Ruentex Materials Co., Ltd. and its subsidiaries

Consolidated Financial Statements and Report of Independent Accountants

2022 and 2021

(Stock Code: 8463)

Company Address: 10F., No. 308, Sec. 2, Bade Rd.,
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Ruentex Materials Co., Ltd. and its subsidiaries

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

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Ruentex Materials Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare.

Company name: Ruentex Materials Co., Ltd.

Responsible Person: Mo, Wei-Han

March 10, 2023

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004475

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

Audit Opinions

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

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended is in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission.

Basis of Audit Opinions

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of "Responsibilities of the Accountants for the Audit of Consolidated Financial Statements" in our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Groups' consolidated financial statements for the year ended 2022 are 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(26) of the consolidated financial report. For the critical accounting estimates and assumptions, please refer to Note 5. For the operating revenue, please refer to Note 6(18).

The Groups' construction contract income was calculated based on the percentage of completion method and according to the completion progress during the construction contract period. The construction progress was calculated based on the percentage of the cost incurred for each construction contract up to the end of the financial report period over the expected total cost for such construction contract. The aforementioned estimation of the expected total cost was provided by the Group based on its estimation on 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

We summarize the audit procedures executed for the aforementioned key audit matters related to construction completion progress as follows:

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

Other Matters- Unconsolidated Financial Report

We have audited and expressed an unqualified opinion on the unconsolidated financial statements of Ruentex Materials Co., Ltd. as of and for the year ended December 31, 2022 and 2021.

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

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

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability the continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group'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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. We identify and assess the risks of material misstatement of consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made at the management level.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of the Group, and forming the audit opinion for the Group.

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

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

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

PwC Taiwan

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. and its subsidiaries
Consolidated Balance Sheet
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)	$ 652,743	9	$ 610,599	10
1136	Financial assets measured by amortized cost - current		75,000	1	-	-
1140	Contract asset - current	6(18) and 7	412,673	6	184,673	3
1150	Net notes receivable	6(2)	162,304	2	113,191	2
1160	Notes receivable - related parties - net	6(2) and 7	402	-	7,558	-
1170	Net accounts receivable	6(2)	678,088	9	444,266	7
1180	Accounts receivable - related parties - net	6(2) and 7	78,537	1	50,607	1
1200	Other receivables		573	-	238	-
1220	Current tax assets		6,093	-	9,832	-
130X	Inventories	6(3)	703,318	10	559,955	9
1410	Prepayments		22,375	-	32,725	1
1470	Other current assets	6(1) and 8	28,742	-	70,775	1
11XX	**Total current assets**		2,820,848	38	2,084,419	34
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(4) and 7	645,023	9	300,072	5
1600	Property, plant, and equipment	6(5), 7 and 8	3,546,898	48	3,461,873	56
1755	Right-of-use assets	6(6)	43,386	1	105,060	2
1780	Intangible assets	6(7)	173,310	2	158,709	2
1840	Deferred tax assets	6(26)	31,726	-	37,122	1
1900	Other non-current assets	6(1) and 8	150,294	2	33,248	-
15XX	**Total non-current assets**		4,590,637	62	4,096,084	66
1XXX	**Total assets**		$ 7,411,485	100	$ 6,180,503	100

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Ruentex Materials Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT$ thousands

Code	Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(9) and 8	$ 950,000	13	$ -	-
2110	Short-term notes and bills payable	6(10)	309,832	4	239,824	4
2130	Contract liabilities - current	6(18) and 7	32,721	1	41,644	1
2150	Notes payable		104,127	1	130,650	2
2160	Notes payable - related parties	7	1,864	-	293	-
2170	Accounts payable		628,697	9	421,529	7
2180	Accounts payable - related parties	7	1,842	-	1,148	-
2200	Other payables	6(11)	213,582	3	190,018	3
2220	Other Payable - related parties	7	498	-	197	-
2230	Income tax liabilities of current period		24,509	-	-	-
2280	Lease liabilities - current	6(6)	18,494	-	52,811	1
2320	Long-term liabilities due within one year or one operating cycle	6(12) and 8	550,000	7	-	-
2399	Other current liabilities - other		1,470	-	1,496	-
21XX	**Total current liabilities**		2,837,636	38	1,079,610	18
	Non-current liabilities					
2540	Long-term borrowings	6(12) and 8	2,000,000	27	2,500,000	40
2570	Deferred tax liabilities	6(26)	3,637	-	2,160	-
2580	Lease liabilities - non-current	6(6)	29,483	-	55,179	1
2600	Other non-current liabilities	6(13)	40,829	1	43,746	1
25XX	**Total non-current liabilities**		2,073,949	28	2,601,085	42
2XXX	**Total liabilities**		4,911,585	66	3,680,695	60
	Equity					
	Equity attributed to owners of the parent					
	Capital	6(15)				
3110	Share capital		1,500,000	20	1,500,000	24
	Capital surplus	6(16)				
3200	Capital surplus		711,624	10	696,548	11
	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	-	(103,049)	(2)
	Other equities					
3400	Other equities		(106,174)	(1)	(15,717)	-
31XX	**Total equity attributable to owners of parent**		2,206,537	30	2,243,473	36
36XX	**Non-controlling interest**	4(3)	293,363	4	256,335	4
3XXX	**Total equity**		2,499,900	34	2,499,808	40
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 7,411,485	100	$ 6,180,503	100

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

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

Ruentex Materials Co., Ltd. and its subsidiaries
Consolidated 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	$ 4,249,175	100	$ 3,535,549	100
5000	Operation costs	6(13)(7)(13)(19)(24)(25) and 7	(3,830,152)	(90)	(3,183,135)	(90)
5900	Gross profit		419,023	10	352,414	10
	Operating expenses	6(7)(13)(24)(25) and 7				
6100	Selling expenses		(78,727)	(2)	(60,457)	(2)
6200	General & administrative expenses		(164,150)	(4)	(216,258)	(6)
6300	R&D expenses		(40,217)	(1)	(38,238)	(1)
6450	Expected credit impairment gains	6(24) and 12(2)	335	-	487	-
6000	Total operating expenses		(282,759)	(7)	(314,466)	(9)
6900	Operating profit		136,264	3	37,948	1
	Non-operating income and expenses					
7100	Interest revenue	6(20)	2,424	-	1,114	-
7010	Other income	6(21)	37,224	1	6,170	-
7020	Other gains and losses	6(8)(22)	1,063	-	(139,287)	(4)
7050	Financial costs	6(23)	(40,654)	(1)	(22,494)	-
7000	Total non-operating income and expenses		57	-	(154,497)	(4)
7900	**Profit (loss) before tax**		136,321	3	(116,549)	(3)
7950	Income tax (expenses) benefit	6(26)	(33,334)	(1)	21,888	-
8200	**Profit (loss) for the period**		$ 102,987	2	($ 94,661)	(3)
	Other comprehensive income (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	6(13)	$ 1,196	-	$ 847	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(4)	(91,065)	(2)	33,181	1
8349	Income tax relating to non-reclassified items	6(26)	(1,686)	-	(2,329)	-
8310	Total of items not to be reclassified into profit or loss		(91,555)	(2)	31,699	1
8500	**Total comprehensive income (loss) for the period**		$ 11,432	-	($ 62,962)	(2)
	Net income (loss) attributable to:					
8610	Owners of the parent		$ 38,108	1	($ 103,741)	(3)
8620	Non-controlling Interest		$ 64,879	1	$ 9,080	-
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent		($ 52,996)	(2)	($ 75,109)	(2)
8720	Non-controlling Interest		$ 64,428	2	$ 12,147	-
	Earnings (loss) per share	6(28)				
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 consolidated financial statements, please refer to them all.

