



2023

ANNUAL REPORT

RUENTEX INDUSTRIES LIMITED

ANNUAL REPORT ENQUIRY
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RUENTEX
DATE OF PUBLICATION
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Address and Phone number of the headquarters, and branch offices:

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CFA of Financial Statements of the Most Recent Year:

Name of CPA Firm: PwC Taiwan

Certified Public Accountants: Chang, Shu-Chiung, Seanh Hsu

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**Name of overseas exchange where securities are listed,
and the methods for inquiring the foreign-listed securities:**None

Corporate website:<http://www.ruentex.com.tw>

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Report to Shareholders

I. 2023 Business Report

(I) Achievements of the Business Plan

The Company's consolidated operating income for the year 2023 was NT\$2.681 billion; gross profit was NT\$936 million; net income for the period was NT\$7.575 billion; earnings per share was NT\$7.19.

(II) Budget Achievements

In 2023, we are still affected by several factors such as a sharp rise in interest rates, global inflation and weaker-than-expected economic performance, which weakened the global product demand. Furthermore, the Russian-Ukrainian War, the Israel-Hamas conflict, and the US-China trade conflict have all affected the global economy and social stability, resulting in many uncertainties. The performance of the Company's related businesses has also been affected, resulting in a decrease in 2023 consolidated operating revenue. The Company's sales volume of textiles and fabrics in 2023 was 8,654 thousand yards, a decrease from the previous year, and failed to achieve the expected target. The sales of the retail business and the hypermarket business have stabilized compared to the pandemic period. Investees under the investment department still created profits for the Company. Due to the interest rate hikes, the Company's profit on investees recognized for 2023 dropped by almost 40% compared with 2022.

(III) Analysis of 2023 Consolidated Revenue and Expenditures and Profitability

Unit: NT\$ thousands; %

		2023	2022
Revenue and Expenditures	Operation Income	2,680,640	2,874,195
	Gross Profit	936,413	980,963
	Operating Profit	65,808	56,177
	Post-tax Profit or Loss	7,574,805	12,063,155
	Net Income Attributable to Owners of the Company	7,499,620	12,168,391
Portability	Return on Assets (%)	7.16	9.40
	Return on Equity (%)	8.40	11.79
	Profit Before Tax to Capital Stock (%)	69.41	118.57
	Net Profit Margin (%)	282.57	419.71
	Equity per Share (NT\$)	7.19	15.55

(IV) Research and Development

The Company's businesses cover various industries, ranging from apparel retail, textile

trade, to merchandise sales. At present, its main focus is on research and development (R&D) of textiles in the textile industry.

The Company has extensive experience in the production of yarn dyed fabrics and piece dyed fabrics and the most complete textile fabric database in Taiwan. With the expertise, research resources, and R&D capabilities of the Ruentex Industries' technical service team, the Company provides fabric pattern design services according to the needs of international fashion brands. The products and technologies currently being developed and planned to be developed in the future include: GOTS organic cotton label fabric, recycled cotton fabric, deodorizing and antibacterial processing with 100% bio-based ingredients, and zero-carbon modal fabric, industrial compost decomposable polyester fabric, eco-friendly elastic fabric, bio-nylon fabric, pineapple fiber fabric, abaca fiber fabric, eco-friendly and low carbon emission printing and dyeing fabrics, eco-friendly elastic fabrics, recycled yarn from marine waste or industrial wastes recycled yarn fabric, various post-consumer recycled chemical fiber fabrics, eco-friendly long-lasting cooling fabrics, manufacturing technology for wide-width functional fabrics for home furnishings, three-dimensional (3D) jacquard woven fabrics, and health-focused functional fabrics. The Company's main R&D mission is to create high value-added and differentiated products and services for customers, purchase and to combine brand style design with the new 3D design system, and improve customized services, while aiming to become a major fabric supplier for internationally renowned apparel brands.

II. Overview of the 2024 Business Plan

(I) Operational Policy

For the retail business of the brand agency, the Company has already taken on 3 apparel brands - Nautica, Jeep Spirit, Eden Park and 1 tea brand -Whittard, all of which have established market reputations. In addition, the Company added the apparel brand Ted Baker in 2023 to our portfolio. The store officially opened in February 2024. It is hoped that its high-quality, unique and meticulous fashion design can bring good results to the Company's retail business.

In terms of marketing, the Company will continue to look for sales locations and online shopping platforms with development potential, and make more use of digital tools to provide customers with a more convenient shopping experience.

In terms of product design and development, we work with foreign agents to develop a variety of popular products that meet consumer needs, and continue to refine design capabilities through customer feedback to better meet consumer needs. In the long term, the Company will develop more competitive products and brands through resource integration to gradually expand the business scale.

In terms of textile and apparel trading, the Company is different from the general trader's business model. With the excellent product development and design capabilities and the advantages of integrated services accumulated over the years in the manufacturing of

fabrics, the Company focuses on the main customers and continues to develop customers of well-known brands in Europe and the United States, lifting business revenue. Meanwhile, with the strategic alliance with suppliers, it aims to expand its market share in the functional products and knitting market, seeking more customers and orders. In the future, the Company will continue to innovate and develop in line with the rapidly-change market and products, and, synergized with its design and development service for customers, it will create added-value and differentiation, enhancing its competitiveness.

Regarding the hypermarket business, we have launched online shopping platforms to cope with changes in consumer shopping habits and enhance the performance of online sales. As for promotional events, we have established an official platform through communication software to increase the frequency of customers visiting the stores and developed an E-business model to work with several food delivery platform operators to increase delivery services and expand from fresh food delivery only in the past to daily necessities providing customers with more diverse choices. At the same time, the Company actively participates in PX MART's online shopping platform to increase sales performance and uses the advantages of joint procurement with PX MART, hoping to maintain stable growth in sales and gross profit.

In the construction business, adhering to the principle of “Integrity and Quality First”, the Company will accelerate the revitalization of land assets. However, the Company will maintain appropriate land inventories, and develop office or residential building projects steadily. In addition, the Company will prudently evaluate the opportunities for investment to ensure the success of its diversified business strategy and thus increase profitability.

