



Stock Code: 9945

**RUENTEX DEVELOPMENT
CO.,LTD**

**2020 Annual Shareholders'
Meeting**

Meeting Handbook

(Translation)

June 9, 2020

Table of Contents

	<u>Page</u>
I. Meeting Procedure	3
II. Meeting Agenda	4
Reports	5
Ratifications	11
Discussions I	14
Elections	17
Discussions II	17
Questions and Motions	18
III. Attachments	
1. Table of Comparison of Clauses Before and After Amendment of the “Rules of Procedure for Board of Directors Meeting” . . .	19
2. Table of Comparison of Clauses Before and After Amendment of the “Ethical Corporate Management Best Practice Principles” .	22
3. Table of Comparison of Clauses Before and After Amendment of the “Procedures for Ethical Management and Guidelines for Conduct”	31
4. Accountant’s Audit Report and Financial Statements for 2019	38
5. Table of Comparison of Clauses Before and After Amendment of the “Rules and Procedures of Lending and Making Endorsement and Guarantees”	66
6. List of Candidates for Directors and Independent	

Directors • 75

IV. Appendixes

- 1. Articles of Incorporation • 77
- 2. Rules of Procedure for Shareholders’ Meeting • • • • • • • • 85
- 3. Regulations for the Election of Directors • • • • • • • • • • • • 89
- 4. Shareholdings of All Directors • • • • • • • • • • • • • • • • • • 91

I. Procedure of the 2020 Shareholders' Meeting

1. Call the Meeting to order
2. Chairman's addressing
3. Reports Items
4. Ratifications
5. Discussions **I**
6. Elections
7. Discussions **II**
8. Questions and Motions
9. Adjournment

II. Agenda of the 2020 Shareholders' Meeting

Time: 9:00a.m., June 9, 2020 (Tuesday)

Place: 3F, No. 260, Sec. 2, Bade Rd., Taipei City (Bade Building of Central Pictures Corporation)

1. Call the Meeting to order
2. Chairman's addressing
3. Reports Items
 - (1) 2019 Business Report of the Company.
 - (2) Audit Committee's Review Report on the 2019 Financial Statements.
 - (3) Report on distribution of the remuneration for employees in 2019.
 - (4) Report on Amendment of the "Rules of Procedure for Board of Directors Meeting".
 - (5) Report on Amendment to Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct
 - (6) Report on Performance for Endorsements and Guarantees Report in 2019.
4. Ratifications:
 - (1) Ratification of the 2019 Business Report and Financial Statement.
 - (2) Ratification of the Proposal for Distribution of 2019 Profits.
5. Discussions I:
 - (1) Amendment to the Rules and Procedures of Lending and Making Endorsement and Guarantees.
 - (2) Approval for the company propose capital increase out of earnings.
6. Elections:
 - (1) Election of Directors (including Independent Directors).
7. Discussions II:
 - (1) Approval for the removal of the non-competition restrictions on the Board of Directors.
8. Questions and Motions
9. Adjournment

[Reports]

1. 2019 business report of the Company.

Business Report

Dear shareholders, ladies, and gentlemen:

Last year (2019), due to de-escalation of the US-China trade war, active urban renewal projects carried out by the government, return of Taiwanese businesses and continuously stable growth in the financial market, people were positive regarding the outlook for the construction industry. This year (2020), however, the impact of the COVID-19 pandemic has caused instability in the financial market and led to more negative effects on the global economy. Nevertheless, as Taiwanese businesses have continued to return, future demands for high-quality and reputable real estate products in the domestic market of housing and commercial real estate will still be great.

Last year, the consolidated operating revenue of the Company exceeded NT\$17.25793 billion, and the consolidated operating profit was more than NT\$1.89924 billion. The net profit attributable to owners of the parent company was over NT\$9.06795 billion, and the earnings per share after tax was NT\$9.35.

With respect to the construction business, the operating revenue recognized last year mainly came from the income of construction projects including Ruentex Spectacular Life, RT-Fuduxin, Ruentex Liren, Ruentex Qiyang, RT-New Twin Stars and Ruentex Huacheng. For the construction industry in 2019, aside from the aforementioned revenue recognized, control was maintained over the construction schedules of the projects awarded to the Company in the previous years. Among those projects, Ruentex Dunfeng is expected to be completed early next year, while Ruentex Dingfeng and Ruentex Fenghui, the project developed by our subsidiary Ruentex Development, are sold on an in-construction basis.

The non-operating revenue recognized mainly came from the profit of re-investment made by the Company in Nan Shan Life

Insurance through Ruen Chen Investment Holdings Co., Ltd. The re-investment profits of Ruentex Industries and Sunny Friend were also recognized based on the percentage of shareholding. Furthermore, the BOT projects of Ruentex Syu Jan and Ruentex Pai Yi at Nangang and Songshan Stations have been fully leased. The stable profit generated by rents and operation of shopping malls has significantly contributed to the profit from re-investment.

Overall, market reaction in the construction industry was good in 2019, and many projects including Ruentex Liren, RT-New Twin Stars and Ruentex Qiyang were fully sold in Q1. In particular, both Ruentex Spectacular Life and RT-Fuduxin only have a single-digit number of units left unsold. Even though their gross operating profits and margins were lower compared with last year, stable profit growth was maintained due to contribution from the non-operating revenue of diverse re-investments.

This year, the Company's sellable projects include Botanic Garden Villa, Ruentex Spectacular Life, RT-Fuduxin, Ruentex Dunfeng, Ruentex Dingfeng (pre-construction sale), Ruentex Wenhwa (pre-construction sale), Ruentex Yangbei (pre-construction sale) and Ruentex Fenghui (pre-construction sale), the project developed by our subsidiary Ruentex Development. The Company will achieve the expected sales target by quality marketing and differential marketing. The construction projects expected in 2020 include the government-funded urban renewal in Liho, Ruentex Wenhwa and urban renewal on Wolong Street. In addition, the Company is still actively developing various potential joint construction projects to create benefits for the Company on the most appropriate cost.

With respect to commercial real estate, driven by several favorable factors including the entry of tenants and the start of service of the THSR Nangang Station and the Nangang Bus Station, the offices and hotels of our subsidiaries Ruentex Syu Jan and Ruentex Pai Yi have actively launched various marketing campaigns for increasing the number of visiting customers in order to enhance CITYLINK's overall revenue and operating performance. In addition, through the rail economy generated by the transportation linkage with

Nangang Station, Songshan Station and Neihu MRT Station, the CITYLINK Songshan Store 2, CITYLINK Neihu Store and the franchise TSUTAYA BOOKSTORE (Songshan Station Front Store, Neihu Store and Nangang Store were opened respectively in 2017, 2018, and 2019) developed by our subsidiary Ruentex Construction are going to gain stable income in the future.

Looking forward to the future, in response to market development and our group advantages, the Company is actively seeking projects of public and private corporations, large-scale land development, urban renewal and joint development to reserve more high-quality land. The Company also continues to actively launch fine housing projects and participates in major government projects of public construction. Additionally, our wholesale business maintains a flexible business strategy and strives to create the best benefits and profits for the Company.

It is believed that with the good reputation the company has accumulated over the past 40 years, the consistent support of all the shareholders, ladies, and gentlemen, and with the concerted efforts of all colleagues, the future can be successfully created. I would like to express my highest gratitude to every shareholder, and please do provide us with continuous support and opinions.

I wish all shareholders,

Good health and all the best,

Chairman: Jean, Tsang-Jiunn

Chairman:
Jean, Tsang-Jiunn

Manager:
Lee, Chih-Hung

Accounting Manager:
Lin, Chin-Szu

2. Audit Committee's Review report on the 2019 financial statements.

Ruentex Development Co., Ltd.

Audit Committee's Review Report

The Board of Directors prepared the business report, financial statements and proposal on profit distribution for 2019. The financial statements were audited by Wang, Chao Ming and Hsu, Ming Chuan accountants of PwC Taiwan, and an audit report was issued by them. The above-mentioned business report, financial statements and proposal on profit distribution were reviewed by the Audit Committee and deemed appropriate. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we present this report for further examination.

To

2020 Shareholders' Meeting of Ruentex Development Co., Ltd.

Audit Committee Convener: Ko, Shun Hsiung

March 30, 2020

3. Report on distribution of the remuneration for employees in 2019.
 - (1) In accordance with Article 33 of the Articles of Incorporation.
 - (2) 0.3%, or NT\$20,247,951, was set aside and all distributed in cash as the remuneration for employees.

4. Report on amendment to the “Rules of Procedure for Board of Directors Meeting”.

Pursuant to Letter Jin-Guan-Zheng-Fa-Zi No. 1080361934, dated January 15, 2020, from the Financial Supervisory Commission, it is proposed to amend certain clauses of the "Rules of Procedure for Board of Directors Meeting". For the table of comparison of clauses before and after amendment, please see Attachment 1 (pp. 13-14 of this Handbook).

5. Report on amendment of the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”.

Pursuant to Letter Tai-Zheng-Zhi-Li-Zi No. 1080008378, dated May 23, 2019, and Letter Tai-Zheng-Zhi-Li-Zi No. 1090002299, dated February 13, 2020, from the Financial Supervisory Commission, it is proposed to amend certain clauses of the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. For the tables of comparison of clauses before and after amendment, please see Attachments 2 and 3 (pp. 15-23 of this Handbook).

6. Report on Performance for Endorsements and Guarantees Report in 2019.

As of December 31, 2019, the balance of endorsements and guarantees made by the Company was NT\$4.08 billion, detailed as follows:

Recipient of credit	Recipient of endorsement/ guarantee	Reason	Duration	Amount	Remark
KGI Commercial Bank	Ruentex Innovative Development Co., Ltd.	Bank loan	2017.10.30 ~ 2024.10.30	NT\$2,680,000	Loan guarantee
Hua Nan Commercial Bank	Ruentex Innovative Development Co., Ltd.	Bank loan	2018.7.30 ~ 5 years from the initial usage (It has not been used as of 2019.12.31)	NT\$1,400,000	Loan guarantee
Total				NT\$4,080,000	

[Ratifications]

Item 1: Submitted by The Board of Directors.

Proposal: To ratify the business report and financial statements for 2019.

Description: 1. The 2019 business report (please see pp. 3-4 of this Handbook) and financial statements for 2019 were completed. Please see Attachment 4 (pp. 24-48 of this Handbook).

2. The financial statements for 2019 were audited by Wang, Chao Ming and Hsu, Ming Chuan, accountants of PwC Taiwan, and an audit report with unqualified opinions was issued by them.

3. The financial statements were reviewed by the Audit Committee, with a review report issued thereby.

4. This proposal is submitted for ratification.

Resolution:

Item 2: Submitted by the Board of Directors

Proposal: To ratify the distribution of the profit for 2019.

Description: 1. The proposed distribution of the profit of the Company in 2019, based on the Company Act and the [Articles of Incorporation], is as follows:

Ruentex Development Co., Ltd.
Proposed distribution of profit

2019

Unit: NT\$

Item	Subtotal
Beginning retained earnings	0
+: Net profit after tax in 2019	9,067,952,215
-: Amount of items other than the current net profit after tax, and which is included in the retained earnings of the year	(2,506,522,499)
Retained earnings after adjustment	6,561,429,716
Profit set aside as legal reserve	(656,142,972)
Profit reversed as special reserve	29,015,899,237
Distributable profit	34,921,185,981
Proposal for profit distribution:	
Cash dividend (NT\$1 of cash per share)	1,003,253,999
Stock dividend (NT\$5 of stock per share)	5,016,269,990
Unappropriated retained earnings	28,901,661,992

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

2. According to Letter Tai-Cai-Shui No. 871941343, dated April 30, 1998, from the Ministry of Finance, profits distributed must be individually recognized. For the profit of the current year, the retained earnings in 2019 was distributed first.
3. In the event of any subsequent change in the shareholder dividend rate due to the number of the outstanding shares of the Company being affected by share buyback, cancellation of treasury stock or any other factor, the Board of Directors will be authorized to make adjustments.

4. Upon approval of this proposal by a resolution of the shareholders' meeting, the Board of Directors will be authorized to set the ex-dividend record date and distribution date.
5. This proposal is submitted for ratification.

Resolution:

[Discussions I]

Item 1: Submitted by The Board of Directors.

Proposal: To discuss the amendment to the Rules and Procedures of Lending and Making Endorsement and Guarantees”.

Description: 1. In accordance with Letter Jin-Guan-Zheng-Shen-Zi No. 1080304826, dated March 7, 2019, from the Financial Supervisory Commission, it is proposed to amend certain clauses of the "Regulations for Management of Capital Lending, Endorsements, and Guarantees." For the table of comparison of clauses before and after amendment, please see Attachment 5 (pp. 49-53 of this Handbook).

2. This proposal is submitted for discussion.

Resolution:

Item 2: Submitted by the Board of Directors

Proposal: In line with the distribution of the profit for 2019, the Company proposes capital increase out of earnings.

Description: 1. The current paid-up capital of the Company is NT\$10,032,539,990, and the total number of shares issued is 1,003,253,999. In line with the distribution of the profit for 2019, it is proposed to issue 501,626,999 shares or a total of NT\$5,016,269,990 from the capital increase. The paid-up capital after the capital increase is NT\$15,048,809,980.

(1) Source of funds: It is proposed to set aside NT\$5,016,269,990 from the distributable profit in 2019 as capital to issue 501,626,999 new common

shares, with the face value of each share being NT\$10.

(2) Purpose of funds: To increase capital and strengthen the financial structure.

(3) Requirements for issuance:

a. The rights and obligations associated with the new shares issued from the capital increase are the same as those of the outstanding common shares.

b. Calculation will be based on the percentage of shares held by each shareholder listed in the shareholder register on the ex-rights record date. Additionally, 500 bonus shares will be distributed per 1,000 shares. In the case of fractional shares, each of which is less than one share, among the new shares distributed to any shareholder, the shareholder may combine such shares at the stock transfer agency of the Company within 5 days following the book closure date. All fractional shares which have failed to be combined within that period or into one share will be distributed in cash based on the face value per share (rounded down to the nearest whole dollar). With respect to the accumulated fractional shares, it is proposed that the Chairman be authorized to contact certain persons to purchase such shares at the face value per share.

c. In the event of any change in the shareholder dividend rate due to the number of the

outstanding shares of the Company being affected by share buyback or any other factor, calculation shall be based on the actual number of outstanding shares on the share distribution record date. It is proposed that the shareholders' meeting authorize the Board of Directors to separately decide on matters related to such a change.

2. After the proposal for profit distribution is adopted by the shareholders' meeting and submitted to the competent authority for approval, the Board of Directors will be authorized to determine the ex-rights record date. In the event of any amendment due to regulatory change or required by the competent authority, it is proposed that the shareholders' meeting fully authorize the Board of Directors to address the matter.
3. This proposal is submitted for discussion.

[Elections]

Item 1: Submitted by the Board of Directors

Proposal: To hold a new election of directors (including independent directors).

Description: 1. According to the [Articles of Incorporation], the Company shall have 7~11 directors serving a 3-year term and who may be re-elected. The term of the current directors (including independent directors) will expire in June 2020, and a new election shall be held. The 3-year term of the newly-elected directors (including independent directors) will start from June 9, 2020 and expire on June 8, 2023.

2. Pursuant to the [Articles of Incorporation], it is proposed that 9 directors, including 3 independent directors, be elected. The election of the directors (including independent directors) of the Company is held under a candidate nomination system. For the list of candidates for directors (including independent directors), please see Attachment 6 (p. 54 of this Handbook).

3. This proposal is submitted for election.

Election result:

[Discussion II]

Item 1: Submitted by the Board of Directors

Proposal: To discuss the removal of the non-competition restrictions on the Board of Directors.

Description: 1. Where the directors elected by the shareholders'

meeting this year has engaged in acts of competition prohibited under Article 209 of the Company Act, if such acts do not prejudice the interest of the Company, it is proposed that the non-compete restrictions on directors be lifted from the date when the newly-elected directors assume office.

2. This proposal is submitted for discussion.

Resolution:

[Questions and Motions]

[Adjournment]

III. Attachments

[Attachment 1]

Ruentex Development Co., Ltd.

