721
Expenses of short-term lease contracts	11,901	15,610
Expenses related to leases of low-value assets	1,227	1,407
	<u>\$ 14,870</u>	<u>\$ 18,738</u>

5. The information on net cash outflow from lease expenses is as follows:

	<u>2022</u>	<u>2021</u>
Interest expenses of lease liabilities	\$ 1,742	\$ 1,721
Expenses of short-term lease contracts	11,901	15,610
Expenses related to leases of low-value assets	1,227	1,407
Expenses of the lease contracts with unidentified subject matter	-	340
Principal elements of lease payments	52,103	52,188
	<u>\$ 66,973</u>	<u>\$ 71,266</u>

(X) Lease transactions - lessor

1. The Group leases investment property based on operating lease contracts, and recognized rent income of NT\$95,939 and NT\$42,280 for 2022 and 2021, respectively.
2. The Group has leased part of the right-of-use assets and property, plant and equipment based on operating lease contracts and recognized rent income of NT\$24,374 and NT\$24,532 for 2022 and 2021, respectively, and no variable lease payments were included.
3. Analysis to the due dates of lease payments leased as operating leases by the Group is as the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Within 1 year	\$ 71,465	\$ 29,052
1-2 years	64,420	6,005
2-3 years	64,057	5,985

3-4 years	63,993	5,955
4-5 years	63,933	5,974
More than 5 years	<u>762,465</u>	<u>48,778</u>
Total	<u>\$ 1,090,333</u>	<u>\$ 101,749</u>

(XI) Investment Real Estate

	<u>2022</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1 (after restatement)	\$ 4,681,106	\$ 300,621	\$ 4,981,727
Addition	-	896	896
Transfer - costs (Note 1)	407,638	3,289	410,927
Fair value adjustment gain	<u>2,783,453</u>	<u>380,510</u>	<u>3,163,963</u>
December 31	<u>\$ 7,872,197</u>	<u>\$ 685,316</u>	<u>\$ 8,557,513</u>

	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1 (after restatement)	\$ 1,636,892	\$ 305,798	\$ 1,942,690
Addition	-	433	433
Transfer - costs (Note 2)	1,696,889	-	1,696,889
Loss on inventory scrap	-	(7)	(7)
Fair value adjustment gain (loss)	<u>1,346,928</u>	<u>(5,206)</u>	<u>1,341,722</u>
December 31 (after restatement)	<u>\$ 4,680,709</u>	<u>\$ 301,018</u>	<u>\$ 4,981,727</u>

Note 1: Land is transferred from inventories in the amount of NT\$180,846, from real property, plant and equipment in the amount of NT\$222,304 and from other non-current assets in the amount of NT\$4,488. Building is transferred from property, plant, and equipment in the amount of NT\$3,289.

Note 2: Land is transferred from inventories in the amount of NT\$1,696,889.

1. Rental income from investment real estate:

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
Rental income from investment real estate	<u>95,939</u>	<u>42,280</u>

2. Investment property fair value valuation basis

The investment property held by the Group is mainly the Yangmei Plant in Taoyuan City, the land in Wuqi, Taichung City, the land in Xinfeng Township, Hsinchu County, as well as the buildings and land of Ruen Fu Newlife (New Aspects) in New Taipei City, all of which are mainly used for lease-out to earn rental income; the lease terms are about one to 23 years. Main assumptions and relevant explanation for December 31, 2022, December 31, 2021 and January 1, 2021 are as follows:

- (1) The locations, valuation methods, appraisal firms, names of the appraisers, and appraisal dates of the Group's main investment property are listed as follows:

Objective	December 31, 2022			December 31, 2021		January 1, 2021	
	Land	Building, land and parking space	Building and land	Building, land and parking space	Building and land	Building, land and parking space	Building and land
Location	Hainchu County and Taichung City	Taoyuan City and New Taipei City	New Taipei City	Taoyuan City and Taichung City	New Taipei City	Taoyuan City and New Taipei City	New Taipei City
Appraisal method	The method of land development analysis	Income approach	Income approach	Income approach	Income approach	Income approach	Income approach
Appraisal firm	Savills (Taiwan) Limited	Savills (Taiwan) Limited	Jhong-Ding Real Estate Appraisers Firm	Savills (Taiwan) Limited	Jhong-Ding Real Estate Appraisers Firm	Savills (Taiwan) Limited	Jhong-Ding Real Estate Appraisers Firm
Appraiser	Chang, Hung-Kai	Chang, I-Chih, Yeh, Yu-Fen	Jian, Wu-Chi	Chang, I-Chih, Chang, Hung-Kai, Yeh, Yu-Fen	Jian, Wu-Chi	Chang, I-Chih, Chang, Hung-Kai, Yeh, Yu-Fen	Jian, Wu-Chi
Appraisal base date	December 31, 2022			December 31, 2021		January 1, 2021	

- (2) Please refer to the table below for the information on the changes in the occupancy rates of the premises and parking spaces held by the Group and the amount of rental income, and the comparison between the local rents and rents from similar properties for 2022 and 2021.

	<u>December 31, 2022</u>	
	<u>Building and land</u>	<u>Parking space</u>
	<u>(NT\$/ping/monthly)</u>	<u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$160~\$750	\$2,500~\$15,000
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~2.00%	

	<u>December 31, 2021</u>	
	<u>Building and land</u>	<u>Parking space</u>
	<u>(NT\$/ping/monthly)</u>	<u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$90~\$740	\$2,500~\$15,000
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~0.87%	

	<u>January 1, 2021</u>	
	<u>Building and land</u>	<u>Parking space</u>
	<u>(NT\$/ping/monthly)</u>	<u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$152~\$740	\$2,500~\$15,000
Local rents, or the rental trends of similar property in the market	Equivalent to estimated rent	Equivalent to estimated rent
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~0.87%	

	<u>2022</u>	
	<u>Building and land</u>	<u>Parking space</u>
	<u>(NT\$/ping/monthly)</u>	<u>(NT\$/space/monthly)</u>
Income amount	\$ 95,561	\$ 378

	<u>2021</u>	
	<u>Building and land</u>	<u>Parking space</u>
	<u>(NT\$/ping/monthly)</u>	<u>(NT\$/space/monthly)</u>
Income amount	\$ 41,902	\$ 378

- (3) The Group mainly adopts the discounted cash flow analysis method under the income approach to measure the fair value; however, when said method cannot be adopted for undeveloped land, the land development analysis approach is adopted.

- (4) For the discounted cash flow method of the income approach appraisal method estimation process, the current lease contract rent is considered. If the operation period is assumed to exceed the current least contract period during the analysis period, the market rent is used for the evaluation. For the market rent, the rent of similar subject matters and factors affecting the price, including price negotiation, condition and price date, etc. are considered to perform analysis and comparison. In addition, the current lease market demand and consumer price index average change rate are also considered to determine the annual rent growth rate interval. Next, the idle loss and future net cash outflow of the subject matter during the analysis period are considered. Finally, during the end of the analysis period, the estimated disposition value of the subject matter is added and the net cash inflow during the analysis period is calculated, followed by using an appropriate discount rate to calculate total for estimation to the appraisal date. The future cash outflow refers to expenditures directly related to the operation, such as land value tax, house tax, insurance fee, management fee and repair expense. The actual expenditure incurred in the current year is used and the current operational status and future possible changes of the Company are considered in order to estimate the future cash flow.
- (5) The method of land development analysis appraisal method estimation process is to determine the land development content and expected development time, and to perform investigation, survey and analysis on various costs, relevant expenses and current environmental condition first, along with the collection of market information, in order to estimate the land or building area and total sales amount after the development or construction. In addition, appropriate profit margin and overall capital interest rate are used to calculate the land development analysis price on the appraisal date. When the estimated total sales amount increases, profit margin increases or overall capital interest rate decreases, the fair value will increase. With regard to the future economy prediction, as the global economic and trading dynamics recover progressively after the epidemic control measures are relaxed, new emerging digital applications of high performance computation, IoT, automotive electronics are expanding, such that it is beneficial to the continuous growth of export orders and production of manufacturing industry. Nevertheless, the global inflation pressure is

still high and variance of virus still exists, causing the increase of investment risk of companies, and the factory expansion plan can be affected. All of such unfavorable factors increase the risk of economic decline, and it is necessary to monitor subsequent development and implement response measures properly.

- (6) The Group does not have a development plan for the four land parcels located in Tai'an Section, Xinfeng Township, Hsinchu County, 18 land parcels in Taifeng Section, Xinfeng Township, Hsinchu County, and four land parcels in the southern section of Wuqi District, Taichung City, it owns, and they, for the time being, are temporarily rented out as parking lots and for advertising. As such land parcels are undeveloped vacant lots, the fair values should be measured with the land development analysis approach. Key assumptions are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Xinfeng Township,</u>	<u>Wuqi District,</u>
	<u>Hsinchu County</u>	<u>Taichung City</u>
Estimated total sales amount	<u>\$ 1,004,880</u>	<u>\$ 18,486,931</u>
Profit margin	15%	24%
Overall capital interest rate	2.23%	3.69%

In addition to the lands at Xinfeng Township of Hsinchu County and Wuqi District of Taichung City yet to be developed, for the fair value of rest of the investment properties, the discounted cash flow method of the income approach is used to estimate the fair value.

- (7) Please refer to the following table for the discount rate interval. The two-year postal time deposit small amount deposit flexible interest rate announced by Chunghwa Post Co.,Ltd. plus 0.75 percentage points is used. In addition, for the risk premium, the liquidity, risk, value addition and management difficulty level are considered according to the base interest rate, in order to perform comparison and determination.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Discount rate	2.980%~4.220%	2.595%~3.595%	2.595%~3.595%

- (8) 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.

3. Please refer to Note 12(4) for the details of fair value of investment property.
4. The Group's investment property - land in the amount of NT\$4,488 in the Sihou Section in Yangmei belongs to agricultural land and was acquired in the name of a juridical corporate director's relative within the first degree of kinship. Both parties have signed a trust contract. Due to the change of purpose of use of the land, it was transferred from the non-current assets in August 2022.
5. Details of the Group's investments property pledged to others as collateral are provided in Note 8.

(XII) Intangible assets

	<u>2022</u>			
	<u>Good will</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 386,005	\$ 24,823	\$ -	\$ 410,828
Accumulated amortization	-	(22,503)	-	(22,503)
	<u>\$ 386,005</u>	<u>\$ 2,320</u>	<u>\$ -</u>	<u>\$ 388,325</u>
January 1	\$ 386,005	\$ 2,320	\$ -	\$ 388,325
Addition	-	1,381	-	1,381
Amortization	-	(2,316)	-	(2,316)
Impairment loss	(415,570)	-	-	(415,570)
Net exchange differences	<u>29,565</u>	<u>-</u>	<u>-</u>	<u>29,565</u>
December 31	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ -</u>	<u>\$ 1,385</u>
December 31				
Cost	\$ -	\$ 26,204	\$ -	\$ 26,204
Accumulated amortization	-	(24,819)	-	(24,819)
	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ -</u>	<u>\$ 1,385</u>

	<u>2021</u>			
	<u>Good will</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1				

Cost	\$ 397,162	\$ 37,059	\$ 1,400	\$ 435,621
Accumulated amortization	<u>-</u>	<u>(35,404)</u>	<u>(1,400)</u>	<u>(36,804)</u>
	<u>\$ 397,162</u>	<u>\$ 1,655</u>	<u>\$ -</u>	<u>\$ 398,817</u>
January 1	\$ 397,162	\$ 1,655	\$ -	\$ 398,817
Addition	-	2,650	-	2,650
Derecognition - costs	-	(14,866)	(1,400)	(16,266)
Derecognition - accumulated amortization	-	14,866	1,400	16,266
Amortization	-	(1,985)	-	(1,985)
Net exchange differences	<u>(11,157)</u>	<u>-</u>	<u>-</u>	<u>(11,157)</u>
December 31	<u>\$ 386,005</u>	<u>\$ 2,320</u>	<u>\$ -</u>	<u>\$ 388,325</u>
December 31				
Cost	\$ 386,005	\$ 24,843	\$ -	\$ 410,848
Accumulated amortization	<u>-</u>	<u>(22,523)</u>	<u>-</u>	<u>(22,523)</u>
	<u>\$ 386,005</u>	<u>\$ 2,320</u>	<u>\$ -</u>	<u>\$ 388,325</u>

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

	<u>2022</u>	<u>2021</u>
Selling expenses	\$ 892	\$ 945
General & administrative expenses	<u>1,424</u>	<u>1,040</u>
	<u>\$ 2,316</u>	<u>\$ 1,985</u>

2. The goodwill is allocated to the Group's cash-generating units identified by operating segments:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment segment - Concord	<u>\$ -</u>	<u>\$ 386,005</u>

3. As of December 31, 2022, the Group estimated that the recoverable amount of goodwill was less than the carrying amount thereof, so the impairment loss was recognized.