The Company's investment business will continue to select domestic and international investment targets on the “conservative and prudent evaluation, and benefit-risk balance” principle, to diversify sources of profit.

(II) Expected Sales and Bases:

Based on the operating scale, conditions, and business of the market in 2023, the Company has estimated that its sales volume of textile trading business in 2024 would be able to maintain the same level as that in the previous year. In addition, the goal of the construction and hypermarket businesses is to maintain the same level as that in 2023. It is hoped that the retail business can grow steadily in the post-pandemic era to create better performance for the Company.

(III) Important Production-marketing Policies:

Regarding the retail business of the Company agency business, in addition to the internationally renowned apparel brands represented, we will seek other brands with development potential to expand our share in the retail market. We continue to hunt for new retail locations with high potential and push the unit sales performance for each location as a major marketing strategy. Moreover, through the brand's official website and multiple ecommerce platforms, customers now have better access to our products. In the long term,

the Company will develop more competitive products and brands through resource integration and gradually increase the proportion of retail business in its portfolio.

In the textile business, through the Company's competitive advantage in product design and development and product integration, we will enhance ties with major clients and continue to expand markets of well-known brands in Europe and the U.S. in order to increase revenue. Meanwhile, through existing supplier strategic alliances, we will work with more clients and obtain more orders to increase revenue from various textile markets. To respond to the rapid changes in the market and products in the future, the Company will continue to innovate and develop and synergize with its design and development service for clients, to create added-value and differentiate us from other competitors, thus enhancing our competitiveness.

For wholesale business, as online and mobile shopping have flourished in recent years, online shopping has become one of consumers' shopping channels. Thus, we will enhance the variety of products on and the convenience of our online shopping platforms, improve capability in online sales, and reinforce interaction with consumers through promotional events on our communication software official accounts, to increase customer visit frequency. At the same time, we endeavor to develop an E-business model and collaborate with delivery platforms to provide a fresh produce delivery service in order to give customers diverse options as well as take advantages of purchasing consortium, to provide them with better deals. Through these measures, sales are expected to grow steadily.

In the construction business, adhering to the principle of "Integrity and Quality First", the Company will maintain appropriate land inventories, and develop office or residential building projects steadily. In addition, the Company will prudently evaluate the opportunities for investment to ensure the success of its diversified business strategy and thus increase profitability.

(IV) Influence of External Competition, Legal Environment, and Macro Business Environment:

In 2023, due to factors such as high inflation, high interest rates, and weaker-than-expected post-pandemic economic performance, the consumer market was weak and manufacturing activities slowed down. However, as the two major economies, the U.S. and China are both facing unfavorable factors in consumption and investment, although the economic performance of other major economies such as Europe and emerging market and developing economies is expected to be better than that in 2023, it is still difficult to support the economic sluggishness. Therefore, major international forecast institutions believe that the global economic growth in 2024 will be slightly slower than that in 2023, but the global merchandise trade is still expected to show a recovery trend.

In 2023, the turnover of the retail industry and the restaurant industry have both reached a record high, indicating that the strength of private consumption is still strong. In addition, the pressure on manufacturers to de-stock has eased, and the stable development of the job market is conducive to the domestic consumer market. With the increase in basic salaries

and salaries of military and education personnel and the increase in the tax-free allowance for basic living expenses per person, the disposable income of households is relatively loose, and there is still room for growth in the number of overseas trips compared with before the pandemic which will benefit the growth momentum of private consumption.

The Company complies with laws and regulations as required, and the Company responds immediately to the possible impact of legal changes on its financial business and makes amendments accordingly so as to reduce the impact of legal amendments on the Company. The Company's management team will continue to adopt diversified development and business strategies with a proactive attitude in the face of various daunting situations to create greater profits for all shareholders.

This is what I would like to report to you.

I would like to wish all of you

Good health and all the best,

Chairman: Hsu, Sheng-Yu

Company Profile

I. Date of incorporation: January 14, 1976

II. Corporate History:

The company merged with Huaxin Textile Co., Ltd. and Runtai Textile Dyeing and Finishing Industry Co., Ltd. to form Huaxin Ruentex Co., Ltd. on January 14, 1976, and was renamed Ruentex Industrial Co., Ltd. on June 30 of the same year. Due to business needs, it was renamed "Ruentex Textile Co., Ltd." in May 1990, and it was later renamed "Ruentex Industries Ltd." in June 2002 based on a diversified business strategy. With a registered paid-in capital of NT\$7,343,187,720, the Company's businesses include the production and sales of cotton grey cloth, yarn dyed fabrics, and piece dyed fabrics; hypermarket and retail businesses; investment in the construction of general condos and residential buildings. Its main business development process over the years is as follows:

- 1976: Built the fourth plant of Ruentex in Yangmei Town, Taoyuan County and the fifth plant of Ruentex in Xiushui Township, Changhua County, at the end of the year.
- 1979: Built the sixth plant of Ruentex in the Pingzhen Industrial Zone in Pingzhen District, Taoyuan County, in February.
- 1988: Built the seventh plant of Ruentex in Xinfeng Township, Hsinchu County in August.
- 1989: Terminated the production of the fifth plant located in Xiushui, Changhua, in April; terminated the production of the fourth spinning plant located in Yangmei in May, and moved part of the equipment to the third plant.
- 1990: The general shareholders' meeting approved the change of the Company's name to "Ruentex Textile Co., Ltd." in April.
- 1991: The general shareholders' meeting in April approved: (1) The Company would engage in warehousing and freight business related to distribution channels of supermarkets and distribution markets, and the import and export business related to construction machinery, commercial (office) building automation equipment, and other relevant businesses. (2) The total amount of investment in investees would not be restricted by the limit of 40% of its paid-in capital, and the Board of Directors was authorized to make business decisions on such investments.
- 1993: Obtained Taiwan sales agency right of Nautica, a global brand name in November, and officially launched this business in the second half of 1994.
- 1994: The general shareholders' meeting on April 22 approved a capital increase in cash by NT\$1 billion to support the construction of the second plant in Yangmei and the replacement of machinery and equipment, which was approved by the Securities and Futures Institute on November 15.
- 1995: (1) The general shareholders' meeting on May 31 approved capitalization of capital surplus by NT\$165,727,410. After the capital increase, the total paid-in capital was NT\$4,308,912,470.
(2) Used the funds after the capital increase in cash to complete establishment of a fabrics factory and a textile sizing factory of Yangmei Plant No. 2, which had been put into production one after another.
- 1996: (1) The general shareholders' meeting on June 5 passed the ① capitalization of capital surplus by NT\$258,534,750. After the capital increase, the total paid-in capital was NT\$4,567,447,220. ② Added new business services for the hypermarket business, and diversified the development of revenue sources.
(2) Increased capital in cash by way of issuing 100 million shares in 1994, at a

