Ruentex Materials Co., Ltd.

Unconsolidated Financial Statements and Report of Independent Accountants

2022 and 2021

(Stock Code: 8463)

Company Address: 10F., No. 308, Sec. 2, Bade Rd., Taipei City

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Ruentex Materials Co., Ltd.

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

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Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004157

To the Board of Directors of Ruentex Materials Co., Ltd.:

## Audit Opinions

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

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

## Basis of Audit Opinions

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidences have been obtained as a basis to express opinion of the audit.

## Key Audit Matters

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

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

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

Description of Key Audit Matters

Regarding the accounting policy on operating revenue recognition, please refer to Note 4(23) of the unconsolidated financial report. For the critical accounting estimates and assumptions, please refer to Note 5. For the operating revenue, please refer to Note 6(18).

Ruentex Materials Co., Ltd. and its subsidiaries' construction contract revenue was calculated based on the percentage of completion method and according to the completion progress during the construction contract period. The construction progress was calculated based on the percentage of the cost incurred for each construction contract up to the end of the financial report period over the expected total cost for such construction contract. The aforementioned estimation of the expected total cost was provided by the Group based on its estimation of various construction costs required for contracting works and material/labor expenses, etc. according to the quantitative units of design and construction drawings, etc. of owners along with the fluctuation of the current market price at that time.

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

Corresponding Audit Procedures

The procedures that we have conducted in response to the construction completion progress by Ruentex Materials Co., Ltd. and its subsidiaries (accounted in equity method investments) of the above-mentioned key audit matter are summarized as follows:

1. Based on our understanding of the business operation and nature of the industry of Ruentex Materials Co., Ltd. and its subsidiaries, we assessed the internal operation procedures used in the estimation of construction total cost, including the quantitative unit of construction drawings of owners in order to determine the procedures for each construction cost (contracting works and material/labor expenses) and the consistency of the estimation method.
2. We assessed and tested the internal controls that would affect the recognition of construction contract revenue based on stage of completion, including verifying the evidence of additional or less work and significant constructions.
3. We conducted on-site observation and interviews at major construction sites still in progress at the end of the sampling period to confirm that the progress of such projects was proceeding as scheduled.
4. We obtained details of construction profit or loss and performed substantive procedures, including randomly checking the incurred cost of current period with the appropriate evidence, and additional or less work with the supporting documents, and recalculated the stage of completion to ensure a reasonable recognition of construction contract revenue.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 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

Huang, Chin-Lien

Certified Public Accountant

Chang, Shu-Chiung

Financial Supervisory Commission
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 1100348083
Former Financial Supervisory Commission, Executive Yuan
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 0990042602

March 10, 2023

Ruentex Materials Co., Ltd.
Unconsolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT$ thousands

| | Assets | Note | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|---|
| | **Current Assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 432,571 | 7 | $ 254,861 | 5 |
| 1140 | Contract asset - current | 6(18) and 7 | 11,833 | - | 11,236 | - |
| 1150 | Net notes receivable | 6(2) | 150,528 | 2 | 110,177 | 2 |
| 1160 | Notes receivable - related parties - net | 6(2) and 7 | 350 | - | 7,558 | - |
| 1170 | Net accounts receivable | 6(2) | 600,158 | 9 | 348,225 | 6 |
| 1180 | Accounts receivable - related parties - net | 6(2) and 7 | 39,666 | 1 | 14,176 | - |
| 1220 | Current tax assets | | 6,093 | - | 9,222 | - |
| 130X | Inventories | 6(3) | 703,318 | 11 | 559,775 | 10 |
| 1410 | Prepayments | | 19,307 | - | 31,512 | 1 |
| 1470 | Other current assets | 6(1) and 8 | 5,159 | - | 40,354 | 1 |
| 11XX | **Total current assets** | | 1,968,983 | 30 | 1,387,096 | 25 |
| | **Non-current assets** | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(4) and 7 | 476,123 | 7 | 216,792 | 4 |
| 1550 | Investments accounted for using equity method | 6(5) | 159,254 | 3 | 163,130 | 3 |
| 1600 | Property, plant, and equipment | 6(6), 7, and 8 | 3,544,980 | 54 | 3,460,341 | 63 |
| 1755 | Right-of-use assets | 6(7) | 19,757 | - | 74,468 | 1 |
| 1780 | Intangible assets | 6(8) | 172,937 | 3 | 158,262 | 3 |
| 1840 | Deferred tax assets | 6(26) | 28,536 | 1 | 34,789 | 1 |
| 1900 | Other non-current assets | 6(1) and 8 | 148,383 | 2 | 31,349 | - |
| 15XX | **Total non-current assets** | | 4,549,970 | 70 | 4,139,131 | 75 |
| 1XXX | **Total assets** | | $ 6,518,953 | 100 | $ 5,526,227 | 100 |

(Continued)

Ruentex Materials Co., Ltd.
Unconsolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT$ thousands

| | Liabilities and Equity | Note | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(10) and 8 | $ 950,000 | 15 | $ - | - |
| 2110 | Short-term notes and bills payable | 6(11) | 309,832 | 5 | 239,824 | 4 |
| 2130 | Contract liabilities - current | 6(18) and 7 | 24,264 | - | 35,248 | 1 |
| 2150 | Notes payable | | 57,808 | 1 | 74,405 | 1 |
| 2160 | Notes payable - related parties | 7 | 1,864 | - | 217 | - |
| 2170 | Accounts payable | | 201,322 | 3 | 172,962 | 3 |
| 2180 | Accounts payable - related parties | 7 | 1,802 | - | 1,148 | - |
| 2200 | Other payables | 6(12) | 169,821 | 3 | 159,317 | 3 |
| 2220 | Other payable - related parties | 7 | 373 | - | 184 | - |
| 2280 | Lease liabilities - current | 6(7) | 11,325 | - | 45,659 | 1 |
| 2320 | Long-term liabilities due within one year or one operating cycle | 6(13) and 8 | 550,000 | 8 | - | - |
| 2399 | Other current liabilities - other | | 1,341 | - | 1,387 | - |
| 21XX | **Total current liabilities** | | 2,279,752 | 35 | 730,351 | 13 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 6(13) and 8 | 2,000,000 | 31 | 2,500,000 | 45 |
| 2570 | Deferred tax liabilities | 6(26) | 30 | - | - | - |
| 2580 | Lease liabilities - non-current | 6(7) | 12,828 | - | 31,636 | 1 |
| 2600 | Other non-current liabilities | | 19,806 | - | 20,767 | - |
| 25XX | **Total non-current liabilities** | | 2,032,664 | 31 | 2,552,403 | 46 |
| 2XXX | **Total liabilities** | | 4,312,416 | 66 | 3,282,754 | 59 |
| | **Equity** | | | | | |
| | Capital | 6(15) | | | | |
| 3110 | Share capital | | 1,500,000 | 23 | 1,500,000 | 27 |
| | Capital surplus | 6(16) | | | | |
| 3200 | Capital surplus | | 711,624 | 11 | 696,548 | 13 |
| | Retained earnings | 6(17) | | | | |
| 3310 | Legal reserve | | 46,925 | 1 | 121,605 | 2 |
| 3320 | Special reserve | | 15,717 | - | 44,086 | 1 |
| 3350 | Unappropriated earnings (accumulated deficit) | | 38,445 | 1 | ( 103,049) | ( 2) |
| | Other equities | | | | | |
| 3400 | Other equities | | ( 106,174) | ( 2) | ( 15,717) | - |
| 3XXX | **Total equity** | | 2,206,537 | 34 | 2,243,473 | 41 |
| | Significant contingent liabilities and unrecognized contractual commitments | 9 | | | | |
| | Significant subsequent events | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 6,518,953 | 100 | $ 5,526,227 | 100 |

The accompanying notes are an integral part of these unconsolidated financial statements, please refer to them all together.

Chairman: Mo, Wei-Han Manager: Chen, Hsueh-Hsien Accounting Manager: Wu, Po-Chung

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

Unit: NT$ thousands
(Except earnings (loss) per share, in NT$)

| | Item | Note | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|---|---|
| 4000 | Operation income | 6(18) and 7 | $ 3,190,424 | 100 | $ 2,629,500 | 100 |
| 5000 | Operation costs | 6(3)(8)(14)(19)(24)(25) and 7 | ( 2,984,345) | ( 94) | ( 2,434,301) | ( 92) |
| 5900 | Gross profit | | 206,079 | 6 | 195,199 | 8 |
| | Operating expenses | 6(8)(14)(24)(25) and 7 | | | | |
| 6100 | Selling expenses | | ( 66,143) | ( 2) | ( 51,896) | ( 2) |
| 6200 | General & administrative expenses | | ( 84,686) | ( 3) | ( 113,077) | ( 4) |
| 6300 | R&D expenses | | ( 40,217) | ( 1) | ( 38,238) | ( 2) |
| 6450 | Expected credit impairment gains | 6(24) and 12(2) | 335 | - | 487 | - |
| 6000 | Total operating expenses | | ( 190,711) | ( 6) | ( 202,724) | ( 8) |
| 6900 | Operating profit (loss) | | 15,368 | - | ( 7,525) | - |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest revenue | 6(20) | 1,017 | - | 667 | - |
| 7010 | Other income | 6(21) | 31,193 | 1 | 1,792 | - |
| 7020 | Other gains and losses | 6(9)(22) | 1,086 | - | ( 139,287) | ( 5) |
| 7050 | Financial costs | 6(23) | ( 40,385) | ( 1) | ( 22,270) | ( 1) |
| 7070 | Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method | 6(5) | 37,858 | 1 | 31,242 | 1 |
| 7000 | Total non-operating income and expenses | | 30,769 | 1 | ( 127,856) | ( 5) |
| 7900 | **Profit (loss) before tax** | | 46,137 | 1 | ( 135,381) | ( 5) |
| 7950 | Income tax (expenses) benefit | 6(26) | ( 8,029) | - | 31,640 | 1 |
| 8200 | **Profit (loss) for the period** | | $ 38,108 | 1 | ($ 103,741) | ( 4) |
| | **Other comprehensive income (net)** | | | | | |
| | **Items not to be reclassified into profit or loss** | | | | | |
| 8316 | Unrealized profit or loss on equity investments at fair value through other comprehensive income | 6(4) | ($ 89,470) | ( 3) | ($ 4,303) | - |
| 8330 | Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items not to be reclassified into profit or loss | | ( 1,634) | - | 32,935 | 1 |
| 8310 | Total of items not to be reclassified into profit or loss | | ( 91,104) | ( 3) | 28,632 | 1 |
| 8500 | **Total comprehensive income for the period** | | ($ 52,996) | ( 2) | ($ 75,109) | ( 3) |
| | Earnings (loss) per share | 6(27) | | | | |
| 9750 | Basic earnings (loss) per share | | $ 0.25 | | ($ 0.69) | |
| 9850 | Diluted earnings (loss) per share | | $ 0.25 | | ($ 0.69) | |

The accompanying notes are an integral part of these unconsolidated financial statements, please refer to them all together.

Chairman: Mo, Wei-Han Manager: Chen, Hsueh-Hsien Accounting Manager: Wu, Po-Chung

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

Unit: NT$ thousands

| | Note | Share capital | Capital surplus | | | Retained earnings | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital surplus - issued at premium | Capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries | Capital surplus - changes in the ownership interests of subsidiaries as recognized | Legal reserve | Special reserve | Unappropriatedearnings (accumulated deficit) | Unrealized financial assets at fair value through other comprehensive income acquired Income (Loss) | Total Equity |
| 2021 | | | | | | | | | | |
| Balance at January 1, 2021 | | $ 1,500,000 | $ 656,157 | $ - | $ - | $ 108,572 | $ 42,245 | $ 130,803 | ($ 44,086) | $ 2,393,691 |
| Net loss for the period | | - | - | - | - | - | - | (103,741) | - | (103,741) |
| Other comprehensive income | | - | - | - | - | - | - | 263 | 28,369 | 28,632 |
| Total comprehensive income current period | | - | - | - | - | - | - | (103,478) | 28,369 | (75,109) |
| Appropriation and distribution of the earnings for 2020 | 6(17) | | | | | | | | | |
| Profit set aside as legal reserve | | - | - | - | - | 13,033 | - | (13,033) | - | - |
| Provision of special reserves | | - | - | - | - | - | 1,841 | (1,841) | - | - |
| Cash dividends paid | | - | - | - | - | - | - | (115,500) | - | (115,500) |
| Changes in ownership interests in subsidiaries | 6(5) | - | - | - | 40,391 | - | - | - | - | 40,391 |
| Balance on December 31, 2021 | | $ 1,500,000 | $ 656,157 | $ - | $ 40,391 | $ 121,605 | $ 44,086 | ($ 103,049) | ($ 15,717) | $ 2,243,473 |
| 2022 | | | | | | | | | | |
| Balance on January 1, 2022 | | $ 1,500,000 | $ 656,157 | $ - | $ 40,391 | $ 121,605 | $ 44,086 | ($ 103,049) | ($ 15,717) | $ 2,243,473 |
| Net income for the period | | - | - | - | - | - | - | 38,108 | - | 38,108 |
| Other comprehensive income | | - | - | - | - | - | - | 337 | (91,441) | (91,104) |
| Total comprehensive income current period | | - | - | - | - | - | - | 38,445 | (91,441) | (52,996) |
| Profit reversed as special reserve | 6(17) | - | - | - | - | - | (28,369) | 28,369 | - | - |
| Deficit offset by legal reserve | 6(17) | - | - | - | - | (74,680) | - | 74,680 | - | - |
| Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries | 6(5) | - | - | 15,076 | - | - | - | - | 984 | 16,060 |
| Balance on December 31, 2022 | | $ 1,500,000 | $ 656,157 | $ 15,076 | $ 40,391 | $ 46,925 | $ 15,717 | $ 38,445 | ($ 106,174) | $ 2,206,537 |

The accompanying notes are an integral part of these unconsolidated financial statements, please refer to them all together.