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

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

Unit: NT$ thousands

		Equity attributed to owners of the parent										
			Capital surplus			Retained earnings						
	Note	Share capital	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	Unappropriated earnings (accumulated deficit)	Unrealized financial assets at fair value through other comprehensive income acquired Income (Loss)	Total	Non-controlling Interest	Total Equity
2021												
Balance at January 1, 2021		$ 1,500,000	$ 656,157	$ -	$ -	$ 108,572	$ 42,245	$ 130,803	($ 44,086)	$ 2,393,691	$ -	$ 2,393,691
Net income (loss) for the period		-	-	-	-	-	-	(103,741)	-	(103,741)	9,080	(94,661)
Other comprehensive income		-	-	-	-	-	-	263	28,369	28,632	3,067	31,699
Total comprehensive income current period		-	-	-	-	-	-	(103,478)	28,369	(75,109)	12,147	(62,962)
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)	-	(115,500)
Changes in ownership interests in subsidiaries	4(3) and 6(27)	-	-	-	40,391	-	-	-	-	40,391	244,188	284,579
Balance on December 31, 2021		$ 1,500,000	$ 656,157	$ -	$ 40,391	$ 121,605	$ 44,086	($ 103,049)	($ 15,717)	$ 2,243,473	$ 256,335	$ 2,499,808
2022												
Balance on January 1, 2022		$ 1,500,000	$ 656,157	$ -	$ 40,391	$ 121,605	$ 44,086	($ 103,049)	($ 15,717)	$ 2,243,473	$ 256,335	$ 2,499,808
Net income for the period		-	-	-	-	-	-	38,108	-	38,108	64,879	102,987
Other comprehensive income		-	-	-	-	-	-	337	(91,441)	(91,104)	(451)	(91,555)
Total comprehensive income current period		-	-	-	-	-	-	38,445	(91,441)	(52,996)	64,428	11,432
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	4(3) and 6(27)	-	-	15,076	-	-	-	-	984	16,060	13,850	29,910
Cash dividends for non-controlling interests		-	-	-	-	-	-	-	-	-	(41,250)	(41,250)
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	$ 293,363	$ 2,499,900

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

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

Ruentex Materials Co., Ltd. and its subsidiaries
Consolidated 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		$ 136,321	($ 116,549)
Adjustments			
Income and expenses with no cash flow effects			
Depreciation expense	6(5)(6)(24)	219,574	205,885
Depreciation and amortization expenses	6(7)(24)	9,676	10,810
Expected credit impairment gains	6(24)	(335)	(487)
Interest cost	6(23)	40,654	22,494
Interest revenue	6(20)	(2,424)	(1,114)
Dividend income	6(21)	(31,472)	(1,390)
Provisions transferred to other income	6(21)	(1,580)	(2,858)
Employee stock option expenses	6(14)(25)	-	37,079
Loss on disposal of property, plant and equipment	6(22)	-	832
Gains on write-off of accounts payable past due	6(21)	(25)	(195)
Gains on lease modifications	6(6)(22)	(175)	-
Impairment loss on property, plant and equipment	6(5)(8)(22)	-	66,151
Impairment loss on intangible assets	6(7)(8)(22)	-	73,212
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract asset - current		(228,000)	188,029
Notes receivable		(49,113)	21,793
Notes receivable - related parties		7,156	35,772
Accounts receivable		(233,487)	(82,739)
Accounts receivable - related parties		(27,930)	15,192
Other receivables		70	329
Inventories		(143,363)	(142,590)
Prepayments		10,350	2,191
Other current assets		(4)	(1)
Net change in liabilities related to operating activities			
Contract liabilities		(8,923)	(34,521)
Notes payable		(26,523)	42,436
Notes payable - related parties		1,571	(1,017)
Accounts payable		207,193	(2,354)
Accounts payable - related parties		694	104
Other payables		33,305	(5,890)
Other current liabilities		(26)	267
Other non-current liabilities		(142)	4,211
Cash flow generated from (used in) operations		(86,958)	335,082
Interest received		2,019	1,082
Dividends received		31,472	1,390
Interest paid		(39,847)	(23,649)
Income tax paid		(2,583)	(35,725)
Income tax refunded		2,685	-
Net cash generated from (used in) operating activities		(93,212)	278,180

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Ruentex Materials Co., Ltd. and its subsidiaries
Consolidated 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 measured at amortized costs - current		($ 75,000)	$ -
Acquisition of financial assets at fair value through other comprehensive income	6(29)	(441,873)	(197,943)
Decrease of guarantee deposits		503	3,737
Decrease (increase) in other financial assets - current		42,037	(9,889)
Acquisition of property, plant and equipment	6(29)	(262,977)	(190,080)
Acquisition of intangible assets	6(7)	(24,277)	(13,043)
Increase in prepayments for equipment		(47,839)	(66,821)
Increase in other financial assets - current		(91,819)	-
Cash used in investing activities		(901,245)	(474,039)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6(30)	950,000	(290,000)
Increase (decrease) in short-term notes and bills payable	6(30)	70,000	(20,000)
Proceeds from long-term borrowings	6(30)	530,000	1,350,000
Repayments of long-term borrowings	6(30)	(480,000)	(500,000)
Increase in guarantee deposits	6(30)	-	265
Principal elements of lease payments	6(30)	(22,059)	(36,775)
Cash dividends paid	6(17)	-	(115,500)
Disposal of equity in subsidiaries (without losing control)	4(3) and 6(27)	29,910	-
Changes in non-controlling interest		(41,250)	247,500
Net cash generated by financing activities		1,036,601	635,490
Increase of cash and cash equivalents current period		42,144	439,631
Cash and cash equivalents, beginning of period		610,599	170,968
Cash and cash equivalents, end of period		$ 652,743	$ 610,599

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

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

Ruentex Materials Co., Ltd. and its subsidiaries
Notes to the Consolidated 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 and subsidiaries (hereinafter referred to as “the Group”) 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, (6) Interior decoration and garden greening design and construction business, (7) Design and decoration of exhibition and expo venues, and (8) The sales, assembly, and import-export of furniture. Ruentex Engineering & Construction Co., Ltd. holds 39.15% equity of the Company. Ruentex Development Co., Ltd. is the ultimate parent company of the Group. 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 consolidated 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 Group’s financial condition and operating result based on the Group’s assessment.

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

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

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 Group’s financial condition and operating result based on the Group’s assessment.

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

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

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the International Accounting Standards Board (IASB)
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 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except the following material items, these consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through other comprehensive income.
   (2) Defined benefit liabilities recognized based on the net amount of pension fund Assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements

(1) The Group has included all subsidiaries in the entities for the preparation of consolidated financial statements. Subsidiaries are all entities (including structural entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.

(4) Changes in parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.

2. Subsidiaries included in the consolidated financial statements:

The Investee Company Title	Subsidiaries Title	Business nature	Percentage of Ownership December 31, 2022	December 31, 2021	Description
Ruentex Materials Co., Ltd. (Ruentex Materials)	Ruentex Interior Design Inc. (Ruentex Interior Design)	Design and Construction of Interior Decoration, Gardens, and Greenery	35.19	38.89	Note

Note: 1. 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.

2. The Board of Directors of Ruentex Interior Design, on August 10, 2021, approved to process capital increase in cash by issuing 8,250 thousand shares, with price per share at NT$30. 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. Please refer to 6(27).

3. 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. Please see Note 6 (27) for details on transactions with non-controlling interests.