premium of NT\$20 per share, and thus actually raised NT\$2 billion of funds for the construction of factories and the purchase of additional machinery and equipment. The implementation was completed in the third quarter of 1996 in line with the original plan. The new plant—Yangmei Plant No. 2— is mainly responsible for the sections of dyeing, sizing, and weaving in the process. Since the plant was put into production, the Company's production capacity and cost effectiveness have been significantly improved, and it has become one of the Company's main production plants.

- 1997:
 - (1) The general shareholders' meeting on April 8 approved a capital increase in cash by way of issue of 77,343,750 shares at a premium of \$27 per share, and the funds actually raised were in the amount of NT\$2,088,281,250 for the operation of the hypermarket business.
 - (2) Introduced 30 Air Jet Looms, weaving machines of Japanese TOYOTA, for production in December, which passed ISO9001 certification in the same month.
- 1998:
 - (1) The general shareholders' meeting on May 8 approved capitalization of capital surplus by NT\$625,437,420 and capitalization of earnings by NT\$625,437,420. After the capital increase, the paid-in capital was NT\$7,505,249,000.
 - (2) Ruentex Textile's second hypermarket—Zhonghe Store officially opened on December 9.
 - (3) Introduced 172 Air Jet Looms, weaving machines of Japanese TOYOTA (60 for Yangmei Plant No. 2 and 112 for Yangmei Plant No. 3), as well as updated the dyeing and finishing equipment while introducing an automatic feeding system for dyeing factories.
- 1999: The general shareholders' meeting on June 10 approved capitalization of capital surplus by NT\$375,262,450. After the capital increase, the total paid-in capital was NT\$7,880,511,450.
- 2000: Signed a contract with Auchan SA, the second largest seller in France, on the sale of part of RT-MART International Co., Ltd. in December to jointly develop overseas markets of the Company's hypermarket business.
- 2001: The extraordinary shareholders' meeting on February 2, the shareholders' interim meeting approved the cancellation of the merger with RT-MART International Co., Ltd.
- 2002: The general shareholders' meeting on June 20 passed: (1) The company would be renamed "Ruentex Industries Ltd." (2) The Company's investment in and limit of investment in businesses in China are handled in compliance with the relevant laws and regulations of the competent authority, and the Board of Directors is authorized to handle it in accordance with relevant laws and regulations.
- 2003:
 - (1) Moved Ruentex Plant No. 6 to the expanded Yangmei Plant No. 3 in January for centralized management.
 - (2) Sold the fixed assets and the business of the hypermarket Pingzhen Store to RT-MART International Co., Ltd. in December
- 2004: Invested in the setup of Ruentex Industries Ltd. (Shandong) in China through a third-region business in March, responsible for the sales of apparel brands' products in China.
- 2005: Obtained the Taiwan sales agency right of Jeep, a famous U.S. brand, in March, and established sales sites in Taipei SOGO, Takashimaya, and Kuang San SOGO department stores, as a new brand in the ranks of the Company's brand names in the agency/distribution business.

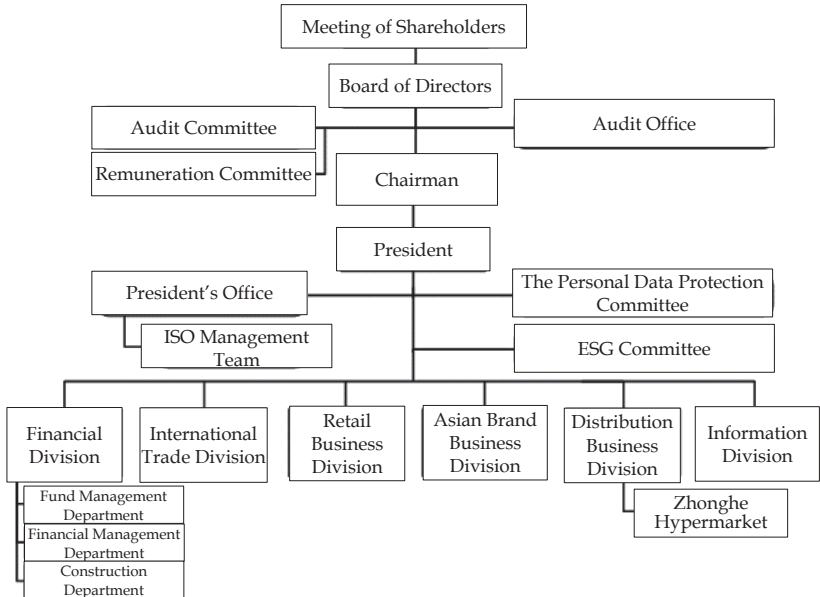
- 2006: Obtained the Taiwan sales agency right of Kenneth Cole, a U.S. apparel brand, in April, of which the operations officially started in September.
- 2007: (1) Obtained the Taiwan sales agency right of Eden Park, a French apparel brand, of which the operations officially started in April.
(2) Moved Ruentex Guanyin Plant to Yangmei Plant No. 2 in July for centralized management.
- 2008: (1) Merged with Jin An Investment Co., Ltd., a 100%-owned subsidiary of the Company in February.
(2) Moved Ruentex Zhongli Plant to Yangmei Plant No. 2 in November for centralized management.
- 2010: (1) Established the Internet Marketing Division to be responsible for online marketing in September.
(2) Approved the issuance of five-year-term domestic unsecured corporate bonds to raise of a fund of NT\$4 billion in December.
- 2011: (1) Established the Asia Brand Business Office to be responsible for the agency retail business of Japanese brands in January.
(2) Approved capital increase in cash by way of issue of 130 million shares at a premium of NT\$45 per share in October.
- 2012: Included new Japanese brands, namely HONEY BUNCH, TRALALA & LIZ LISA doll, and LIP SERVICE in the ranks of the Company's brands in the agency business.
- 2013: Approved capital increase in cash by way of issue of 100 million shares at a premium of NT\$70 per share in October.
- 2014: Obtained the Taiwan sales agency right of LIZ LISA, a Japanese brand.
- 2015: Obtained the Taiwan sales agency right of KILARA, a Japanese brand.
- 2016: Obtained the Taiwan sales agency right of titty & co., a Japanese brand.
- 2017: Concord Greater China Limited, an important subsidiary of the Company, signed a contract to dispose of the equity of Sun Art and A-RT in November.
- 2018: (1) Introduced Whittard of Chelsea, a well-known British century-old tea brand, to Taiwan in May, and has established sales sites in the Taipei Nan Shan Plaza, the Mitsui Outlet Park Taichungport, and the Gloria Outlets in Taoyuan since January 2019.
(2) The shareholders' meeting in June approved a capital reduction by around NT\$3.766 billion, or 40%.
- 2019: Terminated the operations at Yangmei Plant of the Company on April 26.
- 2020: Established sales sites for Whittard of Chelsea in the Mitsui Outlet Park Linkou, Mega City in Banqiao, Top City in Taichung, TaiMall, and Big City in Hsinchu.
- 2021: The shareholders' meeting in July approved a capitalization from earnings by around NT\$1.695 billion.
- 2022: Approved capital increase in cash by way of issue of 370 million shares at a premium of NT\$50 per share in October.
- 2023: Obtained the Taiwan sales agency right of Ted Baker, a British brand.
- 2024: The apparel brand Ted Baker opened in February.