Table of Comparison of Clauses Before and After Amendment of the “Rules of Procedure for Board of Directors Meeting”

After amendment	Before amendment	Description
<p>Article 10 (Chair of Board of Directors meeting and his/her proxy) All Board of Directors meetings convened <u>by the Chairman shall be chaired by the Chairman.</u> However, with respect to the first meeting of each newly elected Board of Directors, it shall be convened and chaired by the director who has received votes representing the largest number of voting rights at the shareholders meeting which has elected the directors. If two or more directors are entitled to convene the meeting, they shall select from among themselves one director to serve as the chair. <u>If any Board of Directors meeting is convened by more than half of the directors in accordance with Paragraph 4, Article 203 and Paragraph 3, Article 203-1 of the Company Act, they shall select one director among themselves to serve as the chair.</u> If the Chairman is on leave</p>	<p>Article 10 (Chair of Board of Directors meeting and his/her proxy) All Board of Directors meetings <u>shall be convened and chaired by the Chairman.</u> However, with respect to the first meeting of each newly elected Board of Directors, it shall be convened and chaired by the director who has received votes representing the largest number of voting rights at the shareholders meeting which has elected the directors. If two or more directors are entitled to convene the meeting, they shall select from among themselves one director to serve as the chair.</p>	<p>(1) The text of paragraph 1 has been amended. (2) According to Paragraph 4, Article 203 in the amendment of the Company Act promulgated in August 2018, the first meeting of each new board of directors may be convened by more than half of the elected directors. Paragraph 3, Article 203-1 of the same Act also states that a board of directors meeting may be convened by more than half of the directors. Therefore, a new paragraph 2 has been added to stipulate that where a Board of Directors meeting is convened by over half of the directors (including where the first meeting of each new Board of Directors is convened by over half of the elected directors), they shall select one director among themselves to serve as the chair. (3) The current paragraph 2 has been changed to paragraph 3.</p>

After amendment	Before amendment	Description
<p>or unable to exercise his/her function for whatever reasons, the Vice Chairman shall act on his/her behalf. Where the Vice Chairman is also on leave or unable to exercise his/her function for whatever reasons, the Chairman shall appoint one of the directors to act on his/her behalf. Where the Chairman does not make such appointment, the directors shall select one of them to act on behalf of the Chairman.</p>	<p>If the Chairman is on leave or unable to exercise his/her function for whatever reasons, the Vice Chairman shall act on his/her behalf. Where the Vice Chairman is also on leave or unable to exercise his/her function for whatever reasons, the Chairman shall appoint one of the directors to act on his/her behalf. Where the Chairman does not make such appointment, the directors shall select one of them to act on behalf of the Chairman.</p>	
<p>Article 16 (Avoidance of conflict of the interests of directors) When a proposal at a Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by any director, the director shall state the important aspects of the relationship of interest at the meeting. If his or her participation is likely to prejudice the interest of the Company, he or she may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or voting, and may not exercise voting</p>	<p>Article 16 (Avoidance of conflict of the interests of directors) When a proposal at a Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by any director, the director shall state the important aspects of the relationship of interest at the meeting. If his or her participation is likely to prejudice the interest of the Company, he or she may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or voting, and may not exercise voting</p>	<p>(1) Pursuant to Paragraph 3, Article 206 in the amendment of the Company Act promulgated in August 2018, a new paragraph 2 has been added to stipulate that where any spouse or blood relative within the second degree of kinship of a director or any company controlled by or affiliated with a director has an interest in any proposal of a Board of Directors meeting, the director shall be deemed to have a personal interest in the proposal. (2) The current paragraph 2 has been changed to paragraph 3. Additionally, pursuant to the amendment of</p>

After amendment	Before amendment	Description
<p>rights as a proxy for another director.</p> <p><u>Where any spouse or blood relative within the second degree of kinship of the director or any company controlled by or affiliated with the director has an interest in any proposal of the meeting under the preceding paragraph, the director shall be deemed to have a personal interest in the proposal.</u></p> <p>Any resolution of the Board of Directors shall apply to the directors who may not exercise their voting rights under the preceding <u>two</u> paragraphs in accordance with Paragraph <u>4</u>, Article 206 and Paragraph 2, Article 180 of the Company Act.</p>	<p>rights as a proxy for another director.</p> <p>Any resolution of the Board of Directors shall apply to the directors who may not exercise their voting rights under the preceding paragraph in accordance with Paragraph <u>3</u>, Article 206 and Paragraph 2, Article 180 of the Company Act.</p>	<p>the Company Act promulgated in August 2018, which changed Paragraph 3, Article 206 to Paragraph 4, Article 206 of the same Act, the number of the paragraph referred to has been amended.</p>

Ruentex Development Co., Ltd.

Table of Comparison of Clauses Before and After Amendment of the
“Ethical Corporate Management Best Practice Principles”

After amendment	Before amendment	Description
<p>Article 5</p> <p>The Company shall abide by the management philosophies of honesty, transparency and responsibility, base its policies on ethical principles, <u>and obtain approval of such policies from the Board of Directors.</u> The Company shall also establish good corporate governance and risk control mechanisms so as to create a management environment for sustainable development.</p>	<p>Article 5</p> <p>The Company shall abide by the management philosophies of honesty, transparency and responsibility, and base its policies on ethical principles. The Company shall also establish good corporate governance and risk control mechanisms so as to create a management environment for sustainable development.</p>	<p>According to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, any ethical management policy shall be approved by the Board of Directors. Therefore, the relevant text of this Article has been amended.</p>
<p>Article 7</p> <p>The Company shall <u>establish a risk assessment mechanism against unethical conduct to analyze and assess,</u> on a regular basis, business activities within its business scope which are at a higher risk of involving unethical conduct, <u>and establish _____ prevention programs accordingly</u> and review <u>their adequacy and effectiveness on a regular basis.</u></p> <p>The Company <u>is advised to</u></p>	<p>Article 7</p> <p>In <u>establishing prevention programs,</u> the Company shall analyze business activities within its business scope which are at a higher risk of involving unethical conduct, <u>and strengthen the relevant preventive measures.</u></p> <p>Prevention programs established by the Company shall include at least preventive measures against the following:</p>	<ol style="list-style-type: none"> 1. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, paragraph 1 of this Article has been amended to establish the categories for analysis of bribery risk levels. 2. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the text of paragraph 2 of this Article has been amended.

After amendment	Before amendment	Description
<p><u>refer to the domestic and foreign standards or guidelines generally applied</u> in establishing prevention programs, which shall include at least preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Giving illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits. 5. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services. 	<ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Giving illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits. 5. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services. 	
<p>Article 8</p> <p><u>The Company shall require its directors and senior management to issue statements of compliance</u></p>	<p>Article 8</p>	<ol style="list-style-type: none"> 1. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, a new

After amendment	Before amendment	Description
<p><u>with the ethical management policies and require, in the terms of employment, that employees comply with such policies.</u></p> <p>The Company shall, in its regulations, external documents <u>and website</u>, expressly specify the ethical corporate management policies and the commitments by the Board of Directors and <u>senior</u> management to thoroughly implementing such policies, and shall carry out the policies in internal management and external business activities.</p> <p><u>The Company shall prepare documented information on the ethical management policies, statements, commitments and implementation referred to in paragraphs 1 and 2, and retain the said information properly.</u></p>	<p>The Company shall, in its regulations and external documents, expressly specify the ethical corporate management policies and the commitments by the Board of Directors and management to thoroughly implementing such policies, and shall carry out the policies in internal management and external business activities.</p>	<p>paragraph 1 has been added.</p> <p>2. Due to addition of the new paragraph 1, the current provisions have been amended and changed to paragraph 2. In accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the requirements that the ethical corporate management policies and the commitments by the Board of Directors and senior management to thoroughly implementing such policies shall be expressly specified in the Company’s website, have been added.</p> <p>3. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, a new paragraph 3 has been added.</p>
<p>Article 17</p> <p>The directors, managers, employees, mandatories and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always</p>	<p>Article 17</p> <p>The directors, managers, employees, mandatories and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always</p>	<p>1. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, paragraph 2 of this Article has been amended.</p> <p>2. In accordance with the amendment of paragraph</p>

After amendment	Before amendment	Description
<p>review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company is advised to designate the President's Office as the unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. It shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis <u>(at least annually)</u>:</p> <p>1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malpractice to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. <u>Analyzing and assessing the risk of unethical conduct within the Company's business scope, and adopting programs accordingly to</u></p>	<p>review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company is advised to designate the President's Office as the unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. It shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis:</p> <p>1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malpractice to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and</p>	<p>1, Article 7, subparagraph 2, paragraph 2 of this Article has been amended to additionally include the regular analysis and assessment of the risk of unethical conduct within the Company's business scope as a matter which the dedicated unit for ethical management is in charge of. The relevant text has also been adjusted.</p>

After amendment	Before amendment	Description
<p>prevent unethical conduct <u>and</u> setting out in each program the standard operating procedures and conduct guidelines.</p> <p>3. Planning the internal organization, structure and allocation of responsibilities, and establishing check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk of involving unethical conduct.</p> <p>4. Promoting and coordinating awareness and training activities with respect to ethical management policies.</p> <p>5. Planning for a whistleblowing system and ensuring its effective implementation.</p> <p>6. Assisting the Board of Directors and senior management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management policies are effectively operating, and preparing reports on the regular assessment of compliance with ethical management policies in operating procedures.</p>	<p>conduct guidelines.</p> <p>3. Planning the internal organization, structure and allocation of responsibilities, and establishing check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk of involving unethical conduct.</p> <p>4. Promoting and coordinating awareness and training activities with respect to ethical management policies.</p> <p>5. Planning for a whistleblowing system and ensuring its effective implementation.</p> <p>6. Assisting the Board of Directors and senior management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management policies are effectively operating, and preparing reports on the regular assessment of compliance with ethical management policies in operating procedures.</p>	

After amendment	Before amendment	Description
<p>Article 20</p> <p>The Company shall establish effective accounting and internal control systems for business activities possibly at a higher risk of involving unethical conduct. The Company may not have under-the-table accounts or keep secret accounts, and shall conduct reviews at any time to ensure that the design and implementation of the systems are effective.</p> <p>The internal audit unit of the Company shall, <u>based on the results of assessment of the risk of Unethical Conduct, formulate relevant audit plans whose contents shall include the auditees, audit scope, audit items and audit frequency. The unit shall, based on such plans,</u> conduct an audit on the status of compliance with the <u>prevention programs</u>. The unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The audit result in the preceding paragraph shall be reported to the senior management and the unit dedicated to ethical management, and shall</u></p>	<p>Article 20</p> <p>The Company shall establish effective accounting and internal control systems for business activities possibly at a higher risk of involving unethical conduct. The Company may not have under-the-table accounts or keep secret accounts, and shall conduct reviews at any time to ensure that the design and implementation of the systems are effective.</p> <p>The internal audit unit of the Company shall conduct <u>regular audits on the status of compliance with the systems under the preceding paragraph, and shall prepare audit reports and submit them to the Board of Directors.</u> The unit may engage accountants to carry out audits, and may engage professionals to assist if necessary.</p>	<ol style="list-style-type: none"> 1. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, paragraph 2 of this Article has been amended. 2. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, a new paragraph 3 has been added. Furthermore, in consideration of the structure, the text of “and shall prepare audit reports and submit them to the Board of Director” in paragraph 2 and the reporting procedure following an audit by the internal audit unit have been specified in the new paragraph 3.

After amendment	Before amendment	Description
<p><u>prepare an audit report and submit it to the Board of Director.</u></p>		
<p>Article 23</p> <p>The Company shall establish a specific whistleblowing system and thoroughly implement it. The whistleblowing system shall include at least the following:</p> <p>1. An independent mailbox or hotline, either internally established and announced or provided by an independent external institution, to be used by internal and external personnel of the Company for whistleblowing.</p> <p>2. Dedicated personnel or unit appointed to accept whistleblowing reports. Any report involving any director or member of the senior <u>management</u> shall be submitted to the independent directors or supervisors. Categories of reports and their corresponding standard operating procedures for investigation shall be adopted.</p> <p><u>3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of reports are completed. Where necessary, a report shall be submitted to the competent</u></p>	<p>Article 23</p> <p>The Company shall establish a specific whistleblowing system and thoroughly implement it. The whistleblowing system shall include at least the following:</p> <p>1. An independent mailbox or hotline, either internally established and announced or provided by an independent external institution, to be used by internal and external personnel of the Company for whistleblowing.</p> <p>2. Dedicated personnel or unit appointed to accept whistleblowing reports. Any report involving any director or senior manager shall be submitted to the independent directors or supervisors. Categories of reports and their corresponding standard operating procedures for investigation shall be adopted.</p>	<ol style="list-style-type: none"> 1. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, a new subparagraph 3 has been added to paragraph 1 of this Article, and the current subparagraphs 3~6 have been changed to subparagraphs 4~7 of the same paragraph. 2. The text of subparagraph 2, paragraph 1 of this Article has been amended. 3. Pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, subparagraph 5, paragraph 1 of this Article has been amended.

After amendment	Before amendment	Description
<p><u>authorities or referred to judicial bodies.</u></p> <p>4. Records of whistleblowing report acceptance, investigation processes, investigation results and relevant documents, and the retention of such records.</p> <p><u>5. Confidentiality of the identities of whistleblowers and the contents of reports, and permission for anonymous reporting.</u></p> <p>6. Measures for protecting whistleblowers from inappropriate disciplinary actions due to whistleblowing.</p> <p>7. Whistleblowing incentives. Where investigation has found any material misconduct or any likelihood of material damage to the Company, the dedicated personnel or unit of the Company accepting whistleblowing reports shall immediately prepare a report and notify the independent directors in writing.</p>	<p>3. Records of whistleblowing report acceptance, investigation processes, investigation results and relevant documents, and the retention of such records.</p> <p>4. Confidentiality of the identities of whistleblowers and the contents of reports.</p> <p>5. Measures for protecting whistleblowers from inappropriate disciplinary actions due to whistleblowing.</p> <p>6. Whistleblowing incentives. Where investigation has found any material misconduct or any likelihood of material damage to the Company, the dedicated personnel or unit of the Company accepting whistleblowing reports shall immediately prepare a report and notify the independent directors in writing.</p>	
<p>Article 27</p> <p>These Principles shall be implemented after they are approved by the Audit Committee and Board of Directors, and shall be submitted to the shareholders' meeting. The same procedure</p>	<p>Article 27</p> <p>These Principles shall be implemented after they are approved by the Audit Committee and Board of Directors, and shall be submitted to the shareholders' meeting. The same procedure</p>	<p>The text has been amended.</p>

After amendment	Before amendment	Description
<p>shall be followed for amendment of these Principles.</p> <p>When submitting the Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any independent director unable to attend the Board of Directors meeting in person to express objection or reservations shall provide a written opinion before the Board of Directors meeting, unless there are legitimate reasons to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	<p>shall be followed for amendment of these Principles.</p> <p><u>The Company has appointed independent directors.</u> When submitting the Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any independent director unable to attend the Board of Directors meeting in person to express objection or reservations shall provide a written opinion before the Board of Directors meeting, unless there are legitimate reasons to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	

Ruentex Development Co., Ltd.