4. The Group did not pledge intangible assets as collateral.

(XIII) Impairment of non-financial Assets

1. The goodwill impairment losses recognized by the Group for 2022 and 2021 were NT\$415,570 thousand and NT\$0 thousand, respectively. The details are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Recognized in current profit</u>	<u>Recognized in current profit</u>
	<u>or loss</u>	<u>or loss</u>
Good will	<u>\$ 415,570</u>	<u>\$ -</u>

2. Please refer to Note 6(12)2 for the details of impairment of intangible assets.

(XIV) Other non-current Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee deposits paid	\$ 45,502	\$ 45,250
Land	15,190	19,678
Defined benefit assets	9,314	-
Others	<u>277</u>	<u>798</u>
	<u>\$ 70,283</u>	<u>\$ 65,726</u>

The Group's other non-current assets - land in the amount of NT\$4,488 in the Sihua Section in Yangmei belongs to agricultural land and was acquired in the name of a juridical corporate director's relative within the first degree of kinship. Both parties have signed a trust contract. The land was transferred to investment property in August 2022 due to a change in use.

(XV) Short-term borrowings

<u>Nature of loan</u>	<u>December 31,</u>	<u>Interest rate</u>	<u>Guarantee</u>
	<u>2022</u>	<u>collars</u>	
Bank loan			
Secured loan	\$ 490,000	1.70%	Note
Credit Loan	<u>1,800,000</u>	1.55%~1.96%	Nil
	<u>\$ 2,290,000</u>		

<u>Nature of loan</u>	<u>December 31,</u>	<u>Interest rate</u>	<u>Guarantee</u>
	<u>2021</u>	<u>collars</u>	

Bank loan			
Secured loan	\$ 500,000	0.34%	Note
Credit Loan	<u>600,000</u>	0.92%~0.95%	Nil
	<u>\$ 1,100,000</u>		

Note: Please refer to Note 8 for details of the collateral provided by the Group for short-term borrowings.

(XVI) Short-term bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 500,000	\$ 2,280,000
Less: Unamortized discount	<u>(302)</u>	<u>(2,729)</u>
	<u>\$ 499,698</u>	<u>\$ 2,277,271</u>
Interest rate collars	1.84%	0.92%~0.94%

Note: Please refer to Note 8 for details of the collateral provided by the Group for commercial paper issued.

(XVII) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonuses payable	\$ 71,220	\$ 83,489
Employee compensation payable	87,100	74,511
Dividends payables	45,095	44,540
Interest payable	8,645	12,811
Payables on equipment	1,057	2,799
Others	<u>84,264</u>	<u>65,351</u>
	<u>\$ 297,381</u>	<u>\$ 283,501</u>

(XVIII) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loan	\$ 5,400,000	\$ 12,275,000
Credit bank loan	<u>7,950,000</u>	<u>18,307,500</u>
	13,350,000	30,582,500
Face value of long term commercial paper	-	300,000
Less: Unamortized discount	<u>-</u>	<u>(105)</u>
	13,350,000	30,882,395
Less: Long-term borrowings due within one year or one operating cycle	<u>(1,975,000)</u>	<u>(1,435,000)</u>
	<u>\$ 11,375,000</u>	<u>\$ 29,447,395</u>
Maturity date range	December 21, 2023~June 30, 2025	April 23, 2023~June 28, 2024
Interest rate collars	1.40%~2.05%	0.75%~1.08%

1. The Group signed a credit agreement with CTBC Bank in June 2022 to provide financing to the Group. The credit period is from June 2022 to May 2024. The total credit limit is NT\$1,600,000, and as of December 31, 2022, the Group had drawn down a credit amount of NT\$500,000. The main commitments of the Group are as follows:

- (1) The Company reviews the annual and semi-annual consolidated statements audited by accountants every six months (every April and October).
- (2) The Group shall maintain a current ratio of not less than 100%, a debt ratio of not greater than 100%, an interest coverage ratio of not less than three times, and the net value of tangible assets of NT\$35,000,000 or above. The calculation of the aforementioned net value of tangible assets shall exclude the profit and loss effect on Ruen Chen Investment Holdings (calculated in proportion to the shareholding).
- (3) As per the general terms under Item B and the acceleration clause under Article 5 of the guaranty agreement signed between the Group and CTBC Bank, to secure its creditor's rights, CTBC Bank. In the event of matters specifically stipulated in the agreement with the effect in alignment of the acceleration clause may stop or reduce the loan at any time or shorten the credit period, or the principal and interest shall be deemed fully due.

2. The Group signed a credit agreement with Taipei Fubon Bank in April 2022

to provide financing to the Group. The credit period is from May 2022 to May 2024. The total credit limit is NT\$500,000, and as of December 31, 2022, the Group had drawn down a credit amount of NT\$0. The main commitments of the Group are as follows:

The Company follows up on the following criteria after drawdown and examines if the use of the loan exceeds the limit.

- (1) The Company reviews the consolidated financial statements audited by accountants every year.
 - (2) The Group shall maintain a current ratio of no lower than 100%, a debt ratio of no greater than 100%, the times of interest earned of no fewer than three times, and the net value of tangible assets of no less than NT\$35,000,000.
3. The Group signed a credit agreement with EnTie Commercial Bank in June 2022 to provide financing to the Group. The credit period is from June 2022 to June 2024. The total credit limit is NT\$500,000, and as of December 31, 2022, the Group had drawn down a credit amount of NT\$500,000. The main commitments of the Group are as follows:
- (1) The Group should maintain a consolidated current ratio of 70% or more and a consolidated debt ratio of 120% or less.
 - (2) When the loan criteria fails to be met, Entie Commercial Bank bears no obligation to maintain the facility and, therefore, may terminate part or all of the facility.
4. In addition to the endorsement/guarantees and collateral provided by the Group for short-term borrowings, short-term notes payable, and long-term borrowings as in Notes 7 (2)-8 and 8, the amounts of guarantee notes issued are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee notes	<u>\$ 52,265,900</u>	<u>\$ 50,414,540</u>

(XIX) Other non-Current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee deposits received	\$ 742,373	\$ 726,494
Defined benefit liability	-	33,719
Others	<u>1,301</u>	<u>1,301</u>
	<u>\$ 743,674</u>	<u>\$ 761,514</u>

(XX) Pensions

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 194,062	\$ 220,446
Fair value of plan assets	<u>(203,376)</u>	<u>(186,727)</u>
Net defined benefit (asset) liability (listed as other non-current (assets) liabilities)	<u>(\$ 9,314)</u>	<u>\$ 33,719</u>

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

	<u>2022</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (asset) liability</u>
January 1	\$ 220,446	(\$ 186,727)	\$ 33,719
Current service cost	1,148	-	1,148
Interest revenue (expense)	<u>1,158</u>	<u>(970)</u>	<u>188</u>
	<u>222,752</u>	<u>(187,697)</u>	<u>35,055</u>
Remeasurements:			
Return on plan assets (other than the amount included in interest revenue or expense)	-	(13,483)	(13,483)
Effects of changes in demographic assumptions	164	-	164
Effects of changes in economic assumptions	487	-	487
Experience adjustments	<u>3,952</u>	<u>-</u>	<u>3,952</u>
	<u>4,603</u>	<u>(13,483)</u>	<u>(8,880)</u>
Contribution to pension fund	-	(6,689)	(6,689)
Payment of pension benefits	<u>(33,293)</u>	<u>4,493</u>	<u>(28,800)</u>
December 31	<u>\$ 194,062</u>	<u>(\$ 203,376)</u>	<u>(\$ 9,314)</u>

	<u>2021</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Defined benefit liability</u>
January 1	\$ 223,728	(\$ 179,301)	\$ 44,427
Current service cost	1,299	-	1,299
Interest revenue (expense)	<u>846</u>	<u>(683)</u>	<u>163</u>
	<u>225,873</u>	<u>(179,984)</u>	<u>45,889</u>
Remeasurements:			
Return on plan assets (other than the amount included in interest revenue or expense)	-	(2,640)	(2,640)
Effects of changes in demographic assumptions	3,666	-	3,666
Effects of changes in economic assumptions	(2,550)	-	(2,550)
Experience adjustments	<u>(3,032)</u>	<u>-</u>	<u>(3,032)</u>
	<u>(1,916)</u>	<u>(2,640)</u>	<u>(4,556)</u>
Contribution to pension fund	-	(7,614)	(7,614)
Payment of pension benefits	<u>(3,511)</u>	<u>3,511</u>	<u>-</u>
December 31	<u>\$ 220,446</u>	<u>(\$ 186,727)</u>	<u>\$ 33,719</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Group's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and

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

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

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.25%~1.35%</u>	<u>0.50%~0.70%</u>
Future salary increase in percent	<u>2.00%</u>	<u>1.00%~2.00%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effects on the present value of a defined benefit obligation	<u>(\$ 3,398)</u>	<u>\$ 3,509</u>	<u>\$ 3,434</u>	<u>(\$ 3,343)</u>
December 31, 2021				

Effects on the present
value of a defined benefit obligation (\$ 3,862) \$ 3,990 \$ 3,909 (\$ 3,803)

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

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

- (6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amounts to NT\$6,842.
- (7) As of December 31, 2022, the weighted average duration of that retirement plan is 6.5~10 years. The analysis of timing of the future pension payment was as follows:

	<u>2022</u>
Less than 1 year	\$ 9,761
1-2 years	33,956
2-5 years	57,571
More than 5 years	<u>53,382</u>
	<u>\$ 154,670</u>

- 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) The Group's sub-subsidiary Shanghai Newzone Fashion Ltd. contributes a monthly amount equal to a fixed percentage of the local employees' monthly salaries and wages as a pension fund in accordance with the pension regulations in the People's Republic of China. The

government administrates the pension fund, and other than the monthly contributions, the Group has no further obligations.

(3) For the years ended December 31, 2022 and 2021, pension expenses were NT\$15,242 and NT\$15,744, respectively.

(XXI) Share-based payment

1. The share-based payment agreement of the Company in 2022 is as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity (shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Shares retained from cash capital increase for employee subscription	September 1, 2022	4,948,000	Not applicable	Immediate vesting

In the above-mentioned share-based payment agreement, the settlement is based on equity.

2. Details of the above share-based payment agreement are as follows:

	<u>2022</u>	
	<u>Number of stock options (shares)</u>	<u>Strike price (NT\$)</u>
Outstanding stock options on January 1	-	\$ -
Stock options granted in this period	4,948,000	50
Stock options exercised in this period	(3,298,000)	50
Stock options that expired in the current period	(1,650,000)	50
Outstanding stock options on December 31	-	

3. For the Company's share-based payment transaction on the grant date, the Black-Scholes-Merton model was adopted to estimate the fair value of the stock options. The relevant information is as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Fair value per share of Expecte options (NT\$)</u>	<u>d price volatility</u>	<u>Expected duration (day)</u>	<u>Expected dividend rate</u>	<u>Strike price (NT\$)</u>	<u>Risk- free rate</u>	<u>Fair value per share (NT\$)</u>
Shares retained from cash capital increase for employee subscription	September 1, 2022	\$ 62.70	51.92%	26	0%	\$50.00	0.77%	\$ 12.70

4. Share-based payments for the expenses generated by transactions are as follows:

	<u>2022</u>	
Equity settled	<u>\$</u>	<u>62,840</u>

(XXII) Capital

1. As of December 31, 2022, the Company's authorized capital was NT\$15,000,000, and the paid-in capital was NT\$11,043,188 with a par value of NT\$10 per share; all shares are issued as ordinary shares. All proceeds from shares issued have been collected.
2. The number of the Company's outstanding shares on December 31, 2022 and 2021 was 1,104,319 thousand and 734,319 thousand, respectively. The number of the Company's outstanding shares (in thousands) at the beginning and end of the period was adjusted as follows:

	<u>2022</u>		<u>2021</u>
January 1	734,319		564,861
Cash Capitalization	370,000		-
Capitalization From Earnings	<u>-</u>		<u>169,458</u>
December 31	<u>1,104,319</u>		<u>734,319</u>