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

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

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

		Non-controlling Interest			
Subsidiaries	Main business	December 31, 2022		December 31, 2021	
		Amount	Percentage shareholding	Amount	Percentage shareholding
Title	Place of Business				
Ruentex Interior Design	Taiwan	$ 293,363	64.81%	$ 256,335	61.11%

Summary of subsidiaries' financial information:

Balance Sheets

	Ruentex Interior Design	
	December 31, 2022	December 31, 2021
Current assets	$ 853,182	$ 697,108
Non-current assets	199,922	120,083
Current liabilities	(559,202)	(349,590)
Non-current liabilities	(41,285)	(48,682)
Total net assets	$ 452,617	$ 418,919

Statements of Comprehensive Income

	Ruentex Interior Design	
	2022	2021
Income	$ 1,062,793	$ 910,639
Net profit before tax	128,042	50,073
Income tax expense	(24,759)	(10,297)
Net profit for the period of the continued business unit	103,283	39,776
Other comprehensive income (Net of tax)	(2,085)	36,002
Total comprehensive income current period	$ 101,198	$ 75,778
Total comprehensive income attributed to non-controlling interest	$ 64,428	$ 12,147
Dividends paid to non-controlling interest	$ 41,250	$ -

Statements of Cash Flows

	Ruentex Interior Design	
	2022	2021
Cash inflow from operating activities	$ 95,616	$ 216,132
Cash used in investing activities	(156,496)	(16,649)
Net Cash outflow (Inflow) from financing activities	(74,686)	102,234
Increase (decrease) in cash and cash equivalents of current period	(135,566)	301,717
Cash and cash equivalents, beginning of period	355,738	54,021
Cash and cash equivalents, end of period	$ 220,172	$ 355,738

(IV) Foreign currency translation

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

(V) Classification of Current and non-Current items

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

   Assets that do not meet 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 by the Group.

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

(VI) Cash equivalents

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

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

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through comprehensive income are recognized and derecognized using trade date accounting.

3. These financial assets are initially recognized at fair value plus transaction costs and subsequently remeasured and stated at fair value:

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

(VIII) Financial assets at amortised cost

1. Refer to financial Assets satisfying the following criteria at the same time:
   (1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.
   (2) Where contract terms of such financial Assets generated cash flow of specific date, and it is completely for the payment of the interest of principle and external circulating principle amount.
2. On a regular way purchase or sale basis, the Group recognizes or derecognizes financial assets at amortized cost by using trade date accounting.
3. During the initial recognition the Group calculated the transaction cost measurement at fair value, and subsequently adopted the effective interest rate method to recognize the interest income according to the amortization procedure during the circulation period, and to recognize the impairment loss. In addition, during the derecognition, the gain or loss was recognized in the income or loss.
4. The Group holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as investment.

(IX) Notes and accounts receivable

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

(X) Impairment of financial assets

The Group assesses 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.

(XI) Derecognition of financial assets

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

(XII) 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.

(XIII) Property, plant, and equipment

1. Property, plant and equipment are recorded at acquisition cost, and the interest is capitalized over the acquisition and construction period.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of 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
Leasing of equipment	3 years ~ 6 years
Miscellaneous equipment	2 years ~ 10 years

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Group. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.
2. From the starting date of lease, the lease liabilities are recognized at the current values of the unpaid lease payments discounted with the Group's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives. 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.

(XV) 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

Trademark, patent rights and service concession are stated as acquisition cost and amortized on a straight line basis with 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.

(XVI) Impairment of non-financial Assets

The Group assesses at each balance sheet date the recoverable amounts of those Assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 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.

(XVII) Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans. During the initial recognition, the Group 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.

(XVIII) 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.

(XIX) Derecognition of financial liabilities

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

(XX) Provisions

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

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

3. Termination benefits

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

4. 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.

(XXII) Employee share-based payment

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

(XXIII) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expect ion under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a

shareholders' meeting of the following year.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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 Group 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.

(XXIV) 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.

(XXV) 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.

(XXVI) Revenue recognition

1. Revenues from product Sales

(1) For the cement and building material related products manufactured and sold by the Group, 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 Group 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 Group has the unconditional right on the contract price, and the Group 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 Group 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 Group has not adjusted the transaction price to reflect the currency time value.

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

(2) The Group's recognition of construction contract revenue is based on the stage of completion of a contract using the percentage of completion method of accounting during the duration of a contraction. The contract costs are recognized as expenses in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. When the results of the construction contracts may not be able to be used to reasonably measure the results of the performance obligations, but the Group expects to recover the incurred costs when the performance obligations are fulfilled, the Group will only recognize the contracts in revenue within the scope of the incurred costs before the results of the performance obligations can be measured.

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

(4) The variable consideration arising from performance bonuses, penalties or claims that could result in variation of total contract price is only included in the transaction price if, and to the extent

that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future.

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

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

(XXVII) 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 Group, such grant shall be recognized as the current profit or loss on a systematic basis during the period in which such expenses are incurred.

(XXVIII) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for the allocation of resources to operating segments and the evaluation of their performance. The Board of Directors is identified as the Chief Operating Decision-Maker of the Group.

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

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

(I) Critical judgments in applying the Company accounting policies

None.

(II) Critical accounting estimates and assumptions

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	$ 260	$ 280
Checking deposits	188,244	145,724
Demand deposits	48,720	68,160
Time deposits	75,139	-
Cash equivalents - Bonds under repurchase agreements and short-term notes and bills	340,380	396,435
	$ 652,743	$ 610,599

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group’s restricted cash and cash equivalents on December 31, 2022 and 2021 due to guarantees for the performance of contracts were NT$120,555 and NT$70,773, respectively, of which NT$28,736 and NT$70,773 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	$	162,304	$	113,191
Notes receivable – related parties		402		7,558
	$	162,706	$	120,749
Accounts receivable	$	681,615	$	448,128
Less: Allowance for doubtful account	(	3,527)	(	3,862)
Subtotal		678,088		444,266
Accounts receivable - related parties		78,537		50,607
	$	756,625	$	494,873

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 accounts receivable (including related parties) and notes receivable (including related parties) is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 755,382	$ 162,706	$ 490,986	$ 120,749
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	-
	$ 760,152	$ 162,706	$ 498,735	$ 120,749

The aging analysis was based on past due date.

3. The balances of the notes receivable and accounts 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 receivables were NT$178,314 and NT$426,839, respectively.

4. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, was NT$162,706 and NT$120,749 for notes receivable as of December 31, 2022 and 2021, respectively; the accounts receivable were NT$756,625 and NT$494,873 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 losses	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 losses	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	476	-	476
	$ 566,851	($ 6,896)	$ 559,955

Inventory recognized as expenses in the current period:

	2022	2021
Cost of inventories sold	$ 2,969,063	$ 2,406,853
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)
	$ 2,963,047	$ 2,413,364

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	$ 690,007	$ 255,241
Shares of the TPEx listed companies	24,868	23,618
	714,875	278,859
Adjustments for valuation		
Shares of TWSE listed companies	(53,092)	32,812
Shares of the TPEx listed companies	(16,760)	(11,599)
	(69,852)	21,213
Total	$ 645,023	$ 300,072

1. The Group elected to classify the TWSE listed securities investments for stable dividends as financial assets at fair value through other comprehensive income; such investments amounted to NT$636,915 and NT$288,053 as of December 31, 2022 and 2021, respectively.
2. The Group 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 Group subscribed for 3,504,306 shares in an amount of NT$175,215.
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	($ 91,065)	$ 33,181
Dividend income recognized in profit and loss	$ 31,472	$ 1,390

7. The maximum exposure to credit risk for the Group’s financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements, was NT$645,023 and NT$300,072 as of December 31, 2022 and 2021, respectively.
8. For information on the price risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(V) Property, plant, and equipment