Governance

I. Organization

(I) Organization Framework:

1. Organizational chart:



2. Department Functions and Duties:

Department	Business Functions and Duties
International Trade Division	Responsible for the sales of various products; acceptance of orders of and sales of domestic and foreign garments; order load control and order logistics processing operations, as well as the management of materials and supplies, the inventory of finished goods, and shipment
Retail Business Division	Responsible for the Company's agency sales business of world-renowned apparel brands, including Nautica, JEEP, Eden Park, Ted Baker and the tea brand of Whittard
Asian Brand Business Division	Responsible for the Company's agency sales business of well-known Japanese apparel brands.
Distribution Business Division	Responsible for the Company's hypermarket business
Information Division	Responsible for the Company's software ,hardware information service business of various departments of the Company and Information Security Management
Financial Division	
Fund Management Department	Responsible for comprehensive management of financial services, such as fund coordination, payments and receipts, and stock affairs
Financial Management Department	Responsible for comprehensive accounting services, such as accounting, cost, and business analysis
Construction Department	Responsible for the Company's construction and development business

II. Background Information of the Directors, the President, Vice Presidents, Assistant Vice Presidents, and Chiefs of Departments and Branches:
1. Profiles of Directors

Data as of April 29, 2024; Unit: Share/NTD thousands

Title (Note 1)	Nationality or Registration Place	Name	Gender Age (Note 2)	Elected (Inaugurated) Date	Term Election to Office (Note 3)	Shareholdings at the Time of Election to Office		Current shareholding		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience (Note 4)	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code		Remark (Note 5)
						Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held					
																Title	Name	
Chairman (Note 6)	ROC	Huei Hong Investment Co., Ltd.	~	July 30, 2021	April 23, 1985	34,180,700	6.0512%	44,434,910	4.0237%	0	0%	0	0%	~	~	No	~	
														Business Administration, National Taiwan University CFO, RT-Mart China	Chairman, Global Compass Sourcing Solutions Ltd. Director, Ruen Chen Investment Holdings Ltd., Ruentex Development, Ruentex Material, and Ruentex Xuzhan	~	~	
		Representative: Sheng-yu Hsu	Male 61-70	Jan. 26, 2022	3 years Jan. 26, 2022	17,993	0.0025%	524,931	0.0475%	5,067	0.0005%	0	0%		No	~	~	
Director	ROC	Huei Hong Investment Co., Ltd.	~	July 30, 2021	April 23, 1985	34,180,700	6.0512%	44,434,910	4.0237%	0	0%	0	0%	~	~	No	~	
														Ph.D. in Economics & Company Decision Sciences, Northwestern University, USA Vice superintendent, Shu-Tien Urology Ophthalmology Clinic	in President of the Company Director, Global Compass Sourcing Solutions Ltd.	~	~	
		Representative: Hsu, Chih- Chang	Male 61-70	July 30, 2021	3 years June 27, 2003	245,704	0.0435%	948,169	0.0859%	0	0%	0	0%		No	~	~	
Director	ROC	Huei Hong Investment Co., Ltd.	~	July 30, 2021	April 23, 1985	34,180,700	6.0512%	44,434,910	4.0237%	0	0%	0	0%	~	~	No	~	
														Department Management Science, NCTU	Vice President of Finance Department, Ruentex Development Co., Ltd. Director, Sunny Friend Environmental Technology Co., Ltd., Ruentex Baiyi	~	~	
		Representative: Yen, Tien- Cheng	Male 61-70	July 30, 2021	3 years September 4, 2018	0	0%	150,000	0.0136%	0	0%	0	0%		No	~	~	

