

Stock Code: 9945



Ruentex Development Co., Ltd.

# **2023 Annual Meeting of Shareholders**

# **Agenda Handbook**

June 9, 2023

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# **I. Procedure of the 2023 Shareholders' Meeting**

1. Call to order
2. Chairperson's statement
3. Reports
4. Acknowledgment
5. Discussion
6. Election
7. Other proposals
8. Motion
9. Adjournment

## **II. Agenda of the 2023 Shareholders' Meeting**

Form of Shareholders' Meeting: Physical

Time: June 9, 2023 (Friday) at 9:00am

Location: 3F, No. 260, Sec. 2, Bade Rd., Taipei City (Zhongying Bade Building)

1. Call to order
2. Chairperson's statement
3. Reports
  - (1) 2022 business report of the Company.
  - (2) Review by the Audit Committee of the report on the financial statements for 2022.
  - (3) Report on 2022 Distribution of Remuneration to Employees.
  - (4) Report on amendments to the "Rules of Procedure for Board of Directors Meetings".
  - (5) Report on intends to change the accounting policy for investment properties and change the subsequent measurement from the cost model to the fair value model
  - (6) Report on the implementation of the 2022 endorsement and guarantee
4. Acknowledgment:
  - (1) Financial statements for 2022.
  - (2) Distribution of the profit for 2022.
5. Discussion:
  - (1) Amendment to the Rules of the Procedure for Shareholders' Meetings.
  - (2) The proposal to reduce the Company's cash capital.
6. Election:
  - (1) Election of directors (including independent directors).
7. Other proposals
  - (1) Lifting of the non-compete restrictions on directors.
8. Motions
9. Adjournment

# [Reports]

1. 2022 business report of the Company.

## **Business Report**

**Dear shareholders, ladies, and gentlemen:**

During the past year (2022), the Central Bank's continuous interest rate hikes affected the housing market buying boom and homebuyers' confidence. This year (2023), the enforcement of the Equalization of Land Rights Act has prompted the real estate market to be more conservative, further curbing the boom in the presale housing market; however, the fundamentals of Taiwan's industrial and economic development are still bullish in the long term, and the rigid demand in the housing market always exists. Thus, as the Company has a stable financial structure and a good reputation, we have an advantage.

Last year, the consolidated operating revenue of the Company exceeded NT\$32.24717 billion, and the consolidated operating profit was more than NT\$50.2503 billion. The net profit attributable to owners of the parent was over NT\$91.5508 billion, and the earnings per share was NT\$3.

As for the construction business, last year's revenue was mainly recognized from the projects of The Silk Court, Botanic Garden Villa, Ruentex Dingfeng, and Ruentex Wenhua; the projects under construction include the Ruentex Yangbei, Qing Tian 618 (developed by the subsidiary, Ruentex Construction), and Nangang Yucheng Section, which are expected to be completed this year. The projects that can be launched for sales this year include Botanic Garden Villa, The Silk Court, Ruentex Xinyi (presale), and Ruentex Feng Zuo An. In addition to the above, the Company has a number of joint construction projects in progress in the hopes of creating benefits for the Company in the most cost-effective means.

In terms of the hypermarket business, in the increasingly competitive environment of the domestic consumer market as a whole, the Company conducted a comprehensive renovation and upgrade project in 2020 by adjusting the types of sales in alignment with customers' needs and adopting shop-in-shop Nitori Co., Ltd. for this business. As the anti-pandemic lockdown measures are expected to be lifted in 2023, we aim to attract consumers' attention through modern stores, create more sources of customers, improve overall performance, and create more revenue and profits.

In terms of commercial property, the Group revised the accounting policy after the beginning of fiscal year 2022 by changing the subsequent measurement of investment property from the cost method to the fair value model. Although the restaurants and shopping malls of Ruentex Xu-Zhan and Ruentex Bai-Yi, the subsidiaries, were affected by the impact of COVID-19 on consumption, they still actively launched various marketing plans to expand the number of visitors, and maintained stable profits despite the unfavorable factors in the overall market. The subsidiary, Ruentex Construction, has opened the Citylink SongShan second shop, Citylink Neihu shop, and the franchise business, TSUTAYA BOOKSTORE (SongShan Station shop, Neihu shop, Nangang shop, and Kaohsiung Dali shop were opened in 2017, 2018, 2019, and 2020 respectively). Then, in 2021 and 2022, the Tsutaya Bookstores in Songshan and Nangang were renovated by adopting Japan's Share Lounge model, thereby creating a new store type based on the "work style" concept so as to create the rail economy through the connection with the Nangang, Songshan Station and Neihu MRT Station.

In terms of reinvestment in other businesses, a total of NT\$8.511 billion was recognized in investment income using the equity method last year. In 2022, due to factors of continuous interest rate hikes in the United States as well as stock and bond and exchange rate

fluctuations, the carrying amount of the Company's investment in Nan Shan Life Insurance through Ruen Chen Investment Holdings decreased. The investment income recognized last year was about NT\$7.159 billion; the investment income on Ruentex Industries and Sunny Friend recognized in proportion to the shareholding was about NT\$1.298 billion.

Looking ahead to the future, the vaccination coverage is increasing, and the global economy and trade volume are gradually recovering. Although the domestic anti-pandemic measures have been gradually lifted, human society will continue to learn how to coexist with viruses in the post-pandemic era. The public's demand for a decent living environment is gradually increasing, and the Company will continue to pursue public and private legal entities, large-scale land development, urban renewal, and joint development projects to own more high-quality land in response to the market evolution and take advantage of the Group's strengths, strive to launch fine housing properties, and participate in major government public projects. The Company also continues to innovate in the shopping mall business by introducing new counters and new products, while creating the value of commercial real estate and collective housing through the operation of complex shopping malls, in order to create a new foundation for future business and create the maximum performance and profits.

It is believed that with the good reputation the company has accumulated over the past 40 years, the consistent support of all the shareholders, 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

General Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu



2.Review by the Audit Committee of the report on the financial statements for 2022.

## **RUENTEX DEVELOPMENT CO., LTD.**

### **Audit Report by the Auditing Commission**

The Board of Directors prepared the business report, financial statements and proposal on profit distribution proposal for 2022. The financial statements were audited by Huang, Ching-Liang and Chang, Shu-Chiung, 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

2023 Shareholders' Meeting of Ruentex Development Co., Ltd.

Audit Committee Convener: Ko, Shun-Hsiung

March 14, 2023

3. Report on distribution of the remuneration for employees in 2022.
  - (1) In accordance with Article 33 of the Articles of Association.
  - (2) 0.3%, or NT\$28,556,460, was set aside and all distributed in cash as the remuneration for employees.
4. Report on amendment of the “Rules of Procedure for Board of Directors Meeting”.

Pursuant to Letter Jin-Guan-Zheng-Fa-Zi No. 1110383263, dated August 5, 2022, from the Financial Supervisory Commission (FSC), it is proposed to amend certain clauses of the “Rules of the Procedure for Shareholders’ Meetings”. For the table of comparison of clauses before and after amendment, please see Attachment 1 (p. 15 of this Handbook).

5. Report on changes in the Company’s accounting policy on investment property.

The Company previously measured investment properties using the cost model, which did not fully recognize their value in the financial statements. In order to provide more appropriate and relevant information in our financial reports, starting from January 1, 2022, we have changed our measurement of investment properties from the cost model to the fair value model, and applied it retrospectively.

The impact on the items and amounts from the changes in accounting policy:

- (1) The impact on the consolidated balance sheet as of December 31, 2021:

Investment using the equity method increased by NT\$6.455 billion, investment property increased by NT\$18.755 billion, deferred tax liabilities increased by NT\$3.705 billion, retained earnings increased by NT\$19.818 billion, other equity

increased by NT\$37 million, capital surplus increased by NT\$188 million, and non-controlling interests increased by NT\$1.462 billion.

- (2) The actual impact on the 2021 consolidated statements of comprehensive income:

Investment Property Gains and Losses - fair value adjustment gain increased by NT\$102 million; rental costs - depreciation expenses decreased by NT\$475 million; investment income using the equity method increased by NT\$447 million; income tax expenses increased by NT\$105 million.

Pursuant to Letter Jin-Guan-Zheng-Fa-Zi No. 10901500221 dated March 31, 2021, from the FSC, when a publicly listed company chooses to adopt the fair value model for the first time for subsequent measurement of the investment property recognized, it should provide an amount, equal to the net increase in fair value reclassified to retained earnings, as a special reserve. The Company provided NT\$19.818 billion as a special reserve.

6. Report on endorsements and guarantees made by the Company in 2022:

As of December 31, 2022, the balance of endorsements and guarantees made by the Company was NT\$6,200,000 thousand, detailed as follows:

Unit: NT\$ thousands

Recipient of credit	Recipient of endorsement/ guarantee	Reason	Duration	Amount	Remark
KGI Commercial Bank	Ruentex Innovative Development Co., Ltd.	Bank loan	July 16, 2021 to July 16, 2026	6,200,000	Security of the loan
Total				6,200,000	

# [Acknowledgement]

Item 1: Submitted by The Board of Directors.

Proposal: To ratify the financial statements for 2022.

Descriptions:

1. The 2022 business report (please see page 3-5 of this Handbook) and financial statements for 2022 were completed. Please see Attachment 2 (please see page 18-46 of this Handbook).
2. The financial statements for 2022 were audited by Huang, Ching-Liang and Chang, Shu-Chiung, 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. Submit for acknowledgement.

Decision:

## Item 2: Submitted by the Board of Directors

Proposal: To ratify the distribution of the profit for 2022.