	2022								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Miscellaneous equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 1,535,961	$ 1,398,704	$ 1,831,528	$ 11,374	$ 11,914	$ 1,470	$ 53,034	$ 41,321	$ 4,885,306
Accumulated depreciation	-	(449,940)	(865,653)	(8,915)	(6,896)	(1,049)	(24,829)	-	(1,357,282)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 1,535,961	$ 938,433	$ 910,434	$ 2,459	$ 5,018	$ 421	$ 27,826	$ 41,321	$ 3,461,873
January 1	$ 1,535,961	$ 938,433	$ 910,434	$ 2,459	$ 5,018	$ 421	$ 27,826	$ 41,321	$ 3,461,873
Addition	-	1,680	42,634	-	1,075	-	6,929	206,232	258,550
Transfer for current period (Note)	-	65,480	165,209	-	-	-	10,581	(219,161)	22,109
Costs of disposal	-	-	(74,416)	-	(882)	-	(342)	-	(75,640)
Disposal of accumulated depreciation	-	-	74,416	-	882	-	342	-	75,640
Capitalization of interest	-	-	-	-	-	-	-	45	45
Depreciation expense	-	(46,147)	(141,305)	(919)	(1,506)	(70)	(5,732)	-	(195,679)
December 31	$ 1,535,961	$ 959,446	$ 976,972	$ 1,540	$ 4,587	$ 351	$ 39,604	$ 28,437	$ 3,546,898
December 31									
Cost	$ 1,535,961	$1,465,864	$ 1,964,955	$ 11,374	$ 12,107	$ 1,470	$ 70,202	$ 28,437	$ 5,090,370
Accumulated depreciation	-	(496,087)	(932,542)	(9,834)	(7,520)	(1,119)	(30,219)	-	(1,477,321)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 1,535,961	$ 959,446	$ 976,972	$ 1,540	$ 4,587	$ 351	$ 39,604	$ 28,437	$ 3,546,898

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	Miscellaneous equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 1,529,372	$ 1,022,721	$ 1,470,097	$ 11,374	$ 10,495	$ 1,049	$ 46,203	$ 544,506	$ 4,635,817
Accumulated depreciation	-	(404,154)	(756,012)	(7,996)	(5,840)	(1,048)	(19,385)	-	(1,194,435)
	$ 1,529,372	$ 618,567	$ 714,085	$ 3,378	$ 4,655	$ 1	$ 26,818	$ 544,506	$ 3,441,382
January 1	$ 1,529,372	$ 618,567	$ 714,085	$ 3,378	$ 4,655	$ 1	$ 26,818	$ 544,506	$ 3,441,382
Addition	-	1,015	52,390	-	1,645	421	6,831	126,037	188,339
Transfer for current period (Note)	6,589	374,968	313,924	-	-	-	-	(630,758)	64,723
Costs of disposal	-	-	(4,883)	-	(226)	-	-	-	(5,109)
Disposal of accumulated depreciation	-	-	4,051	-	226	-	-	-	4,277
Capitalization of interest	-	-	-	-	-	-	-	1,536	1,536
Depreciation expense	-	(45,786)	(113,692)	(919)	(1,282)	(1)	(5,444)	-	(167,124)
Impairment loss	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
December 31	$ 1,535,961	$ 938,433	$ 910,434	$ 2,459	$ 5,018	$ 421	$ 27,826	$ 41,321	$ 3,461,873
December 31									
Cost	$ 1,535,961	$ 1,398,704	$ 1,831,528	$ 11,374	$ 11,914	$ 1,470	$ 53,034	$ 41,321	$ 4,885,306
Accumulated depreciation	-	(449,940)	(865,653)	(8,915)	(6,896)	(1,049)	(24,829)	-	(1,357,282)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	$ 1,535,961	$ 938,433	$ 910,434	$ 2,459	$ 5,018	$ 421	$ 27,826	$ 41,321	$ 3,461,873

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 Group recognized NT$66,151 for the property, plant and equipment of its quarry cableway in impairment. Please refer to Notes 6(7) and (8) 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 Group is held in the name of another person and a mortgage is created to the Group. Please refer to Note 7 for details.

(VI) Lease transactions - lessees

1. The underlying assets leased by the Group 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 collaterals for loans, nor the rights to be transferred to others in the form of business transfer or merger, 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	$ 131,320	$ 1,687	$ 142,467
Accumulated depreciation	(4,501)	(32,062)	(844)	(37,407)
	$ 4,959	$ 99,258	$ 843	$ 105,060
January 1	$ 4,959	$ 99,258	$ 843	$ 105,060
Addition-Newly added lease contracts	-	780	-	780
Cost of derecognition	(2,195)	(487)	-	(2,682)
Accumulated depreciation on the de-booking date	2,195	487	-	2,682
Lease contract modifications - costs	-	(71,263)	42	(71,221)

Lease contract modifications - accumulated depreciation	-	32,662	-	32,662
Depreciation expense	(2,219)	(21,086)	(590)	(23,895)
December 31	$ 2,740	$ 40,351	$ 295	$ 43,386
December 31				
Cost	$ 7,265	$ 60,350	$ 1,729	$ 69,344
Accumulated depreciation	(4,525)	(19,999)	(1,434)	(25,958)
	$ 2,740	$ 40,351	$ 295	$ 43,386

	2021			
	Land	Buildings	Transportation equipment	Total
January 1				
Cost	$ 9,434	$ 20,409	$ 1,687	$ 31,530
Accumulated depreciation	(2,158)	(16,152)	(282)	(18,592)
	$ 7,276	$ 4,257	$ 1,405	$ 12,938
January 1	$ 7,276	$ 4,257	$ 1,405	$ 12,938
Addition-Newly added lease contracts	49	130,834	-	130,883
Cost of derecognition	(23)	(19,923)	-	(19,946)
Accumulated depreciation on the de-booking date	23	19,923	-	19,946
Depreciation expense	(2,366)	(35,833)	(562)	(38,761)
December 31	$ 4,959	$ 99,258	$ 843	$ 105,060
December 31				
Cost	$ 9,460	$ 131,320	$ 1,687	$ 142,467
Accumulated depreciation	(4,501)	(32,062)	(844)	(37,407)
	$ 4,959	$ 99,258	$ 843	$ 105,060

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

	December 31, 2022	December 31, 2021
Total amount of lease liabilities	$ 47,977	$ 107,990
Less: Due within one year (listed as lease liabilities - current)	(18,494)	(52,811)
	$ 29,483	$ 55,179

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	$ 607	$ 849
Gains on lease modifications	$ 175	$ -

5. The total of lease cash flow of the Group in 2022 and 2021 is NT$22,666 and NT$37,624, 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.