Table of Comparison of Clauses Before and After Amendment of the
“Procedures for Ethical Management and Guidelines for Conduct”

After amendment	Before amendment	Description
<p>Article 5: The Company shall designate the President’s Office as a dedicated unit (hereinafter referred to as the "Dedicated Unit") <u>under the Board of Directors and provide it with adequate resources and competent personnel.</u> The Dedicated Unit shall be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The Dedicated Unit shall submit regular reports to the Board of Directors <u>at least annually</u>, and:</p> <p>1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malpractice to ensure ethical management in compliance with the requirements of laws and</p>	<p>Article 5: The Company shall designate the President’s Office as a dedicated unit (hereinafter referred to as the "Dedicated Unit") in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The Dedicated Unit shall submit regular reports to the Board of Directors, and:</p> <p>1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malpractice to ensure ethical management in compliance with the requirements of laws and</p>	<p>1. According to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the dedicated unit shall be provided with adequate resources and competent personnel, and shall report to the Board of Directors at least annually. Therefore, the first paragraph of this Article has been amended.</p> <p>2. According to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the matters which the dedicated unit is in charge of include regularly analyzing and assessing the risk of unethical conduct within the Company’s business scope. Therefore, subparagraph 2 has been amended.</p> <p>3. According to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, documented</p>

After amendment	Before amendment	Description
<p>regulations.</p> <p>2. <u>Analyzing and assessing the risk of unethical conduct within the Company's business scope, and</u> adopting programs accordingly to prevent unethical conduct <u>and</u> setting out in each program the standard operating procedures and conduct guidelines.</p> <p>3. Planning the internal organization, structure and allocation of responsibilities, and establishing check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk of involving unethical conduct.</p> <p>4. Promoting and coordinating awareness and training activities with respect to ethical management policies.</p> <p>5. Planning for a whistleblowing system and ensuring its effective implementation.</p> <p>6. Assisting the Board of Directors and senior management in auditing and assessing whether the prevention measures</p>	<p>regulations.</p> <p>2. Adopt programs to prevent unethical conduct <u>and</u> set out in each program the standard operating procedures and conduct guidelines.</p> <p>3. Planning the internal organization, structure and allocation of responsibilities, and establishing check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk of involving unethical conduct.</p> <p>4. Promoting and coordinating awareness and training activities with respect to ethical management policies.</p> <p>5. Planning for a whistleblowing system and ensuring its effective implementation.</p> <p>6. Assisting the Board of Directors and senior management in auditing and assessing whether the prevention measures</p>	<p>information regarding the policies, statements, commitments and implementation of ethical management shall be prepared and properly kept. Therefore, a new subparagraph 7 has been added.</p>

After amendment	Before amendment	Description
<p>taken for the purpose of implementing ethical management policies are effectively operating, and preparing reports on the regular assessment of compliance with ethical management policies in operating procedures.</p> <p><u>7. Prepare and properly keep documented information regarding the ethical management policies, statement of compliance with the policies and status of commitment fulfillment and implementation.</u></p>	<p>taken for the purpose of implementing ethical management policies are effectively operating, and preparing reports on the regular assessment of compliance with ethical management policies in operating procedures.</p>	
<p>Article 11: Where any director, Audit Committee member or manager of the Company or any other stakeholder attending or present at any meeting of the Board of Directors, or the juristic person represented thereby, has a stake in any <u>proposal</u> at the meeting, that director, Audit Committee member, manager or stakeholder shall explain the important aspects of the stake during the meeting. Where there is a likelihood that the interests of the Company would be prejudiced, that director, Audit Committee member, manager</p>	<p>Article 11: Where any director, Audit Committee member or manager of the Company or any other stakeholder attending or present at any meeting of the Board of Directors, or the juristic person represented thereby, has a stake in any <u>agenda item</u> at the meeting, that director, Audit Committee member, manager or stakeholder shall explain the important aspects of the stake during the meeting. Where there is a likelihood that the interests of the Company would be prejudiced, that director, Audit Committee member, manager</p>	<ol style="list-style-type: none"> 1. Pursuant to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, the text of paragraph 1 of this Article has been amended. 2. According to the amendment of the Company Act, where any spouse or blood relative within the second degree of kinship of a director or any company controlled by or affiliated with a director has an interest in any proposal of a Board of Directors meeting, the director shall be deemed to

After amendment	Before amendment	Description
<p>or stakeholder may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights on behalf of any other director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where any spouse or blood relative within the second degree of kinship of the director or any company controlled by or affiliated with the director has an interest in any proposal of the meeting under the preceding paragraph, the director shall be deemed to have a personal interest in the proposal.</u></p> <p>Where any of the Company’s personnel, in conducting the business of the Company, has discovered that there is a conflict of interest with himself/herself or the juristic person represented by him/her, or the likelihood that he/she, his/her spouse, parent or child or any person having a stake with him/her will gain improper benefits, the personnel shall report the related circumstances to his/her immediate supervisor and the Dedicated Unit.</p>	<p>or stakeholder may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights on behalf of any other director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>Where any of the Company’s personnel, in conducting the business of the Company, has discovered that there is a conflict of interest with himself/herself or the juristic person represented by him/her, or the likelihood that he/she, his/her spouse, parent or child or any person having a stake with him/her will gain improper benefits, the personnel shall report the related circumstances to his/her immediate supervisor and the Dedicated Unit.</p>	<p>have a personal interest in the proposal. Therefore, a new paragraph 2 has been added to this Article.</p> <p>3. The current paragraph 2 has been changed to paragraph 3, without amending its contents.</p> <p>4. The current paragraph 3 has been changed to paragraph 4, without amending its contents.</p>

After amendment	Before amendment	Description
<p>His/Her immediate supervisor shall provide appropriate guidance.</p> <p>The Company's personnel may not use the company resources in business activities other than those of the Company, and may not have their work performance affected by participation in business activities other than those of the Company.</p>	<p>His/Her immediate supervisor shall provide appropriate guidance.</p> <p>The Company's personnel may not use the company resources in business activities other than those of the Company, and may not have their work performance affected by participation in business activities other than those of the Company.</p>	
<p>Article 16: <u>The Company shall require its directors and senior management to issue statements of compliance with the ethical management policies and require, in the terms of employment, that employees comply with such policies.</u></p> <p>The Company shall disclose its policies of ethical management in its internal rules and annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policies in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers and other business-related institutions and personnel clearly understand the</p>	<p>Article 16:</p> <p>The Company shall disclose its policies of ethical management in its internal rules and annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policies in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers and other business-related institutions and personnel</p>	<p>1. According to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", a TWSE/GTSM-listed company shall require its directors and senior management to issue statements of compliance with the ethical management policies and require, in the terms of employment, that employees comply with such policies. Therefore, a new paragraph 1 has been added to this Article.</p> <p>3. The current provisions have been changed to paragraph 2, without amending its contents.</p>

After amendment	Before amendment	Description
Company's principles and rules with respect to the ethical management.	clearly understand the Company's principles and rules with respect to the ethical management.	
<p>Article 24: These Principles and Guidelines shall be implemented after they are approved by a resolution of the Board of Directors, and shall be submitted in a report to the shareholders' meeting. The same procedure shall be followed for amendment of these Principles and Guidelines.</p> <p>When submitting the these Procedures and Guidelines to the Board of Directors for discussion, the Company shall give full consideration to each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any independent director unable to attend the Board of Directors meeting in person to express objection or reservations shall provide a</p>	<p>Article 24: These Principles and Guidelines shall be implemented after they are approved by a resolution of the Board of Directors, and shall be <u>sent to the supervisors</u> and submitted in a report to the shareholders' meeting. The same procedure shall be followed for amendment of these Principles and Guidelines.</p> <p><u>Where the Company has set up an Audit Committee, the provisions concerning supervisors shall also apply to the Audit Committee.</u></p> <p>When submitting the these Procedures and Guidelines to the Board of Directors for discussion, the Company shall give full consideration to each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any independent director unable to attend the Board of Directors meeting in person to express objection or reservations shall</p>	<p>In line with the practices (the Company has set up an Audit Committee), the text of paragraph 1 of this Article has been amended, and paragraph 2 thereof has been deleted.</p>

After amendment	Before amendment	Description
written opinion before the Board of Directors meeting, unless there are legitimate reasons to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.	provide a written opinion before the Board of Directors meeting, unless there are legitimate reasons to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.	

Accountants' Audit Report

(2020) Cai-Shen-Bao-Zi No.19004907

To Ruentex Development Co., Ltd.:

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Ruentex Group") for Dec. 31, 2019 and Dec. 31, 2018, the consolidated comprehensive income statements, equity statements and cash flow statements of Ruentex Group for the period from Jan. 1 to Dec. 31, 2019 and the period from Jan. 1 to Dec. 31, 2018, and the notes to the consolidated financial report (including a summary of significant accounting policies).

In our opinion, based on our audit results and the reports of other accountants (please see the section of "Other Matter" in our report), all the material aspects of the aforementioned consolidated financial report were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC Interpretations and SIC Interpretations recognized and published by the Financial Supervisory Commission. They present fairly the consolidated financial position of Ruentex Group for Dec. 31, 2019 and Dec. 31, 2018, and the consolidated financial performance and cash flow for the period from Jan. 1 to Dec. 31, 2019 and the period from Jan. 1 to Dec. 31, 2018.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the section of "Responsibilities of the Accountants for the Audit of Consolidated Financial Statements" in our report. We are independent of Ruentex Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. In view of the audit result concluded by our representatives and the audits concluded by other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Ruentex Group for the year of 2019. 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 Ruentex Group's consolidated financial statements for the year of 2019 are as follows:

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

As of December 31, 2019, Ruentex Group's investments accounted under equity method were NT\$78,936,414 thousand, representing 52.58% of the total consolidated assets. Please see Note 4(15) for accounting policies on investments accounted under equity method and Note 6(8) for details.

Due to the complexity of multi-layered cross-holdings among multinational investee enterprises accounted for under equity method, conducting audit and calculation on such investments may require significant costs and human resources, so we identified the accuracy for calculating the balance of investments accounted under equity method as a key audit matter.

Corresponding Audit Procedures

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

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

Accuracy of Time for Recognition of Construction Cost

Description of Key Audit Matters

Please see Note 6(30) for accounting policies on the recognition of construction costs.

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

Corresponding Audit Procedures

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

1. We conducted understanding and tested on the process adopted by the management in the recognition of construction cost to verify that it had been performed according to the internal control operation of the Company, including that the construction personnel had performed acceptance according to the construction result and had submitted to the accounting department to perform account entry after the confirmation of the responsible supervisors.
2. We performed the cut-off test on the construction cost incurred for a certain period before and after the end of the financial report period, including the verifying the acceptance record, verifying the accuracy of the calculation of construction pricing, confirming that the construction cost incurred had been recorded at the appropriate period.

Accuracy of the Recognition of Construction Revenues

Description of Key Audit Matters

For the year of 2019, the Group's construction contract revenue was NT\$7,297,775 thousand, representing 42.29% of consolidated operating revenue. Please see Note 4(30) for accounting policies on revenue recognition, Note 5(2) for critical accounting estimates and assumptions and Note 6(24) for details.

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

Since the estimation of construction total cost can affect the recognition of construction completion progress and the construction 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 the accuracy of the recognition of construction income as one of the key matters in this year's audit.

Corresponding Audit Procedures

For the abovementioned key audit matters, except for the accuracy of the recognition of construction incomes, other preformed audit procedures are summarized as the following:

1. We obtained an understanding of the nature of business and industry of Ruentex Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating the construction costs (including contracting, material and labor costs), and the consistency of applying the estimation method.
2. We assessed and tested the internal controls that would affect the recognition of construction contract revenue based on stage of completion, including verifying the evidence of additional or less work and significant constructions.
3. Re-check the percentage of the completion of each construction, and review the accuracy of the recognition of the related construction incomes and if they have been accounted for.
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 revenue.

Other Matters - Reference to Audits by Other Accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in Ruentex Group's consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2019 and 2018, were NT\$45,443 thousand and NT\$60,017 thousand, respectively, and constituted 0.03% and 0.07% of total consolidated assets. Their total operating income of NT\$47,625 thousand and NT\$46,880 thousand for the period from Jan. 1 to Dec. 31, 2019 and the period from Jan. 1 to Dec. 31, 2018, constituting 0.28% and 0.32% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2019 and 2018 were NT\$14,932,672 thousand and NT\$9,804,972 thousand, respectively, and constituted 9.95% and 11.36% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income were NT\$5,761,174 thousand and NT\$1,026,217 thousand for the period from Jan. 1 to Dec. 31, 2019 and the period from Jan. 1 to Dec. 31, 2018 respectively, constituting 11.06% and 3.91% of total consolidated comprehensive income.

Other Matters- Individual Financial Report

We have conducted an audit and issued an unqualified opinion on the individual financial statements of Ruentex Development Co., Ltd. for 2019 and 2018.

Responsibilities of the Management and Governing Bodies for Consolidated Financial Statements

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

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

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

1. We identify and assess the risks of material misstatement of consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ruentex Group's internal control.
3. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ruentex Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ruentex Group to cease to continue as going concern.
5. We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruentex Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of Ruentex Group, and forming the audit opinion for Ruentex Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Ruentex Group's consolidated financial statements of 2019 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

Wang, Chao Ming

CPA

Hsu, Ming Chuan

Former Securities and Futures Commission, Ministry of
Finance

Approval Certificate No.:(1996) Tai-Cai-Zheng (VI) No.
65945

Financial Supervisory Commission

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No.
1050029449

March 30, 2020

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2018

Unit: 1000s of NT\$

Assets	Notes	December 31, 2019		December 31, 2018		
		A m o u n t	%	A m o u n t	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 7,147,701	5	\$ 3,994,104	5
1110	Financial assets at fair value through profit or loss - current	6(2)	39,210	-	64,879	-
1136	Financial assets measured at amortized costs - current	6(7)	25,760	-	22,372	-
1140	Contract asset - current	6(24) and 7	1,275,724	1	714,791	1
1150	Net bills receivable	6(3)	257,873	-	140,366	-
1160	Bills receivable - related parties - net	VII	9,020	-	941	-
1170	Net Accounts Receivable	VI(3) (31)	1,071,790	1	1,068,365	1
1180	Accounts receivable - related parties - net	VII	1,828	-	23,706	-
1200	Other receivables		21,438	-	9,542	-
1210	Other receivables - related parties	VII	12,683	-	13,600	-
1220	Current tax assets		17,001	-	1,287	-
130X	Inventories	6(4) and 8	26,911,326	18	27,720,538	32
1410	Prepayments	6(10)(14)	242,125	-	238,105	-
1470	Other current assets	6(5) and 8	780,117	-	908,331	1
11XX	Total current assets		<u>37,813,596</u>	<u>25</u>	<u>34,920,927</u>	<u>40</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6), 7 and 8	3,825,675	3	4,694,131	5
1535	Financial assets measured by amortized cost – non-current	6(7)	560,000	1	560,000	1
1550	Investment accounted for using the equity method	6(8), 7 and 8	78,936,414	53	21,611,442	25
1600	Property, plant, and equipment	6(9) and 8	4,430,532	3	4,105,951	5
1755	Right-of-use assets	6(10), 7 and 8	2,006,860	1	-	-
1760	Net value of investment properties	6(12) and 8	21,418,294	14	12,691,233	15
1780	Intangible assets	6(13)	244,424	-	224,106	-
1840	Deferred tax assets	6(31)	207,722	-	268,225	-
1930	Long-term bills and accounts receivable	6(11)(34)	460,954	-	515,643	1
1990	Other non-current assets - others	6(10) (14) and 8	228,076	-	6,728,868	8
15XX	Total non-current assets		<u>112,318,951</u>	<u>75</u>	<u>51,399,599</u>	<u>60</u>
1XXX	Total assets		<u>\$ 150,132,547</u>	<u>100</u>	<u>\$ 86,320,526</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2018

Unit: 1000s of NT\$

Liabilities and Equities		Notes	December 31, 2019		December 31, 2018	
			A m o u n t	%	A m o u n t	%
Current liabilities						
2100	Short-term borrowings	6(15) and 8	\$ 3,323,000	2	\$ 880,000	1
2110	Short-term bills payable	6(16) and 8	3,038,126	2	699,795	1
2130	Contract liabilities - current	6(24) and 7	1,172,937	1	1,042,024	1
2150	Bills payable		681,035	-	360,919	-
2160	Bills payable - related parties	VII	16,576	-	2,670	-
2170	Accounts payable		1,942,621	1	1,487,907	2
2180	Accounts payable - related parties	VII	17,650	-	4,890	-
2200	Other payables	VII	985,610	1	907,833	1
2230	Current tax liabilities		150,833	-	823,420	1
2280	Lease liabilities - current	6(10) and 7	380,509	-	-	-
2300	Other current liabilities	6(17)(18) and VII	8,622,283	6	7,203,906	8
21XX	Total current liabilities		<u>20,331,180</u>	<u>13</u>	<u>13,413,364</u>	<u>15</u>
2540	Long-term borrowings	6(17) and 8	30,927,546	21	33,793,940	39
2570	Deferred tax liabilities	6(31)	1,533,240	1	1,375,204	2
2580	Lease liabilities - non-current	6(10) and 7	10,058,917	7	-	-
2610	Long-term bills and accounts payable	6(14)	-	-	623,258	1
2670	Other non-current liabilities - others	6(18)(19)	1,889,384	1	1,835,746	2
25XX	Total non-current liabilities		<u>44,409,087</u>	<u>30</u>	<u>37,628,148</u>	<u>44</u>
2XXX	Total liabilities		<u>64,740,267</u>	<u>43</u>	<u>51,041,512</u>	<u>59</u>
Equities						
Equity attributed to owners of the parent						
Share capital						
3110	Common share capital	6(20)	10,032,540	7	10,032,540	12
Capital reserve						
3200	Capital reserve	6(21)	18,136,402	12	18,013,510	21
Retained earnings						
3310	Legal reserve	6(22)	3,816,407	3	4,829,705	6
3320	Special reserve		29,523,666	20	17,450,088	20
3350	Undistributed earnings		6,561,429	4	13,066,788	15
Other equities						
3400	Other equities	6(23)	12,907,012	8	(32,411,659)	(38)
3500	Treasury stock	6(20)	(84,639)	-	(84,639)	-
31XX	Total equity attributed to owners of the parent		<u>80,892,817</u>	<u>54</u>	<u>30,896,333</u>	<u>36</u>
36XX	Non-controlling interests	6(32)	<u>4,499,463</u>	<u>3</u>	<u>4,382,681</u>	<u>5</u>
3XXX	Total equities		<u>85,392,280</u>	<u>57</u>	<u>35,279,014</u>	<u>41</u>
Significant contingent liabilities and unrecognized contractual commitments						
Significant subsequent events						
3X2X	Total liabilities and equities		<u>\$ 150,132,547</u>	<u>100</u>	<u>\$ 86,320,526</u>	<u>100</u>