### Descriptions:

1. The proposed distribution of the surplus of the company of 2022 based on the Company Act and the Articles of Incorporation of the Company are as follows:

Ruentex Development Co., Ltd.  
PROFIT DISTRIBUTION TABLE

2022

Unit: New Taiwan Dollars

Item	Amount
<b>Undistributed profit at start of the year</b>	<b>29,037,997,166</b>
Retroactive Adjustment:	
Add: Effects of the change in accounting policy for investment properties	19,818,925,225
Less: Special reserve for accounting policy change of investment properties (Note)	(19,818,925,225)
<b>Retrospectively undistributed profit at start of the year</b>	<b>29,037,997,166</b>
Add: Earnings after tax for 2022	9,155,086,218
Actuarial gain (loss) on defined benefits	274,567,341
Disposal of investments in equity instruments at fair value through other comprehensive income	1,298,630,900
Changes in the affiliates accounted for using the equity method	(275,184,535)
Less: Legal reserve set aside (10%)	(1,045,309,992)
Provision of special reserves	
_ Current earnings	(9,407,789,932)
_ Undistributed earnings from the prior period	(29,037,997,166)
Distributable profit	0
<b>Unappropriated retained earnings</b>	<b>0</b>

Note: Pursuant to Letter Jin-Guan-Zheng-Fa-Zi No. 10901500221, when a publicly listed company chooses to adopt the fair value model for the first time for subsequent measurement of the investment property recognized, it should provide an amount, equal to the net increase in fair value reclassified to retained earnings, as a special reserve. If there is a decrease in the accumulated net fair value of investment properties or disposal of investment properties in the future, the special reserve can be reversed and distributed as earnings based on the decrease amount or the disposal situation.

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

## 2. Submit for acknowledgement

### Decision:

## [Discussion]

Item 1: Submitted by the Board of Directors.

Proposal: Amendments to the company's "Rules of Procedure for Shareholders Meetings" are hereby submitted for discussion.

Description:

1. In accordance with the Taiwan Stock Exchange Corporation's letter Tai-Cheng-Chih-Li No.11100042501 dated March 8, 2022, the Company proposes to amend certain clauses of the "Rules of the Procedure for Shareholders' Meetings". Please refer to Attachment 3 (page 47 of this Handbook) for the table of comparison of the relevant clauses.
2. Submit for discussion.

Decision:

Item 2: Submitted by the Board of Directors

Proposal: Proposal of Capital Reduction. Please proceed to discuss.

Description:

1. To adjust the capital structure and increase the return on shareholders' equity, the Company plans to reduce capital in cash and return part of the shareholder capital. Please refer to Attachment 4 (page 54 of this Handbook)
2. The Company's original paid-in capital is NT\$31,602,500,950, and the total amount of capital to be reduced this time is NT\$3,160,250,090, with NT\$1 returned in cash per share, and the cash capital reduction ratio is about 10%. It is estimated that 316,025,009 shares will be canceled. The paid-in capital after the capital reduction will be NT\$28,442,250,860 and the number of issued shares thereafter will be 2,844,225,086. (The counting was based on 3,160,250,095 outstanding shares as of March 14, 2023,

that is, the number of issued shares).

3. The counting was based on the shares held by each shareholder as per the shareholder register recorded on the record date of capital reduction and share exchange; 900 shares will be exchanged for every 1,000 shares (that is, 100 shares will be canceled per 1,000 shares); after the capital reduction, the remaining shares less than one share will be converted into cash by the Company at the par value of the stock and rounded down to NT\$1. The Chairman is designated to negotiate with a specific party to subscribe for the remaining shares less than one share.
4. After the proposal is submitted to and adopted by the shareholders' meeting and approved by the competent authority, the Board of Directors is delegated to set another record date for capital reduction.
5. In the event that there are other unspecified matters, or requests from competent authorities, or other factors, resulting in changes in the number of outstanding shares, and the capital reduction ratio and capital return per share need to be adjusted, the Board of Directors shall be delegated to make adjustments.
6. Submit for discussion.

Decision:

## [Elections]

Item 1: Submitted by The Board of Directors.

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

Description:

1. According to the The Company's Corporate Charter, 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 2023, and a new election shall be held. The 3-year term of the newly-elected directors (including independent directors) will start from June 9, 2023 and expire on June 8, 2026.
2. Pursuant to the The Company's Corporate Charter, 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 directors (including independent directors) and the reasons for nomination of independent director candidates for those who have served for three terms, please see Attachment 5 (pages 55–60 of this Handbook).
3. Submit for election.

Election result:



## **[Other Proposals]**

### Item 3: Submitted by the Board of Directors

Proposal: To discuss the lifting of the non-compete restrictions on 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, please see Attachment 6 (pages 61-64 of this Handbook).
- .2. Submit for discussion.

Decision:

## **[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 3: The board of directors shall be convened at least once per quarter. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The circumstances under Article 7, Paragraph 1 of the Rules shall be set out and the essential contents explained in the notice of the shareholders’ meeting. None of the above matters may be raised by an extempore motion.</p>	<p>Article 3: The board of directors shall be convened at least once per quarter. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The circumstances under Article 7, Paragraph 1 of the Rules, <u>except for emergencies or legitimate reasons</u>, shall be set out and the essential contents explained in the notice of the shareholders’ meeting. None of the above matters may be raised by an extempore motion.</p>	<p>Paragraph 4 of Article 3 is partially amended in alignment with the amended Regulations Governing Procedures for Board of Directors Meetings of Public Companies.</p>
<p>Article 7: The following items shall be proposed for discussion at the Board of Directors meeting: 1. Corporate business plan. 2. Annual financial report and second quarter financial report audited and</p>	<p>Article 7: The following items shall be proposed for discussion at the Board of Directors meeting: 1. Corporate business plan. 2. Annual financial report and second quarter financial report audited and</p>	<p>Subparagraph 6 of Paragraph 1 of Article 7 is added and the existing Subparagraphs 6</p>

After amendment	Before amendment	Description
<p>attested by a certified public accountant.</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Act), and the evaluation of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p><b><u>6. The election or dismissal of the Chairman.</u></b></p> <p><b><u>7.</u></b> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><b><u>8.</u></b> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><b><u>9.</u></b> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved</p>	<p>attested by a certified public accountant.</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Act), and the evaluation of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p><b><u>6.</u></b> The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p><b><u>7.</u></b> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><b><u>8.</u></b> Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved</p>	<p>to 8 are moved to</p> <p>Subparagraphs 7 to 9 in alignment with the amended Regulations Governing Procedures for Board of Directors Meetings of Public Companies.</p>

After amendment	Before amendment	Description
<p>by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>(The following is omitted)</p>	<p>by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>(The following is omitted)</p>	

Accountants' Audit Report

(2023) Cai-Shen-Bao-Zi No.22005146

Ruentex Development Co., Ltd.

The Board of Directors and Shareholders:

**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, 2022 and Dec. 31, 2021, the consolidated comprehensive income statements, equity statements and cash flow statements of Ruentex Group for the period from Jan. 1 to Dec. 31, 2022 and the period from Jan. 1 to Dec. 31, 2021, and the notes to the consolidated financial report (including a summary of significant accounting policies).

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

**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 for the year ended 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion

thereon, we do not provide a separate opinion on these matters.

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

### **Accuracy of Investment Balance Accounted for using equity method**

#### Description of Key Audit Matters

As of December 31, 2022, Ruentex Group's investments accounted under equity method were NT\$ 64,156,525 thousand, representing 39.00% of the total consolidated assets. Please refer to Note 4(16) 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, and as stated in Note 6 (8) 18 of the consolidated financial statements, the investment of the Group using the equity method-Nanshan Life Insurance Co., Ltd. On September 29, 2022, the board of directors resolved to change the business model of managing financial assets. The date of reclassification was October 1, 2022. Conducting audit and calculation on such investments may require significant costs and human resources, which was really complicated. Therefore, the accountant believes that the correctness of the calculation of the investment balance using the equity method is one of the key audit matters for this year's audit.

#### 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 Recognition of Construction Income - Construction Completion Progress**

#### Description of Key Audit Matters

For the year of 2022, the Group's construction contract revenue was NT\$16,003,232 thousand, representing 49.63% of consolidated operating revenue. Please see Note 4(31) for accounting policies on revenue recognition, Note 5(2) for critical accounting estimates and assumptions and Note 6(27) for details of significant accounts.

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 listing the assessment on the construction completion progress used in the recognition of construction income as one of the key matters in this year's audit.

#### Corresponding Audit Procedures

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

1. We obtained an understanding of the nature of business and industry of the Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating each construction cost and overhead, 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. We conducted field survey and interviewed major construction sites not yet in progress at the end of the period.
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.

#### **Accuracy of Time for Recognition of Construction Cost**

##### Description of Key Audit Matters

Please see Note 4(31) for accounting policies on the recognition of construction costs.

The 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 consolidated 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.

### **Fair value evaluation of investment real estate**

The Group changed the accounting policy of investment real estate through the resolution of the board of directors, and its subsequent measurement was changed from the cost model to the fair value model, so the accounting policy was applied retrospectively to adjust the affected items.

Since the evaluation of fair value involves significant accounting estimates and judgments of the management, the accountant believes that the evaluation of the fair value of investment real estate is the key audit matter for this year's audit.

Please refer to Notes 4 (19) and (34) of the Consolidated Financial Statements for accounting policies on investment real estate; please refer to Notes 5 to the Consolidated Financial Statements for accounting estimates and assumption uncertainties; and please refer to Notes to the Consolidated Financial Statements for descriptions of accounting items 6 (12); for the explanation of fair value, please refer to Note 12 (4) of the consolidated financial statements.

### **Corresponding Audit Procedures**

A summary of the audit procedures performed by the accountant on the above-mentioned key audit matter is as follows:

1. Assess the professional competence and independence of the independent evaluators used by the management. Discuss with the management the scope of work and the method of appointment of the evaluators to confirm that there is no situation that affects their independence or limits their scope of work.
2. Evaluate the judgments used by the independent evaluators used by the management during the evaluation, including whether the evaluation methods and the main assumptions used are reasonable.
3. To verify the accuracy and completeness of the information used by the independent evaluators



used by the management during the evaluation.

### **Other matter - Reference to audits of other independent 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, 2022 and 2021, were NT\$61,220 thousand and NT\$53,240 thousand, respectively, and constituted 0.04% and 0.02% of total consolidated assets. Their total operating income of NT\$44,229 thousand and NT\$43,198 thousand for the period from Jan. 1 to Dec. 31, 2021 and the period from Jan. 1 to Dec. 31, 2020, constituting 0.14% and 0.16% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2021 and 2020 were NT\$2,260,558 thousand and NT\$2,965,691 thousand, respectively, and both constituted 1.37% 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\$(810,898) thousand and NT\$(586,023) thousand for the period from Jan. 1 to Dec. 31, 2022 and the period from Jan. 1 to Dec. 31, 2021, respectively, constituting 1.56% and 8.36% of total consolidated comprehensive income.