(VII) Intangible assets

	2022			
	Mineral source	Trademark, patent rights and service concession	Others	Total
January 1				
Cost	$ 234,798	$ 30,000	$ 90,176	$ 354,974
Accumulated amortization	(60,416)	(28,500)	(34,137)	(123,053)
Accumulated impairment	(61,972)	-	(11,240)	(73,212)
	$ 112,410	$ 1,500	$ 44,799	$ 158,709
January 1	$ 112,410	$ 1,500	$ 44,799	$ 158,709
Addition	-	-	24,277	24,277
Amortization	-	(1,500)	(8,176)	(9,676)
December 31	$ 112,410	$ -	$ 60,900	$ 173,310
December 31				
Cost	$ 234,798	$ 30,000	$ 114,453	$ 379,251
Accumulated amortization	(60,416)	(30,000)	(42,313)	(132,729)
Accumulated impairment	(61,972)	-	(11,240)	(73,212)
	$ 112,410	$ -	$ 60,900	$ 173,310

	2021			
	Mineral source	Trademark, patent rights and service concession	Others	Total
January 1				
Cost	$ 234,798	$ 30,000	$ 77,133	$ 341,931
Accumulated amortization	(60,416)	(25,500)	(26,327)	(112,243)
	$ 174,382	$ 4,500	$ 50,806	$ 229,688
January 1	$ 174,382	$ 4,500	$ 50,806	$ 229,688
Addition	-	-	13,043	13,043
Amortization	-	(3,000)	(7,810)	(10,810)
Impairment loss	(61,972)	-	(11,240)	(73,212)
December 31	$ 112,410	$ 1,500	$ 44,799	$ 158,709
December 31				
Cost	$ 234,798	$ 30,000	$ 90,176	$ 354,974
Accumulated amortization	(60,416)	(28,500)	(34,137)	(123,053)
Accumulated impairment	(61,972)	-	(11,240)	(73,212)
	$ 112,410	$ 1,500	$ 44,799	$ 158,709

Details of amortization of intangible assets are as follows:

	2022	2021
Operation cost	$ 7,444	$ 7,117
Operating expenses	2,232	3,693
	$ 9,676	$ 10,810

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’ fact determination and application of laws had led to signs of impairment of the Company’s assets in accordance with the IAS 36. The property, plants, and equipment of NT$66,151 and intangible assets of NT$73,212 related to the Yilan Lankan Mine, totaling NT$139,363, were recognized in impairment losses in June 2021. Please refer to Note 6(8) for relevant 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.

(VIII) Impairment of non-financial Assets

1. The details of impairment losses recognized by the Group 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(5) and (7) for the description of the above impairment losses.

(IX) 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 Group also issued the guarantee notes of the amount as follows:

	December 31, 2022	December 31, 2021
Guarantee notes	$ 1,350,000	$ 950,000

(X) 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 Group are as follows:

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

(XI) Other payables

	December 31, 2022	December 31, 2021
Salary and wages payable	$ 119,614	$ 91,297
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	23,793	27,934
	$ 213,582	$ 190,018

(XII) 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 Group also issued the guarantee notes of the amount as follows:

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

(XIII) Pensions

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

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	($ 18,027)	($ 18,443)
Fair value of plan assets	7,474	6,780
Defined benefit liability (listed as other non-current liabilities)	($ 10,553)	($ 11,663)

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

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
Balance, January 1	($ 18,443)	$ 6,780	($ 11,663)
Current service cost	(130)	-	(130)
Interest (expense) revenue	(127)	47	(80)
	(18,700)	6,827	(11,873)
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	523	523
Effects of changes in demographic assumptions	(2)	-	(2)
Effects of changes in economic assumptions	1,003	-	1,003
Experience adjustments	(328)	-	(328)
	673	523	1,196
Contribution to pension fund	-	124	124
Balance, December 31	($ 18,027)	$ 7,474	($ 10,553)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
Balance, January 1	($ 18,999)	$ 6,545	($ 12,454)
Current service cost	(137)	-	(137)
Interest (expense) revenue	(57)	19	(38)
	(19,193)	6,564	(12,629)
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	97	97
Effects of changes in demographic assumptions	(47)	-	(47)
Effects of changes in economic assumptions	733	-	733
Experience adjustments	64	-	64
	750	97	847
Contribution to pension fund	-	119	119
Balance, December 31	($ 18,443)	$ 6,780	($ 11,663)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year

time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. Ruentex Interior Design has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2022	2021
Discount rate	1.30%	0.70%
Future salary increase in percent	3.00%	3.00%

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

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

	Discount rate		Future salary increase in percent	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effects on the present value of a defined benefit obligation	($ 395)	$ 408	$ 400	($ 390)
December 31, 2021				
Effects on the present value of a defined benefit obligation	($ 443)	$ 458	$ 447	($ 434)

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

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

(6) Expected contributions to the defined benefit pension plans of Ruentex Interior Design for the year ending December 31, 2023 amounts to NT$202.

(7) As of December 31, 2022, the weighted average duration of that retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	$	409
1-2 years		789
2-5 years		4,529
More than 5 years		14,571
	$	20,298

2. (1) The Group 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 Group contributes monthly an amount based on 6% of 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 Group for the years ended December 31, 2022 and 2021 were NT$13,922 and NT$12,776 respectively.

(XIV) Share-based payment

1. The share-based payment agreement of subsidiary Ruentex Interior Design in 2021 is as follows:

Type of agreement	Grant date	Quantity (shares)	Contract period	Vesting conditions
Shares retained from cash capital increase for employee subscription	August 10, 2021	1,237,500	NA	Immediate vesting

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

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

	2021	
	Number of stock options (shares)	Strike price (NT$)
Outstanding stock options on January 1	-	$ -
Stock options granted in this period	1,237,500	30
Stock options exercised in this period	(1,146,500)	30
Stock options that expired in the current period	(91,000)	30
Outstanding stock options on December 31	-	-

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

Type of agreement	Grant date	Fair value per share of options (NT$)	Expected price volatility	Expected duration (years)	Expected dividend rate	Strike price (NT$)	Risk-free rate	Fair value per share (NT$)
Shares retained from cash capital increase for employee subscription	August 10, 2021	$ 59.96	34.47%	0.08	0.00%	$ 30	0.12%	$ 29.9630

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

	2021
Equity settled	$ 37,079

(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. Please see Note 6(27)1. for the details of capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries.
3. Regarding capital surplus - changes in the ownership interests of subsidiaries as recognized, please refer to Note 6(27)2.

(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% 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	
Provision of special reserves	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	
Provision of special reserves	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	$ 3,062,165	$ 2,490,375
Revenue from construction contracts	1,078,091	925,729
Other revenue from contracts	108,919	119,445
	$ 4,249,175	$ 3,535,549

1. Detail of customer contract income

The Group's revenue is mainly from the transfer of services over time and transfer of products 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	$ 1,503,661	$ 1,078,656	$ 4,253,217
Revenue from internal department transactions	-	(3,477)	(565)	(4,042)
Revenue from contracts with external customers	$ 1,670,900	$ 1,500,184	$ 1,078,091	$ 4,249,175
Timing of revenue recognition				
Revenue recognized at a point in time	$ 1,670,900	$ 1,500,184	$ -	$ 3,171,084
Revenue recognized over time	-	-	1,078,091	1,078,091
	$ 1,670,900	$ 1,500,184	$ 1,078,091	$ 4,249,175

2021	Cement business	Building materials business	Engineering and construction business	Total
Departmental revenue	$ 1,432,754	$ 1,179,889	$ 927,495	$ 3,540,138
Revenue from internal department transactions	-	(2,823)	(1,766)	(4,589)
Revenue from contracts with external customers	$ 1,432,754	$ 1,177,066	$ 925,729	$ 3,535,549
Timing of revenue recognition				
Revenue recognized at a point in time	$ 1,432,754	$ 1,177,066	$ -	$ 2,609,820
Revenue recognized over time	-	-	925,729	925,729
	$ 1,432,754	$ 1,177,066	$ 925,729	$ 3,535,549

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	$ 1,031,986
2021	2022 ~ 2026	$ 378,415

3. Contract assets and contract liabilities

The Group'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 assets:			
Contract assets - Retainable receivable (including related parties)	$ 16,038	$ 3,206	$ 40,141
Contract assets - Construction contract	396,635	181,467	332,561
Total	$ 412,673	$ 184,673	$ 372,702

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - Construction materials contract (including related parties)	$ 18,078	$ 35,210	$ 28,186
Contract liabilities - Construction contract	14,643	6,434	47,979
Total	$ 32,721	$ 41,644	$ 76,165

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)	$ 889,620	$ 469,793	$ 1,298,442
Less: Amount requested for progress of works	(507,628)	(294,760)	(1,013,860)
Status of net assets and liabilities of contracts	$ 381,992	$ 175,033	$ 284,582