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Comprehensive Income
December 31, 2019 and 2018

Unit: 1000s of NT\$
(Except earnings per share, which is in NT\$)

Item	Notes	2019		2018	
		A m o u n t	%	A m o u n t	%
4000 Operating income	6(24) and 7	\$ 17,257,930	100	\$ 14,859,430	100
5000 Operating costs	6(4)(19) (25) (29)(30) and 7	(13,645,895)	(79)	(11,172,350)	(75)
5900 Gross operating profit		<u>3,612,035</u>	<u>21</u>	<u>3,687,080</u>	<u>25</u>
Operating Expenses	6(19) (29)(30) and 7				
6100 Distribution costs		(702,521)	(4)	(762,142)	(5)
6200 Administrative expenses		(948,647)	(6)	(879,736)	(6)
6300 R&D expenses		(59,650)	-	(71,496)	(1)
6450 Expected credit impairment losses	6(29)	(1,974)	-	(3,607)	-
6000 Total operating expenses		<u>(1,712,792)</u>	<u>(10)</u>	<u>(1,716,981)</u>	<u>(12)</u>
6900 Operating profit		<u>1,899,243</u>	<u>11</u>	<u>1,970,099</u>	<u>13</u>
Non-operating income and expenses					
7010 Other income	6(7)(26)	410,614	2	544,949	4
7020 Other gains and losses	6(27)	(281,955)	(2)	30,445	-
7050 Finance costs	6(28) and 7	(611,057)	(3)	(356,944)	(2)
7060 Share of income of associates and joint ventures accounted for using the equity method	6(8)	<u>8,593,623</u>	<u>50</u>	<u>10,097,636</u>	<u>68</u>
7000 Total non-operating income and expenses		<u>8,111,225</u>	<u>47</u>	<u>10,316,086</u>	<u>70</u>
7900 Net profit before tax		10,010,468	58	12,286,185	83
7950 Income tax expense	6(31)	(424,349)	(2)	(1,839,005)	(13)
8200 Net profit for the period		<u>\$ 9,586,119</u>	<u>56</u>	<u>\$ 10,447,180</u>	<u>70</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Comprehensive Income
December 31, 2019 and 2018

Unit: 1000s of NT\$
(Except earnings per share, which is in NT\$)

Item	Notes	2019		2018	
		A m o u n t	%	A m o u n t	%
Other comprehensive income (net)					
Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(19)	\$ 1,304	-	\$ 16,753
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(6)	(872,867)	(5)	(396,643)
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that will not be reclassified to profit or loss	6(22)	(48,983)	-	(93,931)
8349	Income tax relating to non-reclassified items	6(31)	104,642	-	50,602
8310	Total of items that will not be reclassified to profit or loss		<u>(815,904)</u>	<u>(5)</u>	<u>(423,219)</u>
Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(171,605)	(1)	254,602
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that may be reclassified subsequently to profit or loss	6(23)	43,818,066	254	(36,551,302)
8399	Income tax relating to items that may be reclassified	6(31)	(309,869)	(2)	12,160
8360	Total of items that may be		<u>43,336,592</u>	<u>251</u>	<u>(36,284,540)</u>

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Comprehensive Income
December 31, 2019 and 2018

Unit: 1000s of NT\$
(Except earnings per share, which is in NT\$)

	reclassified subsequently to profit or loss				
8300	Other comprehensive income (net)	<u>\$ 42,520,688</u>	<u>246</u>	<u>(\$ 36,707,759)</u>	<u>(247)</u>
8500	Total comprehensive income for the period	<u>\$ 52,106,807</u>	<u>302</u>	<u>(\$ 26,260,579)</u>	<u>(177)</u>
	Net profit is attributed to:				
8610	Owners of the parent	<u>\$ 9,067,952</u>	<u>53</u>	<u>\$ 9,932,094</u>	<u>67</u>
8620	Non-controlling interests	<u>\$ 518,167</u>	<u>3</u>	<u>\$ 515,086</u>	<u>3</u>
	Total comprehensive income is attributed to:				
8710	Owners of the parent	<u>\$ 51,706,025</u>	<u>300</u>	<u>(\$ 26,771,376)</u>	<u>(180)</u>
8720	Non-controlling interests	<u>\$ 400,782</u>	<u>2</u>	<u>\$ 510,797</u>	<u>3</u>
	Earnings per share				
			6(33)		
9750	Basic earnings per share	<u>\$</u>	<u>9.35</u>	<u>\$</u>	<u>7.22</u>
9850	Diluted earnings per share	<u>\$</u>	<u>9.34</u>	<u>\$</u>	<u>7.22</u>

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated statement of changes in Equity
December 31, 2019 and 2018

Unit: 1000s of NT\$

	E q u i t y a t t r i b u t e d t o o w n e r s o f t h e p a r e n t										
	N o t e s	Common share		R e t a i n e d e a r n i n g s			Other equities	Treasury stock	T o t a l	Non-controllin g interests	Total Equity
		c a p i t a l	Capital reserve	Legal reserve	Special reserve	Undistributed e a r n i n g s					
<u>2018</u>											
Balance as of January 1, 2018		\$ 16,720,900	\$ 17,986,504	\$ 3,719,263	\$ 17,447,134	\$ 11,104,418	(\$ 18,396,258)	(\$ 105,200)	\$ 48,476,761	\$ 4,171,898	\$ 52,648,659
Effect of retrospective application and retrospective restatement		-	-	-	-	(193,654)	19,369,575	-	19,175,921	26,313	19,202,234
January 1, 2018 Restated balance		<u>16,720,900</u>	<u>17,986,504</u>	<u>3,719,263</u>	<u>17,447,134</u>	<u>10,910,764</u>	<u>973,317</u>	<u>(105,200)</u>	<u>67,652,682</u>	<u>4,198,211</u>	<u>71,850,893</u>
Net profit for the period	VI(22)(32)	-	-	-	-	9,932,094	-	-	9,932,094	515,086	10,447,180
Other Comprehensive Income	VI(22) (23)	-	-	-	-	(80,498)	(36,622,972)	-	(36,703,470)	(4,289)	(36,707,759)
Total comprehensive income for the period		-	-	-	-	<u>9,851,596</u>	<u>(36,622,972)</u>	-	<u>(26,771,376)</u>	<u>510,797</u>	<u>(26,260,579)</u>
Cash Reduction	6(20)	(6,688,360)	-	-	-	-	-	8,552	(6,679,808)	-	(6,679,808)
2017 Appropriation and distribution of retained earnings:	6(22)										
Legal reserve		-	-	1,110,442	-	(1,110,442)	-	-	-	-	-
Special reserve		-	-	-	2,954	(2,954)	-	-	-	-	-
Cash dividend		-	-	-	-	(3,344,180)	-	-	(3,344,180)	-	(3,344,180)
Dividends unclaimed by shareholders with claim period elapsed	6(21)	-	9,205	-	-	-	-	-	9,205	-	9,205
Changes in associates & joint ventures accounted for using equity method	VI(20) (21)	-	17,801	-	-	-	-	12,009	29,810	-	29,810
Disposal of equity instrument at fair value through other comprehensive income	6(22)	-	-	-	-	(3,237,996)	3,237,996	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	-	-	-	-	-	-	-	33,239	33,239
Decrease in non-controlling interests	6(32)	-	-	-	-	-	-	-	-	(359,566)	(359,566)
Balance, December 31, 2018		<u>\$ 10,032,540</u>	<u>\$ 18,013,510</u>	<u>\$ 4,829,705</u>	<u>\$ 17,450,088</u>	<u>\$ 13,066,788</u>	<u>(\$ 32,411,659)</u>	<u>(\$ 84,639)</u>	<u>\$ 30,896,333</u>	<u>\$ 4,382,681</u>	<u>\$ 35,279,014</u>
<u>Year 2019</u>											
Balance on January 1, 2019		\$ 10,032,540	\$ 18,013,510	\$ 4,829,705	\$ 17,450,088	\$ 13,066,788	(\$ 32,411,659)	(\$ 84,639)	\$ 30,896,333	\$ 4,382,681	\$ 35,279,014
Net profit for the period	VI(22)(32)	-	-	-	-	9,067,952	-	-	9,067,952	518,167	9,586,119
Other Comprehensive Income	VI(22) (23)	-	-	-	-	(44,119)	42,682,192	-	42,638,073	(117,385)	42,520,688
Total comprehensive income for the period		-	-	-	-	<u>9,023,833</u>	<u>42,682,192</u>	-	<u>51,706,025</u>	<u>400,782</u>	<u>52,106,807</u>
Appropriation and distribution of the earnings for 2018:	6(22)										
Legal reserve		-	-	993,210	-	(993,210)	-	-	-	-	-
Special reserve		-	-	-	12,073,578	(12,073,578)	-	-	-	-	-
Cash dividends distributed from the legal reserve	6(22)	-	-	(2,006,508)	-	-	-	-	(2,006,508)	-	(2,006,508)
Dividends unclaimed by shareholders with claim period elapsed	6(21)	-	3,409	-	-	-	-	-	3,409	-	3,409
Changes in associates & joint ventures accounted for using equity method	6(21)	-	122,482	-	-	184,120	(10,045)	-	296,557	-	296,557

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated statement of changes in Equity
December 31, 2019 and 2018

Unit: 1000s of NT\$

	<u>E q u i t y a t t r i b u t e d t o o w n e r s o f t h e p a r e n t</u>										
	<u>N o t e s</u>	<u>Common share</u>		<u>R e t a i n e d e a r n i n g s</u>				<u>Treasury stock</u>	<u>T o t a l</u>	<u>Non-controllin</u>	<u>Total Equity</u>
		<u>c a p i t a l</u>	<u>Capital reserve</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Undistributed</u>	<u>e a r n i n g s</u>					Other equities	g interests
Changes in ownership interests in subsidiaries	6(21)	-	9,910	-	-	-	-	-	9,910	4,281	14,191
Disposal of equity instrument at fair value through other comprehensive income	VI(22) (23)	-	-	-	-	(2,646,524)	2,646,524	-	-	-	-
Changes in reorganization	6(21)	-	(12,909)	-	-	-	-	-	(12,909)	-	(12,909)
Increase of non-controlling Interest	6(32)	-	-	-	-	-	-	-	-	1,447,979	1,447,979
Decrease in non-controlling interests	6(32)	-	-	-	-	-	-	-	-	(1,736,260)	(1,736,260)
Balance on December 31, 2019		<u>\$ 10,032,540</u>	<u>\$ 18,136,402</u>	<u>\$ 3,816,407</u>	<u>\$ 29,523,666</u>	<u>\$ 6,561,429</u>	<u>\$ 12,907,012</u>	<u>(\$ 84,639)</u>	<u>\$ 80,892,817</u>	<u>\$ 4,499,463</u>	<u>\$ 85,392,280</u>

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Cash Flow
December 31, 2019 and 2018

Unit: 1000s of NT\$

	Notes	2019	2018
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 10,010,468	\$ 12,286,185
Adjustments			
Income and expenses			
Depreciation expense	6(29)	929,826	544,050
Amortization expense	6(29)	9,420	19,802
Expected credit impairment losses	6(29)	1,974	3,607
Impairment loss on right-of-use assets	6(27)	88,809	-
Impairment loss on investment properties	6(27)	94,871	-
Interest expense	6(28)	611,057	356,944
Long-term prepaid rent - premium reclassified to expense	6(14)	-	28,144
Interest income	6(26)	(101,812)	(194,522)
Dividend income	6(26)	(127,440)	(173,658)
Share of profit of associates accounted for using the equity method	6(8)	(8,593,623)	(10,097,636)
Intangible assets reclassified as expense	6(13)	1,229	-
Gains from disposal of property, plant and equipment	6(27)	(426)	(116)
Valuation profit on financial assets at fair value through profit or loss	6(2)(27)	(2,207)	(30)
Gains on reversal of financial assets impairment loss	6(27)	(295)	(4,185)
Loss on liquidation	6(27)	-	22,100
Impairment loss on long-term prepaid rent	VI(13) (27)	-	200,000
Gains on offsetting overdue payables	6(26)	-	(2,248)
Other income	(	40,802)	(53,323)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contract assets - current	(	560,933)	67,667
Bills receivable	(	117,507)	123,751
Bills receivable - related parties	(	8,079)	7,819
Accounts receivable	(	5,399)	(359,461)
Accounts receivable - related parties	(	21,878)	(22,310)
Other receivables	(	1,898)	67,551
Other accounts receivable – related parties	(	1,920)	7,490
Inventories	(	1,058,660)	247,134
Prepayments	(	70,855)	171,534
Other current assets	(	36,071)	(4,552)
Long-term bills and accounts receivable	(	54,689)	37,173
Other non-current assets	(	73,824)	(5,389)
Net changes in liabilities relating to operating activities			
Contract liabilities - current	(	130,913)	350,534
Bills payable	(	320,130)	(61,903)
Bills payable - related parties	(	13,906)	(23,140)
Accounts payable	(	454,355)	(107,540)
Accounts payable - related parties	(	12,760)	(79,949)
Other payables	(	93,659)	1,920
Other current liabilities	(	37,358)	64,243
Long-term bills and accounts payable	(	-	63,897
Other non-Current liabilities	(	57,064)	199,440
Cash inflow generated by operations		4,263,775	3,681,023
Interest received		100,292	196,677
Interest paid	(	860,745)	(576,307)
Dividend received		701,550	802,012
Income tax refunded		3,166	-
Income tax paid	(	1,113,343)	(2,301,596)
Cash inflow from operating activities		3,094,695	1,801,809

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statement of Cash Flow
December 31, 2019 and 2018

Unit: 1000s of NT\$

	Notes	2019	2018
<u>Cash flows from investing activities</u>			
Costs returned for financial assets at fair value through profit or loss	6(2)	\$ 295	\$ 4,185
Acquisition of financial assets at fair value through profit or loss		(85,866)	(64,849)
Proceeds from disposal of financial assets at fair value through profit or loss		111,026	-
Acquisition of financial assets at fair value through other comprehensive income - non-current	6(6)	(13,865)	-
Acquisition of financial assets measured at amortized costs - current		(25,760)	(22,372)
Disposal of financial assets measured at amortized costs - current		21,765	-
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income	6(6)	-	152,366
Acquisition of investments using the equity method	6(8)	(578,962)	(87,500)
Share capital returned from capital reduction in investments using the equity method	6(8)	195,429	558,291
Acquisition of property, plant and equipment	6(9)	(478,289)	(216,765)
Proceeds from disposal of property, plant and equipment		558	272
Acquisition of investment properties	6(35)	(102,941)	(26,767)
Acquisition of intangible assets	6(35)	(30,742)	(20,959)
Decrease (increase) in other financial assets		164,285	(186,144)
Net cash inflow (outflow) from investing activities		(823,067)	89,758
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(36)	2,443,000	(12,050,000)
Net increase (decrease) in short-term bills payable	6(36)	2,340,000	(5,139,000)
Amount of long-term borrowings	6(36)	26,250,413	29,173,475
Repayments of long-term borrowings	6(36)	(27,708,825)	(12,298,762)
Increase in deposits received	6(36)	29,482	6,729
Cash dividends paid	6(22)	(2,006,508)	(3,344,180)
Principal elements of lease payments	6(10)(36)	(132,622)	-
Cash Reduction	6(20)	-	(6,688,360)
Changes in non-controlling interest	6(32)	(288,281)	(326,327)
Reorganization	6(21)	(12,909)	-
Net cash inflow (outflow) from financing activities		913,750	(10,666,425)
Effects of changes in exchange rates		(31,781)	20,415
Net increase (decrease) in cash and cash equivalents		3,153,597	(8,754,443)
Balance of cash and cash equivalents at beginning of the period		3,994,104	12,748,547
Balance of cash and cash equivalents at end of the period		\$ 7,147,701	\$ 3,994,104

The notes to the consolidated financial statements, as attached hereafter, are an integral part of this consolidated financial report. Please read them together with the statements.