3. The Company decided to conduct a cash capital increase by issuing new shares as approved by resolution of the Board of Directors on July 28, 2022. The total number of shares to be issued was 370,000 thousand shares, with the par value of NT\$10 per share, which were all ordinary shares. The subscription price per share was NT\$50, amounting to NT\$18,500,000. After approval by the competent authority, September 29, 2022 was adopted as the record date for the capital increase, and the registration of the change was completed on October 5, 2022.
4. The Company's shareholders' meeting passed a resolution through electronic voting on June 25, 2021, to conduct capitalization of the undistributed earnings of NT\$1,694,582 by issuing 169,458 thousand new shares. The record date for capital increase approved by the competent authority was October 10, 2021, and the registration of the change was completed on November 1, 2021.
5. As for the treasury shares listed by the Company, they are 36,593

thousand shares held by the subsidiary, Gin-Hong Investment, as of December 31, 2022 and 2021 to protect its shareholders' equity. The information on the amount is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Gin-Hong Investment	<u>\$ 552,479</u>	<u>\$ 552,479</u>

(XXIII) Capital surplus

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

2. Change of capital surplus is as follows:

	<u>2022</u>					
	<u>Issued at</u>	<u>Treasury</u>	<u>Changes in</u>	<u>Employee</u>	<u>Others</u>	<u>Total</u>
	<u>premium</u>	<u>share</u>	<u>the</u>	<u>stock</u>		
		<u>transactions</u>	<u>associates'</u>	<u>options</u>		
			<u>net value of</u>			
			<u>equity</u>			
January 1 (including adjustments due to retrospective restatement)	\$11,114,322	\$ 992,834	\$894,789	\$ -	\$ 89,220	\$13,091,165
Cash Capitalization	14,841,885	-	-	(41,885)	-	14,800,000
Employee stock options that expired	-	-	-	(20,955)	20,955	-
share-based payment transaction	-	-	-	62,840	-	62,840
Cash dividends received by subsidiaries from the parent company	-	100,632	-	-	-	100,632
Changes in the equity of associates recognized based on shareholding percentage	-	-	36,903	-	-	36,903
Overdue dividends not collected by shareholders	-	-	-	-	1,931	1,931
Gains after disgorgement exercised	-	-	-	-	9	9
Income tax effect	-	-	(2,215)	-	-	(2,215)
December 31	<u>\$25,956,207</u>	<u>\$ 1,093,466</u>	<u>\$929,477</u>	<u>\$ -</u>	<u>\$112,115</u>	<u>\$28,091,265</u>

	<u>2021</u>					
	<u>Issued at</u>	<u>Treasury</u>	<u>Changes in</u>	<u>Employee</u>	<u>Others</u>	<u>Total</u>
	<u>premium</u>	<u>share</u>	<u>the</u>	<u>stock</u>		
		<u>transactions</u>	<u>associates'</u>	<u>options</u>		
			<u>net value of</u>			
			<u>equity</u>			
January 1	\$11,114,322	\$961,871	\$692,451	\$ -	\$84,856	\$12,853,500
Adjustments due to retrospective restatement	-	-	200,010	-	-	200,010
January 1 (after restatement)	11,114,322	961,871	892,461	-	84,856	13,053,510
Cash dividends received by subsidiaries from the parent company	-	30,963	-	-	-	30,963
Changes in the equity of associates recognized based on shareholding percentage	-	-	2,476	-	-	2,476
Overdue dividends not collected by shareholders	-	-	-	-	4,364	4,364
Income tax effect	-	-	(148)	-	-	(148)
December 31 (after restatement)	<u>\$11,114,322</u>	<u>\$992,834</u>	<u>\$894,789</u>	<u>\$ -</u>	<u>\$89,220</u>	<u>\$13,091,165</u>

(XXIV) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's

accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
4. The Company's 2021 earnings distribution proposal was adopted by the shareholders' meeting by resolution on June 23, 2022, and the shareholders' meeting reached the resolution threshold through electronic voting on June 25, 2021 and resolved on July 30, 2021 to distribute 2020 earnings. The details are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$1,582,235		\$ 773,316	
Cash dividends	3,671,594	\$ 5.00	1,129,721	\$ 2.00
Share dividend	-	-	1,694,582	3.00
Total	<u>\$5,253,829</u>		<u>\$3,597,619</u>	

5.(1) The appropriation of earnings for 2022 had been proposed by Company's board of directors on March 14, 2023 as follows:

	<u>2022</u>
	<u>Amount</u>
Legal reserve	\$ 1,388,188
Special reserve (Note)	<u>63,312,557</u>
Total	<u>\$ 64,700,745</u>

Note: The components of the special reserve provided for the 2022 distribution plan are as follows:

- a. As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of NT\$3,017,739 were provided.
 - b. Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$40,495,760 for the net deduction of other equity incurred during this period.
 - c. As mentioned in Note 6(7)11(3), as per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. The Company provided a special reserve from the 2022 distributable earnings in accordance with the above regulations (a) and (b) and provided NT\$19,799,058 in accordance with the above-mentioned regulations.
- (2) According to the approval of the proposal made by the Board of Directors on March 14, 2023, the Company distributed cash at NT\$2.00 per share with the legal reserve, for a total amount of NT\$2,208,638.

6. Change of undistributed earnings is as follows:

		(After restatement)
	<u>2022</u>	<u>2021</u>
January 1	\$ 56,072,695	\$ 43,847,965
Appropriation and distribution of earnings:		
- Legal reserve	(1,582,235)	(773,316)
- Cash dividend	(3,671,594)	(1,129,721)
- Share dividend	-	(1,694,582)
To allocate the adjustment resulting from the change in accounting policy to the special reserve	-	(1,771,602)
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	1,145,982	153,391
Changes in associates & joint ventures accounted for using equity method	288,906	18,843
Net income for this period (2021 net income was restated)	12,168,391	17,339,265
Remeasurements of defined benefit obligation		
- The Group	7,793	4,022
- Associates	276,137	80,323
Effect of income tax on Remeasurements of defined benefit obligation		
- The Group	(1,401)	(727)
- Associates	(3,929)	(1,166)
December 31 (2021 data was restated)	<u>\$ 64,700,745</u>	<u>\$ 56,072,695</u>
(XXV) <u>Other equity items</u>		

	<u>2022</u>				<u>Reclassification</u>	<u>Property</u>	
	<u>Unrealized</u>	<u>Foreign currency</u>	<u>Hedging</u>		<u>by the overlay</u>	<u>revaluation</u>	<u>Total</u>
	<u>loss</u>	<u>translation</u>	<u>reserve</u>		<u>approach</u>	<u>surplus</u>	
January 1 (including adjustments due to retrospective restatement)	\$ 9,920,347	(\$ 885,655)	\$ 215	\$18,298,845	\$ 38,727	\$27,372,479	
Unrealized valuation profit or loss of financial assets:							
- Group	(942,812)	-	-	-	-	(942,812)	
-Changes in the Group's disposal	(1,145,982)	-	-	-	-	(1,145,982)	
- Tax related to the group	196,677	-	-	-	-	196,677	
- Associate	(23,024,981)	-	-	-	-	(23,024,981)	
- Changes in disposal of associates	(288,906)	-	-	-	-	(288,906)	

	<u>2022</u>					
	<u>Unrealized</u>	<u>Foreign currency</u>	<u>Hedging</u>	<u>Reclassification</u>	<u>Property</u>	
	<u>valuation profit or</u>	<u>translation</u>	<u>reserve</u>	<u>by the overlay</u>	<u>revaluation</u>	<u>Total</u>
	<u>loss</u>			<u>approach</u>	<u>surplus</u>	
- Tax related to the associates	172,534	-	-	-	-	172,534
Foreign currency translation differences:						
- Group	-	370,555	-	-	-	370,555
- Tax related to the group	-	(74,112)	-	-	-	(74,112)
- Associate	-	65,209	-	-	-	65,209
- Tax related to the associates	-	(9,079)	-	-	-	(9,079)
Reclassification by the overlay approach:						
- Associate	-	-	-	(44,346,126)	-	(44,346,126)
- Tax related to the associates	-	-	-	304,714	-	304,714
December 31	<u>(\$15,113,123)</u>	<u>(\$ 533,082)</u>	<u>\$ 215</u>	<u>(\$25,742,567)</u>	<u>\$ 38,727</u>	<u>(\$41,349,830)</u>

	<u>2021</u>					
	<u>Unrealized</u>	<u>Foreign currency</u>	<u>Hedging reserve</u>	<u>Reclassification</u>	<u>Property</u>	
	<u>valuation profit</u>	<u>translation</u>		<u>by the overlay</u>	<u>revaluation</u>	<u>Total</u>
	<u>or loss</u>			<u>approach</u>	<u>surplus</u>	
January 1	\$28,853,184	(\$ 655,245)	\$ 215	\$12,508,213	\$ -	\$40,706,367
Adjustments due to retrospective restatement	-	-	-	-	38,727	38,727
January 1 (after restatement)	28,853,184	(655,245)	215	12,508,213	38,727	40,706,367
Unrealized valuation profit or loss of financial assets:						
- Group	195,730	-	-	-	-	195,730
-Changes in the Group's disposal	(153,391)	-	-	-	-	(153,391)
- Tax related to the group	214,268	-	-	-	-	214,268
- Associate	(19,430,698)	-	-	-	-	(19,430,698)
- Changes in disposal of associates	(15,048)	-	-	-	-	(15,048)
- Tax related to the associates	256,302	-	-	-	-	256,302
Foreign currency translation differences:						
- Group	-	(246,728)	-	-	-	(246,728)
- Tax related to the group	-	49,345	-	-	-	49,345
- Associate	-	(35,085)	-	-	-	(35,085)
- Tax related to the associates	-	2,058	-	-	-	2,058
Reclassification by the overlay approach:						
- Associate	-	-	-	5,870,290	-	5,870,290
- Tax related to the associates	-	-	-	(79,658)	-	(79,658)
December 31	<u>\$ 9,920,347</u>	<u>(\$ 885,655)</u>	<u>\$ 215</u>	<u>\$18,298,845</u>	<u>\$ 38,727</u>	<u>\$27,372,479</u>

(XXVI) Operation income

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	-	-
Revenue from sales of goods	\$ 2,631,706	\$ 2,495,274
Dividend income	121,738	133,521
Rental income	120,313	66,812
Other operating revenue	<u>438</u>	<u>374</u>
	<u>\$ 2,874,195</u>	<u>\$ 2,695,981</u>

1. Detail of customer contract income

The Group's revenue can be broken down into the major segments below:

<u>2022</u>	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	\$ 1,418,690	\$ 618,678	\$ 1,205,345	\$ 3,242,713
Revenue from internal department transactions	(580,534)	(30,473)	-	(611,007)
Revenue from contracts with external customers	<u>\$ 838,156</u>	<u>\$ 588,205</u>	<u>\$ 1,205,345</u>	<u>\$ 2,631,706</u>
 2021	 Textile segment	 Retail segment	 Hypermarket segment	 Total
Departmental revenue	\$ 1,209,413	\$ 537,558	\$ 1,289,984	\$ 3,036,955
Revenue from internal department transactions	(527,875)	(13,806)	-	(541,681)
Revenue from contracts with external customers	<u>\$ 681,538</u>	<u>\$ 523,752</u>	<u>\$ 1,289,984</u>	<u>\$ 2,495,274</u>

2. Contract assets and liabilities (related parties included)

The Group did not recognize contract assets related to revenue from customer contracts as of December 31, 2022 and 2021. In addition, the contract liabilities recognized by the Group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	<u>\$ 24,692</u>	<u>\$ 24,348</u>	<u>\$ 22,597</u>

(XXVII) Operation Cost

		(After restatement)
	<u>2022</u>	<u>2021</u>
Costs of clients' contracts		
Cost of sales of goods	\$ 1,893,232	\$ 1,739,534
Rental cost	-	-
	<u>\$ 1,893,232</u>	<u>\$ 1,739,534</u>

(XXVIII) Interest revenue

	<u>2022</u>	<u>2021</u>
Interest on cash in banks	\$ 120,204	\$ 26,964
Interest income from the financial assets measured at amortized costs	100,179	10,995
Imputed interest for deposit	78	77
	<u>\$ 220,461</u>	<u>\$ 38,036</u>

(XXIX) Other income

	<u>2022</u>	<u>2021</u>
Rent income	\$ 3,794	\$ 3,592
Dividend income		
Financial assets at fair value through profit or loss	149,936	33,392
Financial Assets at fair value through other comprehensive income acquired	180,826	114,114
Other income	53,914	50,696
	<u>\$ 388,470</u>	<u>\$ 201,794</u>