(XIX) Operation costs

	2022	2021
Cost of sales of goods	$ 2,963,047	$ 2,413,364
Cost of construction contract	861,710	760,553
Other costs from contracts	5,395	9,218
	$ 3,830,152	$ 3,183,135

(XX) Interest revenue

	2022	2021
Interest on cash in banks	$ 2,049	$ 1,071
Interest income from the financial assets measured at amortized costs	375	43
	$ 2,424	$ 1,114

(XXI) Other income

	2022	2021
Dividend income	$ 31,472	$ 1,390
Provisions transferred to other income	1,580	2,858
Rent income	1,116	1,139
Gains on write-off of accounts payable past due	25	195
Other income	3,031	588
	$ 37,224	$ 6,170

(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	(1,230)	(1,183)
	$ 1,063	($ 139,287)

(XXIII) Financial costs

	2022	2021
Interest expense:		
Bank loan	$ 40,092	$ 23,181
Lease liabilities	607	849
Less: Amount eligible for capitalization	(45)	(1,536)
	$ 40,654	$ 22,494

(XXIV) Additional information of expenses by nature

	2022	2021
Changes in products, finished goods, and works-in-process, and raw materials and supplies consumed	$ 1,824,821	$ 1,305,244
Contract work	833,784	739,289
Employee benefit expense	444,371	434,942
Commodity tax	124,405	216,907
Utilities expense	208,936	194,142
Freight expense	214,198	185,240
Depreciation expenses for property, plant and equipment	195,679	167,124
Depreciation expenses for right-of-use assets	23,895	38,761
Repairs and maintenance expense	85,461	68,235
Depreciation and amortization expenses of intangible assets	9,676	10,810
Expected credit impairment gains	(335)	(487)
Other expense	148,020	137,394
Operating costs and expenses	$ 4,112,911	$ 3,497,601

(XXV) Employee benefit expense

	2022	2021
Wages and salaries	$ 368,830	$ 329,919
Employee stock option expenses	-	37,079
Labor and health insurance costs	31,750	29,872
Pension expense	14,132	12,951
Directors' remuneration	4,908	2,856
Other employment fees	24,751	22,265
	$ 444,371	$ 434,942

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) 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
   (1) Components of income tax (expenses):

	2022	2021
Current income tax:		
Income tax occurred in the current period	$ 25,148	$ 9,763
Extra imposed on undistributed earnings	5	-
Underestimation on income tax for prior years	2,994	891
Total income tax for current period	28,147	10,654
Deferred income tax:		

Origination and reversal of temporary differences	1,272	(28,627)
Tax loss	3,915	(3,915)
Total deferred income tax	5,187	(32,542)
Income tax (benefit) expense	$ 33,334	($ 21,888)

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

	2022	2021
Remeasurements of defined benefit obligation	$ 239	$ 169
Changes in fair value through other comprehensive income	1,447	2,160
	$ 1,686	$ 2,329

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	$ 27,264	($ 23,310)
Expenses to be excluded as stipulated in the tax law	232	808
Income with exemption from tax as stipulated in the tax law	(5,749)	(277)
Tax loss on unrealizable deferred income tax assets	5,293	-
Changes in realizability evaluation on deferred income tax assets	3,295	-
Underestimation on income tax for prior years	2,994	891
Extra imposed on undistributed earnings	5	-
Income tax (benefit) expense	$ 33,334	($ 21,888)

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	Recognized in other comprehensive income	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)	-	-
Actuarial gains and losses of pension	669	-	(239)	430
Pension exceeding the limits	1,664	18	-	1,682
Warranty provision	-	1,078	-	1,078
- Tax loss	3,915	(3,915)	-	-
	37,122	(5,157)	(239)	31,726
Deferred tax liabilities:				
- Temporary differences:				
Unrealized gains on financial assets	(2,160)	-	(1,447)	(3,607)
Unrealized foreign exchange gains	-	(30)	-	(30)
	(2,160)	(30)	(1,447)	(3,637)
	$ 34,962	($ 5,187)	($ 1,686)	$ 28,089

	2021			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	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
Actuarial gains and losses of pension	838	-	(169)	669
Pension exceeding the limits	1,653	11	-	1,664
- Tax loss	-	3,915	-	3,915
	4,753	32,538	(169)	37,122
Deferred tax liabilities:				
- Temporary differences:				
Unrealized gains on financial assets	-	-	(2,160)	(2,160)
Unrealized foreign exchange gains	(4)	4	-	-
	(4)	4	(2,160)	(2,160)
	$ 4,749	$ 32,542	($ 2,329)	$ 34,962

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) Non-controlling interest

1. Disposal of equity in subsidiaries (without losing control)

   The Company sold a 3.7% stake in its subsidiary, Ruentex Interior Design, on July 19, 2022, with a consideration (less the securities exchange tax) received totaling NT$29,910. The carrying amount of Ruentex Interior Design's non-controlling interests on the date of the sale was NT$228,505; with that, the non-controlling interests increased by NT$13,850, and the equity attributable to the owners of the parent company increased by NT$16,060. The effects of changes in Ruentex Interior Design's equity in 2022 on the equity attributable to the owners of parent are as follows:

	2022
Consideration received from the non-controlling interests	$ 29,910
Carrying amount of non-controlling interests disposed of	(13,850)
Other equities	(984)
Capital surplus - difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	$ 15,076

2. For the cash capitalization of a subsidiary, the Group has not subscribed according to the shareholding percentage.

   Ruentex Interior Design, a subsidiary of the Company, conducted capital increase in cash by issuing new shares on September 14, 2021. The Company did not subscribe in proportion to the shareholding, which resulted in a decrease in the combined shareholding of Ruentex Interior Design from 100% to 38.89%. Please find Note 4(3) for details. The effects of changes in Ruentex Interior Design's equity in 2021 on the equity attributable to the owners of parent are as follows:

	2021
Cash	$ 247,500
Share-based payment	37,079
Increase in the carrying amount of non-controlling interests	(244,188)
Capital surplus - changes in the ownership interests of subsidiaries as recognized	$ 40,391

(XXVIII) 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 of the parent	$ 38,108	150,000	$ 0.25
Diluted earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 38,108	150,000	
Impact of potential diluted common shares			
Remuneration to employee	-	20	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	$ 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$)
Basic/Diluted losses per share			
Net losses attributable to ordinary shareholders of the parent	($ 103,741)	150,000	($ 0.69)

(XXIX) 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	$ 436,016	$ 203,800
Add: Other investment payables at the beginning of the period	5,857	-
Less: Investments payable at the end of the period	-	(5,857)
Cash payments for current period	$ 441,873	$ 197,943

	2022	2021
Acquisition of property, plant and equipment	$ 258,550	$ 188,339
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	$ 262,977	$ 190,080

(XXX) Changes of liabilities from financing activities

	2022					
	Short-term borrowings	Short-term 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	$ 107,990	$ 2,500,000	$ 7,562	$ 2,855,376
Changes of the financing cash flows	950,000	70,000	(22,059)	50,000	-	1,047,941
Addition-newly added lease contracts	-	-	780	-	-	780
Other non-cash changes	-	8	(38,734)	-	-	(38,726)
December 31	$ 950,000	$ 309,832	$ 47,977	$ 2,550,000	$ 7,562	$ 3,865,371

	2021					
	Short-term borrowings	Short-term bills payable	Lease liabilities - current and non-current	Long-term borrowings	Non-current liabilities (guarantee deposits received)	Total liabilities from financing activities
January 1	$ 290,000	$ 259,879	$ 13,882	$ 1,650,000	$ 7,297	$ 2,221,058
Changes of the financing cash flows	(290,000)	(20,000)	(36,775)	850,000	265	503,490
Addition-newly added lease contracts	-	-	130,883	-	-	130,883
Other non-cash changes	-	(55)	-	-	-	(55)
December 31	$ -	$ 239,824	$ 107,990	$ 2,500,000	$ 7,562	$ 2,855,376