Chairman: Mo, Wei-Han　　Manager: Chen, Hsueh-Hsien　　Accounting Manager: Wu, Po-Chung

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

Unit: NT$ thousands

| | Note | 2022 | 2021 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit (loss) before tax | | $ 46,137 | ($ 135,381 ) |
| Adjustments | | | |
| Income and expenses | | | |
| Depreciation expense | 6(6)(7)(24) | 211,670 | 198,285 |
| Depreciation and amortization expenses | 6(8)(24) | 9,465 | 10,647 |
| Expected credit impairment gains | 6(24) | ( 335 ) | ( 487 ) |
| Interest Cost | 6(23) | 40,385 | 22,270 |
| Interest revenue | 6(20) | ( 1,017 ) | ( 667 ) |
| Dividend income | 6(21) | ( 27,201 ) | ( 76 ) |
| Share of other comprehensive gains of subsidiaries, affiliates, and joint ventures recognized using the equity method | 6(5) | ( 37,858 ) | ( 31,242 ) |
| Gains on lease modifications | 6(22) | ( 175 ) | - |
| Loss on disposal of property, plant and equipment | 6(22) | - | 832 |
| Impairment loss on property, plant and equipment | 6(6)(9)(22) | - | 66,151 |
| Impairment loss on intangible assets | 6(8)(9)(22) | - | 73,212 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Contract asset | | ( 597 ) | 2,688 |
| Notes receivable | | ( 40,351 ) | 24,807 |
| Notes receivable - related parties | | 7,208 | ( 4,394 ) |
| Accounts receivable | | ( 251,598 ) | ( 42,548 ) |
| Account Receivable - related parties | | ( 25,490 ) | 9,739 |
| Inventories | | ( 143,543 ) | ( 150,466 ) |
| Prepayments | | 12,205 | 2,267 |
| Other current assets | | 70 | 329 |
| Net change in liabilities related to operating activities | | | |
| Contract liabilities | | ( 10,984 ) | 5,405 |
| Notes payable | | ( 16,597 ) | ( 1,690 ) |
| Notes payable - related parties | | 1,647 | ( 1,012 ) |
| Accounts payable | | 28,360 | 61,496 |
| Accounts payable - related parties | | 654 | 104 |
| Other payables | | 20,133 | ( 11,740 ) |
| Other current liabilities | | ( 46 ) | 199 |
| Other non-current liabilities | | ( 961 ) | 32 |
| Cash flow generated from (used in) operations | | ( 178,819 ) | 98,760 |
| Interest received | | 986 | 674 |
| Dividends received | | 53,451 | 138,196 |
| Interest paid | | ( 39,578 ) | ( 23,425 ) |
| Income tax refunded | | 2,685 | - |
| Income tax paid | | ( 1,302 ) | ( 14,038 ) |
| Net cash generated from (used in) operating activities | | ( 162,577 ) | 200,167 |

(Continued)

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

Unit: NT$ thousands

| | Note | 2022 | 2021 |
|---|---|---|---|
| Cash flows from investing activities | | | |
| Acquisition of financial assets at fair value through other comprehensive income | 6(28) | ($ 354,658 ) | ($ 197,943 ) |
| Decrease in other financial assets - current | | 35,156 | 4,929 |
| Acquisition of property, plant and equipment | 6(28) | ( 261,965 ) | ( 188,739 ) |
| Acquisition of intangible assets | 6(8) | ( 24,140 ) | ( 12,587 ) |
| Decrease of guarantee deposits | | 515 | 3,772 |
| Increase in prepayments for equipment | | ( 47,839 ) | ( 66,821 ) |
| Increase in other financial assets - current | | ( 91,819 ) | - |
| Cash used in investing activities | | ( 744,750 ) | ( 457,389 ) |
| Cash flows from financing activities | | | |
| Increase (decrease) in short-term borrowings | 6(29) | 950,000 | ( 290,000 ) |
| Increase (decrease) in short-term notes and bills payable | 6(29) | 70,000 | ( 20,000 ) |
| Proceeds from long-term borrowings | 6(29) | 530,000 | 1,350,000 |
| Repayments of long-term borrowings | 6(29) | ( 480,000 ) | ( 500,000 ) |
| Increase in guarantee deposits | 6(29) | - | 265 |
| Principal elements of lease payments | 6(29) | ( 14,873 ) | ( 29,629 ) |
| Cash dividends paid | 6(17) | - | ( 115,500 ) |
| Disposal of equity in subsidiaries (without losing control) | 6(5) | 29,910 | - |
| Net cash generated by financing activities | | 1,085,037 | 395,136 |
| Increase of cash and cash equivalents current period | | 177,710 | 137,914 |
| Cash and cash equivalents, beginning of period | | 254,861 | 116,947 |
| Cash and cash equivalents, end of period | | $ 432,571 | $ 254,861 |

The accompanying notes are an integral part of these unconsolidated financial statements, please refer to them all together.

Chairman: Mo, Wei-Han    Manager: Chen, Hsueh-Hsien    Accounting Manager: Wu, Po-Chung

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

Unit: NT$ thousands
(Except as Otherwise Indicated)

## I. History and Organization

Ruentex Materials Co., Ltd. (hereinafter referred to as the “Company”), was incorporated in September 1992 under the laws of the Republic of China (ROC) and began operations in July 2009. It was formerly known as “Ruentex Cement Co., Ltd.”. In December 2013, the Company changed its name to “Ruentex Materials Co., Ltd.”. The main businesses of the Company are (1) The manufacture and distribution of semi-finished products and manufactured goods for cement, (2) The mining, manufacturing, and distribution of cement raw materials and mining and distribution of mineral ore, (3) Quarrying, (4) Building materials development, manufacture, and distribution, (5) Manufacture and sale of clay used for wall primer, powder coating material, tile adhesive, self-leveling cement, and dry-mixed cement mortar applications. Ruentex Engineering & Construction Co., Ltd. holds 39.15% equity of the Company. Ruentex Development Co., Ltd. is the ultimate parent company of the Company. The Company has been listed for trading on the Taipei Stock Exchange (TWSE) since July 13, 2015.

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

The unconsolidated financial statements were authorized and issue by the Board of Directors on March 10, 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:

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

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

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

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

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

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

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

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

| New and revised standards, amendments to standards and interpretations | Effective date published by the International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by the International Accounting Standards Board (IASB) |

| | |
|---|---|
| Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback" | January 1, 2024 |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9—Comparative Information" | January 1, 2023 |
| Amendment to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 2 "Non-current Liabilities with Covenants" | January 1, 2024 |

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:
   Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's financial statements are presented in “New Taiwan dollars”, which is the Company’s functional currency.

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’.

(IV) <u>Classification of current and non-current items</u>

1. Assets that meet one of the following criteria are classified as Current Assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Assets held mainly for trading purposes;
   (3) Assets that are expected to be realized within 12 months from the balance sheet date;
   (4) Cash and cash equivalents, excluding restricted cash and cash

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

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

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

   Liabilities that do not meet the above criteria are classified as non-Current liabilities.
3. The operating cycles of construction contracts are usually longer than one year, so assets and liabilities in relation to operation and long-term construction contracts are classified as current or non-current according to the length of their operating cycles.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(VI) Financial assets at fair value through other comprehensive income

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

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

(VII) Notes and accounts receivable

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

(VIII) Impairment of financial assets

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

(IX) Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to receive cash flows from the financial asset expire.

(X) Inventories

The perpetual inventory system is adopted. 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 (amortized based on normal productivity) 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.

(XI) Investment using the equity method - Subsidiaries

1. Subsidiaries are all entities (including structural entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit (loss) of the Current period and other comprehensive income in the unconsolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the unconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XII) Property, plant, and equipment

1. Property, plant and equipment are recorded at acquisition cost, and the interest is capitalized over the acquisition and construction period.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying

amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4. The Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the Assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the Assets' future economic benefits embodied in the Assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings and structures | 2 years ~ 50 years |
| Machinery and equipment | 2 years ~ 25 years |
| Transportation equipment | 2 years ~ 5 years |
| Office equipment | 2 years ~ 5 years |
| Leased assets | 5 years |
| Miscellaneous equipment | 2 years ~ 10 years |

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Company. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.

2. From the starting date of lease, the lease liabilities are recognized at the current values of the unpaid lease payments discounted with the Company's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the

re-measurements will be used to adjust the right-of-use assets.

3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities. 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.

(XIV) Intangible assets

1. Mineral rights
   Based on expected number of units the mineral resource should produce, depreciation is calculated using the unit of production method. If there is any change to the expected production units, the depreciation per unit is recalculated using the assets' carrying amount, and the depreciation recognized in the prior years is not restated.
2. Trademark, patent rights and service concession
   Trademarks, patent rights, and service concessions are stated as acquisition cost. They are amortized on a straight line basis with their useful lives of 10 years.
3. Computer software
   Computer software is stated at acquisition cost and amortized on a straight line basis with useful lives of 3~5 years.
4. Intangible assets generated internally - expenses of R&D
   (1) R&D expenses are recognized as the expenses of the current term when occur.
   (2) The R&D expenses disqualified from the following criteria are recognized as the expenses of the current term; the R&D expenses qualified with the following criteria are recognized as intangible assets:
      A. The technical feasibility of being intangible assets has been achieved, so that the intangible asset may be used or sold;
      B. Intention to complete the intangible assets for use or sale;
      C. Capability to use or sell the intangible assets;
      D. The likely perspective economic benefits of the concerned intangible assets may be proved;
      E. Sufficient technical, financial, and other resources to complete the developments are in place, to use or sell the intangible assets;

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

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

(XV) Impairment of non-financial assets

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

(XVI) Loans

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

(XVII) 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. For short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(XVIII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the contract’s obligations are discharged, cancelled, or expired.

(XIX) 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

   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.

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 Company 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 obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XX) Income tax

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

other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expect ion under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax Assets against Current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a

net basis or realize the asset and settle the liability simultaneously.

6. Tax credits resulting from research and development expenditures are treated with accounting for income tax credits.

(XXI) Capital

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

(XXII) 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.

(XXIII) Revenue recognition

1. Revenues from product Sales

(1) For the cement and building materials related products manufactured and sold by the Company, the income from sale of goods is recognized when the control of goods is transferred to customers, i.e., when the goods are delivered to the customer. In addition, the Company has no unfulfilled obligations that may affect the customer from accepting the goods. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.

(2) Accounts receivable is recognized when goods are delivered to customers since starting from such time of delivery, the Company has the unconditional right on the contract price, and the Company can receive the consideration from the customer after time has passed.

(3) Financial component

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

(4) There is a customer loyalty plan managed by the Company for its distribution customers. At the end of every year, reward points will be given to distribution customers based on the year's transaction amount for the year. Distribution customers have the right to redeem the reward points for a fixed percentage of the price when they obtain products in the future. The reward point is an important right that cannot be obtained if a customer has not made any initial transaction; therefore, the reward point provided to customers is a single contract performance obligation. The transaction price is appropriated to the goods and reward point based on the relative independent sales price. The independent sales price of reward point is estimated according to the discount obtained by the customer and the possibility of exchange of points based on the past experience. The basis for calculating single sales prices of products is the contract price. The transaction price allocated to reward points is recognized as contract liabilities until the customer redeems the points or when the points have expired, then it will be transferred to revenue.

2. Construction contract revenue

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

(2) The Company's recognition of construction contract revenue is based on the stage of completion of a contract using the percentage of completion method of accounting during the duration of a contraction. The contract costs are recognized as expenses in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. If the total contract costs are probable to exceed total contract revenue, the estimated loss is recognized as expenses immediately. When the results of the construction contracts may not be able to be used to reasonably

measure the results of the performance obligations, but the Company expects to recover the incurred costs when the performance obligations are fulfilled, the Company will only recognize the contracts in revenue within the scope of the incurred costs before the results of the performance obligations can be measured.

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

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

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

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

(XXIV) Government grants

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

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

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

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

None.

### (II) Critical accounting estimates and assumptions

Revenue recognition

Construction contract revenue should be recognized by reference to the stage of completion in the contract period using the percentage of completion method. Contract costs are recognized in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs.

## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash on hand and revolving funds | $ 230 | $ 230 |
| Checking deposits | 187,068 | 140,792 |
| Demand deposits | 42,077 | 65,726 |
| Cash equivalents - Bonds under repurchase agreements | 203,196 | 48,113 |
| | $ 432,571 | $ 254,861 |

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company's restricted cash and cash equivalents on December 31, 2022 and 2021 due to guarantees for the performance of contracts were

NT$96,884 and NT$40,221, respectively, of which NT$5,065 and NT$40,221 were classified as other financial assets, current (recognized in "other current assets") and NT$91,819 and NT$0 were classified as other financial assets, non-current (recognized in "other non-current assets").

(II) Notes and accounts receivable

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Notes receivable | $ | 150,528 | $ | 110,177 |
| Notes receivable – related parties | | 350 | | 7,558 |
| | $ | 150,878 | $ | 117,735 |
| Accounts receivable | $ | 603,685 | $ | 352,087 |
| Less: Allowance for doubtful accounts | ( | 3,527) | ( | 3,862) |
| Subtotal | | 600,158 | | 348,225 |
| Accounts receivable - related parties | | 39,666 | | 14,176 |
| | $ | 639,824 | $ | 362,401 |

1. The Company issues the invoice and bill of lading when taking the customer's order, debts accounts receivable and credits advance sales receipt (the "contract liability-current" account). When it receives notes issued by the customer, the amount is then transferred to notes receivable from accounts receivable. Based on demand quantity, the customer pick up the cement in batches, and the actual sales amount is then transferred from advance sales receipt to revenue. To prevent inflated assets and liabilities, the notes and accounts receivable and advance sales receipts related to undelivered cement are offset by each other and presented in net values. As of December 31, 2022 and 2021, the amounts were NT$123,081 and NT$169,888.