### **Other matter- Parent only financial reports**

We have audited and expressed an unqualified opinion on the parent only financial statements of Ruentex Development Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

### **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 measure, that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Ruentex Group's consolidated financial statements of 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Huang,Chin-Lien

Certified Public Accountant

Chang,Shu-Chiung

Financial Supervisory Commission

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

1100348083

Former Financial Supervisory Commission, Executive Yuan

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

0990042602

March 14, 2023

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Balance Sheet  
December 31 and January 1, 2022 and 2021

Unit: NT\$ thousands  
(After adjustment)  
January 1, 2021

Assets	Note	December 31, 2022		(After adjustment) December 31, 2021		Unit: NT\$ thousands (After adjustment) January 1, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 9,693,315	6	\$ 9,162,752	4	\$ 4,709,372	2
1120	Financial Assets at fair value through other comprehensive income acquired - Current	6(6)	-	-	1,303,338	1	-	-
1136	Financial assets measured by amortized cost - current	6(7)	75,000	-	319,000	-	-	-
1140	Contract asset - current	6(27) and 7	5,085,558	3	3,024,330	1	2,440,546	1
1150	Net bills receivable	6(3)	605,384	1	1,176,984	1	136,917	-
1160	Bills receivable - related parties - net	6(3) and 7	4	-	-	-	40,931	-
1170	Net Accounts Receivable	6(3)(11)	1,905,355	1	1,327,503	1	1,033,849	1
1180	Accounts receivable - related parties - net	6(3) and 7	2,196	-	545	-	4,136	-
1200	Other receivables		163,709	-	19,564	-	23,810	-
1210	Other Receivables - related party	7	10,211	-	13,144	-	12,494	-
1220	Current tax assets		6,129	-	9,910	-	15,922	-
130X	Inventories	6(4), 7 and 8	28,986,866	18	28,893,053	13	29,003,884	14
1410	Prepayments		586,264	-	533,359	-	364,976	-
1460	Non-current assets held for sale, net	6(14)	-	-	-	-	16,415	-
1470	Other Current Assets	6(1)(5) and 8	1,941,170	1	1,680,666	1	1,399,347	1
11XX	<b>Total current assets</b>		<u>49,061,161</u>	<u>30</u>	<u>47,464,148</u>	<u>22</u>	<u>39,202,599</u>	<u>19</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	-	-	-	-	37,262	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6), 7 and 8	5,204,985	3	4,196,121	2	3,578,218	2
1535	Amortized cost financial Assets - non-Current	6(7)	560,000	-	560,000	-	560,000	-
1550	Investments accounted for using equity method	6(8), 7, and 8	64,156,525	39	117,569,127	54	119,467,369	57
1600	Property, plant, and equipment	6(9), 7 and 8	5,633,361	4	5,617,340	3	5,640,992	3
1755	Right-of-use assets	6(10), 7 and 8	3,007,415	2	2,369,824	1	2,567,028	1
1760	Net value of investment properties	6(12) and 8	35,125,131	21	38,035,728	18	38,350,498	18
1780	Intangible assets	6(13)	209,045	-	191,469	-	253,971	-
1840	Deferred tax Assets	6(35)	833,816	1	391,703	-	296,146	-
1930	Long-term notes and accounts receivable	6(11)	294,915	-	368,261	-	426,038	-
1990	Other non-current assets - others	6(1)(15) and 8	401,662	-	227,163	-	195,552	-
15XX	<b>Total non-current assets</b>		<u>115,426,855</u>	<u>70</u>	<u>169,526,736</u>	<u>78</u>	<u>171,373,074</u>	<u>81</u>
1XXX	<b>Total Assets</b>		<u>\$ 164,488,016</u>	<u>100</u>	<u>\$ 216,990,884</u>	<u>100</u>	<u>\$ 210,575,673</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Balance Sheet  
December 31 and January 1, 2022 and 2021

Unit: NT\$ thousands  
(After adjustment)  
January 1, 2021

Liabilities and Equity	Note	December 31, 2022		(After adjustment) December 31, 2021		Unit: NT\$ thousands (After adjustment) January 1, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(17) and 8	\$ 9,162,000	6	\$ 2,280,000	1	\$ 2,750,000	1
2110	Short-term bills payable	6(18) and 8	3,851,231	2	5,127,675	2	4,878,621	2
2130	Contract liabilities - current	6(27) and 7	3,141,490	2	3,400,311	2	2,576,469	1
2150	Notes payable		1,099,548	1	909,803	1	859,066	1
2160	Notes payable - related party	7	3,408	-	61,199	-	31,199	-
2170	Accounts payable		4,215,666	3	2,726,242	1	2,306,722	1
2180	Accounts payable - related party	7	219	-	14,887	-	17,259	-
2200	Other payables	7	1,337,793	1	1,267,629	1	1,039,009	1
2230	Income tax liabilities of current period		898,123	-	882,630	-	1,365,523	1
2280	Lease liabilities - current	6(10) and 7	275,561	-	277,988	-	204,307	-
2310	Advance receipts	6(20)	176,006	-	151,585	-	155,610	-
2320	Long-term liabilities due within one year or one operating cycle	6(19) and 8	9,820,060	6	6,579,363	3	8,642,512	4
2399	Other current liabilities - other		12,615	-	13,556	-	22,132	-
21XX	<b>Total Current Liabilities</b>		<u>33,993,720</u>	<u>21</u>	<u>23,692,868</u>	<u>11</u>	<u>24,848,429</u>	<u>12</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(19) and 8	27,649,191	17	31,941,834	15	28,106,090	13
2570	Deferred income tax liabilities	6(35)	3,945,974	2	4,669,332	2	5,273,809	3
2580	Lease liabilities - non-current	6(10) and 7	10,803,069	7	10,190,556	4	10,876,133	5
2670	Other non-current liabilities - others	6(20) (21)	1,989,945	1	1,885,931	1	1,919,079	1
25XX	<b>Total Non-Current Liabilities</b>		<u>44,388,179</u>	<u>27</u>	<u>48,687,653</u>	<u>22</u>	<u>46,175,111</u>	<u>22</u>
2XXX	<b>Total Liabilities</b>		<u>78,381,899</u>	<u>48</u>	<u>72,380,521</u>	<u>33</u>	<u>71,023,540</u>	<u>34</u>
<b>Equity</b>								
<b>Equity attributed to owners of the parent</b>								
Capital								
3110	Share capital	6(23)	31,602,501	19	21,068,334	10	15,048,810	7
Capital surplus								
3200	Capital surplus	6(24)	17,616,034	11	18,349,086	8	18,335,479	8
Retained earnings								
3310	Legal reserve	6(25)	6,962,392	4	5,318,436	2	4,472,550	2
3320	Special reserve		20,326,692	12	20,326,692	9	19,412,244	9
3350	Undistributed earnings		39,491,098	24	45,429,787	21	37,360,519	18
Other Equities								
3400	Other Equities	6(26)	( 37,115,807)	( 22)	26,498,345	13	38,828,926	19
3500	Treasury stock	6(23)	( 84,639)	-	( 84,639)	-	( 84,639)	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>78,798,271</u>	<u>48</u>	<u>136,906,041</u>	<u>63</u>	<u>133,373,889</u>	<u>63</u>
36XX	<b>Non-controlling Interest</b>	4(3) and 6 (36)	7,307,846	4	7,704,322	4	6,178,244	3
3XXX	<b>Total Equity</b>		<u>86,106,117</u>	<u>52</u>	<u>144,610,363</u>	<u>67</u>	<u>139,552,133</u>	<u>66</u>
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 164,488,016</u>	<u>100</u>	<u>\$ 216,990,884</u>	<u>100</u>	<u>\$ 210,575,673</u>	<u>100</u>

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

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

(After adjustment)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operation income	6(27) and 7	\$ 32,247,177	100	\$ 27,293,884	100
5000 Operation Cost	6(4)(21) (28)(33) (34) and 7	( 25,037,789)	( 78)	( 21,090,026)	( 77)
5900 Gross profit		<u>7,209,388</u>	<u>22</u>	<u>6,203,858</u>	<u>23</u>
Operating Expenses	6(21) (33) (34) and 7				
6100 Selling expenses		( 903,606)	( 3)	( 829,242)	( 3)
6200 General & administrative expenses		( 1,209,166)	( 4)	( 1,232,357)	( 5)
6300 R&D expenses		( 71,846)	-	( 71,795)	-
6450 Expected credit impairment gains	6(33) and 12(3)	<u>266</u>	<u>-</u>	<u>295</u>	<u>-</u>
6000 Total Operating Expenses		( <u>2,184,352</u> )	( <u>7</u> )	( <u>2,133,099</u> )	( <u>8</u> )
6900 Operating Profit		<u>5,025,036</u>	<u>15</u>	<u>4,070,759</u>	<u>15</u>
Non-operating Income and Expenses					
7100 Interest revenue	6(7)(29) and 7	139,450	-	38,796	-
7010 Other income	6(30)	340,330	1	238,511	1
7020 Other gains and losses	6(2)(31)	( 2,404,344)	( 7)	( 168,368)	( 1)
7050 Financial Costs	6 (32) and 7	( 690,346)	( 2)	( 613,114)	( 2)
7060 Share of income of associates and joint ventures accounted for using the equity method	6(8)	<u>8,351,230</u>	<u>26</u>	<u>15,422,309</u>	<u>57</u>
7000 Total non-operating income and expenses		<u>5,736,320</u>	<u>18</u>	<u>14,918,134</u>	<u>55</u>
7900 Net profit before tax		10,761,356	33	18,988,893	70
7950 Income tax expense	6(35)	( 488,359)	( 1)	( 579,176)	( 2)
8200 Net income of current period		<u>\$ 10,272,997</u>	<u>32</u>	<u>\$ 18,409,717</u>	<u>68</u>

(Continued)

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

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

Item	Note	2022		(After adjustment) 2021		
		Amount	%	Amount	%	
<b>Other comprehensive income (net)</b>						
<b>Items not to be reclassified into profit or loss</b>						
8311	Remeasurement of defined benefit plan	6(21)	\$ 22,280	-	\$ 16,822	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(6)	( 667,961)	( 2)	1,919,919	7
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(25) 6(26)	105,991	-	238,026	1
8349	Income tax relating to non-reclassified items	6(35)	77,536	-	( 78,868)	-
8310	Total of items not to be reclassified into profit or loss		( 462,154)	( 2)	2,095,899	8
<b>Items may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translating foreign operations	6(26)	286,748	1	( 146,904)	( 1)
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(26)	( 62,701,231)	( 194)	( 13,647,958)	( 50)
8399	Income tax related to items may be reclassified into profit or loss	6(35)	458,127	1	295,263	1
8360	Total of items may be reclassified subsequently to profit or loss		( 61,956,356)	( 192)	( 13,499,599)	( 50)