Accountants' Audit Report

(2020) Cai-Shen-Bao-Zi No.19004489

To Ruentex Development Co., Ltd.:

Audit Opinions

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2019 and 2018 and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Audit Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2019. These matters were addressed in the context of our audit opinion of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's unconsolidated financial statements for the year ended December 31, 2019 are stated as follows:

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

The investment balance under equity method of the Company as of December 31, 2019 was NT\$86,617,850 thousand, representing 73.07% of total Assets. For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note IV(13). For the explanation on the accounts, please refer to Financial Statements Note VI(7).

Since the investments accounted for using equity method involves domestic and overseas investments at various levels with cross-holdings, it is considered to be a relatively complicated calculation. In addition, since the amount is significant and requires greater manpower to perform the audit, we are of the opinion that the accuracy of the investment balance under equity method shall be listed as one of the most important matters for the audit of the present year.

Corresponding Audit Procedures

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

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

Assessment on Investment Balance Under Equity Method

For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note IV(13). For the explanation on the accounts, please refer to Unconsolidated Financial Statements Note VI(7).

On December 31, 2019, the Company adopted the equity method to assess its subsidiary, Ruentex Engineering & Construction Co., Ltd. (hereinafter referred to as “Ruentex Engineering & Construction”). Under the consideration of comprehensive shareholding, since the investment balance under equity for Ruentex Engineering & Construction and the investment gain Ruentex Engineering & Construction in 2019 have significant impacts on the financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of REC are respectively described in the following:

Accuracy of Time for Recognition of Construction Cost

Description of Key Audit Matters

The construction cost of each construction project of Ruentex Engineering & Construction already incurred at the end of financial report period was estimated and Ruentex Engineering & Construction according to the construction progress and the acceptance result. Such process of construction cost Ruentex Engineering & Construction often involves whether each project construction personnel performs the acceptance and pricing operation according to the actual construction result, and difference in the time for Ruentex Engineering & Construction the construction cost due to failure to perform such works properly can have significant impact on the presentation of financial statements. Consequently, during the Ruentex Engineering & Construction of construction cost, we considered and listed the accuracy of time for Ruentex Engineering & Construction of construction cost as one of the key audit matters.

Corresponding Audit Procedures

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

1. We conducted understanding and tested on the process adopted by the management in the recognition of construction cost to verify that it had been performed according to the internal control operation of the Company, including that the construction personnel had performed acceptance according to the construction result and had submitted to the accounting department to perform account entry after the confirmation of the responsible supervisors.
2. We performed the cut-off test on the construction cost incurred for a certain period before and after the end of the financial report period, including the verifying the acceptance record, verifying the accuracy of the calculation of construction pricing, confirming that the construction cost incurred had been recorded at the appropriate period.

Accuracy of the Recognition of Construction Revenues

Description of Key Audit Matters

The Ruentex Engineering & Construction of construction income of Ruentex Engineering & Construction 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 Ruentex Engineering & Construction based on its estimation on various construction costs required for contracting works and material/labor expenses etc. according to the quantitative units of building structural drawings etc. of owners along with the fluctuation of the Current market price at that time.

Since the estimation of construction total cost can affect the recognition of construction completion progress and the construction 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 the accuracy of the recognition of construction income as one of the key matters in this year's audit.

Corresponding Audit Procedures

For the abovementioned key audit matters, except for the accuracy of the recognition of construction incomes, other preformed audit procedures are summarized as the following:

1. Based on our understanding of the business operation and nature of industry of Ruentex Engineering & Construction, we assessed the internal operation procedures used in the estimation of construction total cost, including the quantitative unit of building structural 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 control procedures adopted by the management to recognize the construction income according to the construction completion progress, including verifying the evidence documents for the additional/reduction of construction works and major pricing constructions in the Current period.
3. Re-check the percentage of the completion of each construction, and review the accuracy of the recognition of the related construction incomes and if they have been accounted for.
4. We performed relevant verification procedures on the construction Income statement at the end of period, including inspecting the number of cost occurrences in the Current period, audited on the evidence documents of additional/reduction constructions, and re-calculated the construction income according to the recognition of construction completion progress, and recorded account appropriately.

Other Matters - Relevant audits by other independent auditors

For the investee listed in the aforementioned unconsolidated financial statements under equity method, its financial statements was not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned unconsolidated financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2019 and 2018, the investment balances under equity method for the aforementioned companies were NT\$12,610,411 thousand and NT\$ 7,620,785 thousand respectively, representing 10.64% and 11.62% of the total Assets respectively. For the period of 2019 and January 1 to December 31, 2018 the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$ 5,556,550 thousand and NT\$ 2,363,845 thousand respectively, representing 10.75% and 8.83% of the compressive income respectively.

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

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

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

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

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

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

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

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

statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidences for the financial information of individual entity of the Company and provide opinions on its respective unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the audit opinion for the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2019 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

Wang, Chao Ming

CPA

Hsu, Ming Chuan

Former Securities and Futures Commission, Ministry of Finance

Approval Certificate No.:(1996) Tai-Cai-Zheng (VI) No. 65945

Financial Supervisory Commission

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 1050029449

March 30, 2020

Ruentex Development Co., Ltd.
Individual Balance Sheet
December 31, 2019 and 2018

Unit: 1000s of NT\$

Assets	Notes	December 31, 2019		December 31, 2018		
		A m o u n t	%	A m o u n t	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 4,778,248	4	\$ 2,581,300	4
1150	Net bills receivable	6(2)	3,589	-	2,053	-
1170	Net Accounts Receivable	6(2)	5,510	-	20,331	-
1180	Accounts receivable - related parties - VII					
	net		1,135	-	-	-
1200	Other receivables		3,225	-	6,592	-
1210	Other receivables - related parties	VII	3,513	-	4,707	-
1220	Current tax assets		12,579	-	-	-
130X	Inventories	6(3) and 8	22,040,418	19	23,332,148	36
1410	Prepayments		96,365	-	74,571	-
1470	Other current assets	6(4) and 8	419,208	-	262,700	-
11XX	Total current assets		<u>27,363,790</u>	<u>23</u>	<u>26,284,402</u>	<u>40</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(5) and 8	2,192,696	2	2,819,599	4
1535	Financial assets measured by amortized cost – non-current	6(6)	60,000	-	60,000	-
1550	Investment accounted for using the equity method	6(7), 7 and 8	86,617,850	73	29,133,278	45
1600	Property, plant, and equipment	6(8)	45,924	-	33,656	-
1755	Right-of-use assets	6(9)	21,349	-	-	-
1760	Net value of investment properties	6(10) and 8	1,981,227	2	1,960,861	3
1840	Deferred tax assets	6(27)	106,430	-	213,379	-
1900	Other non-current assets	6(11) and 8	156,631	-	5,104,119	8
15XX	Total non-current assets		<u>91,182,107</u>	<u>77</u>	<u>39,324,892</u>	<u>60</u>
1XXX	Total assets		<u>\$ 118,545,897</u>	<u>100</u>	<u>\$ 65,609,294</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd.
Individual Balance Sheet
December 31, 2019 and 2018

Unit: 1000s of NT\$

Liabilities and Equities		Notes	December 31, 2019		December 31, 2018	
			A m o u n t	%	A m o u n t	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 2,790,000	2	\$ 710,000	1
2110	Short-term bills payable	6(13) and 8	2,228,457	2	179,958	-
2130	Contract liabilities - current	6(20) and 7	483,953	1	384,280	1
2150	Bills payable		53,591	-	42,645	-
2160	Bills payable - related parties	VII	211,658	-	6,178	-
2170	Accounts payable		132,518	-	192,192	-
2180	Accounts payable - related parties	VII	279,639	-	342,501	1
2200	Other payables	VII	316,320	-	325,108	1
2230	Current tax liabilities		-	-	649,077	1
2280	Lease liabilities - current	6(9)	16,233	-	-	-
2300	Other current liabilities	6(14) and 8	7,829,981	7	6,834,955	10
21XX	Total current liabilities		<u>14,342,350</u>	<u>12</u>	<u>9,666,894</u>	<u>15</u>
Non-current liabilities						
2540	Long-term borrowings	6(14) and 8	20,689,330	18	22,660,565	34
2570	Deferred tax liabilities	6(27)	1,558,069	1	1,341,451	2
2580	Lease liabilities - non-current	6(9)	5,247	-	-	-
2600	Other non-Current liabilities	6(15)	1,058,084	1	1,044,051	2
25XX	Total non-current liabilities		<u>23,310,730</u>	<u>20</u>	<u>25,046,067</u>	<u>38</u>
2XXX	Total liabilities		<u>37,653,080</u>	<u>32</u>	<u>34,712,961</u>	<u>53</u>
Equities						
Share capital						
3110	Common share capital	6(16)	10,032,540	8	10,032,540	15
Capital reserve						
3200	Capital reserve	6(17)	18,136,402	16	18,013,510	27
Retained earnings						
3310	Legal reserve	6(18)	3,816,407	3	4,829,705	7
3320	Special reserve		29,523,666	25	17,450,088	27
3350	Undistributed earnings		6,561,429	5	13,066,788	20
Other equities						
3400	Other equities	6(19)	12,907,012	11	(32,411,659)	(49)
3500	Treasury stock	VI(7) (16)	(84,639)	-	(84,639)	-
3XXX	Total equities		<u>80,892,817</u>	<u>68</u>	<u>30,896,333</u>	<u>47</u>
Significant contingent liabilities and unrecognized contractual commitments						
Significant subsequent events						
3X2X	Total liabilities and equities		<u>\$ 118,545,897</u>	<u>100</u>	<u>\$ 65,609,294</u>	<u>100</u>

The notes to the individual financial statements, as attached hereafter, are an integral part of this individual financial report. Please read them together with the statements.

Ruentex Development Co., Ltd.
Unconsolidated Statements of Comprehensive Income
December 31, 2019 and 2018

Unit: 1000s of NT\$
(Except earnings per share, which is in NT\$)

Item	Notes	2019		2018	
		A m o u n t	%	A m o u n t	%
4000 Operating income	6(20) and 7	\$ 5,507,432	100	\$ 5,834,768	100
5000 Operating costs	6(2)(212) (25)(26) and 7	(4,246,396)	(77)	(4,333,022)	(75)
5900 Gross operating profit		1,261,036	23	1,501,746	25
5910 Unrealized sale gains		(2,842)	-	-	-
5950 Net gross operating profit		1,258,194	23	1,501,746	25
Operating Expenses	6(15)(25) (26) and 7				
6100 Distribution costs		(588,590)	(11)	(602,532)	(10)
6200 Administrative expenses		(242,107)	(4)	(225,738)	(4)
6450 Expected credit impairment gains (losses)	VI(25)	114	-	(262)	-
6000 Total operating expenses		(830,583)	(15)	(828,532)	(14)
6900 Operating profit		427,611	8	673,214	11
Non-operating income and expenses					
7010 Other income	6(6)(22) and VII	98,658	2	199,430	3
7020 Other gains and losses	6(23)	(95,962)	(2)	258,179	4
7050 Finance costs	6 (9) (24)	(213,079)	(4)	(196,068)	(3)
7070 Share of income of subsidiaries, associates and joint ventures accounted for using the equity method	6(7)	9,018,363	164	10,536,970	181
7000 Total non-operating income and expenses		8,807,980	160	10,798,511	185
7900 Net profit before tax		9,235,591	168	11,471,725	196
7950 Income tax expense	6(27)	(167,639)	(3)	(1,539,631)	(26)
8000 Net profit for the period of the continuing operations		9,067,952	165	9,932,094	170
8200 Net profit for the period		\$ 9,067,952	165	\$ 9,932,094	170
Other Comprehensive Income (Loss)					
Items that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit plans	6(15)	\$ 6,244	-	\$ 3,845	-
8316 Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	(637,971)	(12)	(337,490)	(6)
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - items that will not be reclassified to profit or loss	6(18)	(49,542)	(1)	(89,813)	(1)
8349 Income tax relating to non-reclassified items	6(27)	37,457	1	17,702	-
8310 Total of items that will not be reclassified to profit or loss		(643,812)	(12)	(405,756)	(7)
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of foreign operations		(165,159)	(3)	218,071	4
8380 Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method -	6(19)	43,756,726	795	(36,544,381)	(626)

The notes to the individual financial statements, as attached hereafter, are an integral part of this individual financial report. Please read them together with the statements.

Ruentex Development Co., Ltd.
 Unconsolidated Statements of Comprehensive Income
 December 31, 2019 and 2018

Unit: 1000s of NT\$
 (Except earnings per share, which is in NT\$)

	items that may be reclassified to profit or loss				
8399	Income tax relating to items that may be reclassified	6(19)(27)	(309,682)	(6)	28,596
8360	Total of items that may be reclassified subsequently to profit or loss		<u>43,281,885</u>	<u>786</u>	(<u>36,297,714</u>) (<u>622</u>)
8300	Other comprehensive income (net)		<u>\$ 42,638,073</u>	<u>774</u>	(<u>\$ 36,703,470</u>) (<u>629</u>)
8500	Total comprehensive income for the period		<u>\$ 51,706,025</u>	<u>939</u>	(<u>\$ 26,771,376</u>) (<u>459</u>)
	Earnings per share	6(28)			
9750	Basic earnings per share		<u>\$ 9.35</u>		<u>\$ 7.22</u>
9850	Diluted earnings per share		<u>\$ 9.34</u>		<u>\$ 7.22</u>

The notes to the individual financial statements, as attached hereafter, are an integral part of this individual financial report. Please read them together with the statements.