Title (Note 1)	Nationality or Registration Place	Name	Gender Age (Note 2)	Elected (Inaugurated) Date	Term Election to Office (Note 3)	Shareholdings at the Time of Election to Office		Current shareholding		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience (Note 4)	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code	Remark (Note 5)
						Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held				
		Ruentex Xing Co., Ltd.	~	July 30, 2021	June 12, 2012	10,151,379	1.7971%	13,196,792	1.1950%	0	0%	0	0%	~	Co., Ltd. Gin-Hong Investment Co., Ltd.		
Director	ROC	Representative: Yin Chung- Yao	Male 31-40	July 30, 2021	3 years	92,860	0.0163%	667,919	0.0605%	0	0%	0	0%	PhD, University of Oxford, UK	Chairman, Nan Shan Life Insurance Co., Ltd. Chairman, Nan Shan Life Charity Foundation. Director of Nan Shan General Insurance Co., Ltd. ; Kuen Chen Investment Holdings Ltd. ; Ruentex Xing Industries Ltd. ; Ruentex Development Co., Ltd. ; Ruentex Engineering & Construction Co., Ltd. ; Ruentex Materials Co., Ltd. ; Ruentex Xu- Zhan Development co., Ltd. ; Pon Lin Investment Ltd. ; Chang Quan Investment Co., Ltd. ; Yi Tai Investment Co., Ltd. ; Ren Ying Industrial Co., Ltd. ; Yingfa Investment Co., Ltd. ; Sheng Cheng Investment Co., Ltd. ; Ruentex Leasing Co., Ltd. Ruentex Xing Co., Ltd. ; Ruentex Dyeing & Weaving Co., Ltd. ; Gin-Hong	~	

Title (Note 1)	Nationality or Registration Place	Name	Gender Age (Note 2)	Elected (Inaugurated) Date	Term Election to Office (Note 3)	Shareholdings at the Time of Election to Office		Current shareholding		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience (Note 4)	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code	Remark (Note 5)
						Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held				
														National Taiwan University President, Ruentex Engineering & Construction Co., Ltd. Chairman, Ruentex Material Co., Ltd. Director, Ruentex Engineering, Ruentex Xuzhan, Ruentex Baiyi			
Independent Director	ROC	Wang, Tay- Chang	Male 61-70	July 30, 2021	3 years	0	0%	0	0%	0	0%	0	0%	Ph.D. in Finance, Professor, Wharton School of Department of the University of Accounting, Pennsylvania, National Taiwan USA University Independent Director, First Director, Tanvex Financial Holding BioPharma Inc. Co., Ltd. Consultant, Association of Management Board Board of the Governance Public Service Pension Fund Committee Member, Telecommunications Service Fund Administrative Committee of the National Communications Commission	~ No ~		

Title (Note 1)	Nationality or Registration Place	Name	Gender Age (Note 2)	Elected (Inaugurated) Date	Term Election to Office (Note 3)	Shareholdings at the Time of Election to Office		Current shareholding		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience (Note 4)	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code	Remark (Note 5)
						Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held	Number of shares held	% of Shares Held				
Independent Director	ROC	Tang, Gia-Khy	Male 61-70	June 22, 2018	3 June 24, 2015 years	0	0%	0	0%	0	0%	0	0%	Ph.D. in Decision and Information Sciences, Indiana University, USA Chief Risk Control Officer, Global Life Insurance Co., Ltd. Associate Professor, Department of Information Management, National Taiwan University of Science and Technology Chief Consultant, Alliance Technology Co., Ltd. (IBM) Assistant Professor, Department of Information Management, University of Maryland, USA	None	~	~
Independent Director (Note 7)	ROC	Chen, Shou-Jen	Male 61-70	June 23, 2022	3 June 24, 2015 years	0	0%	0	0%	0	0%	0	0%	MA, Department of Business Administration, NCHU President of HR Dept., Concord (China) Ltd. President, Ruen Fu Newlife Corp.	None	~	~

Note 1: The names of corporate shareholders and their representatives shall be listed separately (where they are representatives of corporate shareholders, the names of their corporate shareholders shall be indicated) and indicated in table 1 below.

Note 2: Please prove the substantial age by means of age range e.g., 41-50 years old or 51-60 years old.

Note 3: Each director's time of serving as the Company's director shall be indicated. If there is any interruption, it shall be indicated as well.

Note 4: The title and the responsibilities shall be specified in regard to the experience related to the current position; e.g., a job in a CFA firm to which the CPAs appointed belong or its affiliates during said period.

Note 5: Information related to whether the Chairman and the President or person of an equivalent position (the top-level manager) of the Company are the same person; spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for; reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase of the number of independent directors or a majority of directors who are not also employees or managers concurrently).

Table 1: Major Shareholders of Corporate Shareholders

April 29, 2024

Corporate Shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage
Huei Hong Investment Co., Ltd.	Ruen Hua Dyeing & Weaving Co., Ltd.	63.53%
	Ruentex Xing Co. Ltd.	19.93%
	Yi Tai Investment Co., Ltd.	16.54%
Ruentex Xing Co. Ltd.	Samuel Yen-Liang Yin	99.997%
	Yin Wong, Yee-Fan	0.003%
Shu-Tien Urology and Ophthalmology Clinic	Samuel Yen-Liang Yin	50.00%

Table 2: Information on the Major Shareholders Where Said Major Shareholders of Corporate Shareholders in Table 1 are Corporate Shareholders

April 29, 2024

Corporate Shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage
Ruen Hua Dyeing & Weaving Co., Ltd.	Ruentex Xing Co. Ltd.	19.55%
	Ren Ying Industrial Co., Ltd.	19.14%
	Chang Quan Investment Co., Ltd.	18.44%
	Huei Hong Investment Co., Ltd.	17.96%
	Samuel Yen-Liang Yin	13.70%
	Yin Wong, Yee-Fan	6.55%
	Yin Xun Ruo Education Foundation	4.40%
	Lena Yin	0.26%
Ruentex Xing Co. Ltd.	Samuel Yen-Liang Yin	99.997%
	Yin Wong, Yee-Fan	0.003%
Yi Tai Investment Co., Ltd.	Ren Ying Industrial Co., Ltd.	85.10%
	Ruentex Xing Co. Ltd.	14.90%