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

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

Item	Note	2022		(After adjustment) 2021	
		Amount	%	Amount	%
8300 <b>Other comprehensive income (net)</b>		(\$ 62,418,510)	( 194)	(\$ 11,403,700)	( 42)
8500 <b>Total Comprehensive Income Current Period</b>		(\$ 52,145,513)	( 162)	\$ 7,006,017	26
Profit attributable to:					
8610 Owners of the parent		\$ 9,155,086	29	\$ 17,156,994	63
8620 Non-controlling Interest		\$ 1,117,911	3	\$ 1,252,723	5
Comprehensive Income attributed to:					
8710 Owners of the parent		(\$ 52,886,144)	( 164)	\$ 5,019,848	19
8720 Non-controlling Interest		\$ 740,631	2	\$ 1,986,169	7
Earnings per share 6(37)					
9750 Basic earnings per share		\$	3.00	\$	5.62
9850 Diluted earnings per share		\$	3.00	\$	5.61



Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statement of Change in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NTS thousands

	Note	Equity attributed to owners of the parent							Non-controlling Interest	Total Equity	
		Retained earnings					Other Equities	Treasury stock			Total
		Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings					
<u>2021 (after restatement)</u>											
Balance at January 1, 2021		\$ 15,048,810	\$ 18,147,191	\$ 4,472,550	\$ 507,767	\$ 37,360,519	\$ 38,792,132	(\$ 84,639 )	\$ 114,244,330	\$ 6,178,244	\$ 120,422,574
Adjustments due to retrospective restatement		-	188,288	-	18,904,477	-	36,794	-	19,129,559	-	19,129,559
Balance at 1 January, as restated		15,048,810	18,335,479	4,472,550	19,412,244	37,360,519	38,828,926	( 84,639 )	133,373,889	6,178,244	139,552,133
Net income of current period	6(25)(36)	-	-	-	-	17,156,994	-	-	17,156,994	1,252,723	18,409,717
Other comprehensive income	6(26)(36)	-	-	-	-	80,300	( 12,217,446 )	-	( 12,137,146 )	733,446	( 11,403,700 )
Total Comprehensive Income Current Period		-	-	-	-	17,237,294	( 12,217,446 )	-	5,019,848	1,986,169	7,006,017
Appropriation and distribution of the earnings for 2020:	6(25)										
Legal reserve		-	-	845,886	-	( 845,886 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 1,504,881 )	-	-	( 1,504,881 )	-	( 1,504,881 )
Share dividend		6,019,524	-	-	-	( 6,019,524 )	-	-	-	-	-
To allocate the adjustment resulting from the change in accounting policy to the special reserve		-	-	-	914,448	( 914,448 )	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(24)	-	( 259 )	-	-	-	-	-	( 259 )	-	( 259 )
Changes in associates & joint ventures accounted for using equity method	6(24)(25)(26)	-	3,978	-	-	3,578	-	-	7,556	-	7,556
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(6)(25)(26)	-	-	-	-	113,135	( 113,135 )	-	-	-	-
Changes in the ownership interests of subsidiaries as recognized	4(3), 6(24)(36)	-	9,888	-	-	-	-	-	9,888	169,615	179,503
Decrease in non-controlling interests	6(36)	-	-	-	-	-	-	-	-	( 629,706 )	( 629,706 )
Balance on December 31, 2021		\$ 21,068,334	\$ 18,349,086	\$ 5,318,436	\$ 20,326,692	\$ 45,429,787	\$ 26,498,345	(\$ 84,639 )	\$ 136,906,041	\$ 7,704,322	\$ 144,610,363
<u>2022</u>											
Restatement balance as of January 1, 2022		\$ 21,068,334	\$ 18,349,086	\$ 5,318,436	\$ 20,326,692	\$ 45,429,787	\$ 26,498,345	(\$ 84,639 )	\$ 136,906,041	\$ 7,704,322	\$ 144,610,363
Net income of current period	6(25)(36)	-	-	-	-	9,155,086	-	-	9,155,086	1,117,911	10,272,997
Other comprehensive income	6(26)(36)	-	-	-	-	274,568	( 62,315,798 )	-	( 62,041,230 )	( 377,280 )	( 62,418,510 )
Total Comprehensive Income Current Period		-	-	-	-	9,429,654	( 62,315,798 )	-	( 52,886,144 )	740,631	( 52,145,513 )
Appropriation and distribution of the earnings for 2021:	6(25)										
Legal reserve		-	-	1,643,956	-	( 1,643,956 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,213,667 )	-	-	( 4,213,667 )	-	( 4,213,667 )
Share dividend		10,534,167	-	-	-	( 10,534,167 )	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(24)	-	( 117 )	-	-	-	-	-	( 117 )	-	( 117 )
Changes in associates & joint ventures accounted for using equity method	6(24)(25)(26)	-	29,741	-	-	-	-	-	29,741	-	29,741
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(6)(25)(26)	-	-	-	-	1,298,632	( 1,298,632 )	-	-	-	-
Disposal of equity in subsidiaries (without losing control)	4(3), 6(24)(36)	-	3,674	-	-	-	278	-	3,952	25,706	29,658
Adjustments to cash capital increases of associates not recognized in proportion to the shareholding	6(8)(24)(25)(36)	-	( 766,350 )	-	-	( 275,185 )	-	-	( 1,041,535 )	-	( 1,041,535 )
Decrease in non-controlling interests	6(36)	-	-	-	-	-	-	-	-	( 1,162,813 )	( 1,162,813 )
Balance on December 31, 2022		\$ 31,602,501	\$ 17,616,034	\$ 6,962,392	\$ 20,326,692	\$ 39,491,098	(\$ 37,115,807 )	(\$ 84,639 )	\$ 78,798,271	\$ 7,307,846	\$ 86,106,117

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands  
2021 (after  
restatement)

	Note	2022	
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 10,761,356	\$ 18,988,893
Adjustments			
Income and expenses			
Depreciation expense	6(33)	630,601	590,884
Amortization	6(33)	13,535	12,615
Expected credit impairment gains	6(33)	( 266 )	( 295 )
Interest Cost	6(32)	690,346	613,114
Interest revenue	6(29)	( 139,450 )	( 38,796 )
Dividend income	6(30)	( 185,085 )	( 48,967 )
Share of profit of associates accounted for using the equity method	6(8)		
Loss (gain) on disposal of property, plant and equipment	6(31)	( 8,351,230 )	( 15,422,309 )
Gain on disposal of non-current assets held for sale	6(31)	( 10,481 )	3,979
Investment property fair value adjustment loss (gain)	6(31)	-	( 18,315 )
Valuation profit on financial assets at fair value through profit or loss	6(2)(31)	2,910,132	( 102,582 )
Gains on lease modifications	6(10)(31)	-	( 12,018 )
Loss on liquidation of subsidiary	6(31)	( 175 )	-
Impairment loss on property, plant and equipment	6(31)	-	24,618
Impairment loss on intangible assets	6(31)	-	66,151
Impairment loss on use-of-right assets	6(31)	-	73,212
Employee stock option expenses	6(34)	-	216
Other income	6(30)	-	37,079
Other income	6(30)	( 19,250 )	( 34,514 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contractual assets - Current		( 2,061,228 )	( 583,784 )
Notes receivable		571,600	( 1,040,067 )
Notes Receivable – related party		( 4 )	40,931
Accounts receivable		( 577,586 )	( 293,359 )
Accounts receivable - related party		( 1,651 )	3,591
Other receivables		( 129,504 )	3,211
Other receivables - related Party		2,933	1,450
Inventories		41,228	211,900
Prepayments		( 52,905 )	( 168,383 )
Other Current Assets		64,778	( 17,346 )
Long-term notes and accounts receivable		73,346	57,777
Other non-current Assets		( 4,152 )	5,538
Net change in liabilities related to operating activities			
Contractual Liabilities - Current		( 258,821 )	823,842
Notes payable		189,745	50,737
Notes Payable – related Party		( 57,791 )	30,000
Accounts payable		1,272,639	419,520
Accounts Payable – related Party		( 11,128 )	( 2,372 )
Other payables		315,229	202,876
Other Current liabilities		26,616	( 5,222 )
Other non-Current liabilities		6,897	( 7,882 )
Cash flow in from operating		5,710,274	4,465,923
Interest received		124,809	37,948
Amount of interest Paid		( 833,649 )	( 712,263 )
Dividends received		2,220,385	3,790,669
Income tax refunded		2,951	12,772
Income tax paid		( 1,017,798 )	( 1,553,069 )
Cash inflow from operating activities		<u>6,206,972</u>	<u>6,041,980</u>

(Continued)

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands  
2021 (after  
restatement)

	Note	2022	2021 (after restatement)
<u>Cash flows from investing activities</u>			
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	6(38)	(\$ 1,679,621 )	(\$ 197,943 )
Proceeds from disposal of financial Assets at fair value through other comprehensive income acquired - non-current	6(6)	1,299,428	124,320
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income - non-current	6(6)	849	127,438
Acquisition of financial assets measured at amortized costs - current	6(7)	( 75,000 )	( 319,000 )
Disposal of financial assets measured at amortized costs - current	6(7)	319,000	-
Investment accounted for under the equity method	6(8)	( 3,777,878 )	( 90,000 )
Return of funds to reduced investment adopting the Equity method	6(8)	-	99,000
Acquisition of property, plant and equipment	6(38)	( 381,476 )	( 299,657 )
Disposal the payment of property, plant and equipment		17,238	2,516
Investment real estate acquired	6(12)	( 2,628 )	( 1,638 )
Acquisition of intangible assets	6(13)	( 31,111 )	( 23,325 )
Increase in other financial assets		( 471,245 )	( 292,078 )
Proceeds from disposal of non-current assets held for sale		-	34,645
Interior design subsidy acquired listed as a deduction of unfinished construction	6(9)	-	2,396
Increase in prepayments for equipment		( 53,438 )	( 73,767 )
Cash used in investing activities		( 4,835,882 )	( 907,093 )
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(39)	6,882,000	( 470,000 )
Net increase (decrease) in short-term notes and bills payable	6(39)	( 1,275,000 )	250,000
Amount of long-term borrowings	6(39)	51,739,288	49,493,000
Repayments of long-term borrowings	6(39)	( 52,790,000 )	( 47,723,000 )
Increase (decrease) in guarantee deposits received	6(39)	119,398	( 8,444 )
Cash dividends paid	6(25)	( 4,213,667 )	( 1,504,881 )
Principal elements of lease payments	6(10)(39)	( 271,468 )	( 227,666 )
Changes in non-controlling interest	6(36)	( 1,162,813 )	( 486,645 )
Disposal of subsidiary (without losing control)		29,910	-
Cash used in financing activities		( 942,352 )	( 677,636 )
Effects of exchange rate change on cash		101,825	( 3,871 )
Increase of cash and cash equivalents current period		530,563	4,453,380
Cash and cash equivalents, beginning of period		9,162,752	4,709,372
Cash and cash equivalents, end of period		\$ 9,693,315	\$ 9,162,752

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd.