(XXX) Other gains and losses

			(After restatement)
	<u>2022</u>		<u>2021</u>
Gains on disposals of real estate, plant and equipment	\$ 7,278	\$	18,023
Write-off of loss on investment properties	-	(	7)
Foreign exchange net gain (loss)	1,163,020	(	202,629)
Gains on Financial assets at fair value through profit or loss	243,915		143,521
Fair value adjustment gain - investment property	3,163,963		1,341,722
Impairment loss	(415,570)		-
Others	(4,724)	(	7,528)
	<u>\$ 4,157,882</u>	<u>\$</u>	<u>1,293,102</u>

(XXXI) Financial Costs

	<u>2022</u>	<u>2021</u>
Interest Cost		
Bank loan and short-term notes and bills	\$ 362,092	\$ 310,676
Lease liabilities	1,742	1,721
Others	5,162	5,156
Other financial expenses	<u>10,446</u>	<u>9,105</u>
	<u>\$ 379,442</u>	<u>\$ 326,658</u>

(XXXII) Additional information of expenses by nature

			(After restatement)
	<u>2022</u>		<u>2021</u>
Raw materials and supplies consumed	\$ 78,304	\$	69,142
Changes in inventories of finished goods and work-in-process	777,671		558,766
Changes in merchandise inventory	1,056,383		1,237,610
Contract processing expense	91,870		75,092
Gain from the price recovery of inventory declines	(110,996)	(	201,076)
Employee benefit expense	487,857		457,422
Depreciation expenses for property, plant and equipment	48,941		46,554
Depreciation expenses for right-of-use assets	52,690		52,243
Amortization	3,058		3,264
Expected credit impairment losses	518	(	1,659)
Other operating costs and expenses	331,722		349,235
	<u>\$ 2,818,018</u>	<u>\$</u>	<u>2,646,593</u>

(XXXIII) Employee benefit expense

	<u>2022</u>		<u>2021</u>
Wages and salaries	\$ 339,093	\$	365,618
Labor and Health Insurance costs	31,670		32,894
Pension expense	16,578		17,206
Directors' Remuneration	23,802		27,300
Compensation cost of employee stock options	62,840		-
Other employment fees	13,874		14,404
	<u>\$ 487,857</u>	<u>\$</u>	<u>457,422</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 0.5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
2. For the years ended December 31, 2022 and 2021, employees' compensation was estimated at NT\$39,716 and NT\$47,660, respectively.

The aforementioned amounts were estimated at 0.3% of the year's profitability and accounted for in salary expenses.

Employees' compensation for 2021 as resolved by the board of directors was in agreement with the amount of NT\$47,660 recognized in the 2021 financial statements and would be paid in cash; and was paid out in January 2022.

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.

(XXXIV) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

			(After restatement)
	<u>2022</u>	<u>2021</u>	
Current income tax:			
Income tax occurred in the current period	\$ 154,072	\$ 720,599	
Change on income tax of minimum tax	9,667	-	
Extra imposed on undistributed earnings	528,426	206,621	
Underestimation on income tax for prior years	959	5,055	
Total income tax for current period	<u>693,124</u>	<u>932,275</u>	
Deferred income tax:			
Origination and reversal of temporary differences	337,920	(661,533)	
Income tax expense	<u>\$ 1,031,044</u>	<u>\$ 270,742</u>	

(2) Income tax expense relating to components of other comprehensive loss (income):

	<u>2022</u>	<u>2021</u>
Changes in unrealized valuation (profit) loss -group	(\$ 196,677)	(\$ 214,268)
Differences on translation of foreign operations - group	74,112	(49,345)
Share of other comprehensive income from associates	(464,240)	(177,536)
Remeasurements of defined benefit obligation - group	1,401	727
	<u>(\$ 585,404)</u>	<u>(\$ 440,422)</u>

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

	<u>2022</u>	<u>2021</u>
Capital surplus	<u>(\$ 2,215)</u>	<u>(\$ 148)</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2022</u>	(After restatement) <u>2021</u>
Imputed income tax expenses on pre-tax income at statutory tax rate	\$ 2,678,175	\$ 3,532,552
Expenses to be excluded as stipulated in the tax law	5,345	1,148
Income with exemption from tax as stipulated in the tax law	(2,361,219)	(3,590,592)
Changes in realizability evaluation on deferred income tax assets	(1,856)	122,819
Income tax effects of investment tax credits	(1,172)	-
Land value increment tax	179,579	327
Change on income tax of minimum tax	9,667	-
Tax loss on unrecognized deferred income tax assets	855	1,683
Temporary differences on unrecognized deferred income tax liabilities	(7,715)	(8,871)
Income tax imposed on undistributed earnings	528,426	206,621
Underestimation on income tax for prior years	<u>959</u>	<u>5,055</u>
Income tax expense	<u>\$ 1,031,044</u>	<u>\$ 270,742</u>

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

	<u>2022</u>					
	<u>January 1</u>			<u>Recognized as</u>		
	<u>(including</u>			<u>other</u>		
	<u>adjustments</u>			<u>comprehensive</u>	<u>Recognized</u>	
	<u>due to</u>	<u>Recognized</u>	<u>in profit and</u>	<u>income</u>	<u>in equity</u>	<u>December 31</u>
	<u>retrospective</u>	<u>loss</u>				
	<u>restatement)</u>					
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	\$ 62,738	(\$ 22,314)	\$ -	\$ -	\$ -	\$ 40,424
Impairment loss on fixed assets	5,820	(5,794)	-	-	-	26
Impairment loss on deferred expenses	196	(193)	-	-	-	3
Rental cost of investment property	(2,521)	2,521	-	-	-	-
Impairment loss on investment properties	2,521	46,379	-	-	-	48,900
Impairment loss on other assets	50,417	(46,559)	-	-	-	3,858
Allowance for bad debt exceeding the limits	601	88	-	-	-	689
Unrealized foreign exchange losses	21,739	17,716	-	-	-	39,455
Impairment loss using equity method	90,406	-	-	-	-	90,406
Domestic investment loss	77,768	(622)	-	-	-	77,146
Unrealized gains or losses among companies	617	(212)	-	-	-	405
Portion of other comprehensive income from the subsidiaries and associates	541,187	-	91,504	-	-	632,691
Remeasurements of defined benefit obligation	9,494	-	(1,333)	-	-	8,161
Subtotal	860,983	(8,990)	90,171	-	-	942,164
- Deferred income tax liabilities:						
Foreign investment gain	824,381	(30,526)	-	-	-	793,855
Rental cost of investment property	-	54,727	-	-	-	54,727
Loss on write-off of investment properties	-	3	-	-	-	3
Fair value adjustment gain - investment building	10,850	76,365	-	-	-	87,215
Land value increment tax of investment property	111,260	179,579	-	-	-	290,839

	<u>2022</u>				
	<u>January 1</u>				
	<u>(including</u>				
	<u>adjustments</u>				
	<u>due to</u>	<u>Recognized</u>	<u>other</u>	<u>Recognized</u>	
	<u>retrospective</u>	<u>in profit and</u>	<u>comprehensive</u>	<u>in equity</u>	<u>December 31</u>
	<u>restatement)</u>	<u>loss</u>	<u>income</u>		
Gains on Financial assets at fair value through profit or loss	92,602	48,782	-	-	141,384
Changes in unrealized valuation profit or loss	142,063	-	(95,810)	-	46,253
Portion of other comprehensive income from the associates	<u>440,546</u>	<u>-</u>	<u>(399,423)</u>	<u>2,215</u>	<u>43,338</u>
Subtotal	<u>1,621,702</u>	<u>328,930</u>	<u>(495,233)</u>	<u>2,215</u>	<u>1,457,614</u>
Total	<u>(\$ 760,719)</u>	<u>(\$ 337,920)</u>	<u>\$ 585,404</u>	<u>(\$ 2,215)</u>	<u>(\$ 515,450)</u>

	<u>2021</u>							
	<u>January 1</u>							
		<u>Adjustments</u>		<u>Recognized</u>	<u>Recognized</u>		<u>December</u>	
		<u>due to</u>	<u>January 1 (after</u>	<u>in profit and</u>	<u>as other</u>	<u>Recognized</u>	<u>31 (after</u>	
		<u>retrospective</u>	<u>restatement)</u>	<u>loss</u>	<u>comprehensive</u>	<u>in equity</u>	<u>restatement)</u>	
		<u>restatement</u>			<u>income</u>			
Temporary differences:								
- Deferred income tax assets:								
Loss for market price decline and obsolete and slow-moving inventories	\$ 102,953	\$ -	\$ 102,953	(\$ 40,215)	\$ -	\$ -	\$ 62,738	
Impairment loss on fixed assets	8,659	-	8,659	(2,839)	-	-	5,820	
Impairment loss on deferred expenses	426	-	426	(230)	-	-	196	
Rental cost of investment property	-	(2,606)	(2,606)	85	-	-	(2,521)	
Impairment loss on investment properties	2,606	-	2,606	(85)	-	-	2,521	
Impairment loss on other assets	55,145	-	55,145	(4,728)	-	-	50,417	
Allowance for bad debt exceeding the limits	949	-	949	(348)	-	-	601	
Unrealized foreign exchange losses	10,794	-	10,794	10,945	-	-	21,739	
Impairment loss using equity method	90,406	-	90,406	-	-	-	90,406	

	<u>2021</u>		<u>Adjustments</u>		<u>Recognized</u>	<u>Recognized</u>	<u>December</u>
	<u>January 1</u>	<u>due to</u>	<u>January 1 (after</u>	<u>in profit and</u>	<u>as other</u>	<u>Recognized</u>	<u>31 (after</u>
		<u>retrospective</u>	<u>restatement)</u>	<u>loss</u>	<u>comprehensive</u>	<u>in equity</u>	<u>restatement)</u>
		<u>restatement</u>			<u>income</u>		
Domestic investment loss	86,685	1,002	87,687	(9,919)	-	-	77,768
Unrealized gains or losses among companies	828	-	828	(211)	-	-	617
Loss carryforwards	112,779	-	112,779	(112,779)	-	-	-
Portion of other comprehensive income from the subsidiaries and associates	182,618	(514)	182,104	-	359,083	-	541,187
Remeasurements of defined benefit obligation	10,187	-	10,187	-	(693)	-	9,494
Subtotal	<u>665,035</u>	<u>(2,118)</u>	<u>662,917</u>	<u>(160,324)</u>	<u>358,390</u>	<u>-</u>	<u>860,983</u>
- Deferred income tax liabilities:							
Foreign investment gain	1,671,554	-	1,671,554	(847,173)	-	-	824,381
Fair value adjustment gain - investment building	-	11,751	11,751	(901)	-	-	10,850
Land value increment tax of investment property	-	110,933	110,933	327	-	-	111,260
Gains on Financial assets at fair value through profit or loss	66,712	-	66,712	25,890	-	-	92,602
Changes in unrealized valuation profit or loss	47,451	-	47,451	-	94,612	-	142,063
Portion of other comprehensive income from the associates	611,331	5,711	617,042	-	(176,644)	148	440,546
Subtotal	<u>2,397,048</u>	<u>128,395</u>	<u>2,525,443</u>	<u>(821,857)</u>	<u>(82,032)</u>	<u>148</u>	<u>1,621,702</u>
Total	<u>(\$1,732,013)</u>	<u>(\$ 130,513)</u>	<u>(\$ 1,862,526)</u>	<u>\$ 661,533</u>	<u>\$ 440,422</u>	<u>(\$ 148)</u>	<u>(\$ 760,719)</u>

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

December 31, 2022

<u>Year of occurrence</u>	<u>Declared/Verified</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred income tax assets</u>	<u>The final year in which the tax deduction is applied</u>
2013	\$ 32,850	\$ 32,850	\$ 32,850	2023
2014	14,796	14,796	14,796	2024
2015	5,997	5,997	5,997	2025
2016	5,332	5,332	5,332	2026
2017	1,384	1,384	1,384	2027
2018	73,900	73,900	73,900	2028
2019	583,867	2,803	2,803	2029
2020	973,169	4,518	4,518	2030
2021	8,415	8,415	8,415	2031
2022	4,276	4,276	4,276	2032
	<u>\$ 1,703,986</u>	<u>\$ 154,271</u>	<u>\$ 154,271</u>	

December 31, 2021

<u>Year of occurrence</u>	<u>Declared/Verified</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred income tax assets</u>	<u>The final year in which the tax deduction is applied</u>
2012	\$ 19,479	\$ 19,479	\$ 19,479	2022
2013	32,850	32,850	32,850	2023
2014	14,796	14,796	14,796	2024
2015	5,997	5,997	5,997	2025
2016	5,332	5,332	5,332	2026
2017	1,384	1,384	1,384	2027
2018	73,900	73,900	73,900	2028
2019	583,867	2,803	2,803	2029
2020	960,481	4,518	4,518	2030
2021	8,415	8,415	8,415	2031
	<u>\$ 1,706,501</u>	<u>\$ 169,474</u>	<u>\$ 169,474</u>	