2. Disclosure of the professional qualifications and independence of independent directors

(1) The professional qualifications of directors

Name	The professional qualifications and hands-on experiences
Chairman Sheng-yu Hsu	Master, Graduate School of Commerce, National Taiwan University Having served as the Assistant Manager of the Department of Finance and Production Department of Ruentex Industrial Co., Ltd.; Vice President of Shing Yen Construction & Development Co., Ltd.; President of Ruentex Construction International Co., Ltd.; Chairman of Ruentex Engineering & Construction; having, as well, served Deputy Treasurer, Financial President, Director, Deputy Chairman of RT-Mart Group of China, with more than 20 years of hands-on experiences accumulated in the aforementioned fields. In possession of abundant hands-on experiences accumulated on practical services, strategic management, leadership as well as the hands-on experiences accumulated the duties required by the Company.
Director Hsu, Chih- Chang	Ph.D. in Economics & Decision Sciences, Northwestern University, USA Concurrently served with the Company in the position of President for more than 5 years, in possession of practical experiences required for the Company.
Director Yin, Chung- Yao	PhD, University of Oxford, UK Currently serving as the Chairman of Nan Shan Life Insurance Company, Ltd.; Director of Ruentex Development Co., Ltd., Ruentex Engineering & Construction Co., Ltd., Ruentex Material, Ruen Chen Investment Holdings Ltd. In possession of abundant knowledge with ample hands-on experiences accumulated in extensive fields of the aforementioned companies for more than 5 years.
Director Yen, Tien- Cheng	Department of Management Science, NCTU Serving as Vice President of Finance Department, Ruentex Development Co., Ltd. for more than 5 years and as a director of Ruentex Baiyi, Sunny Friend Environmental Technology and Gin-Hong Investment In possession of hands-on experiences accumulated in extensive fields of finance, accounting or businesses required by the Company for more than 5 years.
Director Lee, Tien- Chien	Department of Business Management, Tatung Institute of Technology Concurrently serving as the Vice President of the Fund Management Department of the Company for more than 5 years and as a director of Sunny Friend Environmental Technology, Gin-Hong Investment, and Ruen Chen Investment Holdings Ltd. In possession of hands-on experiences accumulated in extensive fields of finance, accounting or businesses required by the Company for more than 5 years.
Director Lee, Chih- Hung	MBA, Institute of Business Administration, National Taiwan University Currently serving as the Director & President of Ruentex Development Co., Ltd. and Chairman of Ruentex Material Co., Ltd.; Director of Ruentex Engineering & Construction, Ruentex Xuzhan, Ruentex Baiyi. In possession of hands-on experiences accumulated in extensive fields of finance, accounting or businesses required by the Company for more than 5 years.

Name	The professional qualifications and hands-on experiences
Independent Director Wang, Tay-Chang	Ph.D. in Finance, Wharton School of the University of Pennsylvania, USA Currently serving as a professor in the Department of Accounting at National Taiwan University, with over 30 years of teaching experience, and serves as an independent director of Tanvex BioPharma Inc. and a director of the Taiwan Association of Board Governance. Was an independent director of First Financial Holdings Inc. and TaiMed Biologics, and a public-interest supervisor of Fu Jen Catholic University and Shih Chien University. Member of the Audit Committee with accounting or financial expertise.
Independent Director Tang, Gia-Khy	Ph.D. in Decision and Information Sciences, Indiana University, USA Has taught in the Department of Risk Management and Insurance at National Chengchi University, the Department of Information Management at National Taiwan University of Science and Technology, the School of Statistics at Renmin University of China in Beijing, and the Data Mining Center at Xiamen University for more than 10 years. Was a senior manager and consultant for Global Life, Shanghai Wangzi Finance, Beijing Information Mining Information Technology, and IBM. In possession of abundant knowledge with ample hands-on experiences accumulated in extensive fields of the aforementioned companies for more than 5 years. Member of the Audit Committee
Independent Director Chen, Shou-Jen	MA, Department of Business Administration, NCHU Was a President of HR Dept., Concord (China) Ltd., and President, Ruen Fu Newlife Corp. In possession of abundant knowledge with ample hands-on experiences accumulated in extensive fields of the aforementioned companies for more than 5 years. Member of the Audit Committee

(2) Facts about independence attribute of directors and independent directors

Name	Facts about independence attribute	Concurrently an Independent Director for Other Public Companies
Chairman: Hsu, Sheng-Yu	Not under any of the categories stated in Article 30 of the Company Act	Zero
Director Hsu, Chih-Chang	Not under any of the categories stated in Article 30 of the Company Act	Zero
Director Yin, Chung-Yao	Not under any of the categories stated in Article 30 of the Company Act	Zero
Director Yen, Tien-Cheng	Not under any of the categories stated in Article 30 of the Company Act	Zero
Director Lee, Tien-Chien	Not under any of the categories stated in Article 30 of the Company Act	Zero
Director Lee, Chih-Hung	Not under any of the categories stated in Article 30 of the Company Act	Zero

Name	Facts about independence attribute	Concurrently an Independent Director for Other Public Companies
Independent Director Wang, Tay-Chang	1. Not an employee of the Company or its affiliates. 2. (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws). 3. Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or minors, or under the name of a third party.	2
Independent Director Tang, Gia-Khy	4. Not the spouse, the kindred at the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3). 5. Not a director, supervisor or employee of an corporate shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an corporate shareholder who is among the top 5 shareholders, or a representative of an corporate shareholders appointed as the director or supervisor of the company according to paragraph 1 or 2, Article 27, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).	Zero
Independent Director Chen, Shou-Jen	6. Not a director, supervisor or employee of a company controlling over one half of the company's director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws). 7. Not a director of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent	Zero

Name	Facts about independence attribute	Concurrently an Independent Director for Other Public Companies
	company established in accordance with this Act or the local laws). 8. Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relation with the company (except for a specific company or institution holding over 20% but less than 50% of the company's outstanding shares, and independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws). 9. Not a professional or owner, partner, director, supervisor, manager or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 in the last two years for the company or its affiliates; except for members of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition exercising powers according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act or related laws or regulations. 10. Not a spouse or kindred at the second tier under the Civil Code to any other director. 11. Not under any of the categories stated in Article 30 of the Company Act. 12. Not elected as a representative to the government or an institution under Article 27 of the Company Act.	