The Board of Directors and Shareholders:

### **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, 2022 and 2021 and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

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

### **Basis of Audit Opinions**

We conducted our audits in accordance with the 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, 2022. These matters were addressed in the context of our audit opinion of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### **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, 2022 was NT\$84,913,903 thousand, representing 70.78% of total Assets. For the accounting policy

related to investments under equity method, please refer to Unconsolidated Financial Statements Note 4(14). For the explanation on the accounts, please refer to Financial Statements Note 6(8).

Due to the complexity of multi-layered cross-holdings among multinational investee enterprises accounted for under equity method, and as stated in Note 6 (8) 11 of the consolidated financial statements, the investment of the Group using the equity method-Nanshan Life Insurance Co., Ltd. On September 29, 2022, the board of directors resolved to change the business model of managing financial assets. The date of reclassification was October 1, 2022. Conducting audit and calculation on such investments may require significant costs and human resources, which was really complicated. Therefore, the accountant believes that the correctness of the calculation of the investment balance using the equity method is one of the key audit matters for this year's audit.

#### 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 4(14). For the explanation on the accounts, please refer to Financial Statements Note 6(8).

On December 31, 2022, 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 2022 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 Ruentex Engineering & Construction are respectively described in the following:

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

### 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 listing the assessment on the construction completion progress used in the recognition of construction income as one of the key matters in this year's audit.

### Corresponding Audit Procedures

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

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. We conducted field survey and interviewed major construction sites not yet in progress at the end of the period.
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.

## **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.

### **Fair value evaluation of investment real estate**

The Company changed the accounting policy of investment real estate through the resolution of the board of directors, and its subsequent measurement was changed from the cost model to the fair value model, so the accounting policy was applied retrospectively to adjust the affected items.

Since the evaluation of fair value involves significant accounting estimates and judgments of the management, the accountant believes that the evaluation of the fair value of investment real estate is the key audit matter for this year's audit.

Please refer to Notes 4 (17) , (28) and 5 of the Financial Statements for accounting policies, estimates and assumption uncertainties; and please refer to Notes 6(11) to the Financial Statements for descriptions of accounting items.

### Corresponding Audit Procedures

A summary of the audit procedures performed by the accountant on the above-mentioned key audit matter is as follows:

4. Assess the professional competence and independence of the independent evaluators used by the management. Discuss with the management the scope of work and the method of appointment of the evaluators to confirm that there is no situation that affects their independence or limits their scope of work.
5. Evaluate the judgments used by the independent evaluators used by the management during the evaluation, including whether the evaluation methods and the main assumptions used are reasonable.
6. To verify the accuracy and completeness of the information used by the independent evaluators used by the management during the evaluation.

### **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, 2022 and 2021, the investment balances under equity method (including investments under the equity method for the listed liabilities) for the aforementioned companies were NT\$2,264,563 thousand and NT\$2,966,853 thousand, respectively, representing 1.89% and 1.67% of the total Assets respectively. For the period of 2022 and 2021 from January 1 to December 31, the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$(820,057) thousand and NT\$(593,185) thousand respectively, representing 1.55% and 11.82% 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 the continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 measure, that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Huang,Chin-Lien

Certified Public Accountant

Chang,Shu-Chiung

Financial Supervisory Commission

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 1100348083

Former Financial Supervisory Commission, Executive Yuan

Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 0990042602

March 14, 2023

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheets  
December 31, 2022 and December 31 and January 1, 2021

Assets	Note	December 31, 2022		(After adjustment) December 31, 2021		Unit: NT\$ thousands (After adjustment) January 1, 2021		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 5,695,200	5	\$ 5,731,650	3	\$ 3,467,615	2
1120	Financial Assets at fair value through other comprehensive income acquired - Current	6(6)	-	-	1,303,338	1	-	-
1150	Net bills receivable	6(2)	29,476	-	-	-	-	-
1170	Net Accounts Receivable	6(2)	13,263	-	11,128	-	9,435	-
1180	Accounts receivable - related parties - net	6(2) and 7	635	-	538	-	561	-
1200	Other receivables		156,269	-	3,464	-	5,819	-
1210	Other Receivables - related party	7	1,345	-	4,067	-	3,352	-
1220	Current tax assets		-	-	-	-	12,566	-
130X	Inventories	6(3), 7, and 8	21,891,150	18	23,347,290	13	23,070,044	13
1410	Prepayments		72,269	-	107,300	-	58,661	-
1470	Other Current Assets	6(1)(4) and 8	1,308,585	1	1,020,410	1	1,112,104	1
11XX	<b>Total current assets</b>		<u>29,168,192</u>	<u>24</u>	<u>31,529,185</u>	<u>18</u>	<u>27,740,157</u>	<u>16</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(5)(6)	-	-	-	-	37,262	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6), 7 and 8	1,197,460	1	1,230,821	1	2,008,422	1
1535	Amortized cost financial Assets - non-Current	6(7)	60,000	-	60,000	-	60,000	-
1550	Investments accounted for using equity method	6(8), 7, and 8	84,913,903	71	140,263,946	79	139,361,424	80
1600	Property, plant, and equipment	6(9)	139,128	-	164,269	-	136,603	-
1755	Right-of-use assets	6(10)	595,476	-	688,093	-	691,052	1
1760	Net value of investment properties	6(11) and 8	3,085,330	3	3,169,201	2	3,125,401	2
1840	Deferred tax Assets	6(29)	649,268	1	218,343	-	203,882	-
1900	Other non-current Assets	6(1)(12) and 8	158,704	-	132,802	-	101,410	-
15XX	<b>Total non-current assets</b>		<u>90,799,269</u>	<u>76</u>	<u>145,927,475</u>	<u>82</u>	<u>145,725,456</u>	<u>84</u>
1XXX	<b>Total Assets</b>		<u>\$ 119,967,461</u>	<u>100</u>	<u>\$ 177,456,660</u>	<u>100</u>	<u>\$ 173,465,613</u>	<u>100</u>

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheets  
December 31, 2022 and December 31 and January 1, 2021

Liabilities and Equity		Note	December 31, 2022		(After adjustment) December 31, 2021		Unit: NT\$ thousands (After adjustment) January 1, 2021	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(13) and 8	\$ 5,295,000	5	\$ 1,600,000	1	\$ 2,100,000	1
2110	Short-term bills payable	6(14) and 8	2,587,360	2	4,078,307	3	4,358,912	3
2130	Contract liabilities - current	6(21) and 7	1,933,272	2	2,302,690	1	1,538,532	1
2150	Notes payable		87,311	-	32,655	-	37,814	-
2160	Notes payable - related party	7	66,274	-	155,751	-	152,324	-
2170	Accounts payable		377,789	-	101,240	-	79,279	-
2180	Accounts payable - related party	7	891,170	1	348,157	-	390,462	-
2200	Other payables		356,736	-	350,756	-	338,615	-
2230	Income tax liabilities of current period		263,819	-	313,527	-	1,080,091	1
2280	Lease liabilities - current	6(10)	91,959	-	90,841	-	85,931	-
2320	Long-term liabilities due within one year or one operating cycle	6(15) and 8	5,570,060	5	3,399,822	2	5,962,512	3
2399	Other current liabilities - other		141,072	-	118,006	-	123,048	-
21XX	<b>Total Current Liabilities</b>		<u>17,661,822</u>	<u>15</u>	<u>12,891,752</u>	<u>7</u>	<u>16,247,520</u>	<u>9</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(15) and 8	20,964,159	17	24,781,872	14	20,246,911	12
2570	Deferred income tax liabilities	6(29)	972,302	1	1,225,210	1	1,917,961	1
2580	Lease liabilities - non-current	6(10)	524,648	-	616,605	-	621,853	-
2600	Other non-Current liabilities	6(8)(16)	1,046,259	1	1,035,180	1	1,057,479	1
25XX	<b>Total Non-Current Liabilities</b>		<u>23,507,368</u>	<u>19</u>	<u>27,658,867</u>	<u>16</u>	<u>23,844,204</u>	<u>14</u>
2XXX	<b>Total Liabilities</b>		<u>41,169,190</u>	<u>34</u>	<u>40,550,619</u>	<u>23</u>	<u>40,091,724</u>	<u>23</u>
<b>Equity</b>								
Capital								
3110	Share capital	6(17)	31,602,501	26	21,068,334	12	15,048,810	9
Capital surplus								
3200	Capital surplus	6(18)	17,616,034	14	18,349,086	10	18,335,479	10
Retained earnings								
3310	Legal reserve	6(19)	6,962,392	6	5,318,436	3	4,472,550	3
3320	Special reserve		20,326,692	17	20,326,692	11	19,412,244	11
3350	Undistributed earnings		39,491,098	33	45,429,787	26	37,360,519	22
Other Equities								
3400	Other Equities	6(20)	( 37,115,807)	( 30)	26,498,345	15	38,828,926	22
3500	Treasury stock	6(8)(17)	( 84,639)	-	( 84,639)	-	( 84,639)	-
3XXX	<b>Total Equity</b>		<u>78,798,271</u>	<u>66</u>	<u>136,906,041</u>	<u>77</u>	<u>133,373,889</u>	<u>77</u>
Significant contingent liabilities and unrecognized contractual commitments								
Significant subsequent events								
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 119,967,461</u>	<u>100</u>	<u>\$ 177,456,660</u>	<u>100</u>	<u>\$ 173,465,613</u>	<u>100</u>