Ruentex Development Co., Ltd.
Individual Equity Statement
December 31, 2019 and 2018

Unit: 1000s of NT\$

	N o t e s	R e t a i n e d e a r n i n g s					O t h e r e q u i t i e s	T r e a s u r y s t o c k	T o t a l E q u i t y
		C o m m o n s h a r e c a p i t a l	C a p i t a l r e s e r v e	L e g a l r e s e r v e	S p e c i a l r e s e r v e	U n d i s t r i b u t e d e a r n i n g s			
2018									
Balance as of January 1, 2018		\$ 16,720,900	\$ 17,986,504	\$ 3,719,263	\$ 17,447,134	\$ 11,104,418	(\$ 18,396,258)	(\$ 105,200)	\$ 48,476,761
Effect of retrospective application and retrospective restatement		-	-	-	-	(193,654)	19,369,575	-	19,175,921
January 1, 2018 Restated balance		<u>16,720,900</u>	<u>17,986,504</u>	<u>3,719,263</u>	<u>17,447,134</u>	<u>10,910,764</u>	<u>973,317</u>	<u>(105,200)</u>	<u>67,652,682</u>
Net profit for the period	6(18)	-	-	-	-	9,932,094	-	-	9,932,094
Other Comprehensive Income	6(18)(19)	-	-	-	-	(80,498)	(36,622,972)	-	(36,703,470)
Total comprehensive income for the period		-	-	-	-	<u>9,851,596</u>	<u>(36,622,972)</u>	-	<u>(26,771,376)</u>
Cash Reduction	6(16)	(6,688,360)	-	-	-	-	-	8,552	(6,679,808)
2017 Appropriation and distribution of retained earnings:	6(18)								
Legal reserve		-	-	1,110,442	-	(1,110,442)	-	-	-
Special reserve		-	-	-	2,954	(2,954)	-	-	-
Cash dividend		-	-	-	-	(3,344,180)	-	-	(3,344,180)
Dividends unclaimed by shareholders with claim period elapsed	6(17)	-	9,205	-	-	-	-	-	9,205
Changes in associates & joint ventures accounted for using equity method	6(17)	-	17,801	-	-	-	-	12,009	29,810
Disposal of equity instrument at fair value through other comprehensive income	6(18)(19)	-	-	-	-	(3,237,996)	3,237,996	-	-
Balance, December 31, 2018		<u>\$ 10,032,540</u>	<u>\$ 18,013,510</u>	<u>\$ 4,829,705</u>	<u>\$ 17,450,088</u>	<u>\$ 13,066,788</u>	<u>(\$ 32,411,659)</u>	<u>(\$ 84,639)</u>	<u>\$ 30,896,333</u>
Year 2019									
Balance on January 1, 2019		\$ 10,032,540	\$ 18,013,510	\$ 4,829,705	\$ 17,450,088	\$ 13,066,788	(\$ 32,411,659)	(\$ 84,639)	\$ 30,896,333
Current Net Profit (Net Loss)	6(18)	-	-	-	-	9,067,952	-	-	9,067,952
Other Comprehensive Income	6(18)(19)	-	-	-	-	(44,119)	42,682,192	-	42,638,073
Total comprehensive income for the period		-	-	-	-	<u>9,023,833</u>	<u>42,682,192</u>	-	<u>51,706,025</u>
Appropriation and distribution of the earnings for 2018:	6(18)								
Legal reserve		-	-	993,210	-	(993,210)	-	-	-
Special reserve		-	-	-	12,073,578	(12,073,578)	-	-	-
Cash dividends distributed from the legal reserve	6(18)	-	-	(2,006,508)	-	-	-	-	(2,006,508)
Dividends unclaimed by shareholders with claim period elapsed	6(17)	-	3,409	-	-	-	-	-	3,409
Changes in associates & joint ventures accounted for using equity method	VI (17) (18) (19)	-	122,482	-	-	184,120	(10,045)	-	296,557
Change in ownership interests in subsidiaries	6(17)	-	9,910	-	-	-	-	-	9,910
Disposal of equity instrument at fair value through other comprehensive income	VI (5)(18)(19)	-	-	-	-	(2,646,524)	2,646,524	-	-
Changes in reorganization	6(17)	-	(12,909)	-	-	-	-	-	(12,909)
Balance on December 31, 2019		<u>\$ 10,032,540</u>	<u>\$ 18,136,402</u>	<u>\$ 3,816,407</u>	<u>\$ 29,523,666</u>	<u>\$ 6,561,429</u>	<u>\$ 12,907,012</u>	<u>(\$ 84,639)</u>	<u>\$ 80,892,817</u>

The notes to the individual financial statements, as attached hereafter, are an integral part of this individual financial report. Please read them together with the statements.

Ruentex Development Co., Ltd.
Individual Statements of Cash Flows
December 31, 2019 and 2018

Unit: 1000s of NT\$

	Notes	January 1 to December 31, 2019	January 1 to December 31, 2018
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 9,235,591	\$ 11,471,725
Adjustments			
Income and expenses			
Unrealized gains among associates		20,709	-
Depreciation expense	VI(25)	57,837	36,023
Expected credit impairment (gains) losses	VI(25)	(114)	262
Interest expense	6(24)	213,079	196,068
Interest income	6(22)	(71,281)	(159,087)
Dividend income	6(22)	(13,252)	(11,671)
Share of profit of associates accounted for using the equity method	6(7)	(9,018,363)	(10,536,970)
Gains from disposal of property, plant and equipment	6(23)	(9)	(11)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Bills receivable		(1,536)	91,410
Accounts receivable		14,935	(7,799)
Accounts receivable - related parties		(1,135)	-
Other receivables		3,512	63,339
Other accounts receivable – related parties		1,194	6,764
Inventories		1,491,167	449,601
Prepayments		(21,794)	170,873
Other current assets		(3,747)	57,121
Net changes in liabilities relating to operating activities			
Contract liabilities - current		99,673	118,811
Bills payable		10,946	4,479
Bills payable - related parties		205,480	(68,943)
Accounts payable		(59,674)	(57,254)
Accounts payable - related parties		(62,862)	18,430
Other payables		8,595	8,696
Other current liabilities		(4,974)	(5,572)
Other non-Current liabilities		(1,260)	(605)
Cash inflow generated by operations		2,102,717	1,845,690
Interest received		71,147	159,087
Interest paid		(418,463)	(367,784)
Dividend received		1,040,924	1,134,719
Income tax paid		(806,814)	(2,128,237)
Cash inflow from operating activities		1,989,511	643,475

(Continued)

Ruentex Development Co., Ltd.
Individual Statements of Cash Flows
December 31, 2019 and 2018

Unit: 1000s of NT\$

	Notes	January 1 to December 31, 2019	January 1 to December 31, 2018
<u>Cash flows from investing activities</u>			
Share capital returned from liquidation of subsidiaries	6(7)	\$ 3,276,244	\$ -
Acquisition of investments using the equity method	6(7)	(578,962)	(87,500)
Share capital returned from capital reduction in investments using the equity method	6(7)	195,429	811,412
Acquisition of property, plant and equipment	6(8)	(24,574)	(4,169)
Proceeds from disposal of property, plant and equipment	6(8)	9	137
Acquisition of investment properties	6(10)	(49,905)	(4,490)
Decrease (increase) in refundable deposits		(200,649)	105,318
Acquisition of financial assets at fair value through other comprehensive income - non-current		(11,068)	-
Increase in other non-current assets		(382)	(254)
Net cash inflow from investing activities		2,606,142	820,454
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(31)	2,080,000	(11,930,000)
Net increase (decrease) in short-term bills payable		2,050,000	(5,299,000)
Amount of long-term borrowings		20,234,993	26,333,475
Repayments of long-term borrowings		(21,212,581)	(9,113,673)
Increase in deposits received		21,537	20,546
Principal elements of lease payments	6(9)	(15,872)	-
Cash dividends paid	6(18)	(2,006,508)	(3,344,180)
Acquisition of ownership in subsidiaries	6(7)	(3,550,274)	(329,000)
Cash Reduction	6(16)	-	(6,688,360)
Cash used in financing activities		(2,398,705)	(10,350,192)
Net increase (decrease) in cash and cash equivalents		2,196,948	(8,886,263)
Balance of cash and cash equivalents at beginning of the period	6(1)	2,581,300	11,467,563
Balance of cash and cash equivalents at end of the period	6(1)	\$ 4,778,248	\$ 2,581,300

The notes to the individual financial statements, as attached hereafter, are an integral part of this individual financial report. Please read them together with the statements.

Ruentex Development Co., Ltd.

Table of Comparison of Clauses Before and After Amendment of the
“Regulations for Management of Capital Lending, Endorsements, and
Guarantees”

After amendment	Before amendment	Description
<p>Article 3:</p> <p>Pursuant to Article 15 of the Company Act, the funds of the Company may not be lent to shareholders or other persons, except under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Business dealings between or with companies. 2. The need for short-term financing between or with companies. The amount of financing may not exceed 40% of the net worth of the borrowing company. <p>“Short-term” under the preceding paragraph shall mean one year. Where the operating cycle of a company is more than one year, the operating cycle shall apply.</p> <p>The “amount of financing” under subparagraph 2 of paragraph 1 shall mean the accumulated balance of short-term financing of the Company.</p> <p>The limit in subparagraph 2, paragraph 1 shall not apply to funds lent between foreign</p>	<p>Article 3:</p> <p>Pursuant to Article 15 of the Company Act, the funds of the Company may not be lent to shareholders or other persons, except under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Business dealings between or with companies. 2. The need for short-term financing between or with companies. The amount of financing may not exceed 40% of the net worth of the borrowing company. <p>“Short-term” under the preceding paragraph shall mean one year. Where the operating cycle of a company is more than one year, the operating cycle shall apply.</p> <p>The “amount of financing” under subparagraph 2 of paragraph 1 shall mean the accumulated balance of short-term financing of the Company.</p> <p>The limit in subparagraph 2, paragraph 1 shall not apply to funds lent between foreign</p>	<p>In accordance with the applicable laws and regulations, paragraph 4 of this Article has been amended.</p>

After amendment	Before amendment	Description
<p>companies where the Company directly or indirectly holds 100% of the voting shares, <u>or funds lent by such foreign companies to the Company</u>. However, <u>the total amount of funds lent, the limit for each borrower and the term of the funds lent shall be specified.</u></p>	<p>companies where the Company directly or indirectly holds 100% of the voting shares. However, <u>the limit and term of funds lent shall be specified in accordance with subparagraphs 3 and 4 of Article 9.</u></p>	
<p>Article 7: Announcement and reporting under these Regulations shall mean the entry of the relevant information into any information reporting website designated by the Financial Supervisory Commission. The “date of occurrence” under these Regulations shall mean the date of signing of contract, the date of payment, the date of a resolution of the Board of Directors, or any other date that can confirm the counterparties and amount of <u>loans and endorsements/guarantees</u>, whichever date is earlier.</p>	<p>Article 7: Announcement and reporting under these Regulations shall mean the entry of the relevant information into any information reporting website designated by the Financial Supervisory Commission. The “date of occurrence” under these Regulations shall mean the date of signing of <u>transaction</u> contract, the date of payment, the date of a resolution of the Board of Directors, or any other date that can confirm the <u>parties</u> and amount of the <u>transaction</u>, whichever date is earlier.</p>	<p>In accordance with the applicable laws and regulations, the text has been amended.</p>
<p>Article 8: To lend funds to others, the Company shall establish procedures for the lending of funds to others in accordance with the “Regulations Governing Loaning of Funds</p>	<p>Article 8: To lend funds to others, the Company shall establish procedures for the lending of funds to others in accordance with the “Regulations Governing Loaning of Funds</p>	<p>1. In accordance with the applicable laws and regulations, paragraph 2 of this Article has been amended. 2. According to the applicable laws and regulations, the</p>

After amendment	Before amendment	Description
<p>and Making of Endorsements/Guarantees by Public Companies”. Such procedures shall be approved by the Audit Committee and Board of Directors and submitted to the shareholders’ meeting for adoption. Where any director has raised an objection which has been recorded or included in a written statement, the Company shall submit the objection to the shareholders’ meeting for discussion. The same shall apply to any amendment to the procedures. The Company has appointed independent directors. When submitting the procedures for the lending of funds to others to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director’s opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The Company has set up an Audit Committee to establish or amend procedures for the lending of funds to others.</u></p>	<p>and Making of Endorsements/Guarantees by Public Companies”. Such procedures shall be approved by the Audit Committee and Board of Directors and submitted to the shareholders’ meeting for adoption. Where any director has raised an objection which has been recorded or included in a written statement, the Company shall submit the objection to the shareholders’ meeting for discussion. The same shall apply to any amendment to the procedures. Where the Company has appointed independent directors, in submitting the procedures for the lending of funds to others to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director’s opinions. <u>All opinions for and against the procedures and the reasons for objection shall be recorded in the minutes of the Board of Directors meeting.</u></p>	<p>functions of the Audit Committee include the establishment or amendment of the procedures for material financial and business activities involving the lending of funds to others. Therefore, new paragraphs 3, 4 and 5 have been added with reference to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>

After amendment	Before amendment	Description
<p><u>Such procedures shall be approved by at least half of the Audit Committee members and submitted to the Board of Directors for adoption. Paragraph 2 shall not apply.</u></p> <p><u>If the procedures under the preceding paragraph are not approved by at least half of the Audit Committee members, they may be instead approved by at least two-thirds of the directors. The resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p><u>The numbers of the Audit Committee members under paragraph 4 and the directors under the preceding paragraph shall be calculated based on the numbers of those actually in office.</u></p>		
<p>Article 11: To provide endorsements/guarantees to others, the Company shall establish procedures for endorsements/guarantees in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees</p>	<p>Article 11: To provide endorsements/guarantees to others, the Company shall establish procedures for endorsements/guarantees in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees</p>	<p>1. In accordance with the applicable laws and regulations, the text of paragraph 2 of this Article has been amended.</p> <p>2. According to the applicable laws and regulations, the functions of the Audit Committee include the establishment or amendment of the procedures for material</p>

After amendment	Before amendment	Description
<p>by Public Companies”. Such procedures shall be approved by the Audit Committee and Board of Directors and submitted to the shareholders’ meeting for adoption. Where any director has raised an objection which has been recorded or included in a written statement, the Company shall submit the objection to the shareholders’ meeting for discussion. The same shall apply to any amendment to the procedures. The Company <u>has</u> appointed independent directors. When submitting the procedures for endorsements/guarantees to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director’s opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The Company has set up an Audit Committee to establish or amend procedures for endorsements/guarantees.</u> <u>Paragraphs 3 to 5 of Article</u></p>	<p>by Public Companies”. Such procedures shall be approved by the Audit Committee and Board of Directors and submitted to the shareholders’ meeting for adoption. Where any director has raised an objection which has been recorded or included in a written statement, the Company shall submit the objection to the shareholders’ meeting for discussion. The same shall apply to any amendment to the procedures. Where the Company <u>has</u> appointed independent directors, in submitting the procedures for endorsements/guarantees to the Board of Directors for discussion pursuant to the preceding paragraph, the Company shall give full consideration to each independent director’s opinions. <u>All opinions for and against the procedures and the reasons for objection shall be recorded in the minutes of the Board of Directors meeting.</u></p>	<p>financial and business activities involving the provision of endorsements or guarantees to others. Therefore, a new paragraph 3 has been added with reference to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>

After amendment	Before amendment	Description
<p><u>8 shall apply mutatis mutandis.</u></p>		
<p>Article 12: The procedures for endorsements/guarantess of the Company shall meet the following requirements:</p> <p>1. Parties to whom endorsements/guarantees may be provided: Subject to Article 5 of <u>these</u> Regulations.</p> <p>2. Where endorsements/guarantees are provided due to business dealings, the criteria for assessing whether the amounts of endorsements/guarantees are equivalent to those of business dealings shall be defined: In the event that an amount of endorsement/guarantee exceeding the limits of the Regulations is necessary due to business needs, and that the criteria of the Regulations have been met, the endorsement/guarantee shall be <u>first</u> approved by the <u>Audit Committee and then submitted to the</u></p>	<p>Article 12: The procedures for endorsements/guarantess of the Company shall meet the following requirements:</p> <p>1. Parties to whom endorsements/guarantees may be provided: Subject to Article 5 of <u>the</u> Regulations.</p> <p>2. Where endorsements/guarantees are provided due to business dealings, the criteria for assessing whether the amounts of endorsements/guarantees are equivalent to those of business dealings shall be defined: In the event that an amount of endorsement/guarantee exceeding the limits of the Regulations is necessary due to business needs, and that the criteria of the Regulations have been met, the endorsement/guarantee shall be <u>approved</u> by the Board of Directors, with a majority of the</p>	<p>The text of subparagraphs 1 and 2, paragraph 1 of this Article has been amended.</p>

After amendment	Before amendment	Description
<p>Board of Directors <u>for adoption</u>, with a majority of the directors acting as joint guarantors for any possible loss resulted from the excess. The Regulations shall be amended, and the amendment shall be submitted to the shareholders' meeting for ratification. If the shareholders' meeting declines to ratify the amendment, a plan shall be defined to eliminate the excess amount within a certain period.</p> <p>(The following is omitted)</p>	<p>directors acting as joint guarantors for any possible loss resulted from the excess. The Regulations shall be amended, and the amendment shall be submitted to the shareholders' meeting for ratification. If the shareholders' meeting declines to ratify the amendment, a plan shall be defined to eliminate the excess amount within a certain period.</p> <p>(The following is omitted)</p>	
<p>Article 25: For the Company, endorsements/guarantees fulfilling one of the following criteria shall be announced and reported within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The balance of endorsements/guarantees of the Company and its subsidiaries is at least 50% of the net worth shown in the latest financial statements of the Company. 2. The balance of endorsements/guarantees 	<p>Article 25: For the Company, endorsements/guarantees fulfilling one of the following criteria shall be announced and reported within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The balance of endorsements/guarantees of the Company and its subsidiaries is at least 50% of the net worth shown in the latest financial statements of the Company. 2. The balance of endorsements/guarantees 	<p>To clearly define long-term investments, subparagraph 3, paragraph 1 of this Article has been amended with reference to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".</p>

After amendment	Before amendment	Description
<p>provided by the Company and its subsidiaries to a single company is at least 20% of the net worth shown in the latest financial statements of the Company.</p> <p>3. The balance of endorsements/guarantees provided by the Company and its subsidiaries to a single company is at least NT\$10 million, and the total amount of endorsements/guarantees, <u>the book value of investments using the equity method</u> and loan balances is at least 30% of the net worth shown in the latest financial statements of the Company.</p> <p>4. The newly added amount of endorsements/guarantees of the Company or its subsidiaries is at least NT\$30 million and at least 5% of the net worth shown in the latest financial statements of the Company.</p> <p>If any subsidiary of the Company is not a domestic</p>	<p>provided by the Company and its subsidiaries to a single company is at least 20% of the net worth shown in the latest financial statements of the Company.</p> <p>3. The balance of endorsements/guarantees provided by the Company and its subsidiaries to a single company is at least NT\$10 million, and the total amount of endorsements/guarantees, <u>long-term</u> investments and loan balances is at least 30% of the net worth shown in the latest financial statements of the Company.</p> <p>4. The newly added amount of endorsements/guarantees of the Company or its subsidiaries is at least NT\$30 million and at least 5% of the net worth shown in the latest financial statements of the Company.</p> <p>If any subsidiary of the Company is not a domestic listed company, the Company shall announce and report the</p>	

After amendment	Before amendment	Description
<p>listed company, the Company shall announce and report the information under subparagraph 4 of the preceding paragraph on behalf of the subsidiary.</p>	<p>information under subparagraph 4 of the preceding paragraph on behalf of the subsidiary.</p>	

Ruentex Development Co., Ltd.