5. Deductible temporary differences that are not recognized as deferred income tax liabilities by the Group

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	(\$ <u>31,608</u>)	(\$ <u>46,675</u>)

6. The Company's income tax returns through 2020 have been assessed as approved by the Tax Authority.

(XXXV) Non-controlling Interest

	<u>2022</u>	<u>2021</u>	
January 1 (including adjustments due to retrospective restatement)	\$ 3,009,647	\$ 9,986,620	
		(5,105	
Decrease in the acquired cash dividends	-	,780)	
Net income for this period (2021 net income was restated)	(5,236)	10 73,580	
		(14	
Capital returned due to capital reduction	-	8,500)	
		(24	
Differences on translation of foreign operations	287,125	5,088)	
	(51	(1,551	
Changes in unrealized valuation profit or loss	5,314)	,719)	
	<u>1,087</u>	<u>534</u>	
Remeasurement of defined benefit plan	\$	\$	
December 31 (2021 data was restated)	<u>2,677,309</u>	<u>3,009,647</u>	

(XXXVI) Earnings per share

	<u>2022</u>	<u>Weighted average number of shares outstanding (thousand shares)</u>	<u>Equity per Share (NT\$)</u>
<u>Basic earnings per share</u>	<u>After-tax amount</u>		
Net income attributable to ordinary shareholders of the parent			
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent			
Dilutive potential ordinary shares effecting employee compensation			
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares			

	<u>2021 (after restatement)</u>		
	<u>After-tax</u>	<u>Retroactively</u>	<u>Equity per</u>
	<u>amount</u>	<u>adjusted number of</u>	<u>Share (NT\$)</u>
		<u>shares outstanding</u>	
		<u>(thousand shares)</u>	
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	<u>\$ 17,339,265</u>	<u>692,235</u>	<u>\$ 25.05</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 17,339,265	692,235	
Dilutive potential ordinary shares effecting employee compensation	-	601	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 17,339,265</u>	<u>692,836</u>	<u>\$ 25.03</u>
The above retroactive adjustments to the number of shares outstanding in 2021 have been retroactively adjusted in proportion to the capitalization of retained earnings in 2021.			

(XXXVII) Cash flow supplementary information

1. Investing activities received partially in cash:

	<u>2022</u>	<u>2021</u>
Disposal of real estate properties, plants and equipment	\$ 285	\$ 76
Add: Gains on disposals of real estate, plants, and equipment	7,278	18,023
Add: Other receivables at the beginning of the period	1,138	-
Less: Other receivables at the end of the period	(4,425)	()
Cash received during this period	<u>\$ 4,276</u>	<u>\$ 18,099</u>

2. Investing activities paid partially by cash:

	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 18,307	\$ 9,347
Add: Other payables at the beginning of the period - payable on equipment	2,799	9,915
Less: Other payables at the end of the period - payable on equipment	(1,057)	(2,799)
Cash payments for current period	<u>\$ 20,049</u>	<u>\$ 16,463</u>
	<u>2022</u>	<u>2021</u>

Purchase of Investment real estate	\$	896	\$	433
Add: Other payables at the beginning of the period-Others		-		326
Less: Other payables at the end of the period-Others	(	149)		-
Cash payments for current period	\$	747	\$	759

	<u>2022</u>		<u>2021</u>	
Purchase of intangible assets	\$	1,381	\$	2,650
Add: Other payables at the beginning of the period-Others		640		-
Less: Other payables at the end of the period-Others	(	288)	(	640)
Cash payments for current period	\$	1,733	\$	2,010

3. Investing activities not affecting cash flow:

	<u>2022</u>	<u>2021</u>
Prepayments for business facilities reclassified to property, plant and equipment	\$ -	\$ 762
Inventories reclassified to Investment real estate	\$ 180,846	\$ 1,696,889
Real estate, plant and equipment transferred to investment properties	\$ 225,593	\$ -
Other non-current assets reclassified to investment property	\$ 4,488	\$ -

(XXXVIII) Liabilities from financing activities

	<u>2022</u>					
	<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	\$ 1,100,000	\$ 2,277,271	\$ 726,494	\$ 30,882,395	\$ 201,730	\$ 35,187,890
Changes of the financing cash flows	1,190,000	(1,780,000)	15,879	(17,532,500)	(52,103)	(18,158,724)
Modifications to leases	-	-	-	-	(433)	(433)
Other non-cash changes	-	2,427	-	105	28	2,560
December 31	<u>\$ 2,290,000</u>	<u>\$ 499,698</u>	<u>\$ 742,373</u>	<u>\$ 13,350,000</u>	<u>\$ 149,222</u>	<u>\$ 17,031,293</u>

	<u>2021</u>					
	<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	\$ 2,287,700	\$ 1,069,319	\$ 738,568	\$ 29,499,731	\$ 66,783	\$ 33,662,101
Changes of the financing cash flows	(1,187,700)	1,210,000	(12,074)	1,382,500	(52,188)	1,340,538
Addition-Newly added lease contracts	-	-	-	-	187,135	187,135
Other non-cash changes	-	(2,048)	-	164	-	(1,884)
December 31	<u>\$ 1,100,000</u>	<u>\$ 2,277,271</u>	<u>\$ 726,494</u>	<u>\$ 30,882,395</u>	<u>\$ 201,730</u>	<u>\$ 35,187,890</u>

VII. Related Party Transactions

(I) Names of related parties and relationship

Name of the related party	Relationship with the Group
Ruentex Development Co., Ltd. (Ruentex Development)	Associate (the investee company accounted for under the equity method by the Company)
Ruen Chen Investment Holdings Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Fu Newlife Corp.	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.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart) (Note 1)	Other related party (the Company is a juridical person director of the company)
Ruentex Xu-Zhan Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Interior Design Inc.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Yang Construction Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)

Name of the related party	Relationship with the Group
Huei Hong Investment Co., Ltd.	Other related party (the Company's juridical person director)
Yi Tai 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)
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)
Ruentex Property Management and Maintenance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Hua Dyeing & Weaving Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Xing Co. Ltd.	Other related party (the Company's juridical person director)
Ruentex Materials Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Security Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction & Development Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Bai-Yi Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction Co., Ltd.	Other related party (a member of the management of the subordinate company of an investee accounted for under the equity method by the Company is the representative of juridical person director of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (the Company's juridical person director)
Samuel Yen-Liang Yin	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Company)
Hsu, Sheng-Yu	The Company's key management personnel
Hsu, Chih-Chang	The Company's key management personnel
Yin Wong, Yee-Fan (Note 2)	The Company's key management personnel

Note 1: The Group completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022 and it has no longer been a related party of the Company since then. The Company's juridical person director at RT-Mart was, of course, discharged.

Note 2: Yin Wong, Yee-Fan retired and resigned as the Chairman of the Company on January 26, 2022, and Hsu, Sheng-Yu was elected by the Board of Directors as the Chairman on January 26, 2022.

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sale of goods:		
Associates	\$ 788	\$ 1,272
Other related parties (Note)	13,198	14,326
Rental income:		
Associates	117	126
Other related parties		
-Ruentex Engineering & Construction	84,754	30,824
-Others	340	741
	<u>\$ 99,197</u>	<u>\$ 47,289</u>

Note: Other related parties-the amounts of transactions with RT-Mart until August 2022 were disclosed.

- (1) The Group leased the land in the Sihua Section in Yangmei, Taoyuan City, and four parcels of land in the Zhennan Section in Wuqi District, Taichung City, to other related parties under an operating lease. The negotiation between both parties determined the transaction price and the payment was collected according to the contract timeline signed by both parties. The lease term is from July 2017 to May 2040. The rents are reviewed and adjusted with the price index every year. The future minimum lease receivable for the irrevocable contract above is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Less than one years	\$ 60,759	\$ 18,723
More than one year and less than five years	231,837	-
More than 5 years	719,661	-
	<u>\$ 1,012,257</u>	<u>\$ 18,723</u>

- (2) There is no significant difference in the Group's transactions prices and payment terms for goods sold between related parties and non-related parties.

2. Purchases of goods

	<u>2022</u>	<u>2021</u>
Purchase of goods:		
Other related parties		
-RT-Mart (Note)	<u>\$ 395,117</u>	<u>\$ 483,456</u>

Note: Other related parties-the amounts of transactions with RT-Mart until August 2022 were disclosed.

There is no significant difference in the Group's transaction prices and payment terms for purchases of goods between related parties and non-related parties.

3. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable:		
Associates	\$ 63	\$ -
Other related parties	<u>51</u>	<u>-</u>
	<u>\$ 114</u>	<u>\$ -</u>
Accounts receivable:		
Associates	\$ 165	\$ 9
Other related parties	<u>994</u>	<u>807</u>
	<u>\$ 1,159</u>	<u>\$ 816</u>
Other receivables:		
Associates		
-Nan Shan Life Insurance	\$ 4,545	\$ 4,545
-Others	511	572
Other related parties		
-RT-Mart (Note)	-	2,860
-Others	<u>1,574</u>	<u>1,170</u>
	<u>\$ 6,630</u>	<u>\$ 9,147</u>

Note: The Company completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022 and it has no longer been a related party of the Company since then. Therefore, the amounts receivable to the related party are not disclosed.

(1) Please refer to Note 6 (2) for the aging analysis of notes and accounts receivable.

(2) Other accounts receivable are mainly receivables from related parties for

services, computer services, interest, etc.

4. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable:		
Associates	\$ 35	\$ 39
Other related parties		
-RT-Mart (Note)	-	87,725
-Others	310	616
	<u>\$ 345</u>	<u>\$ 88,380</u>
Accounts payable:		
Associates	\$ -	\$ 171
Other related parties		
-RT-Mart (Note)	-	18,314
	<u>\$ -</u>	<u>\$ 18,485</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
Associates	\$ 852	\$ 97
Other related parties		
-RT-Mart (Note)	-	13,586
-Others	416	117
	<u>\$ 1,268</u>	<u>\$ 13,800</u>

Note: The Group completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022 and it has no longer been a related party of the Company since then. Therefore, the amounts payable to the related party are not disclosed.

Other payables are mainly payables to related parties for services, insurance services, and royalties.

5. Non-operating Income and Expenses

	<u>2022</u>	<u>2021</u>
Interest revenue:		
Associates		
-Nan Shan Life Insurance	\$ <u>8,750</u>	\$ <u>8,750</u>
Dividend income:		
Other related parties		
-Ruentex Engineering & Construction	\$ 151,395	\$ 81,306
-Others	<u>1,669</u>	<u>5,497</u>
	\$ <u>153,064</u>	\$ <u>86,803</u>
Other income:		
Associates	\$ 6,464	\$ 6,438
Other related parties		
-Ruentex Engineering & Construction	5,206	9,183
-Others	<u>10,433</u>	<u>8,031</u>
	\$ <u>22,103</u>	\$ <u>23,652</u>

(1) Interest income is mainly generated from the financial assets measured at amortized costs.

(2) Other income mainly refers to income from the computer services and management services provided to related parties.

6. Entrusted management and procurement agreement of the Wholesale Business Department

(1) In November 1998, the Company and RT-Mart signed the entrusted management and procurement agreement for the Zhonghe Hypermarket to authorize RT-Mart to provide the hypermarket management and joint procurement services. The agreement period is from November 1998 to December 2023 after multiple additions of supplementary agreements and extensions based on mutual agreement.

(2) The royalties (including return on earnings) for January 1 to August 31, 2022 and for 2021 were NT\$7,854 and NT\$21,166, respectively.

7. Property transactions

Acquisition and disposal of financial assets

Please refer to the description of Note 6(5) and 7.

8. Endorsements or Guarantees made by related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel	<u>\$ 44,909,900</u>	<u>\$ 46,258,540</u>

9. Others

Please refer to Note 6(14) for details.