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

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

		Unit: NT\$ thousands (Except earnings per share, which is in NT\$) (After adjustment)			
		2022		2021	
Item	Note	Amount	%	Amount	%
4000	Operation income	\$ 10,812,961	100	\$ 4,966,299	100
5000	Operation Cost				
		( 8,374,384)	( 77)	( 3,972,061)	( 80)
5900	Gross profit	2,438,577	23	994,238	20
5910	Unrealized sale gains	-	-	( 243)	-
5920	Realized sale gains	-	-	5,281	-
5950	Net gross operating profit	2,438,577	23	999,276	20
	Operating Expenses				
6100	Selling expenses	( 710,666)	( 7)	( 625,846)	( 12)
6200	General & administrative expenses	( 267,617)	( 2)	( 280,750)	( 6)
6450	Expected credit impairment gains (losses)	165	-	( 192)	-
6000	Total Operating Expenses	( 978,118)	( 9)	( 906,788)	( 18)
6900	Operating Profit	1,460,459	14	92,488	2
	Non-operating Income and Expenses				
7100	Interest revenue	96,590	1	10,325	-
7010	Other income	19,334	-	19,387	-
7020	Other gains and losses	406,131	4	( 70,902)	( 1)
7050	Financial Costs	( 306,542)	( 3)	( 261,773)	( 5)
7070	Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method	7,814,291	72	17,254,519	347
7000	Total non-operating income and expenses	8,029,804	74	16,951,556	341
7900	<b>Net profit before tax</b>	9,490,263	88	17,044,044	343
7950	Income tax benefit (expenses)	( 335,177)	( 3)	112,950	2
8000	<b>Net profit for the period of the continued business unit</b>	9,155,086	85	17,156,994	345
8200	<b>Net income of current period</b>	\$ 9,155,086	85	\$ 17,156,994	345

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

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

Item	Note	2022		2021		
		Amount	%	Amount	%	
<b>Other Comprehensive Income (Loss)</b>						
<b>Items not to be reclassified into profit or loss</b>						
8311	Remeasurement of defined benefit plan	6(16)	\$ 9,101	-	\$ 365	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(6)	( 52,351)	( 1)	728,215	15
8330	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items not to be reclassified into profit or loss	6(20)	114,558	1	243,870	5
8349	Income tax relating to non-reclassified items	6(20) (29)	83,270	1	( 72,542)	( 2)
8310	Total of items not to be reclassified into profit or loss		<u>154,578</u>	<u>1</u>	<u>899,908</u>	<u>18</u>
<b>Items may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translating foreign operations		286,748	3	( 168,399)	( 3)
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that may be reclassified to profit or loss	6(20)	( 62,939,624)	( 582)	( 13,168,107)	( 265)
8399	Income tax related to items may be reclassified into profit or loss	6(20) (29)	457,068	4	299,452	6
8360	Total of items may be reclassified subsequently to profit or loss		<u>( 62,195,808)</u>	<u>( 575)</u>	<u>( 13,037,054)</u>	<u>( 262)</u>
8300	<b>Other comprehensive income (net)</b>		<u>(\$ 62,041,230)</u>	<u>( 574)</u>	<u>(\$ 12,137,146)</u>	<u>( 244)</u>
8500	<b>Total Comprehensive Income Current Period</b>		<u>(\$ 52,886,144)</u>	<u>( 489)</u>	<u>\$ 5,019,848</u>	<u>101</u>
Earnings per share						
9750	Basic earnings per share	6(30)	\$ 3.00		\$ 5.62	
9850	Diluted earnings per share		\$ 3.00		\$ 5.61	

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

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

Unit: NT\$ thousands

	Note	Share capital	Capital surplus	Legal reserve	Retained earnings Special reserve	Undistributed earnings	Other Equities	Treasury stock	Total Equity
<u>2021 (after restatement)</u>									
Balance at January 1, 2021		\$ 15,048,810	\$ 18,147,191	\$ 4,472,550	\$ 507,767	\$ 37,360,519	\$ 38,792,132	(\$ 84,639 )	\$ 114,244,330
Adjustments due to retrospective restatement	4(28)	-	188,288	-	18,904,477	-	36,794	-	19,129,559
Restatement balance as of January 1, 2021		15,048,810	18,335,479	4,472,550	19,412,244	37,360,519	38,828,926	( 84,639 )	133,373,889
Net income of current period	6(19)	-	-	-	-	17,156,994	-	-	17,156,994
Other comprehensive income	6(19)(20)	-	-	-	-	80,300	( 12,217,446 )	-	( 12,137,146 )
Total Comprehensive Income Current Period		-	-	-	-	17,237,294	( 12,217,446 )	-	5,019,848
Appropriation and distribution of the earnings for 6(19) 2020:									
Legal reserve		-	-	845,886	-	( 845,886 )	-	-	-
Cash dividends		-	-	-	-	( 1,504,881 )	-	-	( 1,504,881 )
Share dividend		6,019,524	-	-	-	( 6,019,524 )	-	-	-
To allocate the adjustment resulting from the change in accounting policy to the special reserve	4(28)	-	-	-	914,448	( 914,448 )	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(18)	-	( 259 )	-	-	-	-	-	( 259 )
Changes in associates & joint ventures accounted for using equity method	6(18)(19)	-	3,978	-	-	3,578	-	-	7,556
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(6)(19)(20)	-	-	-	-	113,135	( 113,135 )	-	-
Changes in the ownership interests of subsidiaries as recognized	6(18)	-	9,888	-	-	-	-	-	9,888
Balance on December 31, 2021		\$ 21,068,334	\$ 18,349,086	\$ 5,318,436	\$ 20,326,692	\$ 45,429,787	\$ 26,498,345	(\$ 84,639 )	\$ 136,906,041
<u>2022</u>									
Restatement balance as of January 1, 2022		\$ 21,068,334	\$ 18,349,086	\$ 5,318,436	\$ 20,326,692	\$ 45,429,787	\$ 26,498,345	(\$ 84,639 )	\$ 136,906,041
Net income of current period	6(19)	-	-	-	-	9,155,086	-	-	9,155,086
Other comprehensive income	6(19)(20)	-	-	-	-	274,568	( 62,315,798 )	-	( 62,041,230 )
Total Comprehensive Income Current Period		-	-	-	-	9,429,654	( 62,315,798 )	-	( 52,886,144 )
Appropriation and distribution of the earnings for 6(19) 2021:									
Legal reserve		-	-	1,643,956	-	( 1,643,956 )	-	-	-
Cash dividends		-	-	-	-	( 4,213,667 )	-	-	( 4,213,667 )
Share dividend		10,534,167	-	-	-	( 10,534,167 )	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	6(18)	-	( 117 )	-	-	-	-	-	( 117 )
Changes in associates & joint ventures accounted for using equity method	6(18)	-	29,741	-	-	-	-	-	29,741
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(19)	-	-	-	-	1,298,632	( 1,298,632 )	-	-
Disposal of equity in subsidiaries (without losing control)	6(18)	-	3,674	-	-	-	278	-	3,952
Adjustments to cash capital increases of associates not recognized in proportion to the shareholding	6(8)(18)(19)	-	( 766,350 )	-	-	( 275,185 )	-	-	( 1,041,535 )
Balance on December 31, 2022		\$ 31,602,501	\$ 17,616,034	\$ 6,962,392	\$ 20,326,692	\$ 39,491,098	(\$ 37,115,807 )	(\$ 84,639 )	\$ 78,798,271

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

Unit: NT\$ thousands

	Note	2022	(After restatement) 2021
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 9,490,263	\$ 17,044,044
Adjustments			
Income and expenses			
Unrealized incomes among affiliates		18,616	12,662
Depreciation expense	6(27)	125,091	122,809
Expected credit impairment (incomes) losses	6(27)	( 165 )	192
Interest Cost	6(26)	306,542	261,773
Interest revenue	6(23)	( 96,590 )	( 10,325 )
Share of profit of associates accounted for using the equity method	6(8)		
Loss (gain) on disposal of property, plant and equipment	6(25)	( 7,814,291 )	( 17,254,519 )
Investment property fair value loss (gain)	6(11) (25)	( 6 )	566
Valuation profit on financial assets at fair value through profit or loss	6(5)(25)	83,871	( 43,800 )
		-	( 12,018 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		( 29,476 )	-
Accounts receivable		( 1,972 )	( 1,885 )
Accounts receivable - related party		( 96 )	23
Other receivables		( 138,341 )	2,923
Other receivables - related Party		2,721	( 715 )
Inventories		1,553,693	( 222,348 )
Prepayments		35,031	( 48,639 )
Other Current Assets		( 290,092 )	91,767
Net change in liabilities related to operating activities			
Contractual Liabilities - Current		( 369,418 )	764,158
Notes payable		54,656	( 5,160 )
Notes Payable – related Party		( 89,477 )	3,428
Accounts payable		276,549	21,961
Accounts Payable – related Party		543,013	( 42,305 )
Other payables		5,980	12,721
Other Current liabilities		20,505	( 5,041 )
Other non-Current liabilities		( 3,628 )	( 1,875 )
Cash flow in from operating		3,682,979	690,397
Interest received		82,128	9,757
Amount of interest Paid		( 405,073 )	( 315,843 )
Dividends received		3,257,622	3,701,102
Income tax paid		( 444,328 )	( 1,134,802 )
Income tax refunded		-	12,566
Cash inflow from operating activities		<u>6,173,328</u>	<u>2,963,177</u>

(Continued)