List of Candidates for Directors and Independent Directors

List of candidates for directors:

Shareholder account no.	Shareholder name	Number of shares held	Education and experience
246931	Ying Jia Investment Co., Ltd. Representative: Jean, Tsang-Jiunn	12,270,528	Education: Osaka College of Design, Japan Experience: Chairman, Ruentex Interior Design Inc., Ruentex Construction, Ruentex Syu Jan, Ruentex Pai Yi and Ruentex Development Co., Ltd. Director, Ruentex Construction International(BVI), Ruentex Construction, Ruen Fu, Ruentex Security and Ruentex Resources Integration Co., Ltd.
000270	Ruentex Industries Ltd. Representative: Wang, Chi-Fan	257,844,024	Education: Fu Jen Catholic University Experience: Chairman, Ruentex Industries and Ruentex Resources Integration Co., Ltd. Director, Ruentex Development Co., Ltd. and Ruentex Material
000270	Ruentex Industries Ltd. Representative: Yin , Chung-Yao	257,844,024	Education: PhD, University of Oxford, UK Experience: Director, Ruentex Development Co., Ltd., Ruentex Industries and Ruentex Engineering & Construction Co., Ltd.and Ruentex Material Vice Chairman, Nan Shan Life
083879	Run Tai Sing Co., Ltd. Representative: Lee, Chih-Hung	8,861,463	Education: MBA, Institute of Business Administration, National Taiwan University Experience: Chairman, Ruentex Materials Co., Ltd. Director, Ruentex Development, Ruentex Industries, Ruentex Engineering & Construction Co., Ltd., Ruentex Construction, Ruentex Syu Jan and Ruentex Development Co., Ltd.
083879	Run Tai Sing Co., Ltd. Representative: Chen, Li-yu	8,861,463	Education: Taipei Municipal Songshan High School of Agriculture and Industry Experience: Director, Ruentex Development, Ruentex Syu Jan and Ruentex Construction Vice President, Ruentex Development
119443	Ying Jia Investment Co., Ltd. Representative: Yang , Wen-Chun	12,270,528	Education: National Guan-Shan Vocational Senior High School Experience: Supervisor, Ying Jia Investment Co., Ltd. and Sheng Cheng Investment Co., Ltd. Assistant Vice President, Ruentex Development

List of candidates for independent directors:

List of candidates	National ID no.	Number of shares held	Education and experience
Guo-zhen Chang	B10012****	0	<p>Education: PhD, Civil Engineering, State Univ.of NY at Buffalo</p> <p>Experience: Chairperson and Professor, Department of Civil Engineering, National Taiwan University Director, Center for Earthquake Engineering Research, National Taiwan University Coordinator for bridge research and Deputy Director, National Center for Research on Earthquake Engineering, National Applied Research Laboratories Chairman, Chinese Taiwan Society for Earthquake Engineering Chairman, Chinese Society of Structural Engineering Director, National Center for Research on Earthquake Engineering, National Applied Research Laboratories Distinguished Professor, Department of Civil Engineering, National Taiwan University Chairman, Taiwan Chapter of International Academy of Engineering Fellow, Chinese Institute of Civil and Hydraulic Engineering Independent Director, Ruentex Materials Co., Ltd.</p>
Yi-long Zhao	F10410****	0	<p>Education: PhD, Business Administration, Ohio State University, USA</p> <p>Experience: Independent Director, Danen Technology Corporation Independent Director, Taiwan Tobacco & Liquor Corporation Professor, Department and Graduate Institute of International Business, National Taiwan University</p>
Shun-xiong Ke	Q12032****	0	<p>Education: MA, Department of Finance, National Taiwan University</p> <p>Experience: Independent Director, Nishoku Technology Inc. Independent Director, Silergy Corporation Accountant, Chien Ta Accounting Firm</p>

IV. Appendixes

[Appendix 1]

Articles of Association of Ruentex Development Co., Ltd.

Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with the Company Act under the name of “Ruentex Development Co., Ltd.”
- Article 2 The business of the Company shall include the following areas:
1. E801010 Interior decoration business.
 2. F111090 Building materials wholesale business.
 3. F211010 Building materials retail business.
 4. H701010 Residential and building development rental business.
 5. H701040 Specific business area development.
 6. H701060 New towns and new community development business.
 7. H701070 Land expropriation and city rezoning agency services.
 8. H701080 Urban regeneration and reconstruction business.
 9. H703100 Real estate leasing business.
 10. F108031 Medical equipment wholesale business.
 11. F208031 Medical equipment retail business.
 12. F108011 Chinese medicine wholesale business.
 13. F108021 Western medicine wholesale business.
 14. F208011 Chinese medicine retail business.
 15. F208021 Western medicine retail business.
 16. F101081 Seedings wholesale business.
 17. F201061 Seedlings retail business.
 18. F401071 Seedings import and export business.
 19. H704031 Real estate agency and brokerage business.
 20. F401181 Weighing and measuring instrument import business.
 21. F101040 Livestock and poultry wholesale business.
 22. F101050 Aquatic products wholesale business.
 23. F101070 Fishing gear wholesale business.
 24. F101130 Vegetable and fruit wholesale business.
 25. F102020 Edible oil wholesale business.
 26. F102030 Tobacco and wine wholesale business.

27. F102040 Beverage wholesale business.
28. F102050 Tea leaves wholesale business.
29. C104020 Baking and steamed food manufacturing business.
30. F102170 Food and goods wholesale business.
31. F102180 Alcohol wholesale business.
32. F103010 Feed wholesale business.
33. F104110 Fabrics, clothing, shoes, hats, umbrellas, and garment wholesale business.
34. F105050 Furniture, bedding, kitchen utensils, and furnishings wholesale business.
35. F106020 Daily necessities wholesale business.
36. F106030 Mold wholesale business.
37. F106040 Water containers wholesale business.
38. F106050 Ceramic glassware wholesale business.
39. F107010 Paint and coating materials wholesale business.
40. F107020 Dye and pigment wholesale business.
41. F107030 Cleaning supplies wholesale business.
42. F108040 Cosmetics wholesale business.
43. F107190 Plastic film and bag wholesale business.
44. F109070 Culture, education, musical instruments, and recreational products wholesale business.
45. F112040 Petroleum products wholesale business.
46. F113020 Electrical appliances wholesale business.
47. F113060 Measurement wholesale business.
48. F114040 Bicycles and parts wholesale business.
49. F115010 Jewelry and precious metals wholesale business.
50. F115020 Ore wholesale business.
51. F116010 Photographic equipment wholesale business.
52. F201010 Agricultural products retail business.
53. F201020 Livestock products retail business.
54. F201030 Aquatic products retail business.
55. F202010 Feed retail business.
56. F203010 Food, goods and beverage retail business.
57. F203020 Tobacco and alcohol retail business.
58. F203030 Alcohol retail business.
59. F204110 Fabrics, clothing, shoes, hats, umbrellas, and garments retail business.

- 60. F205040 Furniture, bedding, kitchen appliances, and furnishings retail business.
- 61. F206020 Daily necessities retail business.
- 62. F206040 Water containers retail business.
- 63. F207030 Cleaning supplies retail business.
- 64. F207050 Fertilizer retail business.
- 65. F207080 Environmental drug retail business.
- 66. F208040 Cosmetics retail business.
- 67. F207190 Plastic film and bag retail business.
- 68. IZ06010 Tally packaging business.
- 69. F209060 Culture, education, musical instruments, and recreational products retail business.
- 70. F215010 Jewelry and precious metal retail business.
- 71. F301010 Department store business.
- 72. F301020 Supermarket business.
- 73. F399010 Convenience store business.
- 74. F501030 Beverage store business.
- 75. F501060 Restaurant business.
- 76. G202010 Parking lot business.
- 77. F401021 Telecom control RF equipment import business.
- 78. ZZ99999 All other business areas that are not prohibited or restricted by laws and regulations, except those that are subject to special approval

Article 3 The headquarters of the Company shall be located in Taipei City, Taiwan. If necessary, the Company may, with a resolution adopted by a Board of Directors meeting, set up branches in Taiwan or abroad.

Article 4 The method with which the Company makes announcement shall be subject to Article 28 of the Company Act.

Article 5 The Company may provide guarantees externally.

Article 6 For the need of diversified operations and sustainable management, the Company may engage in operations and re-investments regarding all areas of business. The total amount of re-investment by the Company is exempt from the restriction under Article 13 of the Company Act that such an amount shall not exceed 40% of the paid-up capital of the Company.

Chapter 2 Capital Stock

Article 7 The total capital of the Company shall be NT\$20 billion, divided into 2 billion shares at a par value of NT\$10 per share. The Board of Directors is authorized to issue these shares in phases, and may issue preferred shares.

Article 8 All the shares of the Company are registered and shall be signed by or affixed with the seals of at least three directors. The shares may be issued

only after they are legally certified. The Company may issue shares without printing share certificates.

- Article 9 Any shareholder shall submit his/her real name and residential address to the Company, and shall fill out a signature card and send it to the Company to be filed for reference. When the shareholder subsequently receives dividends and exercises his/her stock rights, he/she shall only use the retained signature.
- Article 10 To assign any registered share of the Company, the assigner and assignee shall sign and affix their seals on the back of the share certificate. They shall complete an application form for share assignment and transfer and apply to the Company for share transfer. Any share assignment not recorded in the shareholder register of the Company may not be invoked against the Company.
- Article 11 Share certificates which are lost, stolen or stained and other stock-related matters shall be addressed in accordance with the applicable laws and the regulations of the competent authority.
- Article 12 Where a share certificate is re-issued due to its loss or any other reason, a service fee may be charged.
- Article 13 Within 60 days before a regular shareholders' meeting is convened, 30 days before a special shareholders' meeting is convened or 5 days before the record date on which the Company has decided to distribute dividends, bonuses and other benefits, all changes of the names and transfers of shares shall cease.

Chapter 3 Shareholders' Meeting

- Article 14 A shareholders' meeting is held in the form of a regular or special meeting. A regular meeting is held once every year, and the Board of Directors shall convene the regular meeting within six months after the end of each fiscal year in accordance with the law. A special meetings may be convened in accordance with the law if necessary.
- Article 15 Any shareholder who is unable to attend a shareholders' meeting for whatever reasons may, in accordance with Article 177 of the Company Act, appoint a proxy by presenting a letter of attorney which indicates the scope of authority and which is signed by and affixed with the seal of the shareholder. A shareholder may only present one letter of attorney and appoint one person as proxy. Where one person has been appointed to act as a proxy for two or more shareholders, the voting rights exercised by the person may not exceed 3% of the total shares issued by the Company. Excessive voting rights shall not be counted. Where more than one representative has been appointed by any shareholder who is a juristic person, the voting rights exercised shall be calculated based on the number of shares held.
- Article 16 A shareholders' meeting shall be chaired by the Chairman. Where the Chairman is absent, the appointment of his/her proxy shall be subject to Article 208 of the Company Act.
- Article 17 A shareholder shall have one voting right for each share held, except for any share legally held by the Company itself, which does not have any voting right.
- Article 18 Except as otherwise provided by the Company Act, any resolution of a shareholders' meeting shall be adopted by a majority of the voting rights held by the shareholders present, with attendance of the shareholders

representing a majority of the total shares issued.

Pursuant to the regulations of the competent authority, a shareholder of the Company may exercise voting rights in an electronic form. Any shareholder exercising voting rights in an electronic form will be deemed as having attended the shareholders' meeting in person, and all relevant matters shall be subject to the applicable laws and regulations.

Article 19 Matters subject to resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by the chair or stamped with his/her seal and distributed to all shareholders within 20 days after conclusion of the meeting.

The meeting minutes may be prepared and distributed in an electronic form. The meeting minutes shall be signed by or affixed with the seal of the chair and legally retained. Matter related to the meeting minutes shall be subject to Article 183 of the Company Act.

Chapter 4 Directors and Audit Committee

Article 20 The Company shall have 7 to 11 directors serving a three-year term, during which liability insurance shall be purchased to cover their legal liability for compensation within the scope of their business. The election of directors shall be held under a candidate nomination system, where the shareholders will elect the directors from a list of candidates in accordance with Article 198 of the Company Act. The directors may be re-elected.

Among the directors, the number of independent directors shall be at least three and may not be less than one-fifth of the number of directors.

The elections of independent and non-independent directors shall be held at the same time, with the numbers of elected directors calculated separately.

The total amount of registered shares held by all the directors may not be less than the percentage required by the competent authority.

Article 21 Where at least one-third of the seats of directors are vacant, the Board of Directors shall convene a special shareholders' meeting within 60 days to hold a by-election. The term of each director elected as such shall be limited to the remaining term of his/her predecessor.

Article 22 Upon expiration of the term of directors, if a new election is unable to be held in time, the term shall be extended for the performance of their duties until newly-elected directors take office.

Article 23 The Board of Directors shall consist of the directors of the Company. The Chairman and Vice Chairman shall be elected by a majority of the directors present, with the attendance of at least two-thirds of directors. The Chairman and Vice Chairman shall execute all affairs of the Company in accordance with the applicable laws and regulations, the Articles of Association and resolutions of the shareholders' meeting and Board of Directors. The Chairman shall externally represent the Company.

Article 24 The Board of Directors shall have the following responsibilities:

1. Convening a shareholders' meeting and executing its resolutions.
2. Determining business policies.
3. Reviewing budgets and final accounts.
4. Reviewing all relevant regulations and rules.
5. Deciding the establishment or abolition of branches.
6. Making proposals for profit distribution or loss make-up.
7. Making proposals for capital increase or reduction.
8. Deciding the purchase, sale, division, exchange and creation of rights in rem of real estate, and other acts of disposal of property (The Company is a construction business, and all land and buildings shall be subject to resolutions of the Board of Directors).
9. Deciding matters concerning applications by the Company to financial institutions for financing and loans.
10. Other responsibilities under the applicable laws and regulations, and those given by the shareholders' meeting.

Article 25 The management policies of the Company and other important matters shall be subject to resolutions of the Board of Directors. Except for the first meeting of each new Board of Directors which shall be convened in accordance with Article 203 of the Company Act, all other such meetings shall be convened and chaired by the Chairman. Where the Chairman is unable to perform his/her functions, the appointment of his/her proxy shall be subject to Article 208 of the Company Act. The reasons for convening a Board of Directors meeting shall be specified in a notice sent to all directors 7 days prior to the meeting. Such a meeting may be convened at any time in case of emergency events. With consent of the addressee, the meeting notice under the preceding paragraph may be sent in an electronic form.