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

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable |
| Not overdue | $ 638,581 | $ 150,878 | $ 358,514 | $ 117,735 |
| Overdue | | | | |
| Within 30 days | 1,519 | - | 2,547 | - |
| 31-60 days | 480 | - | 410 | - |
| 61-90 days | 73 | - | 347 | - |
| 91 days and more | 2,698 | - | 4,445 | - |
| | $ 643,351 | $ 150,878 | $ 366,263 | $ 117,735 |

The aging analysis was based on past due date.

3. The balances of the notes receivable and receivables as of December 31, 2022 and 2021 were incurred by the clients' contracts; also as of January 1, 2021, the balances of the notes receivable and accounts receivable were NT$138,148 and NT$329,105, respectively.

4. The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT$150,878 and NT$117,735 for notes receivable, as of December 31, 2022 and 2021, respectively; the accounts receivable were NT$639,824 and NT$362,401 as of December 31, 2022 and 2021, respectively.

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

(III) Inventories

| | December 31, 2022 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Carrying amount |
| Materials and supplies | $ 458,407 | ($ 697) | $ 457,710 |
| Work in process | 134,796 | - | 134,796 |
| Finished goods | 110,761 | ( 275) | 110,486 |
| Merchandise inventory | 326 | - | 326 |
| | $ 704,290 | ($ 972) | $ 703,318 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Carrying amount |
| Materials and supplies | $ 408,252 | ($ 1,636) | $ 406,616 |
| Work in process | 73,608 | ( 3,037) | 70,571 |
| Finished goods | 84,515 | ( 2,223) | 82,292 |
| Merchandise inventory | 296 | - | 296 |
| | $ 566,671 | ($ 6,896) | $ 559,775 |

The expenses of inventories recognized for the current period are as follows:

| | 2022 | 2021 |
|---|---|---|
| Cost of inventories sold | $ 2,938,848 | $ 2,386,261 |
| Inventory valuation losses (gains on recovery) | ( 5,924) | 5,374 |
| Unallocated manufacturing costs | 6,840 | 6,840 |
| Revenue from sales of scraps | ( 6,932) | ( 5,703) |
| | $ 2,932,832 | $ 2,392,772 |

The inventories recognized as allowance of loss were sold and market prices recovered during 2022, the inventories generated gains from price recovery.

(IV) Financial assets at fair value through other comprehensive income - non-current

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Non-current items: | | |
| Equity Instrument | | |
| Shares of TWSE listed companies | $ 555,517 | $ 207,966 |
| Shares of the TPEx listed companies | 24,868 | 23,618 |
| | 580,385 | 231,584 |
| Adjustments for valuation | | |
| Shares of TWSE listed companies | ( 87,502) | ( 3,193) |
| Shares of the TPEx listed companies | ( 16,760) | ( 11,599) |
| | ( 104,262) | ( 14,792) |
| Total | $ 476,123 | $ 216,792 |

1. The Company elected to classify the TWSE listed securities investments for stable dividends as financial assets at fair value through other comprehensive income; such investments amounted to NT$468,015 and NT$204,773 as of December 31, 2022 and 2021, respectively.
2. The Company elected to classify the strategic investments in privately offered shares of TWSE listed companies as financial assets at fair value

through other comprehensive income, amounting to NT$8,108 and NT$12,019 as of December 31, 2022 and 2021, respectively.

3. In the third quarter of 2022, the first quarter of 2022, and the fourth quarter of 2021, the Company purchased 1,960 thousand shares, 1,380 thousand shares, and 2,051 thousand shares of the TWSE-listed company, Ruentex Industries Ltd., from the open market, in amounts of NT$122,798, NT$136,753, and NT$203,800, respectively.
4. TPEx-listed company, OBI Pharma, Inc., increased its capital in cash in March 2022, and the Company subscribed for 11,904 shares in an amount of NT$1,250.
5. TWSE-listed company, Ruentex Industries Ltd., increased its capital in cash in September 2022, and the Company subscribed for 1,760,000 shares in an amount of NT$88,000.
6. The details of financial assets at fair value through other comprehensive income recognized in profit and loss and comprehensive income (loss) are as follows:

| | 2022 | 2021 |
|---|---|---|
| Equity instruments at fair value through other comprehensive income | | |
| Changes in fair value recognized as other comprehensive income | ($ 89,470) | ($ 4,303) |
| Dividend incomes recognized in profit and loss | $ 27,201 | $ 76 |

7. The maximum exposure to credit risk for the Company’s financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements, was NT$476,123 and NT$216,792 as of December 31, 2022 and 2021, respectively.
8. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(V) Investments accounted for using equity method

1. Statement of investments accounted for using the equity method is as follows:

| Subsidiaries | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Ruentex Interior Design Inc. (Ruentex Interior Design) | $ 159,254 | $ 163,130 |

2. Share of the 2022 and 2021 income or loss of subsidiaries accounted for using the equity method is as follows:

| | 2022 | 2021 |
|---|---|---|
| Ruentex Interior Design | $ 37,858 | $ 31,242 |

3. On March 26, 2021, the Board of Directors of the Company resolved that for the purposes of the future development of the Company’s operations, attracting and retaining professionals, consolidating resources to improve operational performance, and planning for the application of listing (over-the-counter) to diversify its shareholding, the Company intends that if Ruentex Interior Design issues new shares in one or more capital increases in cash prior to the IPO (over-the-counter), it may waive all or part of its rights to subscribe for such cash capital increase, and that all of the rights will be subscribed by the Company’s shareholders in proportion to their shareholdings as recorded in the Company’s shareholders’ register on the date of distribution of such rights.
4. The Board of Directors of Ruentex Interior Design on August 10, 2021 approved to conduct a capital increase in cash by issuing 8,250 thousand shares at a price of NT$30 per share. The record date of subscription was August 31, 2021. The Company’s Board of Directors approved, on August 12, 2021, to abandon all of the subscription rights for the cash capital increase of Ruentex Interior Design this time. The Company’s shareholding dropped to 38.89% after the cash capital increase of Ruentex Interior Design. It is recognized in capital surplus - changes in the ownership interests of subsidiaries at $40,391.
5. On June 8, 2022, the Company’s Board of Directors approved the provision of 500 thousand shares of Ruentex Interior Design on July 19, 2022 for subscription by securities advisors-cum-underwriters. The selling price per share was NT$60, and the proceeds (less the securities exchange tax) totaled NT$29,910. The Company’s shareholding decreased to 35.19%, and it was recognized in capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries in an amount of NT$15,076.
6. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for more information on the Company’s subsidiaries.

## (VI) Property, plant, and equipment

| | 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Leased assets | Leasehold improvements | Miscellaneous equipment | Unfinished construction and equipment pending for inspection | Total |
| January 1 | | | | | | | | | | |
| Cost | $ 1,535,961 | $ 1,398,704 | $ 1,831,528 | $ 11,374 | $ 5,915 | $ 704 | $ 421 | $ 53,034 | $ 41,321 | $ 4,878,962 |
| Accumulated depreciation | - | ( 449,940) | ( 865,653) | ( 8,915) | ( 2,429) | ( 704) | - | ( 24,829) | - | ( 1,352,470) |
| Accumulated impairment | - | ( 10,331) | ( 55,441) | - | - | - | - | ( 379) | - | ( 66,151) |
| | $ 1,535,961 | $ 938,433 | $ 910,434 | $ 2,459 | $ 3,486 | $ - | $ 421 | $ 27,826 | $ 41,321 | $ 3,460,341 |
| January 1 | $ 1,535,961 | $ 938,433 | $ 910,434 | $ 2,459 | $ 3,486 | $ - | $ 421 | $ 27,826 | $ 41,321 | $ 3,460,341 |
| Addition | - | 1,680 | 42,634 | - | 63 | - | - | 6,929 | 206,232 | 257,538 |
| Transfer for current period (Note) | - | 65,480 | 165,209 | - | - | - | - | 10,581 | ( 219,161) | 22,109 |
| Costs of disposal | - | - | ( 74,416) | - | ( 787) | - | - | ( 342) | - | ( 75,545) |
| Disposal of accumulated depreciation | - | - | 74,416 | - | 787 | - | - | 342 | - | 75,545 |
| Capitalization of interest | - | - | - | - | - | - | - | - | 45 | 45 |
| Depreciation expense | - | ( 46,147) | ( 141,305) | ( 919) | ( 880) | - | ( 70) | ( 5,732) | - | ( 195,053) |
| December 31 | $ 1,535,961 | $ 959,446 | $ 976,972 | $ 1,540 | $ 2,669 | $ - | $ 351 | $ 39,604 | $ 28,437 | $ 3,544,980 |
| December 31 | | | | | | | | | | |
| Cost | $ 1,535,961 | $ 1,465,864 | $ 1,964,955 | $ 11,374 | $ 5,191 | $ 704 | $ 421 | $ 70,202 | $ 28,437 | $ 5,083,109 |
| Accumulated depreciation | - | ( 496,087) | ( 932,542) | ( 9,834) | ( 2,522) | ( 704) | ( 70) | ( 30,219) | - | ( 1,471,978) |
| Accumulated impairment | - | ( 10,331) | ( 55,441) | - | - | - | - | ( 379) | - | ( 66,151) |
| | $ 1,535,961 | $ 959,446 | $ 976,972 | $ 1,540 | $ 2,669 | $ - | $ 351 | $ 39,604 | $ 28,437 | $ 3,544,980 |

Note: The balance of the transfer amount is the transfer from prepayments for business facilities.

| | 2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Leased assets | Leasehold improvements | Miscellaneous equipment | Unfinished construction and equipment pending for inspection | Total |
| January 1 | | | | | | | | | | |
| Cost | $ 1,529,372 | $ 1,022,721 | $ 1,470,097 | $ 11,374 | $ 5,611 | $ 704 | $ - | $ 46,203 | $ 544,506 | $ 4,630,588 |
| Accumulated depreciation | - | ( 404,154) | ( 756,012) | ( 7,996) | ( 1,524) | ( 704) | - | ( 19,385) | - | ( 1,189,775) |
| | $ 1,529,372 | $ 618,567 | $ 714,085 | $ 3,378 | $ 4,087 | $ - | $ - | $ 26,818 | $ 544,506 | $ 3,440,813 |
| January 1 | $ 1,529,372 | $ 618,567 | $ 714,085 | $ 3,378 | $ 4,087 | $ - | $ - | $ 26,818 | $ 544,506 | $ 3,440,813 |
| Addition | - | 1,015 | 52,390 | - | 304 | - | 421 | 6,831 | 126,037 | 186,998 |
| Transfer for current period (Note) | 6,589 | 374,968 | 313,924 | - | - | - | - | - | ( 630,758) | 64,723 |
| Costs of disposal | - | - | ( 4,883) | - | - | - | - | - | - | ( 4,883) |
| Disposal of accumulated depreciation | - | - | 4,051 | - | - | - | - | - | - | 4,051 |
| Capitalization of interest | - | - | - | - | - | - | - | - | 1,536 | 1,536 |
| Depreciation expense | - | ( 45,786) | ( 113,692) | ( 919) | ( 905) | - | - | ( 5,444) | - | ( 166,746) |
| Impairment loss | - | ( 10,331) | ( 55,441) | - | - | - | - | ( 379) | - | ( 66,151) |
| December 31 | $ 1,535,961 | $ 938,433 | $ 910,434 | $ 2,459 | $ 3,486 | $ - | $ 421 | $ 27,826 | $ 41,321 | $ 3,460,341 |
| December 31 | | | | | | | | | | |
| Cost | $ 1,535,961 | $ 1,398,704 | $ 1,831,528 | $ 11,374 | $ 5,915 | $ 704 | $ 421 | $ 53,034 | $ 41,321 | $ 4,878,962 |
| Accumulated depreciation | - | ( 449,940) | ( 865,653) | ( 8,915) | ( 2,429) | ( 704) | - | ( 24,829) | - | ( 1,352,470) |
| Accumulated impairment | - | ( 10,331) | ( 55,441) | - | - | - | - | ( 379) | - | ( 66,151) |
| | $ 1,535,961 | $ 938,433 | $ 910,434 | $ 2,459 | $ 3,486 | $ - | $ 421 | $ 27,826 | $ 41,321 | $ 3,460,341 |

Note: The balance of the transfer amount is the transfer from prepayments for business facilities.

1. Capitalized amount of borrowing costs for property, plant and equipment and interest rate range:

| | 2022 | 2021 |
|---|---|---|
| Amount of capitalization | $ 45 | $ 1,536 |
| Interest rate collars of capitalization | 0.87%~1.11% | 0.90%~0.97% |

2. In 2021 the Company recognized NT$66,151 for the property, plant and equipment of its quarry cableway in impairment. Please refer to Notes 6(8) and (9) for details.
3. Details of the property, plant and equipment pledged to others as collateral are provided in Note 8.
4. Due to legal restrictions, part of the land of the Company is held in the name of another person and a mortgage is created to the Company. Please refer to Note 7 for details.