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

Unit: NT\$ thousands

	Note	2022	(After restatement) 2021
<u>Cash flows from investing activities</u>			
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	6(6)	(\$ 15,929 )	\$ -
Disposal of financial Assets at fair value through other comprehensive income acquired - non-Current	6(6)	1,299,428	124,319
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income - non-current	6(6)	849	127,438
Investment accounted for under the equity method	6(8)	( 3,742,116 )	( 3,745,505 )
Return of funds to reduced investment adopting the Equity method	6(8)	-	3,305,755
Acquisition of property, plant and equipment	6(9)	( 7,421 )	( 59,636 )
Disposal the payment of property, plant and equipment		94	612
Increase in refundable deposits		( 23,250 )	( 30,880 )
Increase in other non-current assets		( 735 )	( 585 )
Cash used in investing activities		( 2,489,080 )	( 278,482 )
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	6(32)	3,695,000	( 500,000 )
Net decrease in short-term bills payable	6(32)	( 1,490,000 )	( 280,000 )
Amount of long-term borrowings	6(32)	45,575,000	44,333,000
Repayments of long-term borrowings	6(32)	( 47,220,000 )	( 42,363,000 )
Increase (decrease) in guarantee deposits received	6(32)	23,808	( 16,383 )
Principal elements of lease payments	6(10)(32)	( 90,839 )	( 89,396 )
Cash dividends paid	6(19)	( 4,213,667 )	( 1,504,881 )
Cash used in financing activities		( 3,720,698 )	( 420,660 )
Increase (decrease) in cash and cash equivalents of current period		( 36,450 )	2,264,035
Cash and cash equivalents, beginning of period	6(1)	5,731,650	3,467,615
Cash and cash equivalents, end of period	6(1)	\$ 5,695,200	\$ 5,731,650

The attached unconsolidated financial statement and notes are parts of this unconsolidated financial report, please refer to them all together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

## Ruentex Development Co., Ltd.

### The “Rules of Procedures for Shareholders Meetings” amendment list

After amendment	Before amendment	Description
<p>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 and sign-in cards handed in, <b><u>and the shares checked in on the virtual meeting platform</u></b>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p>	<p>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.</p>	<p>In accordance with the Taiwan Stock Exchange’s Letter No. 11100042501 dated March 8, 2022, it is amended the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” for the amended provisions.</p>
<p>4. Paragraph 1 to 3 (Omitted)  <b><u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></b>  <b><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the</u></b></p>	<p>4. Paragraph 1 to 3 (Omitted)</p>	

After amendment	Before amendment	Description
<p><b><u>Company two days before the meeting date.</u></b></p>		
<p>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.</p> <p><b><u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</u></b></p> <p><b><u>When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></b></p> <p><b><u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></b></p>	<p>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.</p>	<p>In accordance with the Taiwan Stock Exchange's Letter No. 11100042501 dated March 8, 2022, it is amended the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" for the amended provisions.</p>
<p>8. Audio or video records for the process of a shareholders' meeting shall be made and</p>	<p>8. Audio or video records for the process of a shareholders' meeting shall be made and</p>	<p>In accordance with the Taiwan Stock</p>

After amendment	Before amendment	Description
<p>retained for at least one year.</p> <p><b><u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></b></p> <p><b><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></b></p> <p><b><u>In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></b></p>	<p>retained for at least one year.</p>	<p>Exchange's Letter No. 11100042501 dated March 8, 2022, it is amended the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" for the amended provisions.</p>
<p>9. The Chair shall call the meeting to order at the meeting time <b><u>and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the</u></b></p>	<p>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</p>	<p>In accordance with the Taiwan Stock Exchange's Letter No. 11100042501 dated March 8,</p>

After amendment	Before amendment	Description
<p><b><u>meeting.</u></b> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. 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.</p> <p>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.</p> <p><b><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of</u></b></p>	<p>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.</p> <p>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.</p>	<p>2022, it is amended the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” for the amended provisions.</p>

After amendment	Before amendment	Description
<p><u>Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes and such obstacles cannot be resolved, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 3 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have</u></p>		

After amendment	Before amendment	Description
<p><b><u>withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></b></p>		
<p>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.</p> <p>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.</p> <p><b><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in the preceding</u></b></p>	<p>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.</p> <p>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.</p>	<p>In accordance with the Taiwan Stock Exchange’s Letter No. 11100042501 dated March 8, 2022, it is amended the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” for the amended provisions.</p>

After amendment	Before amendment	Description
<p><b><u>two paragraphs do not apply. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></b></p>		
<p>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.</p> <p><b><u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></b></p> <p><b><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></b></p>	<p>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.</p>	<p>In accordance with the Taiwan Stock Exchange’s Letter No. 11100042501 dated March 8, 2022, it is amended the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” for the amended provisions.</p>



## Ruentex Development Co., Ltd.

Details of the proposal for a cash capital reduction to return capital

### **1. The reason for and necessity and reasonableness of this cash capital reduction**

As the profits have grown in recent years, the Company have paid out stock dividends as approved by resolution of each year's shareholders' meeting. The Company's share capital has increased from NT\$15,048,810 thousand on December 31, 2020 to NT\$31,602,501 thousand on December 31, 2022. Therefore, to increase the return on equity for 2023 and improve the effect of fund application by shareholders, the Company resolved a decision to reduce the capital in cash without affecting the future business activities and investment cash flows.

### **2. The source of funds for this cash capital reduction and its impact on the Company's finance and normal business operations and the stability of the capital structure**

The Company has registered growth for our core business in construction and received cash dividends from investees over the past two years. With the cash inflows from our operating activities, we can satisfy the needs for the funds required for this capital reduction. The profits of the Company's core business and income from investees are all growing steadily. The needs for this cash capital reduction is met with our own funds, so it will not affect the Company's future finance and business operations and cause no significant impact on the capital structure.

### **3. Whether the Company has a plan for fundraising or share allotment in the year in which the shareholders' meeting is held and in the coming year and its necessity and reasonableness**

We do not have a plan for fundraising or share allotment in the coming year.

### **4. In the case of any of the following circumstances, please particularly state the consideration for this cash capital reduction and the reasons for business strategy adjustments**

(1) It is a net cash outflow as recorded in the 2022 statement of cash flows.

It is a net cash inflow from operating activities as recorded in the 2022 statement of cash flows, and the net cash outflow throughout the year was mainly caused by the distribution of cash dividends and an increase in investments in external entities, rather than a net outflow from operating activities. The decision about this cash capital reduction is based on the fact that there are no earnings available for distribution after a special reserve has been provided in accordance with the law when the 2022 earnings were distributed. After considering factors of investors' interest and the Company's needs for working capital and share capital, the management put forth a proposal for a cash capital reduction to return capital or distribution of cash from capital surplus. The Board of Directors resolved a decision to reduce the capital in cash, to increase the return on equity without affecting the future business activities and investment cash flows needs, while improving the effect of fund application by shareholders.

(2) Any fundraising activities in the capital market (cash capital increase by issuing ordinary shares or preference shares, domestic or overseas convertible corporate bonds, or depository receipts) during 2022 and 2021: None.

## Ruentex Development Co., Ltd.

### List of Candidates for Directors and Independent Directors

#### List of Director Candidates:

Shareholder account no.	Shareholder name	Number of shares held	Education and experience
246931	Yingjia Investment Co., Ltd. Representative: Jean, Tsang-Jiunn	38,652,162	<p>Education: Osaka College of Design, Japan</p> <p>Experience:</p> <p>Chairman of the Board of Ruentex Development, Ruentex Interior Design Inc., Ruentex Construction International Co., Ltd., Ruentex Xu-Zhan, Ruentex Bai-Yi, Ruentex Innovative Development, Shing Yen Construction &amp; Development Co., Ltd.</p> <p>Director of Ruentex Construction International(BVI), Ruentex Construction, Huei Hong Investment, Ruen Fu, Ruentex Security and Ruentex Resources Integration Co., Ltd.</p>
000270	Ruentex Industries Ltd. Representative: Yin, Chung-Yao	812,208,675	<p>Education: PhD, University of Oxford, UK</p> <p>Experience:</p> <p>Chairman of Nan Shan Life Insurance</p> <p>Director of Ruentex Development, Ruentex Industries, Ruentex Engineering &amp; Construction, Ruentex Materials, Ruentex Xu-Zhan, Yingjia Investment, Chang Quan Investment, Sheng Cheng Investment, Ruentex Xing, Ruen Hua, Ren Ying Industrial, Yi Tai Investment, Ruentex Leasing, Ruen Chen Investment</p>

Shareholder account no.	Shareholder name	Number of shares held	Education and experience
000270	Ruentex Industries Ltd. Representative: Hsu, Sheng-Yu	812,208,675	Education: Business Administration, National Taiwan University Experience: Chairman of Ruentex Industries Ltd. Director of Ruentex Materials Co., Ltd.; Ruentex Hsu Occupational safety & health, Rue Cheng Investment Co., Ltd.
083879	Ruentex Xing Co., Ltd. Representative: Lee, Chih-Hung	27,913,606	Education: MBA, Institute of Business Administration, National Taiwan University Experience: Chairman of Ruentex Materials Co., Ltd. Director of Ruentex Development, Ruentex Industries, Ruentex Engineering & Construction, Ruentex Construction, Ruentex Xu-Zhan, Ruentex Innovative Development
083879	Ruentex Xing Co., Ltd. Representative: Chen, Li-Yu	27,913,606	Education: Taipei Municipal Songshan High School of Agriculture and Industry Experience: Director, Ruentex Development, Ruentex Syu Jan and Ruentex Construction Vice President, Ruentex Development
246931	Yingjia Investment Co., Ltd. Representative: Ho, Kai-Lin	38,652,162	Education: Department of Mechanical Engineering, Lee-Ming Institute of Technology Experience: Director of Ruentex Development, Ruentex Interior Design Inc. Ruen Fu Newlife Corp.