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	Relation to the Group
Ruentex Development Co., Ltd. (Ruentex Development)	Ultimate parent company of the Group
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Direct parent company (The parent company of the Group)
Ruentex Property Management and Maintenance Co., Ltd.	Fellow subsidiary (A subsidiary of the ultimate parent company of the Group)
Ruentex Bai-Yi Development co., Ltd.	Fellow subsidiary (A subsidiary of the ultimate parent company of the Group)
Ruentex Xu-Zhan Development co., Ltd.	Fellow subsidiary (A subsidiary of the ultimate parent company of the Group)
Ruentex Construction & Development Co., Ltd.	Fellow subsidiary (A subsidiary of the ultimate parent company of the Group)
Ruentex Innovative Development Co., Ltd.	Fellow subsidiary (A subsidiary of the ultimate parent company of the Group)
Ruentex Industries Ltd.	Other related parties (A company recognized using the equity method for the ultimate parent company of the Group)
Nan Shan Life Insurance Co., Ltd.	Other related parties (A company recognized using the equity method for the ultimate parent company of the Group)
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 Group)
OBI Pharma, Inc.	Other related party (the Group’s parents’ representative of the juridical person director is the representative of the juridical person director of the Company)
Shing Yen Construction & Development Co., Ltd.	Other related parties (A company recognized using the equity method for the ultimate parent company of the Group)
Ruentex Construction Co., Ltd. (Ruentex Construction)	Other related party (the management personnel of the Group’s parent company is the representative of the juridical person director of the Company)
Penglin Investment Co., Ltd.	Other related party (its director is the representative of the juridical person director of the Group)
Huei Hong Investment Co., Ltd.	Other related party (The Group’s juridical person director)

Name of the related parties	Relation to the Group
Shu-Tien Urology and Ophthalmology Clinic	Other related party (The Group's representative of the juridical person director is the director of the organization)
Ren Ying Industrial Co., Ltd.	Other related party (the chairperson is the first-degree relative of the representative of the juridical person director of the Group)
Ruen Fu Newlife (New Aspects)	Other related party (The management of the subsidiary of the ultimate parent company of the Group is the responsible person of the entity)
Chang Quan Investment Co., Ltd.	Other related party (The Group's representative of the juridical person director is the representative of the juridical person director of the company)
Sunny Friend Environmental Technology Co., Ltd.	Other related parties (A company recognized using the equity method for the ultimate parent company of the Group)
Samuel Yen-Liang Yin	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Group)
Mo, Wei-Han	Chairperson 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
Jean,Tsang-Jiunn	Chairperson of the subsidiary of the Company
Lu, Yu-Huang	President of the subsidiary 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 party transactions and balances

1. Operating income

	2022	2021
Sales of goods:		
－The ultimate parent company	$ 46,120	$ 17,619
－The direct parent company	129,812	112,297
－Fellow subsidiary	2,463	-
－Other related parties	3,594	13
Contract of construction:		
－The ultimate parent company	376,333	77,152
－The direct parent company	46,495	33,964
－Fellow subsidiary	48,303	90,993
－Other related parties	53,087	228,435
	$ 706,207	$ 560,473

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

2. Receivables from related parties

	December 31, 2022	December 31, 2021
Notes receivable:		
－The ultimate parent company	$ 52	$ -
－The direct parent company	350	7,558
	$ 402	$ 7,558
Accounts receivable		
－The ultimate parent company	$ 41,484	$ 18,428
－The direct parent company	32,654	13,846
－Fellow subsidiary	3,542	18,333
－Other related parties	857	-
	$ 78,537	$ 50,607

3. Contract assets - retainable receivables

	December 31, 2022	December 31, 2021
－The ultimate parent company	$ 10,284	$ -
－The direct parent company	3,820	2,060
－Fellow subsidiary	607	-
	$ 14,711	$ 2,060

4. Incomplete work of construction contracting and advance construction receipts

	December 31, 2022		December 31, 2021	
	Total contract amount (tax excluded)	Amount requested for progress of works	Total contract amount (tax excluded)	Amount requested for progress of works
Ruentex Development	$ 1,071,087	$ 214,151	$ 232,070	$ 14,848
The direct parent company	70,871	41,692	93,582	24,696
Fellow subsidiary	88,650	13,404	-	-
Other related parties	25,394	17,120	-	-
	$ 1,256,002	$ 286,367	$ 325,652	$ 39,544

5. 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	293
	$ 1,864	$ 293
Accounts payable:		
－The direct parent company	$ 1,842	$ 1,148
Other payables (Note):		
－The ultimate parent company	$ 8	$ 11
－The direct parent company	194	7
－Other related parties	296	179
	$ 498	$ 197

Note: It is mainly insurance premium payables.

6. 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 NT$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 the 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.

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 NT$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 Group

	December 31, 2022	December 31, 2021
The direct parent company	$ 31,254	$ 31,254
Key management personnel	$ 5,850,000	$ 5,450,000

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, 2022, 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	$	66,889	$	49,807
Employee stock option expenses		-		15,716
Post-employment benefits		1,002		921
Termination benefits		495		2,251
Total	$	68,386	$	68,695

VIII. Pledged Assets

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

	Carrying amount				
Asset items	December 31, 2022		December 31, 2021		For guarantee purpose
Other financial assets-current (listed as other current assets)	$	28,736	$	70,773	Performance bond
Property, plant, and equipment		1,552,610		1,573,192	Long-term borrowings and guarantee quota
Other financial assets - current (listed as "other non-current assets")		91,819		-	Performance bond
	$	1,673,165	$	1,643,965	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

Please refer to Note 6(7).

(II) Commitments

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

1. As of December 31, 2022, the total amount of the construction and decoration contracts entered into by the Group for construction projects was NT$843,074. Amounts of NT$378,384 have 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 Group 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 Note 6(6), (17), and (25), there is no other subsequent event.

XII. Others

(I) Capital management

The Group'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 Group 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 Group uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the net debt by the total capital. The net liabilities is equal to total borrowings (including "current and non-current borrowings" on the consolidated financial statements) deducting cash and cash equivalents. Total capital is the "equity" stated on the consolidated balance sheet plus net liabilities.

The strategy in 2022 of the Group maintained the same strategy of 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	(652,743)	(610,599)
Net debt	3,157,257	2,129,401
Total equity	2,499,900	2,499,808
Total capital	$ 5,657,157	$ 4,629,209
Debt-to-total-capital ratio	55.81%	46.00%

(II) Financial instruments

1. Type of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 652,743	$ 610,599
Financial assets measured by amortized cost - current	75,000	-
Notes receivable (including related parties)	162,706	120,749
Accounts receivable (including related parties)	756,625	494,873
Other receivables	573	238
Refundable deposits (listed as other non-current assets)	23,305	23,808
Other financial assets (listed as other current assets and other non-current assets)	120,555	70,773
The equity instrument investments by the option to designate a financial asset measured at fair value through other comprehensive income	645,023	300,072
	$ 2,436,530	$ 1,621,112

	December 31, 2022	December 31, 2021
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)	105,991	130,943
Accounts payable (including related parties)	630,539	422,677
Other payables (including related parties)	214,080	190,215
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)	7,562	7,562
	$ 4,768,004	$ 3,491,221
Lease liabilities - current and non-current	$ 47,977	$ 107,990

2. Risk management policies

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

(2) Risk management work is executed by the Group's Financial Department according to the policies approved by the Board of Directors. Through close cooperation with the various operating units of the Group, the Group'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 Group'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 Group 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 Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be affected by exchange rate fluctuations is as follow:

(Foreign currency: Functional currency)	December 31, 2022				
				Sensitivity analysis	
	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

(Foreign currency: Functional currency)	December 31, 2021				
				Sensitivity analysis	
	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 Group, and the foreign exchange gains or losses (including realized and unrealized) on monetary items recognized were losses of NT$2,118 and income NT$2,091, for the years ended December 31, 2022 and 2021, respectively.