(VII) Lease transactions - lessees

1. The underlying assets leased by the Company are the offices, land for mining use, and company vehicles, and the term of lease is normally between 2020 and 2026. The lease contracts are negotiated individually, with different terms and conditions. The leased assets are neither to be used as collateral for loans, nor the rights to be transferred to others in the form of business transfer or merge, among other forms.
2. Information on the carrying amount of the right-of-use assets and the recognized depreciation expenses is as follows:

| | 2022 | | | |
|---|---|---|---|---|
| | Land | Buildings | Transportation equipment | Total |
| January 1 | | | | |
| Cost | $ 9,460 | $ 96,508 | $ 843 | $ 106,811 |
| Accumulated depreciation | ( 4,501) | ( 27,420) | ( 422) | ( 32,343) |
| | $ 4,959 | $ 69,088 | $ 421 | $ 74,468 |
| January 1 | $ 4,959 | $ 69,088 | $ 421 | $ 74,468 |
| Addition-Newly added lease contracts | - | 486 | - | 486 |
| Cost of derecognition | ( 2,195) | ( 487) | - | ( 2,682) |
| Accumulated depreciation on the de-booking date | 2,195 | 487 | - | 2,682 |

| | Land | Buildings | Transportation equipment | Total |
|---|---|---|---|---|
| Lease contract modifications - costs | - | (71,263) | 21 | (71,242) |
| Lease contract modifications - accumulated depreciation | - | 32,662 | - | 32,662 |
| Depreciation expense | (2,219) | (14,103) | (295) | (16,617) |
| December 31 | $ 2,740 | $ 16,870 | $ 147 | $ 19,757 |
| | | | | |
| December 31 | | | | |
| Cost | $ 7,265 | $ 25,244 | $ 864 | $ 33,373 |
| Accumulated depreciation | (4,525) | (8,374) | (717) | (13,616) |
| | $ 2,740 | $ 16,870 | $ 147 | $ 19,757 |

| | 2021 | | | |
|---|---|---|---|---|
| | Land | Buildings | Transportation equipment | Total |
| January 1 | | | | |
| Cost | $ 9,434 | $ 5,265 | $ 843 | $ 15,542 |
| Accumulated depreciation | (2,158) | (3,307) | (141) | (5,606) |
| | $ 7,276 | $ 1,958 | $ 702 | $ 9,936 |
| | | | | |
| January 1 | $ 7,276 | $ 1,958 | $ 702 | $ 9,936 |
| Addition-Newly added lease contracts | 49 | 96,022 | - | 96,071 |
| Cost of derecognition | (23) | (4,779) | - | (4,802) |
| Accumulated depreciation on the de-booking date | 23 | 4,779 | - | 4,802 |
| Depreciation expense | (2,366) | (28,892) | (281) | (31,539) |
| December 31 | $ 4,959 | $ 69,088 | $ 421 | $ 74,468 |
| | | | | |
| December 31 | | | | |
| Cost | $ 9,460 | $ 96,508 | $ 843 | $ 106,811 |
| Accumulated depreciation | (4,501) | (27,420) | (422) | (32,343) |
| | $ 4,959 | $ 69,088 | $ 421 | $ 74,468 |

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total amount of lease liabilities | $ 24,153 | $ 77,295 |
| Less: Due within one year (listed as lease liabilities - current) | (11,325) | (45,659) |
| | $ 12,828 | $ 31,636 |

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

| | 2022 | 2021 |
|---|---|---|
| Items affects the income of the current period | | |
| Interest expenses of lease liabilities | $ 338 | $ 625 |
| Gains on lease modifications | $ 175 | $ - |

5. The total of lease cash flow of the Company in 2022 and 2021 are NT$15,211 and NT$30,254, respectively.
6. On March 31, 2022, the Company agreed to terminate the lease contract on the Taipei Port cement powder inventory, storage, and transfer system with Taipei Port Terminal Company Limited. Therefore, the Company reduced the cost of right-of-use assets by NT$71,263, accumulated depreciation by NT$32,662, and lease liabilities by NT$38,776, and recognized gains on lease modifications of NT$175.
7. The Company originally leased one parcel of state-owned mining land (Land Lot No. 0026-0001) and three parcels of state-owned mining land (Land Lot No. 0026-0002) in the Ke-Bao-Shan Section of Xiulin Township, Hualien County. As the limestone mines in the above-mentioned mining area have almost ran out and the Company did not apply for the renewal of the lease agreement to the National Property Administration, Ministry of Finance, the lease relationship has been terminated. The above-mentioned land parcels were returned by the administration on May 7, 2021. The security deposits of NT$367 and NT$2,487 paid by the Company were fully returned on October 8, 2021.
8. Yilan Luodong Business Area No. 70, 71, 73-75, 80, 82-85, and Nan’ao Business Area No. 27 and 28 were leased by the Company for mineral field use. As said leases expired on June 18, 2020. The Company has applied to the competent authorities for the renewal of the leases. As of December 31, 2022, the Luodong District Office of the Forestry Bureau of the Council of Agriculture, Executive Yuan, conducted a review to comply with Article 13 of the Regulations for Conservation Forest Managements. The application for renewal of the lease of the mining land for auxiliary facilities was completed in January 2023, and the lease term will end on June 18, 2024.

## (VIII) Intangible assets

| | 2022 | | | |
|---|---|---|---|---|
| | Mineral source | Trademark, patent rights and service concession | Others | Total |
| January 1 | | | | |
| Cost | $ 234,798 | $ 30,000 | $ 81,440 | $ 346,238 |
| Accumulated amortization | ( 60,416) | ( 28,500) | ( 25,848) | ( 114,764) |
| Accumulated impairment | ( 61,972) | - | ( 11,240) | ( 73,212) |
| | $ 112,410 | $ 1,500 | $ 44,352 | $ 158,262 |
| January 1 | $ 112,410 | $ 1,500 | $ 44,352 | $ 158,262 |
| Addition | - | - | 24,140 | 24,140 |
| Amortization | - | ( 1,500) | ( 7,965) | ( 9,465) |
| December 31 | $ 112,410 | $ - | $ 60,527 | $ 172,937 |
| December 31 | | | | |
| Cost | $ 234,798 | $ 30,000 | $ 105,580 | $ 370,378 |
| Accumulated amortization | ( 60,416) | ( 30,000) | ( 33,813) | ( 124,229) |
| Accumulated impairment | ( 61,972) | - | ( 11,240) | ( 73,212) |
| | $ 112,410 | $ - | $ 60,527 | $ 172,937 |

| | 2021 | | | |
|---|---|---|---|---|
| | Mineral source | Trademark, patent rights and service concession | Others | Total |
| January 1 | | | | |
| Cost | $ 234,798 | $ 30,000 | $ 68,853 | $ 333,651 |
| Accumulated amortization | ( 60,416) | ( 25,500) | ( 18,201) | ( 104,117) |
| | $ 174,382 | $ 4,500 | $ 50,652 | $ 229,534 |
| January 1 | $ 174,382 | $ 4,500 | $ 50,652 | $ 229,534 |
| Addition | - | - | 12,587 | 12,587 |
| Amortization | - | ( 3,000) | ( 7,647) | ( 10,647) |
| Impairment loss | ( 61,972) | - | ( 11,240) | ( 73,212) |
| December 31 | $ 112,410 | $ 1,500 | $ 44,352 | $ 158,262 |
| December 31 | | | | |
| Cost | $ 234,798 | $ 30,000 | $ 81,440 | $ 346,238 |
| Accumulated amortization | ( 60,416) | ( 28,500) | ( 25,848) | ( 114,764) |
| Accumulated impairment | ( 61,972) | - | ( 11,240) | ( 73,212) |
| | $ 112,410 | $ 1,500 | $ 44,352 | $ 158,262 |

Details of amortization of intangible assets are as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Operation Cost | $ | 7,444 | $ | 7,117 |
| Operating Expenses | | 2,021 | | 3,530 |
| | $ | 9,465 | $ | 10,647 |

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

On September 15, 2020, the above-mentioned application for the Yilan Lankan Mine Expansion received the Administrative Disposition Jin Shou Wu Zi No. 10920107100 from the Ministry of Economic Affairs, which stated, "Because the public land authority (i.e. the Luodong District Office of the Forestry Bureau of the Council of Agriculture, Executive Yuan) has indicated that the approval of mineral land is denied because it does not meet the requirements of No. 13 of the Regulations for Conservation Forest Managements; therefore, the application is rejected in accordance with Article 43 of the Mining Act." The Company filed a petition in accordance with the law on October 6, 2020 due to dissatisfaction with the administrative sanction imposed by the authority; however, the petition was rejected by the Executive Yuan, referencing Yuan-Tai-Su-Zi No. 1100178798 dated July 8, 2021. The material changes from the adverse impact on the Company's assets due to administrative authorities' finding of fact and the application of laws had led to signs of impairment of the Company's assets in accordance with the IAS 36. The property, plant and equipment of NT$66,151 and intangible assets of NT$73,212 related to the Yilan Lankan Mine, totaling NT$139,363, were recognized in impairment losses in June 2021. Please refer to Note 6(9) for details.

However, to ensure the rights and interests of the Company's assets and its right to use, if the Company can expand the mine for the mining resources held in accordance with the law and continue to mine, it will make a reasonable contribution to the Company's future profits. An administrative lawsuit regarding the Yilan Lankan Mine expansion was filed to a high administrative court on September 9, 2021. As of the reporting date, the lawsuit is still ongoing.

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

(IX) Impairment of non-financial Assets

1. The details of impairment losses recognized by the Company in 2021, totaling NT$139,363, are as follows:

| | 2021 |
|---|---|
| | Recognized in current profit or loss |
| Impairment loss - property, plant and equipment | |
| Buildings and structures | $ 10,331 |
| Machinery and equipment | 55,441 |
| Miscellaneous equipment | 379 |
| Subtotal | 66,151 |
| Impairment loss - intangible assets | |
| Mineral source | 61,972 |
| Other intangible assets | 11,240 |
| Subtotal | 73,212 |
| Total | $ 139,363 |

2. The details of the above impairment losses disclosed by segment are as follows:

| | 2021 |
|---|---|
| | Recognized in current profit or loss |
| Cement Business Division | $ 139,363 |

3. Please refer to Note 6(6) and (8) for the description of the above impairment losses.

## (X) Short-term borrowings

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Credit bank loan | $ 950,000 | $ - |
| Interest rate collars | 1.60%~1.90% | - |

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Guarantee notes | $ 1,200,000 | $ 800,000 |

## (XI) Short-term notes and bills payable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Commercial papers payable | $ 310,000 | $ 240,000 |
| Less: Unamortized discount | ( 168) | ( 176) |
| | $ 309,832 | $ 239,824 |
| Interest rate collars | 1.00%~1.78% | 0.30%~0.78% |

The guaranteed bills for the short-term notes and bills quota issued by the Company are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Guarantee notes | $ 650,000 | $ 650,000 |

## (XII) Other payables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Salary and wages payable | $ 78,694 | $ 65,646 |
| Payables for equipment | 31,937 | 36,364 |
| Electricity bill payable | 25,188 | 18,250 |
| Commodity tax payable | 13,050 | 10,316 |
| Payables for investment | - | 5,857 |
| Other Payable | 20,952 | 22,884 |
| | $ 169,821 | $ 159,317 |

## (XIII) Long-term borrowings

| Nature of loan | Loan period and borrowing method | Interest rate collars | Guarantee | December 31, 2022 |
|---|---|---|---|---|
| Long-term bank loan | | | | |
| Secured loan | From September 1, 2022 to August 31, 2024, monthly payment of interest, re-payment on maturity. | 1.725% | Note | $ 1,500,000 |
| Credit Loan | From September 13, 2021 to February 22, 2025, monthly payment of interest, re-payment on maturity. | 1.64%~2.18% | Note | 1,050,000 |
| | | | | 2,550,000 |
| Less: Long-term borrowings due within one year or one operating cycle | | | | ( 550,000) |
| | | | | $ 2,000,000 |

| Nature of loan | Loan period and borrowing method | Interest rate collars | Guarantee | December 31, 2021 |
|---|---|---|---|---|
| Long-term bank loan | | | | |
| Secured loan | From September 1, 2021 to August 31, 2023, monthly payment of interest, re-payment on maturity. | 0.96% | Note | $ 1,500,000 |
| Credit Loan | From June 1, 2021 to December 27, 2023, monthly payment of interest, re-payment on maturity. | 0.96%~1.01% | Note | 1,000,000 |
| | | | | $ 2,500,000 |

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Guarantee notes | $ 2,050,000 | $ 2,050,000 |

## (XIV) Pensions

1. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
2. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were NT$10,131 and NT$9,300, respectively.

## (XV) Capital

1. The number of outstanding shares of the Company as of December 31, 2022 and 2021 were both 150,000 thousand shares, and the number of shares in 2022 and 2021 remained unchanged.
2. As of December 31, 2022, the Company's authorized capital was NT$2,000,000, and the paid-in capital was NT$1,500,000 with a par value of NT$10 per share; all shares are issued as ordinary shares. All proceeds from shares issued have been collected.

## (XVI) 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. Regarding capital surplus - changes in the ownership interests of subsidiaries as recognized, please refer to Note 6(5)4.
3. Please see Note 6(5)5 for the details of capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries.

(XVII) Retained earnings

1. Under the Articles of Incorporation of the Company, the earnings, if any, shall be distributed after close of the year as follows:
   (1) First pay income tax.
   (2) Make up loss accumulated in previous year, if any.
   (3) Amortize 10% as legal reserve unless the accumulated legal reserve is up to the total paid-in capital of the Company.
   (4) Amortize or rotate special reserve as required by law or the competent authority.
   (5) For the balance after deduction of the sums under the preceding Paragraphs (1)-(4), the Board of Directors shall propose the allocation to be duly allocated after being submitted and resolved in the shareholders' meeting.
2. The Company sets its dividend policy pursuant to the Company Act and the Company's Articles of Incorporation, taking into account the Company's finances, business, operation, capital budget, and so on factors in maintaining the shareholders' interests, balancing dividends and the Company's long-term financial plan. Each year, the Board of Directors proposes the appropriation of earnings according to laws and submits the proposal to the shareholders' meeting for approval. The appropriation of earnings shall be made with considerations of various factors such as the Company's finances, business, and operation aspects. Dividends may be distributed in the form of cash or shares, provided, however, that cash dividends distributed in respect of any fiscal year shall not exceed 10 percent of the total shareholders' dividends distributed.
3. 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.
4. 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.