List of candidates for independent directors:

List of candidates	National ID no.	Number of shares held	Education and experience
Chang, Guo-Zhen	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>
Ko, Shun-Hsiung	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>

List of candidates	National ID no.	Number of shares held	Education and experience
Hsieh, Shang-Hsien	A1205*****	0	<p>Education:</p> <p>PhD and MS in Civil and Environmental Engineering, Cornell University, U.S.A.</p> <p>Bachelor of the Department of Civil Engineering, National Taiwan University</p> <p>Experience:</p> <p>Chair of the Department of Civil Engineering, National Taiwan University</p> <p>Professor and Head of the Computer-Aided Engineering Group, Department of Civil Engineering, National Taiwan University</p> <p>Director of the Building Information Modeling Center</p> <p>Deputy International Affairs Director, Office of International Affairs, National Taiwan University</p> <p>Director and Chair of the International Society for Computing in Civil and Building Engineering</p>

**Reasons for the nomination of a candidate, who have served for three consecutive terms, as an independent director:**

If an independent director has already served as an independent director of a public company for three consecutive terms or more, the Company shall publicly disclose, together with the results of the above-stated review, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders meeting as per Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The reason that the Company continues to nominate the candidate, who has served as an independent director for three consecutive terms, for an independent director is as follows:

Ko, Shun-Hsiung	<ol style="list-style-type: none"><li>1. Mr. Ko, Shun-Hsiung and his spouse do not hold any shares in the Company and are not related to any managers at the Company and therefore are independent of the Company.</li><li>2. As Mr. Ko, Shun-Hsiung served as an accountant at the Chien Ta Accounting Firm with an academic background in financial and accounting management and served as the convener of the Audit Committee and the convener of the Remuneration Committee of the Company. With his expertise, he provides the Company with many valuable opinions on financial accounting, supervises the Board of Directors, and provides professional advice, so Mr. Ko continues to be listed as one of the independent director candidates.</li></ol>
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Chang, Guo-Zhen	<ol style="list-style-type: none"><li data-bbox="544 150 1412 349">1. Mr. Chang, Guo-Zhen and his spouse do not hold any shares in the Company and are not related to any managers at the Company and therefore are independent of the Company.</li><li data-bbox="544 367 1412 779">2. As Mr. Chang, Guo-Zhen is a professor of the Department of Civil Engineering, National Taiwan University, and he has professional experience and an academic professional background in construction management. He provides the Company with many valuable opinions on construction project management, so Mr. Chang continues to be listed as one of the independent director candidates.</li></ol>
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## Ruentex Development Co., Ltd.

### Details of Lifting of the Non-Compete Restrictions on Candidates of Directors

Name of Director	Concurrent Positions in Another Company, and Name of the Company	Contents in Another Company, and Name of the Company	Situation of Interest-Conflict with Concurrent Positions in Another Company
Yingjia Investment Co., Ltd. Representative: Jean, Tsang-Jiunn	Chairman of Ruentex Bai-Yi Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict
	Director of Ruen Fu Newlife Corp.	Senior Citizen's housing and buildings general affairs administration	None of Interest-Conflict
	Chairman of Shing Yen Construction & Development Co., Ltd.	Congregate housing and commercial building rental and sale and operation of department store business	None of Interest-Conflict
	Director of Huei Hong Investment Co., Ltd.	General Investment on diversity of assets and business	None of Interest-Conflict
	Chairman of Ruentex Innovative Development Co., Ltd.	Congregate housing and commercial building rental and sale development and investment management consultant	None of Interest-Conflict
	Chairman of Ruentex Interior Design Inc.	Design and Construction of Interior Decoration, Gardens, and Greenery	None of Interest-Conflict
	Chairman of Ruentex Xu-Zhan Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict
	Chairman of Ruentex Construction & Development Co., Ltd.	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	None of Interest-Conflict
	Director of Ruentex Security Co., Ltd.	Private Security Service	None of Interest-Conflict



Name of Director	Concurrent Positions in Another Company, and Name of the Company	Contents in Another Company, and Name of the Company	Situation of Interest-Conflict with Concurrent Positions in Another Company
Ruentex Industries Ltd. Representative: Yin, Chung-Yao	Chairman of Nan Shan Life Insurance Co., Ltd.	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	None of Interest-Conflict
	Director of Nan Shan General Insurance Co., Ltd.	Property insurances	None of Interest-Conflict
	Director of Ruentex Industries Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	None of Interest-Conflict
	Director of Ruentex Engineering & Construction Co., Ltd.	Contract of construction and civil engineering	None of Interest-Conflict
	Director of Ruentex Materials Co., Ltd.	Building materials production and distribution	None of Interest-Conflict
	Director of Ren Ying Industrial Co., Ltd.	General Investment and Property Leasing	None of Interest-Conflict
	Director of Ruentex Xing Co. Ltd.	General Investment on diversity of assets and business	None of Interest-Conflict
	Director of Ruentex Leasing Co.,Ltd.	Equipments Leasing	None of Interest-Conflict
	Director of Yingjia Investment Co., Ltd	General Investment	None of Interest-Conflict
	Director of Ruen Chen Investment Holdings Ltd.	General Investment	None of Interest-Conflict
	Director of Ruen Hua Dyeing & Weaving Co., Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments and General Investment	None of Interest-Conflict
	Director of Chang Quan Investment Co., Ltd.	Congregate housing and commercial building and General Investment	None of Interest-Conflict
	Director of Sheng Cheng Investment Co., Ltd.	General Investment	None of Interest-Conflict
	Director of Yi Tai Investment Co., Ltd.	General Investment	None of Interest-Conflict
	Director of Gin-Hong Investment Co., Ltd.	General Investment	None of Interest-Conflict
Director of Ruentex Xu-Zhan Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict	

Name of Director	Concurrent Positions in Another Company, and Name of the Company	Contents in Another Company, and Name of the Company	Situation of Interest-Conflict with Concurrent Positions in Another Company
Ruentex Industries Ltd. Representative: Hsu, Sheng-Yu	Chairman of Ruentex Industries Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	None of Interest-Conflict
	Director of Ruentex Materials Co., Ltd.	Building materials production and distribution	None of Interest-Conflict
	Director of Ruen Chen Investment Holdings Ltd.	General Investment	None of Interest-Conflict
	Chairman of KOMPASS GLOBAL SOURCING SOLUTIONS LTD.	International Business	None of Interest-Conflict
	Director of Ruentex Xu-Zhan Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict
Ruentex Xing Co. Ltd. Representative: Lee, Chih-Hung	Chairman of Ruentex Engineering & Construction Co., Ltd.	Contract of construction and civil engineering	None of Interest-Conflict
	Director of Ruentex Materials Co., Ltd.	Building materials production and distribution	None of Interest-Conflict
	Director of Ruentex Bai-Yi Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict
	Director and President of Ruentex Innovative Development Co., Ltd.	Congregate housing and commercial building rental and sale development and investment management consultant	None of Interest-Conflict
	President of Shing Yen Construction & Development Co., Ltd.	Congregate housing and commercial building rental and sale and operation of department store business	None of Interest-Conflict
	Director of Ruentex Xu-Zhan Development co., Ltd.	Mall Operations and Commercial Property Leasing	None of Interest-Conflict
	Director of Ruentex Construction & Development Co., Ltd.	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	None of Interest-Conflict

Name of Director	Concurrent Positions in Another Company, and Name of the Company	Contents in Another Company, and Name of the Company	Situation of Interest-Conflict with Concurrent Positions in Another Company
Ruentex Xing Co. Ltd. Representative: Lee, Chih-Hung	Director of Ruentex Industries Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	None of Interest-Conflict
Ruentex Xing Co. Ltd. Representative: Chen, Li-Yu	Director of Ruentex Construction & Development Co., Ltd.	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and	None of Interest-Conflict
Yingjia Investment Co., Ltd. Representative: Ho, Kai-Lin	Director of Ruentex Interior Design Inc.	Design and Construction of Interior Decoration, Gardens, and Greenery	None of Interest-Conflict
	Director of Ruen Fu Newlife Corp.	Senior Citizen's housing and buildings general affairs administration	None of Interest-Conflict
Yingjia Investment Co., Ltd.	Director of Ruentex Engineering & Construction Co., Ltd.	Contract of construction and civil engineering	None of Interest-Conflict
Ruentex Industries Ltd.	Chairman and Director of Gin-Hong Investment Co., Ltd.	General Investment	None of Interest-Conflict
	Director of Ruen Chen Investment Holdings Ltd.	General Investment	None of Interest-Conflict
	Director of Ruentex Materials Co., Ltd.	Building materials production and distribution	None of Interest-Conflict
	Director of Shing Yen Construction & Development Co., Ltd.	Congregate housing and commercial building rental and sale and operation of department store business	None of Interest-Conflict
	Chairman and Director of KOMPASS GLOBAL SOURCING SOLUTIONS LTD.	International Business	None of Interest-Conflict
Ruentex Xing Co. Ltd.	Chairman and Director of Ruen Shin Healthcare	Healthcare Service	None of Interest-Conflict
	Director of Ruentex Industries Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	None of Interest-Conflict

# IV. Appendixes

[Appendix 1]

## Corporate Charter 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\$50 billion, divided into 5 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 shall be affixed with the signatures or personal seals of the director representing the Company. 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.

The Company's shareholders' meeting can be held by means of a visual communication network or other methods promulgated by the central competent authority. The Company's shareholders' meeting held via a visual communication network is subject to prescriptions provided for by the competent authority, including the prerequisites, procedures, and other compliance matters.

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.
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.

The Company shall allocate special reserve in the manners listed below:

1. With respect to the book net amount of other deductions from equity for the period in which it arises, an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that is included in the undistributed earnings. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.
2. With respect to the cumulative net amount of other deductions from the equity in a preceding period, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period.

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. Thirty-eighth amendment on June 15, 2021. Thirty-ninth amendment on June 15, 2022.

## **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.

[Appendix 3]

# 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, 2023

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	3.0%	75,846,002	878,774,443
Total	3.0%	75,846,002	878,774,443

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	June 9, 2020	3	38,652,162	1.22
Director	Ruentex Industries Ltd. Representative: Hsu, Sheng-Yu (Note 3)	June 9, 2020	3	812,208,675	25.70
	Ruentex Industries Ltd. Representative: Yin, Chung-Yao	June 9, 2020	3		
	Ruentex Xing Co. Ltd. Representative: Lee, Chih-Hung	June 9, 2020	3	27,913,606	0.88
	Ruentex Xing Co. Ltd. Representative: Chen, Li-Yu	June 9, 2020	3		
	Yingjia Investment Co., Ltd. Representative: Ho, Kai-Lin	June 9, 2020	3	38,652,162	1.22

Independent Director	Ko,Shun-Hsiung	June 9, 2020	3	–	–
	Zhao,Yi-Long	June 9, 2020	3	–	–
	Chang,Guo-Zhen	June 9, 2020	3	–	–
Total number of shares held and ratio of shareholding by all directors				878,774,443	27.80

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

Note 2: The number of shares issued on 2022/11/02(record date of capital increase) has been changed to 3,160,250,095.

Note 3: The representative of director from Ruentex Industries Ltd.was replaced by Hsu, Sheng-Yu from Yin Wong,Yee-Fan since 2022/1/26.