(III) Key management compensation information

	<u>2022</u>	<u>2021</u>
Wages and salaries and other short-term employee benefits	\$ 58,552	\$ 55,960
Compensation cost of employee stock options	22,758	-
Post-employment benefits	<u>717</u>	<u>1,479</u>
Total	<u>\$ 82,027</u>	<u>\$ 57,439</u>

VIII. Pledged Assets

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

<u>Asset items</u>	<u>Carrying amount</u>	(After restatement)	(After restatement)	<u>For guarantee purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>	
Investments accounted for using equity method	\$ 8,012,824	\$ 19,575,847	\$16,136,702	For mid- and long-term loans, short-term borrowings, and issue of commercial paper
Inventories	83,134	261,483	1,958,372	Mid- and long-term loans
Property, plant, and equipment	938,188	1,181,397	1,195,882	Mid- and long-term loans
Financial assets at fair value through other comprehensive income acquired - non-Current	1,426,120	1,389,865	1,119,503	Mid- and long-term loans
Investment Real Estate	7,876,761	4,320,000	1,270,000	Mid- and long-term loans
Financial Assets at amortized cost- non-Current	4,701,510	624,083	638,117	For legal litigation, tariffs, bank secured loans, and short-term borrowings

IX. Significant contingent liabilities and unrecognized contractual commitments

Except for those mentioned in Notes 6(7), (9), (10), (18) and 7, there are other material contingent liabilities and unrecognized contractual commitments as follows: In order to help solve the problem of insufficient school buildings in elementary schools in Hsinchu County, the Group signed a land exchange agreement with the Hsinchu County Government in February 2021 to exchange land lot 219 held in Taifeng Section, Xinfeng Township, Hsinchu County (accounted for under inventories - construction land) for the land in Pingding Section, Xinfeng Township, Hsinchu County, held by the Hsinchu County Government. As of February 2022, as the procedures have not been completed, the agreement was automatically cancelled. In 2023, the Group signed a new land exchange agreement with the Hsinchu County Government. However, the valuation process for the aforementioned transaction has not been completed as of March 14, 2023.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Notes 6(24) and (33) and 9, other subsequent events are as follows:

1. The earning distribution plan for the year ended December 31, 2022 of Gin-Hong Investment, a subsidiary of the Company, approved by the Board of Directors' meeting on March 10, 2023 is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 6,236,851	
Cash dividends	56,131,663	\$ 0.98
Total	<u>\$ 62,368,514</u>	

2. The earning distribution plan for the year ended December 31, 2022 of Kompas, a subsidiary of the Company, approved by the Board of Directors' meeting on March 10, 2023 is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 283	
Cash dividends	2,547	\$ 0.64
Total	<u>\$ 2,830</u>	

XII. Others

(I) Assessment of the impact of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic in early 2020 impacted the global economy and significantly weakened the consumption power at home and abroad. Since 2021, the overseas pandemic has slowed down. Although the pandemic escalated in Taiwan, each segment's operating income has maintained at the same level or fluctuated slightly compared with the same period last year. The Group will continue to implement the principle of risk diversification to reduce the degree of impact of the pandemic on the overall operations.

The Group continues to pay attention to the development of the pandemic and to strengthen supply chain management. It implements epidemic management and prevention measures in the office area to stabilize production and shipments.

(II) 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 strategy for year 2022 is consistent with that of year 2021. The Group's debt ratios as of December 31, 2022 and 2021 and January 1, 2021 were as follows:

	<u>December 31,</u> <u>2022</u>	(After restatement) <u>December 31, 2021</u>	(After restatement) <u>January 1, 2021</u>
Total borrowings	\$ 16,139,698	\$ 34,259,666	\$ 32,856,750
Less: Cash and cash equivalents	(9,549,587)	(12,670,498)	(19,164,077)
Net debt	6,590,111	21,589,168	13,692,673
Total equity	<u>82,278,508</u>	<u>122,422,770</u>	<u>126,270,473</u>
Total capital	<u>\$ 88,868,619</u>	<u>\$144,011,938</u>	<u>\$139,963,146</u>
Debt-to-total-capital ratio	7.42%	14.99%	9.78%

(III) Financial instruments

1. Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - non-current	\$ 3,092,072	\$ 2,695,926
Financial assets at fair value - current and non-current	7,106,544	9,411,176
Financial assets at amortised cost		
Cash and cash equivalents	9,549,587	12,670,498
Notes receivable	380	280

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes Receivable – related party	114	-
Accounts receivable	205,421	186,438
Accounts receivable - related party	1,159	816
Other receivables	74,954	12,560
Other receivables - related Party	6,630	9,147
Financial Assets at amortized cost- non-Current	4,951,510	874,083
Refundable deposits (listed as other non-current assets)	<u>45,502</u>	<u>45,250</u>
	<u>25,033,873</u>	<u>25,906,174</u>
<u>Financial liabilities</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,290,000	\$ 1,100,000
Short-term bills payable	499,698	2,277,271
Notes payable	99,243	13,195
Notes Payable – related Party	345	88,380
Accounts payable	235,336	189,613
Accounts Payable – related Party	-	18,485
Other payables	297,381	283,501
Other Payable - Related Party	1,268	13,800
Long-term borrowings (including due within one year or one operating cycle)	13,350,000	30,882,395
Guarantee deposits received (listed as other non-current liabilities)	<u>742,373</u>	<u>726,494</u>
	<u>\$ 17,515,644</u>	<u>\$ 35,593,134</u>
Lease liabilities - current and non-current	<u>\$ 149,222</u>	<u>\$ 201,730</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:

<u>December 31, 2022</u>				<u>Sensitivity analysis</u>		
	<u>Foreign currency (thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Range of variatio n</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensiv e income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 346,024	30.710	\$10,626,397	5%	\$531,320	\$ -
HKD:NTD	154	3.940	607	5%	30	-
CNY:NTD	9,515	4.408	41,942	5%	2,097	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 331	30.710	\$ 10,165	5%	\$ 508	\$ -
HKD:NTD	592	3.940	2,332	5%	117	-

December 31, 2021

Sensitivity analysis

	<u>Foreign currency (thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Range of variatio n</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensiv e income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 377,195	27.680	\$10,440,758	5%	\$522,038	\$ -
HKD:NTD	334	3.550	1,186	5%	59	-
CNY:NTD	7,103	4.344	30,855	5%	1,543	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	\$ 126	27.680	\$ 3,488	5%	\$ 174	\$ -
HKD:NTD	151	3.550	536	5%	27	-

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\$1,163,020 and losses of NT(\$202,629) for the years ended December 31, 2022 and 2021, respectively.

Price risk

- A. The Group's debt and equity instruments exposed to price risk were the financial assets at fair value through profit or loss and 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 or foreign 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 5% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for the years ended December 31, 2022 and 2021 would have increased/decreased by NT\$355,327 and NT\$470,559.
- C. The Group has mostly invested in foreign debt instruments issued via privately offered fund, and the prices of such debt instruments would change due to the change of the future value of said instruments. If the prices of such debt instruments had increased/decreased by 5% with all other variables held constant, the net income after tax for 2022 and 2021 arising from gains or

losses on debt instruments at fair value through profit or loss would increase or decrease by NT\$123,683 and NT\$107,837.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from total borrowings with floating interest rates that expose the Group to cash flow interest rate risk. For the years ended December 31, 2022 and 2021, 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 exposed to interest rate risk from any future market interest rate change.
- C. If interest rates on borrowings had been 0.5% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2022 and 2021 would have increased/decreased NT\$64,559 and NT\$137,039, 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 counterparties of financial instruments on the contract obligations. Credit risk arises from outstanding accounts receivable that counterparties fail to deliver in accordance with the payment terms in the categories of financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive income, and contractual cash flow measured at amortized cost.
- B. The Group manages its credit risk based on a Group-oriented system. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. 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) With an external rating agency rated as investment grade at the balance sheet date, the financial 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. Receivables are grouped based on customer's types, and the Group applies the simplified approach using loss rate methodology to estimate 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 considers customers' past default records and actual financial position to adjust historical and real-time information to assess the default possibility and estimate loss allowance for accounts receivable (including related parties). As of December 31, 2022 and 2021, the loss rate methodology is as follows:

<u>December 31,</u> <u>2022</u>	<u>Not overdue</u>	<u>Past due 1-90</u> <u>days</u>	<u>Past due 91</u> <u>days and more</u>	<u>Total</u>
Expected loss	0.00%~0.13%	6.24%	50%~100%	
Total carrying amount (including related parties)	<u>\$ 196,184</u>	<u>\$ 11,281</u>	<u>\$ 575</u>	<u>\$ 208,040</u>
Allowance for losses	<u>\$ 282</u>	<u>\$ 704</u>	<u>\$ 474</u>	<u>\$ 1,460</u>

<u>December 31,</u> <u>2021</u>	<u>Not overdue</u>	<u>Past due 1-90</u> <u>days</u>	<u>Past due 91</u> <u>days and more</u>	<u>Total</u>
Expected loss	0.00%~0.04%	0.57%	50%~100%	
Total carrying amount (including related parties)	<u>\$ 180,395</u>	<u>\$ 6,765</u>	<u>\$ 1,036</u>	<u>\$ 188,196</u>
Allowance for losses	<u>\$ 64</u>	<u>\$ 39</u>	<u>\$ 839</u>	<u>\$ 942</u>

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

	<u>2022</u>	<u>2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 942	\$ 2,601
Provision of impairment loss	518	-
Gains on reversal of impairment loss	-(1,659)	
December 31	<u>\$ 1,460</u>	<u>\$ 942</u>

J. The financial assets measured by the amortized cost accounted for by the Group are time deposits as a pledge and subordinated bonds. Because the cooperating financial institutions' credit ratings are good, and the Group has conducted transactions with many financial institutions to diversify the credit risk, the probability of default is expected to be very low.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Finance Department. The financial department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, in order to prevent the

Group from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

B. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and repurchasable bonds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2022 and 2021, the Group's position held in money market were NT\$9,493,796 and NT\$12,637,407.

C. Detail of the loan credit not yet drawn down by the Group is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Due within one year	\$ 6,480,000	\$ 3,940,000
Due longer than one year	<u>23,270,000</u>	<u>8,995,000</u>
	<u>\$ 29,750,000</u>	<u>\$ 12,935,000</u>

D. 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:

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>Within 1-5 years</u>
Short-term borrowings (Note)	\$ 2,292,730	\$ -
Short-term notes and bills payable (Note)	500,000	-
Notes payable	99,243	-
Notes Payable – related Party	345	-
Accounts payable	235,336	-
Accounts Payable – related Party	-	-
Other payables	297,381	-
Other Payable - Related Party	1,268	-
Lease liabilities (Note)	56,631	97,881
Long-term borrowings (including due within one year or one operating cycle) (Note)	2,004,102	11,655,314

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>Within 1-5 years</u>
Short-term borrowings (Note)	\$ 1,102,075	\$ -
Short-term notes and bills payable (Note)	2,280,000	-
Notes payable	13,195	-
Notes Payable – related Party	88,380	-
Accounts payable	189,613	-
Accounts Payable – related Party	18,485	-
Other payables	283,501	-
Other Payable - Related Party	13,800	-
Lease liabilities (Note)	54,226	151,370
Long-term borrowings (including due within one year or one operating cycle) (Note)	1,444,634	29,601,472

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

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.

(IV) 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. It includes the fair value of the investment in stocks listed in TWSE and TPEx, part of the investment in stocks listed in the emerging stock market, and the group's investment in domestic convertible bonds.

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. It includes the investment in stocks listed in the TWSE and TPEx via private placement, part of the investment in stocks listed in the

emerging stock market, investment in equity instruments without an active market, and investment property.

2. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, 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, accounts payable, other payables, long-term borrowings, long-term notes accounts payable and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.
3. Classification of financial instruments and non-financial instruments at fair value based on the natures, characteristic and risk, and fair value level is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
Non-derivative financial assets				
- Foreign privately offered fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,092,072</u>	<u>\$3,092,072</u>
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEx-listed stocks	\$4,467,555	\$ -	\$ -	\$4,467,555
- Domestic stocks listed in TPEx	-	-	34,078	34,078
- Domestic unlisted stocks	-	-	93,160	93,160
- Foreign listed stocks	<u>2,511,751</u>	<u>-</u>	<u>-</u>	<u>2,511,751</u>
Subtotal	<u>\$6,979,306</u>	<u>\$ -</u>	<u>\$ 127,238</u>	<u>\$7,106,544</u>
Investment property (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,557,513</u>	<u>\$8,557,513</u>
Total	<u><u>\$6,979,306</u></u>	<u><u>\$ -</u></u>	<u><u>#####</u></u>	<u><u>#####</u></u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income acquired - current				
Equity instrument investment				
- Domestic unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,303,338</u>	<u>\$1,303,338</u>
Financial assets at fair value through profit or loss - non-current				
Non-derivative financial assets				
- Foreign privately offered fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,695,926</u>	<u>\$2,695,926</u>
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEX-listed stocks	<u>\$4,819,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,819,305</u>
- Domestic unlisted stocks	<u>-</u>	<u>-</u>	<u>110,365</u>	<u>110,365</u>
- Foreign listed stocks	<u>3,178,168</u>	<u>-</u>	<u>-</u>	<u>3,178,168</u>
Subtotal	<u>\$7,997,473</u>	<u>\$ -</u>	<u>\$ 110,365</u>	<u>\$8,107,838</u>
Investment property (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,981,727</u>	<u>\$4,981,727</u>
Total	<u><u>\$7,997,473</u></u>	<u><u>\$ -</u></u>	<u><u>\$9,091,356</u></u>	<u><u>\$17,088,829</u></u>
January 1, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
- Domestic convertible bonds	<u>\$ 37,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,262</u>
- Foreign privately offered fund	<u>-</u>	<u>-</u>	<u>2,296,759</u>	<u>2,296,759</u>
Subtotal	<u>\$ 37,262</u>	<u>\$ -</u>	<u>\$2,296,759</u>	<u>\$2,334,021</u>
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEX-listed stocks	<u>\$3,990,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,990,465</u>
- Domestic stocks listed in TPEX	<u>83,278</u>	<u>-</u>	<u>-</u>	<u>83,278</u>
- Domestic unlisted stocks	<u>-</u>	<u>-</u>	<u>660,682</u>	<u>660,682</u>
- Foreign listed stocks	<u>514,566</u>	<u>-</u>	<u>-</u>	<u>514,566</u>
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>5,941,056</u>	<u>5,941,056</u>
Subtotal	<u>\$4,588,309</u>	<u>\$ -</u>	<u>\$6,601,738</u>	<u>\$11,190,047</u>
Investment property (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,942,690</u>	<u>\$1,942,690</u>
Total	<u><u>\$4,625,571</u></u>	<u><u>\$ -</u></u>	<u><u>\$10,841,187</u></u>	<u><u>\$15,466,758</u></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) The Group used market quoted prices as fair values (that is, Level 1)

of investment in stocks listed in TWSE and TPEx, partial investment in stocks listed in the emerging stock market, and investment in domestic convertible bonds, and the quoted prices are the closing prices.

- (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. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(4)10.
- (5) 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 the Group 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: It is adjusted with reference to the average movement of the consumer price index over the past ten years.

(6) 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.

(7) The Group includes credit risk valuation adjustment in the fair value calculation for financial instruments and non-financial instruments to reflect the counterparty credit risk and the credit quality of the Group.

5. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

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

	<u>2022</u>	<u>2021</u>	
	<u>Debt instruments</u>	<u>Equity instruments at</u>	
	<u>at fair value</u>	<u>fair value through</u>	
	<u>through profit or</u>	<u>other comprehensive</u>	
	<u>loss</u>	<u>income</u>	<u>Total</u>
January 1	\$ 2,695,926	\$ 1,413,703	\$ 4,109,629
Purchase for current period	152,231	-	152,231
Decrease in the current period			
- Cost	-	(706)	(706)
-Adjustments for valuation	-	706	706
Sales for current period			
- Cost	-	(152,740)	(152,740)
-Adjustments for valuation	-	(1,146,688)	(1,146,688)
Adjustments for valuation	243,915	12,963	256,878
December 31	<u>\$ 3,092,072</u>	<u>\$ 127,238</u>	<u>\$ 3,219,310</u>
	<u>2021</u>	<u>2020</u>	
	<u>Debt instruments</u>	<u>Equity instruments at</u>	
	<u>at fair value</u>	<u>fair value through</u>	
	<u>through profit or</u>	<u>other comprehensive</u>	
	<u>loss</u>	<u>income</u>	<u>Total</u>
January 1	\$ 2,296,759	\$ 6,601,738	\$ 8,898,497
Purchase for current period	267,664	10,013	277,677
Cash Reduction	-	(127,438)	(127,438)
Sale			
- Cost	-	(5,723,753)	(5,723,753)
-Adjustments for valuation	-	420	420
Transfer out			
- Cost	-	(6,954)	(6,954)
-Adjustments for valuation	-	6,954	6,954
Adjustments for valuation	131,503	313,437	444,940
Net exchange differences recognized as other comprehensive income	-	339,286	339,286
December 31	<u>\$ 2,695,926</u>	<u>\$ 1,413,703</u>	<u>\$ 4,109,629</u>

7. Please refer to Note 6(5) for the transfers at Level 3 during 2022 and 2021.

8. 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 determined according to the valuation method and parameter assumptions announced by the Financial Supervisory Commission, or they are appraised by external appraisers.
9. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

December 31, 2022		Significant unobservable		inputs and	
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Inputs</u>	<u>Interval</u>	<u>Fair value relationship</u>
Investment Real Estate	\$ 3,910,817	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	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.
"	4,646,696	The method of land development analysis	Profit margin and overall capital interest rate	Note 2	As the profit margin increases, the fair value is higher; as the overall capital interest rate increases, the fair value is lower
Non-derivative Equity Instrument:					
Shares of domestic TPEX-listed companies	34,078	Market approach	Discount for lack of marketability	22.61%	The higher the degree of lack of liquidity, the lower the fair value estimate
Domestic unlisted stocks	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"	92,460	Market approach	Discount for lack of marketability	20.34%~28.04%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	3,092,072	Asset-Based Approach	Not applicable	Not applicable	Not applicable
December 31, 2021		Significant unobservable		inputs and	
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Inputs</u>	<u>Interval</u>	<u>Fair value relationship</u>

Investment Real Estate	\$	4,981,727	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	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.
Non-derivative Equity Instrument:						
Domestic unlisted stocks	\$	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"		1,413,003	Market approach	Discount for lack of marketability	16.11%~38.26%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund		2,695,926	Asset-Based Approach	Not applicable	Not applicable	Not applicable
		January 1, 2021		Significant unobservable		inputs and
		<u>Fair value</u>	<u>Valuation techniques</u>	<u>Inputs</u>	<u>Interval</u>	<u>Fair value relationship</u>
Investment Real Estate	\$	1,942,690	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	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.
Non-derivative Equity Instrument:						
Domestic unlisted stocks	\$	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"		659,982	Market approach	Discount for lack of marketability	20.27%~28.24%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign unlisted stocks		5,941,056	Asset-Based Approach	Not applicable	Not applicable	Not applicable
Foreign privately offered fund		2,296,759	Asset-Based Approach	Not applicable	Not applicable	Not applicable

Note 1: Please refer to Note 6(11) for the range of long-term rental income growth rates and the range of discount rates.

Note 2: Please refer to Note 6(11) for the profit margin and overall capital interest rate.

10. 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 a change in the valuation parameters, then the impact on profit or loss or other comprehensive income is as follows:

		<u>December 31, 2022</u>			<u>December 31, 2022</u>	
		<u>Change s</u>	<u>Recognized in profit and loss</u>		<u>Recognized as other comprehensive income</u>	
<u>Inputs</u>			<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability					
	Marketability discount	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,724</u>	<u>(\$ 12,724)</u>
Debt instrument	Lack of marketability					
	Marketability discount	±10%	<u>\$309,207</u>	<u>(\$309,207)</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>December 31, 2021</u>			<u>December 31, 2021</u>	
		<u>Change s</u>	<u>Recognized in profit and loss</u>		<u>Recognized as other comprehensive income</u>	
<u>Inputs</u>			<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability					
	Marketability discount	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,370</u>	<u>(\$ 141,370)</u>
Debt instrument	Lack of marketability					
	Marketability discount	±10%	<u>\$269,593</u>	<u>(\$269,593)</u>	<u>\$ -</u>	<u>\$ -</u>

XIII. Separately Disclosed Items

(I) Significant transaction information

- Loans to others: None.
- Endorsement/guarantee provided for others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to Table 2.

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. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 4.

(II) Information on Investees

Names, locations and other information of investees (not including investees in China): Please refer to Table 5.

(III) Information on Investments in China

1. Basic information: Please refer to Table 6.
2. Significant transactions that occur directly or indirectly through a business in a third region and investees in China: Please refer to Table 6.

(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 Group's Chief Operating Decision-Maker operate businesses and evaluate departmental performance from an industry perspective; the Group currently focuses on the textile, retail, hypermarket, construction, and investment businesses.

(II) Measurement of segment information

1. The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note 4.
2. The Group evaluates the performance based on segment revenue and segment net operating profit (loss), instead of the segment assets.

(III) Information on Departments

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

	<u>2022</u>						
	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Construction segment</u>	<u>Investment segment</u>	<u>Internal write-off</u>	<u>Total</u>
Revenue from external customers	\$ 838,156	\$ 588,205	\$ 1,229,234	\$ 96,424	\$ 122,176	\$ -	\$ 2,874,195
Internal revenue	<u>580,534</u>	<u>30,473</u>	<u>-</u>	<u>14,466</u>	<u>106,246</u>	<u>(731,719)</u>	<u>-</u>
Departmental revenue	<u>\$ 1,418,690</u>	<u>\$ 618,678</u>	<u>\$ 1,229,234</u>	<u>\$ 110,890</u>	<u>\$ 228,422</u>	<u>(\$ 731,719)</u>	<u>\$ 2,874,195</u>
Operating net income (loss) from the department to be reported	<u>(\$ 218,978)</u>	<u>\$ 69,237</u>	<u>\$ 24,742</u>	<u>\$ 66,071</u>	<u>\$ 115,105</u>	<u>\$ -</u>	<u>\$ 56,177</u>
Share of profit or loss on associates accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,506,919</u>	<u>\$ 143,732</u>	<u>\$ 8,650,651</u>
Dividend income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,762</u>	<u>\$ -</u>	<u>\$ 330,762</u>
Financial Costs	<u>(\$ 373,909)</u>	<u>(\$ 32)</u>	<u>(\$ 2,489)</u>	<u>(\$ 5,169)</u>	<u>(\$ 1)</u>	<u>\$ 2,158</u>	<u>(\$ 379,442)</u>
Interest revenue	<u>\$ 203,108</u>	<u>\$ 6</u>	<u>\$ 61</u>	<u>\$ 368</u>	<u>\$ 16,946</u>	<u>(\$ 28)</u>	<u>\$ 220,461</u>
	<u>2021 (after restatement)</u>						
	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Construction segment</u>	<u>Investment segment</u>	<u>Internal write-off</u>	<u>Total</u>
Revenue from external customers	\$ 681,538	\$ 523,752	\$ 1,314,020	\$ 42,776	\$ 133,895	\$ -	\$ 2,695,981
Internal revenue	<u>527,875</u>	<u>13,806</u>	<u>-</u>	<u>14,468</u>	<u>46,118</u>	<u>(602,267)</u>	<u>-</u>
Departmental revenue	<u>\$ 1,209,413</u>	<u>\$ 537,558</u>	<u>\$ 1,314,020</u>	<u>\$ 57,244</u>	<u>\$ 180,013</u>	<u>(\$ 602,267)</u>	<u>\$ 2,695,981</u>
Operating net income (loss) from the department to be reported	<u>(\$ 81,344)</u>	<u>(\$ 12,556)</u>	<u>\$ 22,665</u>	<u>\$ 9,591</u>	<u>\$ 111,032</u>	<u>\$ -</u>	<u>\$ 49,388</u>
Share of profit or loss on associates accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,492,976</u>	<u>(\$ 65,051)</u>	<u>\$ 16,427,925</u>
Dividend income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,506</u>	<u>\$ -</u>	<u>\$ 147,506</u>
Financial Costs	<u>(\$ 320,944)</u>	<u>(\$ 55)</u>	<u>(\$ 2,772)</u>	<u>(\$ 5,162)</u>	<u>(\$ 1)</u>	<u>\$ 2,276</u>	<u>(\$ 326,658)</u>
Interest revenue	<u>\$ 25,817</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 177</u>	<u>\$ 11,988</u>	<u>\$ -</u>	<u>\$ 38,036</u>

(IV) Reconciliation for segment income (loss)

1. The Group's business in the textile department, retail department, and construction department are determined as negotiated by the participating parties; sales made by the Wholesale Business Department are handled as regular sales. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with the revenue in comprehensive income statements.
2. Reconciliation for segment income (loss) and profit before income tax from continuing operations for the years ended December 31, 2022 and 2021 is as follows:

	(After restatement)	
	<u>2022</u>	<u>2021</u>
Income/loss from the department to be reported	\$ 56,177	\$ 49,388
Adjustments and written-off	-	-
Total	56,177	49,388
Share of profit or loss on associates accounted for using the equity method	8,650,651	16,427,925
Financial Costs	(379,442)	(326,658)
Interest revenue	220,461	38,036
Other income	388,470	201,794
Other gains and losses	4,157,882	1,293,102
Income before tax from continuing operations	<u>\$ 13,094,199</u>	<u>\$ 17,683,587</u>

(V) Information on products and services

The Group's main business items are the textile business, including manufacturing, processing, dyeing and finishing, printing, and marketing of woven fabrics, garments, knitted fabrics, and woven fabric items, and the construction business, including commissioning of construction companies to build public housing projects and office buildings, and leasing and sales of property, as well as the operation and management of shopping malls and markets, and import for its hypermarket business. Please refer to Note 6 (25).