5. The Company's earning distribution plan for the year ended December 31, 2020 approved by the shareholders' meeting on May 19, 2021 is as follows:

| | 2020 | |
|---|---|---|
| | Amount | Dividend per share (NT$) |
| Legal reserve | $ 13,033 | |
| Special reserve | 1,841 | |
| Cash dividends | 115,500 | $ 0.77 |
| Total | $ 130,374 | |

6. On May 31, 2022, the Company approved the reversal of the 2021 special reserve of NT$28,369 by resolution of the shareholders' meeting and offset the deficit with the legal reserve of NT$74,680. The calculation of the deficit to be offset is as follows:

| | 2021 |
|---|---|
| Retained earnings on January 1, 2021 | $ 130,803 |
| Appropriation and distribution of retained earnings of 2020 | |
| -Profit set aside as legal reserve | ( 13,033) |
| -Provision of special reserves | ( 1,841) |
| -Cash dividend | ( 115,500) |
| Net loss after tax | ( 103,741) |
| Remeasurements of defined benefit plans with actuarial valuation | 263 |
| Profit reversed as special reserve | 28,369 |
| Cumulative deficit to be offset on December 31, 2021 | ($ 74,680) |

7.(1) The Company's earning distribution plan for the year ended December 31, 2022 approved by the board of directors' meeting on March 10, 2023 is as follows:

| | 2022 | |
|---|---|---|
| | Amount | Dividend per share (NT$) |
| Legal reserve | $ 3,845 | |
| Special reserve | 34,600 | |
| Cash dividends | - | $ - |
| Total | $ 38,445 | |

(2) According to the approval of the proposal made by the Board of Directors on March 10, 2023, the Company allotted NT$0.23 per share from capital surplus - issued at premium in a total amount of NT$34,500.

(XVIII) Operation income

| | 2022 | 2021 |
|---|---|---|
| Revenue from contracts with customers: | | |
| Revenue from sales of goods | $ 3,025,480 | $ 2,467,441 |
| Revenue from construction contracts | 56,025 | 42,614 |
| Other revenue from contracts | 108,919 | 119,445 |
| | $ 3,190,424 | $ 2,629,500 |

1. Detail of customer contract income

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

| 2022 | Cement business | Building materials business | Engineering and construction business | Total |
|---|---|---|---|---|
| Departmental revenue | $1,670,900 | $1,463,499 | $ 56,025 | $3,190,424 |
| Timing of revenue recognition | | | | |
| Revenue recognized at a point in time | $1,670,900 | $1,463,499 | $ - | $3,134,399 |
| Revenue recognized over time | - | - | 56,025 | 56,025 |
| | $1,670,900 | $1,463,499 | $ 56,025 | $3,190,424 |

| 2021 | Cement business | Building materials business | Engineering and construction business | Total |
|---|---|---|---|---|
| Departmental revenue | $1,432,754 | $1,154,132 | $ 42,614 | $2,629,500 |
| Timing of revenue recognition | | | | |
| Revenue recognized at a point in time | $1,432,754 | $1,154,132 | $ - | $2,586,886 |
| Revenue recognized over time | - | - | 42,614 | 42,614 |
| | $1,432,754 | $1,154,132 | $ 42,614 | $2,629,500 |

2. As of December 31, 2022 and 2021 for the signed construction contracts, the aggregated amounts of the transaction amount allocated to the unsatisfied contract performance, and the estimated recognition years are as the followings:

| Year | Year of the estimated recognized revenues | Amounts of the signed contracts |
|---|---|---|
| 2022 | 2023 ~ 2026 | $ 80,072 |
| 2021 | 2022 ~ 2026 | $ 72,579 |

3. Contract assets and contract liabilities

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

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Contract asset: | | | |
| Contract asset - Retainable receivable (including related parties) | $ 5,147 | $ 3,206 | $ 3,843 |
| Contract asset - Construction contract | 6,686 | 8,030 | 10,081 |
| Total | $ 11,833 | $ 11,236 | $ 13,924 |
| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
| Contract liability: | | | |
| Contract liabilities - Construction materials contract (related parties included) | $ 18,078 | $ 35,210 | $ 28,186 |
| Contract liability - Construction contract | 6,186 | 38 | 1,657 |
| Total | $ 24,264 | $ 35,248 | $ 29,843 |

4. Contract assets and contract liabilities related to aforementioned contracts recognized as of December 31, 2022 and 2021, and as of January 1, 2021:

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Total costs incurred plus profits recognized (less losses recognized) | $ 45,222 | $ 32,895 | $ 52,823 |
| Less: Amount requested for progress of works | ( 44,722) | ( 24,903) | ( 44,399) |
| Status of net assets and liabilities of contracts | $ 500 | $ 7,992 | $ 8,424 |

## (XIX) Operation costs

| | 2022 | 2021 |
|---|---|---|
| Cost of sales of goods | $ 2,932,832 | $ 2,392,772 |
| Cost of construction contract | 46,118 | 32,311 |
| Other costs from contracts | 5,395 | 9,218 |
| | $ 2,984,345 | $ 2,434,301 |

## (XX) Interest revenue

| | 2022 | 2021 |
|---|---|---|
| Interest on cash in banks | $ 1,017 | $ 667 |

## (XXI) Other income

| | 2022 | 2021 |
|---|---|---|
| Dividend income | $ 27,201 | $ 76 |
| Rent income | 1,116 | 1,128 |
| Other income | 2,876 | 588 |
| | $ 31,193 | $ 1,792 |

## (XXII) Other gains and losses

| | 2022 | 2021 |
|---|---|---|
| Net foreign exchange gains | $ 1,965 | $ 2,115 |
| Gain (loss) on foreign currency valuation | 153 | ( 24) |
| Loss on disposal of property, plant and equipment | - | ( 832) |
| Impairment loss on property, plant and equipment | - | ( 66,151) |
| Impairment loss on intangible assets | - | ( 73,212) |
| Gains on lease modifications | 175 | - |
| Others | ( 1,207) | ( 1,183) |
| | $ 1,086 | ($ 139,287) |

## (XXIII) Financial Costs

| | 2022 | 2021 |
|---|---|---|
| Interest Cost: | | |
| Bank loan | $ 40,092 | $ 23,181 |
| Lease liabilities | 338 | 625 |
| Less: Amount eligible for capitalization | ( 45) | ( 1,536) |
| | $ 40,385 | $ 22,270 |

## (XXIV) Additional information of expenses by nature

| | 2022 | 2021 |
|---|---|---|
| Changes in products, finished goods, and works-in-process, and raw materials and supplies consumed | $ 1,791,724 | $ 1,282,491 |
| Contract work | 72,352 | 64,032 |
| Employee benefit expense | 316,134 | 287,466 |
| Commodity tax | 124,405 | 216,907 |
| Utilities expense | 208,585 | 193,828 |
| Freight expense | 214,194 | 185,238 |
| Depreciation expenses for property, plant and equipment | 195,053 | 166,746 |
| Depreciation expenses for right-of-use assets | 16,617 | 31,539 |
| Repairs and maintenance expense | 83,101 | 66,881 |
| Depreciation and amortization expenses of intangible assets | 9,465 | 10,647 |
| Expected credit impairment gains | ( 335) | ( 487) |
| Other expense | 143,761 | 131,737 |
| Operating costs and expenses | $ 3,175,056 | $ 2,637,025 |

## (XXV) Employee benefit expense

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | $ 258,872 | $ 233,939 |
| Labor and health insurance costs | 24,067 | 22,737 |
| Pension expense | 10,131 | 9,300 |
| Directors’ remuneration | 3,036 | 2,856 |
| Other employment fees | 20,028 | 18,634 |
| | $ 316,134 | $ 287,466 |

1. According to the Articles of Incorporation, the Company shall appropriate at least 1% of the remainder of the profit for the year as profit sharing remuneration for employees after deducting the accumulated losses from the profit for the current year. None will be distributed for director remuneration.

2. (1) The estimated amount of the 2022 employee remuneration was NT$466. The aforementioned amount was accounted for in salary expenses. The operation status of the Company in 2021 was a loss. Thus, the provision for employee remuneration was not taken up.
   (2) The employees' compensation was estimated and accrued based on 1% of distributable profit of the current year for the year ended December 31, 2022. The employees' compensation resolved by the Board of Directors on March 10, 2023 was NT$466, which will be distributed in the form of cash.
   (3) 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.

(XXVI) Income tax

1. Income tax (benefit) expenses

Components of income tax (expenses):

| | 2022 | 2021 |
|---|---|---|
| Current income tax: | | |
| Income tax occurred in the current period | $ - | $ - |
| Underestimation on income tax for prior years | 1,746 | 891 |
| Total income tax for current period | 1,746 | 891 |
| Deferred income tax: | | |
| Origination and reversal of temporary differences | 2,368 | ( 28,616) |
| Tax loss | 3,915 | ( 3,915) |
| Total deferred income tax | 6,283 | ( 32,531) |
| Income tax (benefit) expense | $ 8,029 | ($ 31,640) |

2. Reconciliation between income tax expenses (benefits) and accounting profit

| | 2022 | 2021 |
|---|---|---|
| Imputed income (loss) taxes on pre-tax income at a statutory tax rate | $ 9,227 | ($ 27,076) |
| Expenses to be excluded as stipulated in the tax law | 232 | 808 |
| Income with exemption from tax as stipulated in the tax law | ( 13,012) | ( 6,263) |
| Tax loss on unrealizable deferred income tax assets | 5,293 | - |
| Changes in realizability evaluation on deferred income tax assets | 4,543 | - |
| Underestimation on income tax for prior years | 1,746 | 891 |
| Income tax (benefit) expense | $ 8,029 | ($ 31,640) |

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

| | 2022 | | |
|---|---|---|---|
| | January 1 | Recognized in profit and loss | December 31 |
| Deferred tax assets: | | | |
| - Temporary differences: | | | |
| Allowance for inventory valuation loss | $ 1,379 | ($ 1,185) | $ 194 |
| Unrealized sales discounts | 1,622 | 535 | 2,157 |
| Unrealized impairment loss | 27,872 | ( 1,687) | 26,185 |
| Unrealized foreign exchange losses | 1 | ( 1) | - |
| - Tax loss | 3,915 | ( 3,915) | - |
| Subtotal | 34,789 | ( 6,253) | 28,536 |

| | 2022 | | |
|---|---|---|---|
| | January 1 | Recognized in profit and loss | December 31 |
| Deferred tax liabilities: | | | |
| - Temporary differences: | | | |
| Unrealized foreign exchange gains | - | ( 30) | ( 30) |
| Subtotal | - | ( 30) | ( 30) |
| Total | $ 34,789 | ($ 6,283) | $ 28,506 |

| | 2021 | | |
|---|---|---|---|
| | January 1 | Recognized in profit and loss | December 31 |
| Deferred tax assets: | | | |
| - Temporary differences: | | | |
| Allowance for inventory valuation loss | $ 305 | $ 1,074 | $ 1,379 |
| Unrealized sales discounts | 1,957 | ( 335) | 1,622 |
| Unrealized impairment loss | - | 27,872 | 27,872 |
| Unrealized foreign exchange losses | - | 1 | 1 |
| - Tax loss | - | 3,915 | 3,915 |
| Subtotal | 2,262 | 32,527 | 34,789 |
| Deferred tax liabilities: | | | |
| - Temporary differences: | | | |
| Unrealized foreign exchange gains | ( 4) | 4 | - |
| Subtotal | ( 4) | 4 | - |
| Total | $ 2,258 | $ 32,531 | $ 34,789 |

4. Expiration dates of loss carryforwards unused by the Company and amounts of unrecognized deferred tax assets are as follows:

| December 31, 2021 | | | | |
|---|---|---|---|---|
| Year of occurrence | Declared/Verified | Amount not deducted | Non-recognized amount of deferred income tax assets | The final year in which the tax deduction is applied |
| 2021 | $ 19,577 | $ 19,577 | $ - | 2031 |

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

## (XXVII) Earnings (Losses) per Share

| | 2022 | | |
|---|---|---|---|
| | After-tax amount | Number of shares outstanding (thousand shares) at the end of the period | Equity per Share (NT$) |
| Basic earnings per share | | | |
| Net income attributable to ordinary shareholders | $ 38,108 | 150,000 | $ 0.25 |
| Diluted earnings per share | | | |
| Net income attributable to ordinary shareholders | 38,108 | 150,000 | |
| Impact of potential diluted common shares | | | |
| Remuneration to employee | - | 20 | |
| Effects of the net income attributable to common shareholders plus potential common stocks | $ 38,108 | 150,020 | $ 0.25 |

| | 2021 | | |
|---|---|---|---|
| | After-tax amount | Number of shares outstanding (thousand shares) at the end of the period | Loss per share (NT$) |
| Basic/Diluted losses per share | | | |
| Net loss attributable to ordinary shareholders | ($ 103,741) | 150,000 | ($ 0.69) |

## (XXVIII) Cash flow supplementary information

1. Investing activities not affecting cash flow:

| | 2022 | 2021 |
|---|---|---|
| Prepayments for business facilities reclassified to property, plant and equipment | $ 22,109 | $ 64,723 |

2. Investing activities paid partially by cash:

| | 2022 | 2021 |
|---|---|---|
| Acquisition of financial assets at fair value through other comprehensive income | $ 348,801 | $ 203,800 |
| Add: Investments payable at the beginning of the period | 5,857 | - |
| Less: Investments payable at the end of the period | - | ( 5,857) |
| Cash payments for current period | $ 354,658 | $ 197,943 |

| | 2022 | 2021 |
|---|---|---|
| Acquisition of property, plant and equipment | $ 257,538 | $ 186,998 |
| Add: Payables for equipment at the beginning of the period (including related parties) | 36,364 | 38,105 |
| Less: Payables for equipment at the end of the period | ( 31,937) | ( 36,364) |
| Cash payments for current period | $ 261,965 | $ 188,739 |