3. Diversification and independence of the Board of Directors:

(1) Policy on diversification of the Board of Directors:

Here at the Company, the Board of Directors plays the role to offer guidelines about the Company's strategies, monitor the management and assume responsibility to the entire Company and shareholders, take charge of all operation and arrangement about corporate governance. The Board of Directors exercises responsibilities and powers exactly in accordance with the Articles of Incorporation and the decisions resolved in the shareholders' meeting.

In terms of the structure of the Board of Directors, the Company takes into account the scale of the Company's business development, shareholding status of key shareholders as well as the hands-on need for practical operations to resolve the total number of nine directorship seats for the Board.

In terms of composition of the Board of Directors, the Company takes diversification into serious account. The directors concurrently serving as the managerial officers shall not exceed one-third of the total number of directorship seats. Toward the hands-on operation, operating styles and demand for business development, the Company has set up policies toward diversification, including but not limited to the standards/criteria toward the two major aspects below:

I. Fundamental conditions and values: Gender, age, nationality and culture. Among the total number of directorship seats, female directors shall be up to one-third.

II. Professional expertise and skills: Professional backgrounds (e.g., laws, accounting, industries, finance, marketing or technologies), professional expertise and industries related hands-on experiences.

The Board members shall, in general, possess the know-how, skills and qualities as essential to perform the respective duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

I. Ability to make operational judgments. II. Ability to perform accounting and financial analysis.

III. Ability to conduct management administration. IV. Ability to conduct crisis management.

V. Industry-specific Knowledge VI. An international market perspective. VII. Ability to lead. VIII. Ability to make policy decisions.

The Company's directors have expertise, skills, and experience in the financial, business, accounting, and other professional fields, and have adequate competence and skills to perform the duties as directors.

Item Name	Gender	Age	Nationality	Professional backgrounds, skills and knowledge							
				Operational Management	Leadership and Decision-making	Industry-specific Knowledge	Finance and Accounting	Law	Marketing management	Risk management	Information technology
Sheng-yu Hsu	Male	61-70	ROC	v		v	v			v	
Hsu, Chih-Chang	Male	61-70		v	v	v			v		
Yin, Chung-Yao	Male	31-40		v	v			v			
Yen, Tien-Cheng	Male	61-70		v	v		v				
Lee, Tien-Chien	Male	61-70		v	v		v				
Lee, Chih-Hung	Male	61-70		v	v		v				
Wang, Tay-Chang	Male	61-70		v		v	v			v	
Tang, Gia-Khy	Male	61-70		v		v				v	v
Chen, Shou-Jen	Male	61-70		v	v	v				v	

(2) Independence of the Board of Directors:

Here at the Company, a total of nine directors were elected in the Board of Directors of 16th Term on July 30, 2021. Among them, there are 6 general directors and 3 independent directors (33%). The distribution of the age of the directors is: 1 under 50 years old (11%), and 8 over 50 (89%). It is expected to add two more female directors in the next one to two terms to achieve the goal that one-third of the directors are females.

Among the Company's Board members, there are a total of two directors serving as the managerial officers concurrently (22.22%), not up to one-third of total number of directorship seats. Among directors (including both directors and independent directors), the relationship as a spouse or blood relatives within the second degree of kinship is nonexistent.

4. Background Information of the President, Vice Presidents, Assistant Vice Presidents, and Chiefs of Departments and Branches

Data as of April 29, 2024; Unit: Share/NTD thousands

Title	Nationality	Name	Gender	On board Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2nd Degree Under the Civil Code		Remark
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	
President	ROC	Hsu, Chih-Chang	Male	March 19, 2001	948,169	0.089%	0	0%	0	0%	Ph.D. in Economics & Decision Sciences, Northwestern University, USA Vice superintendent, Shu-Tien Urology Ophthalmology Clinic	Director, Compass Global Sourcing Solutions Ltd.	~	No	~
Vice President	ROC	Lee, Tien-Chien	Male	November 4, 2003	351,150	0.0318%	0	0%	0	0%	Department of Business Management, Tatung Institute of Technology Tatung Company	Chairman, Ruentex Xing Co., Ltd. Director, Sunny Friend Environmental Technology Co., Ltd., Gin-Hong Investment, and Kuen Chen Investment Holdings Ltd.	~	No	~
Vice President	ROC	Chang, Hsiu-Yen	Female	March 28, 2005	504,744	0.0457%	0	0%	0	0%	Continuing Education Program in International Trade, National Taipei University of Business	No	~	No	~
Vice President	ROC	Fang, Liang-	Male	June 7, 2021	80,000	0.0072%	0	0%	0	0%	Doctorate Degree,	No	~	No	~

Title	Nationality	Name	Gender	On board Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code		Remark
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	
		Yuan									Graduate Institute of Technology, Innovation, and Intellectual Property Management, National Chengchi University				
Vice President	ROC	Huang, Jian-Hua	Female	July 9, 2015	116,249	0.0105%	0	0%	0	0%	Department of Electrical Engineering, Taipei Institute of Technology	No	~	No	~
Assistant Vice President	ROC	Chang, Jui-Tang	Male	February 21, 2021	0	0%	0	0%	0	0%	Department of Stylist, Mode College, Tokyo, Japan Manager, Overseas Business Department, Ellison Fashion Co., Ltd.	No	~	No	~
Assistant Vice President	ROC	Liang, Tien-Yi	Female	March 1, 2021	133,306	0.0121%	0	0%	0	0%	Master's in Business Management, National Sun Yat-sen University	No	~	No	~
Assistant Vice President	ROC	Cheng, Mei-Ching	Female	June 11, 2013	112,393	0.0102%	0	0%	0	0%	Department of Comprehensive Business, Taipei	No	~	No	~