(VI) Geographical information

Geographical information for the years ended December 31, 2022 and 2021

is as follows:

	<u>2022</u>		(After restatement) <u>2021</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 2,872,964	\$10,131,649	\$ 2,598,302	\$ 7,255,714
Asia	<u>1,231</u>	<u>1,141</u>	<u>97,679</u>	<u>2,790</u>
Total	<u>\$ 2,874,195</u>	<u>\$10,132,790</u>	<u>\$ 2,695,981</u>	<u>\$ 7,258,504</u>

(VII) Major customer information

For 2022 and 2021, the Group did not have any single external customer accounting for 10% or more of the Group's revenue.

Ruentex Industries Ltd. and Subsidiaries

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

December 31, 2022

Attached Table 1

Unit: NT\$ thousands

(Except as Otherwise Indicated)

Company holding the securities	Type and name of the securities	Relationship with the issuer of securities	Account recognized	Shares	End of the period			Remark
					Carrying amount	Shareholding percentage	Fair value	
	(Note 1)	(Note 2)			(Note 3)			(Note 4)
Ruentex Industries Ltd.	Magi Capital Fund II, L.P.	—	Financial assets at fair value through profit or loss - non-current	-	\$ 289,692	5.23	\$ 289,692	
	HOPU USD MASTER FUND III, L.P.	—	"	-	2,802,380	3.80	2,802,380	
	Shares of Ruentex Engineering & Construction Co., Ltd.	A subordinate company of the investee accounted for under the equity method	Financial assets at fair value through other comprehensive income - non-current	16,821,685	2,111,121	9.10	2,111,121	
	Shares of Save & Safe Corporation	—	"	4,267,233	78,816	2.51	78,816	
	Shares of Ruentex Interior Design Inc.	—	"	333,773	34,078	2.47	34,078	
	Shares of Huiyang Venture Capital Co., Ltd.	—	"	70,000	700	2.56	700	
	Shares of Uni Airways Corporation	—	"	695,077	13,644	0.18	13,644	
	Shares of Pacific Resources Corporation	—	"	157,721	-	1.05	-	Note 10
	Shares of Brogent Technologies Inc.	—	"	3,230,310	415,095	5.26	415,095	
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	"	10,261,408	725,481	4.07	725,481	Note 7
	Shares of OBI Pharma, Inc.	—	"	9,358,385	646,664	4.08	646,664	Notes 5 and 8
	Shares of Sunny Friend Environmental Technology Co., Ltd.	—	"	2,309,999	399,630	2.07	399,630	Note 6
	Shares of Ruentex Materials Co., Ltd.	The Company is a juridical person director of the company.	"	7,139,530	169,564	4.76	169,564	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	250,000	-	250,000	
Gin-Hong Investment Co., Ltd.	Shares of Ruentex Industries Ltd.	The Company	Financial assets at fair value through other comprehensive income - non-current	36,593,388	2,378,570	3.31	2,378,570	
Concord Greater China Limited.	Shares of Sun Art Retail Group Ltd.	—	"	231,204,324	2,332,026	2.42	2,332,026	
Sinopac Global Investment Ltd.	Shares of Asensus Surgical (ASXC)	—	"	15,333	163	0.01	163	
	Shares of OPKO Health Inc.(OPK)	—	"	4,571,665	175,495	0.66	175,495	
	Shares of Gogoro Inc.(GGR)	—	"	41,647	4,067	0.02	4,067	Note 9

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".

Note 5: The provision of 8,000 thousand shares, a total of NT\$552,800 thousand was pledged to financial institutions for financing loans.

Note 6: The provision of 2,310 thousand shares, a total of NT\$399,630 thousand was pledged to financial institutions for financing loans.

Note 7: The provision of 6,700 thousand shares, a total of NT\$473,690 thousand was pledged to financial institutions for financing loans.

Note 8: Please refer to Note 6(5) to the consolidated financial statements for information on the acquisition of OBI Pharma, Inc.'s shares.

Note 9: Please refer to Note 6(5) to the consolidated financial statements for information on the acquisition of Gogoro Inc.(GGR)'s shares.

Note 10: Please refer to Note 6(5) to the consolidated financial statements for information on the capital returned due to capital reduction of Pacific Resources Corporation's shares.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Attached Table 2

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

<u>Buying/selling company</u>	Type and name of the securities (Note 1)	Account recognized	Counterparty (Note 2)	Relationship (Note 2)	<u>Beginning of the period</u>		<u>Buying (Note 3)</u>		<u>Selling (Note 3)</u>		<u>Gain(loss) on disposal</u> Note 6	<u>End of the period</u>		<u>Remark</u>
					Shares	Amount	Shares	Amount	Shares	Price		Book cost (Note 5)	Shares		Amount
Ruentex Industries Ltd.	Shares of RT-Mart International Co., Ltd.	Financial Assets at fair value through other comprehensive income acquired - Current	—	—	4,085,139	\$ 1,303,338	-	-	4,085,139	\$ 1,299,428	\$ 1,303,338	-	-	

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

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

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

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

Note 5: Including the unrealized valuation adjustment of NT\$3,910 during this period.

Note 6: The proceeds from the Group's disposal during this period totaled NT\$1,299,428. The initially recognized investment cost written off by the Group was NT\$128,717 and the cumulative recognized unrealized valuation adjustment - gain was NT\$1,170,711.

Ruentex Industries Ltd. and Subsidiaries

Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital

January 1 to December 31, 2022

Attached Table 3

Unit: NT\$ thousands

(Except as Otherwise Indicated)

<u>Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1)</u>										<u>Notes receivable/payable and accounts receivable/payable</u>		<u>Remark (Note 2)</u>
<u>Transaction conditions</u>										<u>As a percentage of notes receivable/payable and accounts receivable/payable (Note 4)</u>		
<u>The company making the purchase (sale) of goods</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale) of goods</u>	<u>Amount</u>	<u>As a percentage of total purchases (sales) of goods (Note 4)</u>	<u>Credit period</u>	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>			
Ruentex Industries Ltd.	RT-MART International Co., Ltd.	The Company is a juridical person director of the company (Note 5)	Purchase of goods	\$ 395,117	20.04	Purchase of goods in line with general conditions	Same as general transactions	Same as general transactions	Note 6	-	Note 5	
"	Ruentex Industries Ltd. (Shanghai)	Sub-subsidiary	"	562,984	28.55	Purchase of goods in line with general conditions	Same as general transactions	Same as general transactions	(20,274)	6.61		

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

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

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

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

Note 5: The Company completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022, and only the amounts of transactions with RT-Mart until August 2022 were disclosed.

Note 6: The Company completed the transaction procedures for the disposal of RT-Mart's shares held in September 2022 and it has no longer been a related party of the Company since then. Therefore, the amounts payable to the related party are not disclosed.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Attached Table 4

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

No.		Relationship with the transaction party	Transaction information				As a percentage of the consolidated total operating revenue or total assets	
					Amount	Terms and conditions of transaction		
(Note 1)	Name of the transaction party	Transaction counterparty	(Note 2)	Account		Amount	Notes 4	(Note 3)
0	Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd.	1	Sales revenue	\$	42,474		1.48
"	"	"	1	Other income		24,696	"	0.86
"	"	"	1	Accounts receivable		12,412	"	0.01
1	Ruentex Industries Ltd. (Shanghai)	Ruentex Industries Ltd.	2	Sales revenue		562,984	"	19.59
"	"	"	2	Accounts receivable		20,274	"	0.02

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 is not required to make a duplicate disclosure; and in the case of the transaction between subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary is not required to make 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.

Note 5: Transactions amounting to NT\$10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Attached Table 5

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			Current profit and loss of the investee company	Gains and losses on investment recognized for		Remark
				End of the current period	End of last year	Shares	Percentage	Carrying amount		the current period		
Ruentex Industries Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	\$ 5,779,517	\$ 5,779,517	812,208,075	25.70	\$ 18,308,077	\$ 8,058,813	\$ 2,071,172		The investee company accounted for under the equity method (Note 1)
Ruentex Industries Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	436,800	436,800	29,487,699	0.21	600,941	31,553,637	67,304		The investee company accounted for under the equity method
Ruentex Industries Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs administration	54,785	54,785	800,000	40.00	2,670	(16,279)	(6,512)		The investee company accounted for under the equity method
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Construction Business	1,054,871	1,054,871	31,850,114	50.94	319,300	(1,497)	10		Subsidiary of the Company
Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd.	Taiwan	International Trade	173,800	173,800	4,008,970	100.00	42,920	8,988	8,988		Subsidiary of the Company
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	313,500	313,500	31,350,000	55.00	138,878	182,766	(111)		Subsidiary of the Company
Ruentex Industries Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	General Investment	17,677,800	17,677,800	6,126,050,000	23.00	46,497,714	28,342,117	6,518,687		The investee company accounted for under the equity method (Note 2)
Ruentex Industries Ltd.	Full Shine International Holdings Ltd.	British Virgin Islands (BVI)	General Investment	536,074	536,074	19,500,000	100.00	1,728,555	(181,646)	(181,646)		Subsidiary of the Company
Ruentex Industries Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	672,764	672,764	17,580,000	42.25	1,368,712	36,207	15,296		Subsidiary of the Company
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.	British Virgin Islands (BVI)	International Trade	17,223	17,223	500,000	100.00	8,920	(102)	(102)		Subsidiary of the Company
Ruentex Industries Ltd.	East Capital International Limited.	British Virgin Islands (BVI)	General Investment	137,423	137,423	4,208,000	100.00	34,339	3,118	3,118		Subsidiary of the Company
Ruentex Industries Ltd.	New Zone International Limited.	Samoaan Islands	General Investment	438,416	438,416	13,792,000	100.00	108,311	10,714	10,714		Subsidiary of the Company
Full Shine International Holdings Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	627,608	627,608	19,500,000	49.06	858,410	(396,602)	(194,560)		Sub-subsidiary of the Company
Sinopac Global Investment Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	807,135	807,135	6,452,000	15.51	930,588	36,207	5,614		Subsidiary of the Company

Note 1: The provision of 95,600 thousand shares, a total of NT\$2,154,931 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 771,774 thousand shares, a total of NT\$5,857,893 thousand was pledged to financial institutions for financing loans.

Ruentex Industries Ltd. and Subsidiaries
Information of investments in mainland China-Basic information
January 1 to December 31, 2022

Attached Table 6

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

Note 1: The investment method is the subsidiary directly entering into China to make an investment.

Note 2: In the column of gains and losses on investment recognized for the current period:

- (1) In the case of preparation where no gain or loss on investment has occurred, please specify.
- (2) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.
 1. The financial reports audited and certified by an international accounting firm having a business cooperation relationship with an ROC accounting firm.
 2. The financial reports audited by a certified public accountant of the parent in Taiwan.
 3. Other financial statements that have not been audited by a certified public accountant during the same period

Note 3: The relevant figures in this table shall be presented in New Taiwan Dollars. If any relevant figures involve foreign currencies, they shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Note 4: The consolidated shareholding percentage of the Company and its subsidiaries.

Note 5: The profit or loss on the investee for the current period and the carrying amounts of the investments at the end of the period shall be added up first and then converted into US dollars before converted into New Taiwan dollars at the exchange rate.

<u>The accumulated amount remitted from Taiwan to invest in China at the end of the current period</u>		<u>The investment amount approved by the Investment Board, Ministry of Economic Affairs</u>		<u>The investment limit approved by the Investment Board, Ministry of Economic Affairs</u>	
\$	1,920,036	\$	1,989,087	\$	49,367,106
	(USD 59,645 thousand)		(USD 64,770 thousand)		
	(EUR 2,700 thousand)				

Note 1: According to the limit set out in the “Principles for the review of investment or technical cooperation in China” of the Investment Commission, Ministry of Economic Affairs, the current limit is 60% of a company’s net worth.

Note 2: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Ruentex Industries Ltd. and Subsidiaries

Information on main investors

December 31, 2022

Attached Table 7

	<u>Name of Major Shareholders</u>	<u>Number of shares held (Note)</u>	<u>Shares</u>	<u>Shareholding percentage (Note)</u>
Ruentex Development Co., Ltd.		157,697,626		14.28
Changchun Investment Co., Ltd.		68,219,656		6.17