## (XXIX) Changes of liabilities from financing activities

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notes and bills payable | Lease liabilities - current and non-current | Long-term borrowings (including those due within one year or one operating cycle) | Non-current liabilities (guarantee deposits received) | Total liabilities from financing activities |
| January 1 | $ - | $ 239,824 | $ 77,295 | $ 2,500,000 | $ 7,541 | $ 2,824,660 |
| Changes of the financing cash flows | 950,000 | 70,000 | ( 14,873) | 50,000 | - | 1,055,127 |
| Addition-Newly added lease contracts | - | - | 486 | - | - | 486 |
| Other non-cash changes | - | 8 | ( 38,755) | - | - | ( 38,747) |
| December 31 | $ 950,000 | $ 309,832 | $ 24,153 | $ 2,550,000 | $ 7,541 | $ 3,841,526 |

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notese and bills payable | Lease liabilities - current and non-current | Long-term borrowings (including those due within one year or one operating cycle) | Non-current liabilities (guarantee deposits received) | Total liabilities from financing activities |
| January 1 | $ 290,000 | $ 259,879 | $ 10,853 | $ 1,650,000 | $ 7,276 | $ 2,218,008 |
| Changes of the financing cash flows | ( 290,000) | ( 20,000) | ( 29,629) | 850,000 | 265 | 510,636 |
| Addition-Newly added lease contracts | - | - | 96,071 | - | - | 96,071 |
| Other non-cash changes | - | ( 55) | - | - | - | ( 55) |
| December 31 | $ - | $ 239,824 | $ 77,295 | $ 2,500,000 | $ 7,541 | $ 2,824,660 |

## VII. Related Parties Transactions

### (I) Parent Company and the ultimate controller

The Company is controlled by Ruentex Engineering & Construction Co., Ltd. which holds 39.15% of the Company's shares. The ultimate parent company of the Company is the Ruentex Development Co., Ltd.

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

| Name of the related parties | Relationship with the Company |
|---|---|
| Ruentex Development Co., Ltd. | Ultimate parent company of the Company |
| Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering) | Direct parent company (The parent company of the Company) |
| Ruentex Interior Design Inc. | Subsidiary of the Company |
| Ruentex Property Management and Maintenance Co., Ltd. | Fellow subsidiary (A subsidiary of the ultimate parent company of the Company) |
| Ruentex Bai-Yi Development co., Ltd. | Fellow subsidiary (A subsidiary of the ultimate parent company of the Company) |
| Ruentex Construction & Development Co., Ltd. | Fellow subsidiary (A subsidiary of the ultimate parent company of the Company) |
| Ruentex Innovative Development Co., Ltd. | Fellow subsidiary (A subsidiary of the ultimate parent company of the Company) |
| Ruentex Industries Ltd. | Other related parties (A company recognized using the equity method for the ultimate parent company of the Company) |
| Nan Shan Life Insurance Co., Ltd. | Other related parties (A company recognized using the equity method for the ultimate parent company of the Company) |
| Nan Shan General Insurance Co., Ltd. | Other related parties (subsidiary of a company recognized using the equity method for the ultimate parent company of the Company) |
| OBI Pharma, Inc. | Other related party (the Company's parents' representative of juridical person director is the representative of the juridical person director of the company) |
| Ruentex Construction Co., Ltd. (Ruentex Construction) | Other related party (the management personnel of the Company's parent company is the representative of the juridical person director of the company) |
| Huei Hong Investment Co., Ltd. | Other related party (the Company's juridical person director) |
| Sunny Friend Environmental Technology Co., Ltd. | Other related parties (A company recognized using the equity method for the ultimate parent company of the Company) |

| Name of the related parties | Relationship with the Company |
|---|---|
| Samuel Yen-Liang Yin | Other related party (a relative within the first degree of kinship of the representative of the juridical corporate director of the Company) |
| Mo, Wei-Han | Chairman of the Company |
| Chen, Hsueh-Hsien | President of the Company |
| Lee, Chih-Hung (Note) | Former chairperson of the Company |
| Chiu, Hui-Sheng (Note) | Former president of the Company |

Note: Lee, Chih-Hung and Chiu, Hui-Sheng resigned from the posts of chairman and president on October 5, 2021. Mo, Wei-Han was elected by the Board of Directors as the Chairman, and Chen, Hsueh-Hsien was appointed as President.

## (III) Significant related parties transactions and balances

1. Operating income

| | 2022 | 2021 |
|---|---|---|
| Sales of goods: | | |
| The ultimate parent company | $ 6,679 | $ 85 |
| The direct parent company | 129,812 | 112,297 |
| Subsidiaries | 3,541 | 2,823 |
| Fellow subsidiary | 1,750 | - |
| Other related parties | 3,594 | 13 |
| Contract of construction: | | |
| The ultimate parent company | 3,228 | 243 |
| The direct parent company | 46,474 | 33,148 |
| Subsidiaries | 501 | 1,766 |
| Other related parties | - | 520 |
| | $ 195,579 | $ 150,895 |

There is no significant difference in the transaction prices and payment terms for goods sold and the non-related parties. The contract price of the contract of construction is negotiated by both parties and is collected by the due date as stated in the contract.

2. Receivables from related parties

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes receivable: | | |
| The direct parent company | $ 350 | $ 7,558 |
| Accounts receivable: | | |
| The ultimate parent company | $ 3,982 | $ - |
| The direct parent company | 32,654 | 13,846 |
| Subsidiaries | 1,318 | 330 |
| Fellow subsidiary | 855 | - |
| Other related parties | 857 | - |
| | $ 39,666 | $ 14,176 |

3. Contract assets - retainable receivables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| The direct parent company | $ 3,820 | $ 2,060 |

4. Balance of accounts payable from related parties

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes payable: | | |
| The direct parent company | $ 1,693 | $ - |
| Fellow subsidiary | 15 | - |
| Other related parties | 156 | 217 |
| | $ 1,864 | $ 217 |
| Accounts payable: | | |
| The direct parent company | $ 1,802 | $ 1,148 |
| Other payables (Note): | | |
| The direct parent company | $ 194 | $ 7 |
| Other related parties | 179 | 177 |
| | $ 373 | $ 184 |

Note: It is mainly insurance premium payables.

5. Property transactions

(1) Acquisition of financial Assets

Please refer to Notes 6(4)4. and 5.

(2) Property, plant and equipment acquired

A. The Company signed a construction contract and supplemental agreement with Ruentex Engineering & Construction after approval from the Board of Directors on November 13, 2018 and

December 26, 2019, respectively, regarding the project for "The Construction of the Pingtung Ligang Factory". Ruentex Engineering & Construction was contracted for hypothetical engineering, foundation works, structural engineering, and general electrical and mechanical engineering construction of this project. The inspection and acceptance was completed in July 2021. The final contract total price and the amount paid was $493,351.

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

6. Incomplete work of construction contracting and advance construction receipts

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Total contract amount (tax excluded) | Prepayments of construction funds | Total contract amount (tax excluded) | Prepayments of construction funds |
| The ultimate parent company | $ 33,121 | $ - | $ - | $ - |
| The direct parent company | 70,871 | 41,692 | 93,582 | 24,696 |
| | $ 103,992 | $ 41,692 | $ 93,582 | $ 24,696 |

7. The Company and the direct parent company signed and entered into an agreement in January 2020 on contract processing. The monthly payment is NT$900. If the monthly production surpasses 3,800 tonnes, an additional payment of NT$80 per kiloton shall be made (for production at less than one kiloton, it will be calculated based on one kiloton). The contract was renewed in July 2021. The monthly payment is $980. If the monthly production surpasses 3,800 tonnes, an additional payment of NT$80 per kiloton shall be made (for production at less than one kiloton, it will be calculated based on one kiloton). For the year ended December 31, 2022 and 2021, processing expenses of NT$11,760 and NT$11,280 were recognized, respectively.

8. The Company and the direct parent company signed and entered into an agreement in August 2022 on contract processing. The monthly payment is NT$632. If the monthly production surpasses 2,000 tonnes, an additional payment of NT$80 per kiloton shall be made (for production at less than one kiloton, it will be calculated based on one kiloton). For the year ended December 31, 2022, processing expenses of NT$3,160 was recognized.

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| The direct parent company | $ 31,254 | $ 31,254 |
| Key management personnel | $ 5,700,000 | $ 5,300,000 |

10. Related party who owns the land based on a trust deed

A portion of the Company’s land is agricultural land. Due to legal restrictions, the Consolidated Company is not entitled to the property rights of the aforementioned land. Therefore, the property rights of the agricultural land obtained in 2009, 2010, 2015, 2018, and 2020 were registered to the chief management and pledged as collateral to the Company. The farming and grazing land originally of the Ligang Plant in Pingtung has been changed to transportation land as approved by the competent authority. The active person transferred his/her ownership registration to the Company. The change registration has been completed on December 27, 2021. As of December 31, 2021, the carrying amount of the farming and grazing land of NT$84,306 was recognized under the “property, plant and equipment.”

(IV) Key management compensation information

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries and short-term employee benefits | $ 27,907 | $ 27,709 |
| Post-employment benefits | 625 | 570 |
| Termination benefits | 495 | 2,251 |
| Total | $ 29,027 | $ 30,530 |

## VIII. Pledged Assets

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

| Asset items | Carrying amount December 31, 2022 | Carrying amount December 31, 2021 | For guarantee purpose |
|---|---|---|---|
| Other financial assets-current (listed as Other Current Assets) | $ 5,065 | $ 40,221 | Performance bond |
| Property, plant, and equipment | 1,552,610 | 1,573,192 | Long-term borrowings and guarantee quota |
| Other financial assets - non-current (listed as "other non-current assets") | 91,819 | - | Performance bond |
| | $ 1,649,494 | $ 1,613,413 | |

## IX. Significant contingent liabilities and unrecognized contractual commitments

### (I) Contingencies

Please refer to Note 6(8).

### (II) Commitments

Except those described in Note 6(7) and 7, other material commitments are as follows:

1. As of December 31, 2022, the total amount of the construction contracts entered into by the Company for construction projects was NT$41,047. NT$26,213 has been paid, and the remainder will be paid based on the stage of completion.
2. As of December 31, 2022, the amounts of letters of credit issued by the Company but not yet used are USD 413 thousand and EUR 40 thousand, respectively.

## X. Significant Disaster Loss

None.

## XI. Significant subsequent events

Except described in Notes 6(7), (17), and (25), there is no other subsequent event.

## XII. Others

### (I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell Assets in order to adjust to reach the most suitable capital structure. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the net debt by the total capital. Net liabilities are equal to total borrowings (including "current and non-current borrowings" on the balance sheet) deducting cash and cash equivalents. Total capital is the "equity" stated on the balance sheet plus net liabilities.

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total borrowings | $ 3,810,000 | $ 2,740,000 |
| Less: Cash and cash equivalents | ( 432,571) | ( 254,861) |
| Net debt | 3,377,429 | 2,485,139 |
| Total equity | 2,206,537 | 2,243,473 |
| Total capital | $ 5,583,966 | $ 4,728,612 |
| Debt-to-total-capital ratio | 60.48% | 52.56% |

(II) Financial instruments

1. Type of financial instruments

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets | | |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | $ 432,571 | $ 254,861 |
| Notes receivable (including related parties) | 150,878 | 117,735 |
| Accounts receivable (including related parties) | 639,824 | 362,401 |
| Refundable deposits (listed as other non-current assets) | 21,393 | 21,908 |
| Other financial assets (listed as other current assets and other non-current assets) | 96,884 | 40,221 |
| Financial assets at fair value through other comprehensive income acquired | | |
| Equity instrument investments by the option to designate | 476,123 | 216,792 |
| | $ 1,817,673 | $ 1,013,918 |

Financial liabilities

| | | |
|---|---|---|
| Financial liabilities are carried at amortized cost | | |
| Short-term borrowings | $ 950,000 | $ - |
| Short-term notes and bills payable | 309,832 | 239,824 |
| Notes payable (including related parties) | 59,672 | 74,622 |
| Accounts payable (including related parties) | 203,124 | 174,110 |
| Other payables (including related parties) | 170,194 | 159,501 |
| Long-term borrowings (including due within one year or one operating cycle) | 2,550,000 | 2,500,000 |
| Guarantee deposits received (listed as other non-current liabilities) | 7,541 | 7,541 |
| | $ 4,250,363 | $ 3,155,598 |
| Lease liabilities - current and non-current | $ 24,153 | $ 77,295 |

2. Risk management policies

(1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(2) Risk management work is executed by the Company's Financial Department according to the policies approved by the Board of Directors. Through close cooperation with the various operating units of the Company, the Company's Financial Department is responsible for the identification, evaluation, and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Company's risk management's objective is to manage currency exchange risk, interest risk, credit risk, and liquidity risk regarding operating activities. To reduce relevant financial risks, the Company is devoted to identifying, evaluating, and circumventing market uncertainties to mitigate the potential negative impacts on the Company's financial performance due to market movements.

B. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations is as follow:

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | | | Sensitivity analysis | |
| (Foreign currency: Functional currency) | Foreign currency amount (thousands) | Exchange rate measurement at the end of the period | Carrying amount (NT$) | Range of variation | Effects on profit and loss |
| Financial assets - Monetary items | | | | | |
| USD:NTD | $ 43 | 30.71 | $ 1,321 | 1% | $ 13 |
| Financial liabilities - Monetary items | | | | | |
| USD:NTD | 202 | 30.71 | 6,203 | 1% | 62 |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | | | Sensitivity analysis | |
| (Foreign currency: Functional currency) | Foreign currency amount (thousands) | Exchange rate measurement at the end of the period | Carrying amount (NT$) | Range of variation | Effects on profit and loss |
| Financial assets - Monetary items | | | | | |
| USD:NTD | $ 65 | 27.68 | $ 1,799 | 1% | $ 18 |
| Financial liabilities - Monetary items | | | | | |
| USD:NTD | 17 | 27.68 | 471 | 1% | 5 |
| GBP:NTD | 23 | 37.30 | 858 | 1% | 9 |

C. Foreign exchange risk has significant impact on the Company, and all of the foreign exchange gains (including realized and unrealized) on recognized monetary items were NT$2,118 and NT$2,091, for the years ended December 31, 2022 and 2021, respectively.

Price risk

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

B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, other comprehensive income due to classification to gains or losses of equity investments at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by NT$4,761 and NT$2,168.

Cash flow and fair value interest rate risk

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

B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.

C. If interest rates on borrowings had been 0.1% 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$2,800 and NT$2,000, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties' inability to repay the accounts payable according to the payment terms.

B. The Company established management of credit risk from the Company's perspective. According to the internally specified credit extension policy, before each operating entity and each new customer establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.

C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.

D. The Company uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.

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.

E. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

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

G. The Company used the forecasting ability of the Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility and estimate impairment provisions for accounts receivable (including related parties) and contract assets (including related parties). As of

December 31, 2022 and 2021, the loss rate methodology is as follows:

| | Group 1 | Group 2 | Total |
|---|---|---|---|
| December 31, 2022 | | | |
| Expected loss | 0.02~0.03% | 0.26%~100% | |
| Total carrying amount | $ 451,789 | $ 203,395 | $ 655,184 |
| Allowance for losses | $ 121 | $ 3,406 | $ 3,527 |

| | Group 1 | Group 2 | Total |
|---|---|---|---|
| December 31, 2021 | | | |
| Expected loss | 0.02%~0.03% | 0.53%~100% | |
| Total carrying amount | $ 239,598 | $ 137,901 | $ 377,499 |
| Allowance for losses | $ 69 | $ 3,793 | $ 3,862 |

Group 1: Sales counterparty established for 10 years and more, or accounts receivables arising from transactions with related parties and contracts for public construction or to debtors who have high probability of performing the payment financially.

Group 2: Sales counterparty established for less than 10 years, or those who have general payment performance ability.

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

| | 2022 | 2021 |
|---|---|---|
| | Accounts receivable | Accounts receivable |
| January 1 | $ 3,862 | $ 4,349 |
| Reversal of impairment loss | ( 335) | ( 487) |
| December 31 | $ 3,527 | $ 3,862 |

(3) Liquidity risk

A. Cash flow forecasting is performed by each of the operating entities of the Group and aggregated by the Finance Department. The Department also monitors the projections for the Group’s need for funds to ensure that there is sufficient funding to support operating requirements.

B. For the remaining cash held by each of the operating entities, when it exceeds the management needs of operating capital, it then invests the remaining capital in the savings deposit with interest, time deposit, and equivalent cash - short-term notes and bills, etc. The instruments selected have appropriate maturity date or sufficient liquidity in order to cope with the aforementioned forecasts and to provide sufficient movement level.

C. Details of the loan credit not yet drawn down by the Company are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Due within one year | $ 340,000 | $ 860,000 |
| Due longer than one year | 886,103 | 950,000 |
| | $ 1,226,103 | $ 1,810,000 |

D. The table below analyzes the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Derivative financial liabilities are analyzed on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the following table are the contractual undiscounted cash flows:

| Non-derivative financial liabilities:<br>December 31, 2022 | 3 months and below | Within 3 months to 1 year | More than 1 year |
|---|---|---|---|
| Short-term borrowings | $ 950,000 | $ - | $ - |
| Short-term notes and bills payable (Note) | 310,000 | - | - |
| Notes payable (including related parties) | 58,958 | 714 | - |
| Accounts payable (including related parties) | 198,900 | 1,009 | 3,215 |
| Other payables (including related parties) | 170,099 | 95 | - |
| Lease liabilities - current (Note) | 5,596 | 5,962 | - |
| Long-term borrowings (including due within one year or one operating cycle) (Note) | 11,264 | 581,076 | 2,017,250 |
| Lease liabilities - non-current (Note) | - | - | 12,963 |

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

Non-derivative financial liabilities:

| December 31, 2021 | 3 months and below | Within 3 months to 1 year | More than 1 year |
|---|---|---|---|
| Short-term notes and bills payable (Note) | $ 240,000 | $ - | $ - |
| Notes payable (including related parties) | 73,907 | 715 | - |
| Accounts payable (including related parties) | 169,396 | 817 | 3,897 |
| Other payables (including related parties) | 158,289 | 1,114 | 98 |
| Lease liabilities - current (Note) | 13,313 | 32,953 | - |
| Long-term borrowings (Note) | - | - | 2,529,678 |
| Lease liabilities - non-current (Note) | - | - | 31,953 |

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

(III) Fair value information

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

   Level 1: Quoted prices (unadjusted) in active markets for identical Assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed and OTC stocks is included in Level 1.

   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.

2. Financial instruments other than those measured at fair value

   The carrying amount of the Company's cash and cash equivalent and the financial instruments measured at amortized cost, including notes receivable (including related parties), accounts receivable (including related parties), other financial assets, guarantee deposits paid, short-term borrowings, short-term notes payable, notes payable (including related parties), accounts payable (including related parties), other payables (including related parties), other long-term borrowings, and guarantee deposits received are approximated to their fair values.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the natures, characteristic and risk, and fair value of the assets and liabilities is as follows:

| December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value | | | | |
| Financial Assets at fair value through other comprehensive income acquired | | | | |
| Equity securities | $ 476,123 | $ - | $ - | $ 476,123 |

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value | | | | |
| Financial Assets at fair value through other comprehensive income acquired | | | | |
| Equity securities | $ 216,792 | $ - | $ - | $ 216,792 |

4. For financial instruments of the Company traded in active markets, their fair value is measured based on the market quotation at the end of the balance sheet date. The market is deemed to be an active market when the quotation can be obtained instantly and regularly from the stock exchange, dealer, broker, industry, rating agencies, and regulatory body, and that the quotation represents the actual and regular market transactions conducted under the basis of a normal transaction. The market price of the financial assets held by the Company is the closing market price. These instruments belong to Level 1. Level 1 instruments are mainly equity instruments. Their classification is financial assets at fair value through other comprehensive income.
5. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

## XIII. Separately Disclosed Items

### (I) Information on significant transactions (including related information on subsidiaries)

1. Loans to others: None.
2. Endorsement/guarantee provided for others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries): Please refer to Table 1.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Please refer to Table 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. Engaged in trading of derivative instruments undertaken during the reporting periods: None.

10. Business relationships and significant intercompany transactions and amounts between a parent and its subsidiary company, or between its subsidiaries: Transaction amounts reaching NT$10,000 thousand shall be disclosed in terms of assets and revenue.

    There are no business relationships or important transactions between the parent and subsidiaries amounting to NT$10,000 thousand or more in 2022.

(II) Information on Investees

Names, locations, and other information of investees: Please refer to Table 4.

(III) Information on Investments in China

None.

(IV) Information on main investors

Please refer to Table 5.

XIV. Information on Departments

Not applicable.

Ruentex Materials Co., Ltd.

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 (Note 1) | Relationship with the issuer of securities (Note 2) | Account recognized | End of the period | | | | Remark (Note 4) |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying amount (Note 3) | Shareholding percentage | Fair value | |
| Ruentex Materials Co., Ltd. | Shares of Ruentex Industries Ltd. | A company recognized using the equity method for the ultimate parent company of the Company | Financial assets at fair value through other comprehensive income - non-current | 7,200,236 | $ 468,015 | 0.65 | $ 468,015 | |
| | Shares of OBI Pharma, Inc. | The direct parent company's representative of the juridical person director is the representative of the juridical person director of the company | Financial assets at fair value through other comprehensive income - non-current | 117,337 | 8,108 | 0.05 | 8,108 | |
| Ruentex Interior Design Inc. | Shares of Ruentex Industries Ltd. | A company recognized using the equity method for the ultimate parent company of the Company | Financial assets at fair value through other comprehensive income - non-current | 2,598,464 | 168,900 | 0.24 | 168,900 | |

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.
Note 2: Not required to be filled in for the issuers of securities that are not related parties.
Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.
Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".

Ruentex Materials Co., Ltd.

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)

| Buying/selling company | Type and name of the securities (Note 1) | Account recognized | Counterparty (Note 2) | Relationship (Note 2) | Beginning of the period | | Buying (Notes 3, 5, and 6) | | Selling (Note 3) | | | | End of the period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Book cost | Gain(loss) on disposal | Shares | Amount |
| Ruentex Materials Co., Ltd. | Shares of Ruentex Industries Ltd. | Financial assets at fair value through other comprehensive income - non-current | - | - | 2,100,236 | $ 204,773 | 5,100,000 | $ 263,242 | - | $ - | $ - | $ - | 7,200,236 | $ 468,015 |

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

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

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

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

Note 5: Ruentex Industries Ltd., had increased its capital in cash in September 2022, and the Company subscribed for 1,760 thousand shares in the amount of NT$88,000.

Note 6: The purchase amount during this period includes NT$259,551 for the purchases from the open market, NT$88,000 for participating a in cash capital increase, and NT$84,309 for unrealized valuation adjustment loss.

Ruentex Materials Co., Ltd.
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)

| | | | Transaction conditions | | | | Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1) | | Notes receivable/payable and accounts receivable/payable | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| The company making the purchase (sale) of goods | Name of counterparty | Relationship | Purchase (sale) of goods | Amount | As a percentage of total purchases (sales) of goods (Note 4) | Credit period | Unit price | Credit period | Balance | As a percentage of notes receivable/payable and accounts receivable/payable (Note 4) | Remark (Note 2) |
| Ruentex Materials Co., Ltd. | Ruentex Engineering & Construction Co., Ltd. | The direct parent company | Sales of goods/Contract of construction | $ 176,286 | 5.53 | The amount shall be collected in accordance with the term of the construction/sales contract | Negotiated price | The amount shall be collected in accordance with the term of the construction/sales contract | $ 33,004 | 4.17 | |
| Ruentex Interior Design Inc. | Ruentex Development Co., Ltd. | The ultimate parent company | Sales of goods/Contract of construction | 412,546 | 38.82 | The amount shall be collected in accordance with the term of the construction/services/sales contract | Negotiated price | The amount shall be collected in accordance with the term of the construction/services/sales contract | 37,554 | 28.90 | |

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

Ruentex Materials Co., Ltd.

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 4

Unit: NT$ thousands

| Name of the investing company | Type and name of the securities | 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 the current period | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the current period | End of last year | Shares | Percentage | Carrying amount | | | |
| Ruentex Materials Co., Ltd. | Ruentex Interior Design Inc. | Taiwan | Interior design | $ 126,721 | $ 140,571 | 4,750,000 | 35.19 | $ 159,254 | $ 103,283 | $ 37,858 | |

Ruentex Materials Co., Ltd.

Information on main investors

December 31, 2022

Attached Table 5

| Name of Major Shareholders | Shares | |
|---|---|---|
| | Number of shares held | Shareholding percentage |
| Ruentex Engineering & Construction Co., Ltd. | 58,726,917 | 39.15 |
| Ruentex Development Co., Ltd. | 15,740,381 | 10.49 |
| Fu, Cheng-Ping | 9,200,000 | 6.13 |

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

Statement 1 Unit: NT$ thousands

| Item | Summary | Amount | |
|---|---|---|---|
| Petty cash and cash on hand | | $ | 230 |
| Bank deposits | | | |
| - Checking deposits | | | 187,068 |
| - Demand deposits | Including USD 42,923.95 at an exchange rate of 30.71 NTD to 1 USD | | 42,077 |
| Cash equivalents - Bonds under repurchase agreements | Maturity before January 5, 2023, interest rate 0.42% | | 203,196 |
| | | $ | 432,571 |

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Ruentex Materials Co., Ltd.
Statement of notes receivable
December 31, 2022

Statement 2 Unit: NT$ thousands

| Name of Customer | Summary | Amount | Remark |
|---|---|---|---|
| Customer A | | $ 16,884 | |
| Customer B | | 13,242 | |
| Customer C | | 9,630 | |
| Customer D | | 9,207 | |
| Customer E | | 7,894 | |
| Other sporadic customers | | 93,671 | The balance of each sporadic customer has not exceed 5% or more of the account title |
| | | $ 150,528 | |

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Ruentex Materials Co., Ltd.
Statement of accounts receivable
December 31, 2022

Statement 3 Unit: NT$ thousands

| Name of Customer | Summary | Amount | Remark |
|---|---|---|---|
| Customer F | | $ 234,827 | |
| Customer G | | 33,501 | |
| Other sporadic customers | | 335,357 | The balance of each sporadic customer has not exceed 5% or more of the account title |
| | | 603,685 | |
| Less: Allowance for doubtful account | | ( 3,527) | |
| | | $ 600,158 | |

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Ruentex Materials Co., Ltd.
Statement of inventories
December 31, 2022

Statement 4 Unit: NT$ thousands

| Item | Summary | Amount: Cost | Amount: Net realizable value | Remark |
|---|---|---|---|---|
| Materials and supplies | | $ 458,407 | $ 472,389 | The net realizable value of raw materials is the remanufacturing cost, and the work-in-progress and finished goods are valuated by net realizable value. |
| Work in process | | 134,796 | 145,819 | |
| Finished goods | | 110,761 | 123,867 | |
| Merchandise inventory | | 326 | 489 | |
| | | 704,290 | $ 742,564 | |
| Less: Allowance for inventory valuation loss | | ( 972) | | |
| Net amount | | $ 703,318 | | |

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Ruentex Materials Co., Ltd.