Price risk

A. The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group 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$6,450 and NT$3,001.

Cash flow and fair value interest rate risk

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

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

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

B. The Group established management of credit risk from the Group'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 Group 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 Group uses IFRS 9 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 are overdue from the payment terms for more than 30 days, it is deemed that the credit risks of the financial instrument significantly have increased since the initial recognition.

E. The Group 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. The Group used the forecasting ability of the Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility and estimate impairment provisions for accounts receivable (including related parties) and contract assets (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	0.01~0.03%	0.26%~100%	
Total carrying amount	$ 969,430	$ 203,395	$ 1,172,825
Allowance for losses	$ 121	$ 3,406	$ 3,527

	Group 1	Group 2	Total
December 31, 2021			
Expected loss	0.01%~0.03%	0.53%~100%	
Total carrying amount	$ 545,507	$ 137,901	$ 683,408
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 Group 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 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 Group are as follows:

	December 31, 2022	December 31, 2021
Due within one year	$ 431,829	$ 970,195
Due longer than one year	886,103	950,000
	$ 1,317,932	$ 1,920,195

D. The table below analyzes the Group'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:

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)	105,277	714	-
Accounts payable (including related parties)	250,182	323,517	56,840
Other payables (including related parties)	210,310	95	3,675
Lease liabilities - current (Note)	7,476	11,451	-
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)	-	-	29,807

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)	130,228	715	-
Accounts payable (including related parties)	177,592	187,449	57,636
Other payables (including related parties)	186,878	1,114	2,223
Lease liabilities - current (Note)	15,168	38,518	-
Long-term borrowings (Note)	-	-	2,529,588
Lease liabilities - non-current (Note)	-	-	55,879

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 Group's investment in listed stocks is included.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments other than those measured at fair value

   The carrying amount of the Group's cash and cash equivalents and the financial instruments measured at amortized cost, including notes receivable (including related parties), accounts receivable (including related parties), other receivables, 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 approximate to their fair values.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the natures, characteristic and risk, and fair value of the assets 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	$ 645,023	$ -	$ -	$ 645,023

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	$ 300,072	$ -	$ -	$ 300,072

4. The Group's financial instruments are 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 Group is the closing market price. These instruments belong to Level 1. Level 1 instruments are mainly equity instruments. Their classification is financial assets at fair value through other comprehensive income.
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

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 regarding investment in China

None.

(IV) Information on main investors

Please refer to Table 5.

XIV. Information on operating segments

(I) General information

The Group’s management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

(II) Measurement of segment information

1. The accounting policies of the Group’s reportable operating segments is

in a manner consistent with the significant accounting policies provided in Note 4.

2. The profit or loss for the operating segments of the Group is measured based on the operating net income (loss).

(III) Information on departments

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

	2022			
	Cement business	Building materials business	Engineering and construction business	Total
External revenue	$ 1,670,900	$ 1,500,184	$ 1,078,091	$ 4,249,175
Internal departmental revenue	-	3,477	565	4,042
Departmental revenue	$ 1,670,900	$ 1,503,661	$ 1,078,656	$ 4,253,217
Operating net income (loss) from the segment	($ 2,197)	$ 14,493	$ 123,968	$ 136,264
Segment income (loss) includes:				
Depreciation expense	$ 161,636	$ 49,992	$ 7,946	$ 219,574
Amortization	563	8,900	213	9,676
	$ 162,199	$ 58,892	$ 8,159	$ 229,250

	2021			
	Cement business	Building materials business	Engineering and construction business	Total
External revenue	$ 1,432,754	$ 1,177,066	$ 925,729	$ 3,535,549
Internal departmental revenue	-	2,823	1,766	4,589
Departmental revenue	$ 1,432,754	$ 1,179,889	$ 927,495	$ 3,540,138
Operating net income (loss) from the segment	($ 71,046)	$ 56,094	$ 52,900	$ 37,948
Segment income (loss) includes:				
Depreciation expense	$ 154,183	$ 43,723	$ 7,979	$ 205,885
Amortization	354	10,289	167	10,810
	$ 154,537	$ 54,012	$ 8,146	$ 216,695

(IV) Reconciliation for segment income (loss)

When the Chief Operating Decision-Maker of the Group evaluates the segment performance and allocates resources, the foundation for the judgement is based on the net operating profit. Reconciliation for current net operating profit/income before tax from the reportable segment is as follows:

	2022	2021
Net operating profit from the segment	$ 136,264	$ 37,948
Interest revenue	2,424	1,114
Interest cost	(40,654)	(22,494)
Other items	38,287	(133,117)
Net income (loss) before tax from the segment	$ 136,321	($ 116,549)

(V) Information on products and services

Revenue mainly comes from the sale of cement and building materials and contracts of construction. The statement of the revenue balance is the same as departmental information on external revenue in Note 14(3).

(VI) Geographical information

Geographical information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 4,249,175	$ 3,798,764	$ 3,535,549	$ 3,735,082

The Group's geographical revenue was calculated based on regions in which the payments were received. Non-current assets included property, plants, and equipment, right-of-use assets, intangible assets and prepayments for business facilities, and excluded financial instruments.

(VIII) Major customer information

	2022			
	Total revenue	Cement Business Division	Building Materials Division	Contract of construction
Customer A	$ 680,903	$ 680,903	$ -	$ -

	2021			
	Total revenue	Cement Business Division	Building Materials Division	Contract of construction
Customer A	$ 550,027	$ 550,027	$ -	$ -

Ruentex Materials Co., Ltd. and its subsidiaries

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

December 31, 2022

Attached Table 1

Unit: NT$ thousands

(Except as Otherwise Indicated)

Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized	End of the period Shares	End of the period Carrying amount (Note 3)	End of the period Shareholding percentage	End of the period Fair value	Remark (Note 4)
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 representative of the juridical person director of the direct parent company is a 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. and its subsidiaries

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

January 1 to December 31, 2022

Attached Table 2

Unit: NT$ thousands

(Except as Otherwise Indicated)

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)			Gain(loss) on disposal	End of the period	
					Shares	Amount	Shares	Amount	Shares	Price	Book cost		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. and its subsidiaries
Total purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital
January 1 to December 31, 2022

Attached Table 3

Unit: NT$ thousands
(Except as Otherwise Indicated)

The company making the purchase (sale) of goods	Name of counterparty	Relationship	Transaction conditions: Purchase (sale) of goods	Transaction conditions: Amount	Transaction conditions: As a percentage of total purchases (sales) of goods (Note 4)	Transaction conditions: Credit period	Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1): Unit price	Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1): Credit period	Notes receivable/payable and accounts receivable/payable: Balance	Notes receivable/payable and accounts receivable/payable: 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. and its subsidiaries

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

January 1 to December 31, 2022

Attached Table 4

Unit: NT$ thousands

				Original investment amount		Holding at the end of period					
Name of the investing company	Type and name of the securities	Location	Main business items	End of the current period	End of last year	Shares	Percentage	Carrying amount	Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
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. and its subsidiaries

Information on main investors

December 31, 2022

Attached Table 5

Name of Major Shareholders	Shares: Number of shares held	Shares: 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