Article 26 Unless otherwise provided for in the Company Act, any resolution of a Board of Directors meeting shall be adopted by a majority of the directors present, with the attendance of a majority of directors. In accordance with Article 205 of the Company Act, a director may appoint any other director as his/her proxy to attend a Board of Directors meeting, or may attend such a meeting through video conferencing.

Article 27 The resolutions of a Board of Directors meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by and stamped with the seal of the chair and distributed to all directors within 20 days after conclusion of the meeting. The meeting minutes shall record the time, date and place of the meeting, the chair's name, the methods by which resolutions are adopted, a summary of the meeting proceedings and results. The meeting minutes shall be kept together with the book of director attendance by the Company.

Article 28 In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee. The Audit Committee shall consist of all the independent directors. The Audit Committee or its members shall be responsible for performing the duties of supervisors specified in the Company Act, Securities and Exchange Act and other applicable laws and regulations.

In accordance with the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”, the regulations governing the functions and relevant matters of the Audit Committee shall be separately set out in the “Rules of Organization of the Audit Committee”.

- Article 29 If the Chairman is on leave or unable to exercise his/her function for whatever reasons, the appointment of his/her proxy shall be subject to Article 208 of the Company Act.
- Article 30 The Board of Directors is authorized to determine the compensation for each director based on the extent of his/her involvement in and value of his/her contribution to the operations of the Company. Regardless of whether the Company has profits or losses, the compensation may be paid at the general level of standards of the industry.

Chapter 5 Managers

- Article 31 The Company may have managers. Their appointment, discharge and compensation shall be subject to Article 29 of the Company Act.

Chapter 6 Accounting

- Article 32 A fiscal year of the Company shall be the period from January 1 to December 31. At the end of each fiscal year, the Board of Directors shall prepare (1) a business report; (2) financial statements; and (3) proposal for profit distribution or loss make-up, and submit them to the shareholders’ meeting for ratification.
- Article 33 0.3% to 5% of the net profit before tax in each fiscal year prior to deduction of the remuneration for employees shall be appropriated as the remuneration for employees. If the Company has accumulated losses, an equivalent amount from the profit earned shall be reserved to make up for losses.
- The remuneration for employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
- Article 34 The Company shall not distribute dividends and bonuses when there is no profit.
- Article 35 The Company’s net income, if any, shall be applied to pay taxes and make up for losses, and then 10% shall be appropriated for legal reserve. In addition, special reserve will be appropriated or reversed according to laws and regulations. The remaining amount, if any, plus the undistributed earnings-beginning will be available for distribution according to the proposal of the Board of Directors, which shall be retained or distributed according to the resolutions adopted by the shareholders’ meeting.
- Article 35-1 The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is

retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.

Chapter 7 Supplementary Provisions

Article 36 Matters not provided for in these Articles of Association shall be subject to the relevant provisions of the Company Act.

Article 37 These Articles of Association were established on August 10, 1977. First amendment on September 3, 1977. Second amendment on October 16, 1978. Third amendment on January 30, 1981. Fourth amendment on April 1, 1981. Fifth amendment on September 26, 1983. Sixth amendment on April 10, 1984. Seventh amendment on June 15, 1987. Eighth amendment on July 27, 1987. Ninth amendment on December 8, 1987. Tenth amendment on April 20, 1989. Eleventh amendment on November 28, 1989. Twelfth amendment on February 19, 1990. Thirteenth amendment on February 25, 1991. Fourteenth amendment on March 14, 1992. Fifteenth amendment on April 27, 1993. Sixteenth amendment on April 8, 1994. Seventeenth amendment on May 25, 1995. Eighteenth amendment on June 27, 1996. Nineteenth amendment on April 25, 1997. Twentieth amendment on April 8, 1998. Twenty-first amendment on June 24, 1999. Twenty-second amendment on June 22, 2000. Twenty-third amendment on May 23, 2001. Twenty-fourth amendment on June 17, 2002. Twenty-fifth amendment on June 13, 2003. Twenty-sixth amendment on June 25, 2004. Twenty-seventh amendment on June 28, 2005. Twenty-eighth amendment on May 22, 2006. Twenty-ninth amendment on June 12, 2007. Thirtieth amendment on June 23, 2010. Thirty-first amendment on December 31, 2010. Thirty-second amendment on June 9, 2011. Thirty-third amendment on June 5, 2012. Thirty-fourth amendment on June 10, 2013. Thirty-fifth amendment on June 15, 2015. Thirty-sixth amendment on June 14, 2016. Thirty-seventh amendment on June 15, 2017.

Rules of Procedure for the Shareholders' Meetings of Ruentex Development Co., Ltd.

Adopted by the shareholders' meeting on February 19, 1990

First amendment by the shareholders' meeting on April 8, 1998

Second amendment by the shareholders' meeting on June 17, 2002

Third amendment by the shareholders' meeting on June 10, 2013

Fourth amendment by the shareholders' meeting on June 15, 2015

1. The shareholders' meeting of the Company, except as otherwise provided by applicable laws and regulations and the Articles of Association, shall be governed by these Rules.
2. A "shareholder" under these Rules shall mean any shareholder and the proxy attending the meeting on behalf of the shareholder.
3. The Company shall prepare an attendance book for any attending shareholder to sign in, or the attending shareholder may hand in a sign-in card as an alternative. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed in, plus the number of shares whose voting rights are exercised in a written or electronic form.
4. At a shareholders' meeting convened by the Company, any shareholder may choose to exercise voting rights by electronic or on-site voting.

Any shareholder exercising voting rights by electronic voting shall be subject to the Company Act, Securities and Exchange Act and Regulations Governing the Administration of Shareholder Services of Public Companies.

Shares shall be the basis for counting the attendees at a shareholders' meeting. The number of shares in attendance shall be calculated according to the number of shares indicated by the sign-in cards handed in, plus the number of shares whose voting rights are exercised in an electronic form. For any shareholder who exercises voting rights in an electronic form and who attends the shareholders' meeting in person, the number of shares in attendance may not be counted twice. Any share held by the Company itself does not have any voting right.
5. The shareholders' meeting shall be held at the location where the Company is headquartered or a location convenient for the shareholders to attend the meeting and suitable for convening the shareholders' meeting. The start time of the meeting shall be no earlier than 9 a.m. and no later than 3 p.m.
6. Any shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman

of the Board. If the Chairman is on leave or unable to exercise his/her function for whatever reasons, the Vice Chairman shall act on his/her behalf. In the absence of a Vice Chairman or where the Vice Chairman is also on leave or unable to exercise his/her function for whatever reasons, the Chairman shall appoint one of the directors to act on his/her behalf. Where the Chairman does not make such appointment, the directors shall select one of them to act on behalf of the Chairman.

If a shareholders' meeting is convened by any person other than the Board of Directors and who has the right to do so, the meeting shall be chaired by that person. Where there are two or more such persons, they shall select one of them to serve as the chair.

7. Attorneys, accountants or other related persons entrusted by the Company may attend a shareholders' meeting.

Any person managing the administrative affairs of a shareholders' meeting shall wear an identification badge or armband.

8. Audio or video records for the process of a shareholders' meeting shall be made and retained for at least one year.

9. The chair of a shareholders' meeting shall call the meeting to order at the designated start time. If the shareholders present do not represent a majority of the total shares issued, the chair may postpone the meeting twice at most, and the duration of postponement shall not exceed one hour in total. If the shareholders present after the second postponement, while still not meeting the quorum, represent at least one third of the total shares issued, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act. If the shareholders present before the end of the meeting already represent a majority of the total shares issued, the chair may re-propose the tentative resolution for voting at the meeting in accordance with Article 174 of the Company Act.

10. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in accordance with the set agenda, which may not be changed without a resolution of the meeting. If any shareholder is in violation of the procedure, the chair shall immediately stop him/her from speaking and ask him/her to propose an extempore motion instead.

The preceding paragraph shall apply *mutatis mutandis* to any shareholders' meeting convened by any person other than the Board of Directors and who has the right to do so.

With respect to the set agenda under the preceding two paragraphs (including extempore motions), the chair may not unilaterally adjourn the meeting without a resolution before it ends. If the chair declares an adjournment in violation of these Rules, a new chair may be elected by a majority of the voting rights of the attending shareholders to continue the meeting.

After the meeting is adjourned, the shareholders may not elect another chair or find another venue to resume the meeting.

11. Before any shareholder attending a shareholders' meeting delivers a statement, the shareholder shall submit a speaker's slip containing the subject of his/her statement and his/her account number (or attendance card number) and account name. The chair shall determine the order in which the shareholder delivers his/her statement.

Any shareholder who has submitted a speaker's slip without delivering his/her statement shall be deemed as not having delivered any statement at all. In the event of any inconsistency between the statement delivered and that contained in the speaker's slip, the statement delivered shall prevail.

When a shareholder is delivering his/her statement, any other shareholder may not interrupt with his/her own statement without consent by both the chair and the shareholder delivering his/her statement. The chair shall stop any such interruption.

12. Unless the chair gives consent, no shareholder may deliver his/her statement more than twice on the same proposal, and each statement may not be delivered for more than five minutes.

If any shareholder's statement violates these Rules or exceeds the scope of the proposal, the chair may stop the delivery of his/her statement.

13. Any juristic person to be present at the shareholders' meeting as a proxy may only send one representative to the meeting.

Where any shareholder who is a juristic person has sent two or more representatives to attend the shareholders' meeting, only one of them may be selected to deliver a statement on a proposal.

14. After the attending shareholders have delivered their statements, the chairperson may give or have designated persons give responses.

15. If the chair determines that any proposal has been sufficiently discussed and can be put to a vote, he/she may end the discussion and submit the proposal to a vote.

16. Personnel responsible for monitoring and counting the votes on proposals shall be designated by the chair. Any vote monitor shall be a shareholder. The voting result shall be announced on-site, with a record made in this regard.

17. During the the process of the meeting, the chair may announce a break at any time deemed appropriate by him/her. In the event of force majeure, the chair may suspend the meeting and announce a time for the resumption of the meeting depending on the circumstances.

If the meeting venue is no longer available for continued use before all of the items (including extempore motions) on the meeting agenda have been completed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted by the shareholders' meeting to postpone or resume the meeting

within five days.

18. Except as otherwise provided in the Company Act and the Articles of Association, a proposal shall be adopted by a majority of the voting rights represented by the attending shareholders. A proposal shall be deemed as adopted if, after the chair has consulted the attending shareholders, no objection has been raised against it. Any proposal adopted in such a manner shall be equally effective as that adopted by voting.
19. Where there is any amendment or alternative proposal, the chair shall determine the order in which the amendment or alternative proposal and the original one are put to a vote. If one of the proposals is adopted, the other proposals shall be deemed as rejected, and no further voting is required.
20. The chair may direct disciplinary officers (or security guards) to help maintain order at the meeting. A disciplinary officer (or security guard) shall wear an identification armband with the word "Discipline" while performing his/her duties.

At the place of the shareholders' meeting, if any shareholder speaks through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from doing so.

When any shareholder violates these Rules and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct disciplinary officers or security guards to escort the shareholder out of the meeting.
21. During the process of the meeting, if a civil defense siren goes off, the meeting shall be suspended with evacuation of the attendees. The meeting shall resume one hour after the end of the siren.
22. Matters not provided for in these Rules shall be subject to the meeting rules issued by the Ministry of the Interior.
23. These Rules and any amendment thereto shall be implemented after they are adopted by the shareholders' meeting.

Ruentex Development Co., Ltd.

Regulations for the Election of Directors

Adopted by the shareholders' meeting on February 19, 1990

Adopted by the shareholders' meeting on June 17, 2002

Adopted by the shareholders' meeting on June 10, 2013

Adopted by the shareholders' meeting on June 14, 2018

Article 1: Except as otherwise provided by the Company Act and the Articles of Association, the election and election and by-election of the directors of the Company shall be governed by these Regulations.

Article 2: The election of directors shall be held under a candidate nomination system, where the directors will be elected by the shareholders from a list of candidates.

Article 3: The election of directors shall be held under a cumulative voting system.

Article 4: Each share has a number of voting rights equaling the number of directors to be elected. The votes may be concentrated on one candidate or allocated to multiple candidates.

The elections of directors and independent directors shall be held at the same time, with the numbers of elected directors calculated separately.

Article 5: The number of directors shall be specified in the Articles of Association of the Company. The candidates who have received ballots representing the higher numbers of voting rights will be elected sequentially according to their respective numbers of voting rights. When two or more candidates have received the same numbers of voting rights, thus exceeding the specified number of directors, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any such a candidate not in attendance.

Article 6: The ballots shall be printed by the Board of Directors of the Company, and distributed to each shareholder based on the number of directors to be elected (one vote for one person).

The number of voting rights specified in each ballot shall be the number of voting rights of the relevant shareholder.

Article 7: Attendance card numbers printed on the ballots may be used instead of the account names of voters.

Article 8: A voter shall write the name of any candidate, along with the shareholder account

number of the candidate, in the “Candidate” column on the ballot. If the candidate is not a shareholder, the voter shall write the candidate's tax ID number. Where the candidate is a shareholder as a governmental organization or juristic person, the name of the governmental organization or juristic person and the name of its representative shall be written in the “Candidate” column on the ballot.

Article 9: When the election starts, the chair shall designate a number of persons as vote monitoring and counting personnel to perform tasks related to the election.

Article 10: A ballot shall be invalid under any of the following circumstances:

- (1) The use of any ballot not printed by the Company.
- (2) The “Candidate” column is left blank.
- (3) The handwriting is unclear and unidentifiable.
- (4) The name and shareholder account number of the candidate are inconsistent with those in the shareholder register.
- (5) Text other than the name and shareholder account number of the candidate has been written.
- (6) Where the name of the candidate is the same as any other shareholder, the candidate is unidentifiable due to failure to write the shareholder account number.
- (7) The number of voting rights to be cast exceeds that recorded in the shareholder register (converted number of voting rights).
- (8) Two or more candidates have been written on the ballot.

Article 11: The ballots shall be counted on the spot following completion of voting, and the result and the list of elected directors shall be announced by the chairperson on the spot.

Article 12: Matters not provided for in these Regulations shall be subject to the Company Act and other applicable laws and regulations.

Article 13: These Regulations and any amendment thereto shall be implemented after they are approved by the shareholders’ meeting.

Shares Held by the Directors of Ruentex Development Co., Ltd.

Book closure date for the shareholders' meeting: April 11, 2020

1. List of the minimum number of shares held by all directors and the numbers of shares held by the shareholders in the shareholder register:

Title	Legally required percentage of shareholding	Legally required number of shares held	Number of shares recorded in the shareholder register
All directors	3.9870%	32,000,000	279,264,015
Total	3.9870%	32,000,000	279,264,015

Note: In accordance with the [Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies], the Company has elected 3 independent directors. For all directors other than the independent directors, the percentage of shareholding calculated with the legal ratio has been lowered to 80%.

2. List of shares held by directors:

Title	Name	Date of election	Term (years)	Number of shares held, as recorded in the shareholder register	
				Number of shares	% of shares held
Chairman	Yingjia Investment Co., Ltd. Representative: Jean, Tsang-Jiunn	2017/6/15	3	12,270,528	1.22
Director	Ruentex Industries Ltd. Representative: Wang, Chi-Fan g	2017/6/15	3	257,844,024	25.70
	Ruentex Industries Ltd. Representative: Yin , Chung-Yao	2017/6/15	3		
	Run Tai Sing Co., Ltd. Representative: Lee, Chih-Hung	2017/6/15	3	8,861,463	0.88
	Run Tai Sing Co., Ltd. Representative: Chen, Li-yu	2017/6/15	3		
	Lin , Chien-yu	2017/6/15	3		
Independent Director	Ko, Shun-Hsiung	2017/6/15	3	-	-
	Chao, Yi-Lung	2017/6/15	3	-	-
	Chang, Kuo-Chen	2017/6/15	3	-	-
Total number of shares held and ratio of shareholding by all directors				279,264,015	27.83

Note 1: The Company set up an Audit Committee in June 2016.

Note 2: The number of shares issued on 2018/10/5 (record date of capital reduction) has been changed to 1,003,253,999.