Statement of changes in financial assets measured at fair value through other comprehensive income - non-current

January 1 to December 31, 2022

Statement 5

Unit: NT$ thousands

| | Beginning of the period | | Increase in the current period | | Decrease in the current period | | | | | End of the period | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Shares | Fair value | Number of shares (Note) | Amount | Shares | Disposal proceeds | Costs of disposal | Disposal profit (loss) | Adjustment change to unrealized valuation gains and loss from financial products | Shares | Fair value | Provided as a guarantee or hedge | Remark |
| Ruentex Industries Ltd. | 2,100,236 | $ 204,773 | 5,100,000 | $ 347,551 | - | $ - | $ - | $ - | ($ 84,309) | 7,200,236 | $ 468,015 | Nil | |
| OBI Pharma, Inc. | 105,433 | 12,019 | 11,904 | 1,250 | - | - | - | - | ( 5,161) | 117,337 | 8,108 | Nil | |
| | | $ 216,792 | | $ 348,801 | | $ - | $ - | $ - | ($ 89,470) | | $ 476,123 | | |

Note 1: Including 1,760,000 shares subscribed for in a cash capital increase and 3,340,000 new shares acquired by Ruentex Industries Ltd. during this period.

Note 2: Including 11,904 shares subscribed for by OBI Pharma, Inc. in a cash capital increase.

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

Statement 6

Unit: NT$ thousands

| | Balance at the beginning of the period | | Increase in the current period | | Decrease in the current period | | Balance at the end of the period | | | Net worth of equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Title | Shares | Amount | Shares | Amount (Note 1) | Shares | Amount (Note 2) | Shares | Shareholding percentage | Amount | Unit price (NT$) | Total amount | Provided as a guarantee or hedge | Remark |
| Ruentex Interior Design Inc. | 5,250,000 | $ 163,130 | - | $ 36,224 | ( 500,000) | ($ 40,100) | 4,750,000 | 35.19% | $ 159,254 | 33.53 | $ 159,254 | Nil | |

Note 1: Including the shares of profit or loss of subsidiaries recognized using the equity method at NT$37,858, recognized fair value changes of other comprehensive income at (NT$1,971), and actuarial gains on defined benefits at NT$337.
Note 2: Including the disposal of NT$13,850 during this period and the cash dividends of NT$26,250 acquired during this period.

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

Statement 7 Unit: NT$ thousands

| Types of borrowing | Balance at the end of the period | Time-limit for contract | Interest rate collars | Loan limit | Mortgage or guarantee | Remark |
|---|---|---|---|---|---|---|
| Credit Loan | | | | | | |
| First Bank | $ 400,000 | October 25, 2022~October 25, 2023 | 1.60% | $ 400,000 | Guarantee notes NT$600,000 | |
| Bank of Taiwan | 400,000 | March 8, 2022~March 8, 2023 | 1.775%~1.90% | 400,000 | Guarantee notes NT$400,000 | |
| Land Bank of Taiwan | 150,000 | November 24, 2022~November 24, 2023 | 1.87% | 150,000 | Guarantee notes NT$200,000 | |
| | $ 950,000 | | | | | |

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Ruentex Materials Co., Ltd.
Statement of short-term notes and bills payable
December 31, 2022

Statement 8 Unit: NT$ thousands

| Item | Guarantee or acceptance institution | Time-limit for contract | Interest rate collars | Amount: Issuing amount | Amount: Unamortized discount for short-term bills payable | Carrying amount | Mortgage or guarantee | Remark |
|---|---|---|---|---|---|---|---|---|
| Commercial papers payable | Dah Chung Bills | November 15, 2022~November 14, 2023 | 1.74% | $ 50,000 | ($ 21) | $ 49,979 | Guarantee notes NT$50,000 | |
| Commercial papers payable | China Bills | August 31, 2022~August 30, 2023 | 1.00% | 100,000 | ( 99) | 99,901 | Guarantee notes NT$100,000 | |
| Commercial papers payable | Grand Bills Finance Corporation | November 30, 2022~November 29, 2023 | 1.76% | 100,000 | ( 19) | 99,981 | Guarantee notes NT$100,000 | |
| Commercial papers payable | Mega Bills | August 9, 2022~August 8, 2023 | 1.78% | 60,000 | ( 29) | 59,971 | Guarantee notes NT$200,000 | |
| | | | | $ 310,000 | ($ 168) | $ 309,832 | | |

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

Statement 9 Unit: NT$ thousands

| Creditor | Summary | Amount borrowed | Time-limit for contract | Interest | Mortgage or guarantee | Remark |
|---|---|---|---|---|---|---|
| Chang Hwa Bank | Secured loan | $ 1,500,000 | September 1, 2022~August 31, 2024 | 1.725% | Secured loan using property, plant and equipment | |
| KGI Bank | Credit Loan | 200,000 | December 1, 2022~February 22, 2025 | 2.18% | Guarantee notes NT$300,000 | |
| Hua Nan Commercial Bank | Credit Loan | 300,000 | December 23, 2022~June 23, 2024 | 1.72% | Guarantee notes NT$300,000 | |
| The Export-Import Bank of the Republic of China | Credit Loan | 150,000 | October 1, 2021~October 1, 2023 | 1.64% | Guarantee notes $150,000 | |
| DBS Bank | Credit Loan | 400,000 | September 13, 2021~September 13, 2023 | 1.80% | Guarantee notes NT$500,000 | |
| | | 2,550,000 | | | | |
| Less: Portion due within one year or one operating cycle | | ( 550,000) | | | | |
| Total | | $ 2,000,000 | | | | |

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Ruentex Materials Co., Ltd.
Statement of operating income
January 1 to December 31, 2022

Statement 10 Unit: NT$ thousands

| Item | Quantity | Amount | Remark |
|---|---|---|---|
| Sales revenue | | | |
| Cement | 608 thousand tons | $ 1,573,171 | |
| RT.MIX building materials | 433 thousand tons | 1,485,780 | |
| Ground granulated blast furnace slag | 1 thousand tons | 1,363 | |
| Total sales revenue | | 3,060,314 | |
| Sales returns | | ( 3,037) | |
| Sales discounts | | ( 31,797) | |
| Net sales revenue | | 3,025,480 | |
| Construction contract revenue | | 56,025 | |
| Other revenue from contracts | | 108,919 | |
| Net amount of operating revenue | | $ 3,190,424 | |

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Ruentex Materials Co., Ltd.
Statement of operating costs
January 1 to December 31, 2022

Statement 11 Unit: NT$ thousands

| Item | Amount | Remark |
|---|---|---|
| Operation Cost | | |
| Cost of sales for externally purchased products | | |
| Beginning inventory | $ 296 | |
| Add: Purchases for current period | 98,014 | |
| Less: Ending inventory | ( 326) | |
| Total cost of purchases and sales | 97,984 | |
| Manufacturing business costs | | |
| Direct materials and supplies | | |
| Beginning inventory | 408,252 | |
| Add: Materials purchased in the current period | 1,968,538 | |
| Less: Ending inventory | ( 458,407) | |
| Less: Transferred to production overheads | ( 137,208) | |
| Direct materials and supplies consumption | 1,781,175 | |
| Direct labor (Note 1) | 103,004 | |
| Production overheads (Note 2) | 736,676 | |
| Manufacturing cost | 2,620,855 | |
| Add: Beginning inventory of work-in-process | 73,608 | |
| Less: Ending inventory of work-in-process | ( 134,796) | |
| Finished goods cost | 2,559,667 | |
| Add: Beginning inventory of finished goods | 84,515 | |
| Less: Ending inventory of finished goods | ( 110,761) | |
| Add: Taxes, transportation, etc. costs (Note 3) | 314,283 | |
| Less: Revenue from sales of scraps | ( 6,932) | |
| Sub-total of production cost | 2,840,772 | |
| Gain from the price recovery of inventory declines | ( 5,924) | |
| Total of production costs | 2,834,848 | |
| Total cost of sales | 2,932,832 | |
| Construction cost | 46,118 | |
| Other costs from contracts | 5,395 | |
| Total operation costs | $ 2,984,345 | |

Note 1: Including wages and salaries at NT$68,090.

Note 2: Including transferred from raw materials at NT$83,366.

Note 3: Including transferred from raw materials at NT$8,431 and unamortized production expenses at NT$6,840.

Ruentex Materials Co., Ltd.
Statement of manufacturing overheads
January 1 to December 31, 2022

Statement 12 | Unit: NT$ thousands

| Item | Summary | Amount | Remark |
|---|---|---|---|
| Utilities expense | | $ 208,394 | |
| Depreciation expense | | 192,269 | |
| Packaging expenses | | 140,239 | |
| Wages and salaries | | 87,228 | |
| Repairs and maintenance expenses | | 82,656 | |
| Other overheads (Note) | | 25,890 | |
| | | $ 736,676 | |

Note: Including amortized expenses at NT$604.

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

Statement 13 | Unit: NT$ thousands

| Item | Summary | Amount | Remark |
|---|---|---|---|
| Wages and salaries | | $ 41,826 | |
| Depreciation expense | | 3,564 | |
| Insurance expense | | 3,866 | |
| Other overheads (Note) | | 16,887 | |
| | | $ 66,143 | |

Note: Including amortized expenses at NT$155.

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Ruentex Materials Co., Ltd.
Statement of administrative expenses
January 1 to December 31, 2022

Statement 14 Unit: NT$ thousands

| Item | Summary | Amount | Remark |
|---|---|---|---|
| Wages and salaries | | $ 37,915 | |
| Depreciation expense | | 12,238 | |
| Other overheads (Note) | | 34,533 | |
| | | $ 84,686 | |

Note: Including amortized expenses at NT$1,866.

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Ruentex Materials Co., Ltd.
Statement of research and development (R&D) expenses
January 1 to December 31, 2022

Statement 15 Unit: NT$ thousands

| Item | Summary | Amount | Remark |
|---|---|---|---|
| Wages and salaries | | $ 23,813 | |
| Depreciation expense | | 3,599 | |
| Other expense | | 12,805 | |
| | | $ 40,217 | |

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Ruentex Materials Co., Ltd.
Summary of employee benefits, depreciation, depletion and amortization expenses by function for the current period (continued)
January 1 to December 31, 2022

Statement 16 Unit: NT$ thousands

| Nature \ Function | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | | | | |
| Wages and salaries | $ 155,318 | $ 103,554 | $ 258,872 | $ 137,995 | $ 95,944 | $ 233,939 |
| Labor and Health Insurance costs | 15,542 | 8,525 | 24,067 | 14,498 | 8,239 | 22,737 |
| Pension expense | 5,964 | 4,167 | 10,131 | 5,468 | 3,832 | 9,300 |
| Directors' Remuneration | - | 3,036 | 3,036 | - | 2,856 | 2,856 |
| Other employee benefit expense | 11,565 | 8,463 | 20,028 | 10,781 | 7,853 | 18,634 |
| Depreciation expenses (including of right-of-use assets) | 192,269 | 19,401 | 211,670 | 161,683 | 36,602 | 198,285 |
| Amortization | 7,444 | 2,021 | 9,465 | 7,117 | 3,530 | 10,647 |

Note:
1. As of December 31, 2022 and 2021, the number of employees are 349 and 336 persons, respectively, and there are 8 directors who are not concurrent employees.
2. Shall the shares of the company listed and traded in TWSE or TPEx, the following information shall be disclosed:
   (1) The average employees' benefit expenses of the year was NT$918 thousand (total of employees' benefit expenses - total remuneration of directors of the year/number of employees - number of directors who are not concurrent employees of the year).
   The average employees' benefit expenses of the previous year were NT$868 thousand (Total of employees' benefit expenses - total remuneration of directors of the previous year/number of employees - number of directors who are not concurrent employees of the previous year).
   (2) The average employees' salary expenses of the year was NT$759 thousand (Total of salary expenses of the year/number of employees - number of directors who are not concurrent employees of the year).
   The averaged employees' salary expenses of the previous year was NT$713 thousand (Total of salary expenses of the previous year/ number of the employees - numbers of directors who did not serve concurrently as employees of the previous year).
   (3) The average adjustment to employees' salary expenses was 6.45% (Average salary expenses of the year - average salary expenses of the previous year/average salary expenses of the previous year).

Statement 16

Unit: NT$ thousands

(4) Company salary policy

A. Director salary and remuneration policy:

Regulations relating to the director remuneration is stated mainly in the Company's "Articles of Incorporation". The Board of Directors is authorized to decide the remuneration amount based on the director's involvement in the Company's operation and contribution with reference to industry standard. After the Remuneration Committee makes its suggested proposal, it is submitted to the Board for discussion.

B. Managerial officer salary and remuneration policy:

The salary and remuneration of the Company's managerial officers shall be made with reference to industry standards and taking into account of the individual performance evaluation results, the time invested, job responsibility, achievement of objectives, performances in other posts, and compensation to the equivalent ranks within the Company in recent years. Furthermore, the Company also considers its achievements in short-term and long-term business objectives, the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure. After the Remuneration Committee makes its suggested proposal, it is submitted to the Board for discussion.

C. Employee salary and remuneration policy:

The employee salary approval is based on the Company's "Salary Management Regulations" and the related bonus and subsidy regulations established by the Company. These form the basis in providing employee remuneration and benefits complying with labor laws, mainly consisting of basic salary (including base salary, meal subsidy), position allowance, professional subsidy, performance rewards, individual performance annual salary adjustment, end-of-year bonuses, and so on. Additionally, the Company's "Articles of Incorporation" regulate that if the Company makes profit for the year, it shall allocate at least 1% of the profit as employee remuneration, and the Company shall reserve an amount in advance to make up for any accumulated losses, so as to put the business performance results into appropriate reflection toward employees' remuneration.