Title	Nationality	Name	Gender	On board Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2nd Degree Under the Civil Code		Remark
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	
											Municipal Songshan High School of Commerce and Home Economics				
Assistant Vice President	ROC	Lin, Fang-Jung	Female	June 11, 2013	5,560	0.0005%	0	0%	0	0%	Master's in Business Administration, National Chung Cheng University Marketing Manager, Gennie's Fashion Group Inc.	No	~	No	~
Assistant Vice President	ROC	Hong, Shi-Qin	Male	September 13, 2013	0	0%	0	0%	0	0%	Doctorate in Degree Chemistry, National Tsing Hua University	No	~	No	~
Assistant Vice President	ROC	Chang, Wei-Chun	Male	February 7, 2014	7,900	0.0007%	13,000	0.0012%	0	0%	Department of Accounting, Chinese Culture University KPMG, Taipei, Taiwan, R.O.C.	No	~	No	~

Title	Nationality	Name	Gender	On board Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code			Remark
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Assistant Vice President	ROC	Chang, Ya-Chu	Female	February 24, 2016	13,260	0.0012%	0	0%	0	0%	Master's in Clothing Management, Heriot Watt University, U.K. Assistant to the Chairman and Vice Chairman of Mokoh & Associates, Inc.	No	~	No	~	
Assistant Vice President	ROC	Huang, Chia-Yi	Female	June 1, 2018	0	0%	0	0%	0	0%	International Trade, National Taipei University of Business	No	~	No	~	
Assistant Vice President	ROC	Huang, Tsai-Ming	Male	April 1, 2020	39,000	0.0035%	9,000	0.0008%	0	0%	Master's in Information Management, Chinese Culture University	No	~	No	~	
Assistant Vice Presiden	ROC	Tsai, Hao-Chuan	Male	August 1, 2023	0	0%	0	0%	0	0%	Department of Economics, Soochow University Financial Director, Jinan Lixia RT-mart Trading Ltd.	無	~	無	~	
Assistant Vice Presiden	ROC	Wu, Pei-Ling	Female	April 10, 2024	10,600	0.0010%	0	0%	0	0%	Department of Chemical and Materials	無	~	無	~	

Title	Nationality	Name	Gender	On board Date	Shareholdings			Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 nd Degree Under the Civil Code		Remark
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares			Title	Relationship	
												Engineering, Southern Taiwan University of Science and Technology				
Branch Manager, Zhonghe Branch	ROC	Sun, Cheng-Hsiung	Male	July 10, 2018	0	0%	0	0%	0	0%		Business Management Department, National Keelung Commercial & Industrial Vocational Senior High School	No	~	No	~

5. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto : N/A.

III. Remuneration of General Directors, Independent Directors, Presidents, and Vice Presidents

1 Remuneration of general and independent directors

Unit: NTD in Thousands; % ; December 31, 2023

Title	Name	Remuneration for Directors						Sum of A+B+C+D and ratio to net income		Remuneration for Directors Who are Concurrently Employees						Sum of A+B+C+D+E+F+G and ratio to net income		Related Remuneration From Investees Other Than the Subsidiaries		
		Remuneration (A)		Severance Pay/Retirement Allowance (B)		Remuneration from Distribution of Earnings (C)		Business Execution Expenses (D)		Salaries, Bonuses, and Special Expenses (E)		Severance Pay/Retirement Allowance (F)		Employee Profit-Sharing from Earnings Distribution (G)		The Company Amount of Cash Dividend			All Firms Disclosed in the Financial Statements Amount of Stock Dividend	
		The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company Amount of Cash Dividend	All Firms Disclosed in the Financial Statements Amount of Stock Dividend	The Company Amount of Cash Dividend	All Firms Disclosed in the Financial Statements Amount of Stock Dividend			
	Huei Hong Investment Co., Ltd.	0	0	0	0	0	384	384	0.003	0	0	0	0	0	0	0	384	384	No	
	Ruentex Xing Co. Ltd.	0	0	0	0	0	192	192	0.002	0	0	0	0	0	0	0	192	192	No	
	Shu-Tien Urology and Ophthalmology Clinic	0	0	0	0	0	96	96	0.001	0	0	0	0	0	0	0	96	96	No	
Chairman (Note 1)	Representative of Huei Hong Investment: Hsu Sheng- Yu	23,782	23,782	0	0	0	0	0	23,782 0.317	0	0	0	0	0	0	0	23,782 0.317	23,782 0.317	No	
Director	Representative of Huei Hong Investment: Yen, Tien- Cheng	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	No	
Director	Representative of Huei Hong Investment: Hsu, Chih- Chang	0	0	0	0	0	0	0	0	13,152	13,152	0	0	0	0	0	13,152 0.175	13,152 0.175	No	
Director	Representative of Ruentex Xing: Yin, Chung- Yao	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	No	
Director	Representative of Ruentex Xing: Lee, Tien- Chien	0	0	0	0	0	0	0	0	7,693	7,693	0	0	0	0	0	7,693 0.103	7,693 0.103	No	

Title	Name	Remuneration for Directors						Sum of A+B+C+D and ratio to net income		Remuneration for Directors Who are Concurrently Employees					Sum of A+B+C+D+E+F+G and ratio to net income		Investees Other Than the Subsidiaries From			
		Remuneration (A)		Severance Pay/Retirement Allowance (B)		Remuneration from Distribution of Earnings (C)		Business Execution Expenses (D)		Salaries, Bonuses, and Special Expenses (E)		Severance Pay/Retirement Allowance (F)		Employee Profit Sharing from Earnings Distribution (G)				The Company	All Firms Disclosed in the Financial Statements	All Firms Disclosed in the Financial Statements
		All Firms Disclosed in the Company Financial Statements	The Company	All Firms Disclosed in the Company Financial Statements	The Company	All Firms Disclosed in the Company Financial Statements	The Company	All Firms Disclosed in the Company Financial Statements	The Company	All Firms Disclosed in the Company Financial Statements	The Company	Amount of Cash Dividend	Amount of Stock Dividend	Amount of Stock Dividend						
Director	Representative of Shu-Tien Urology and Ophthalmology Clinic: Lee, Chih- Hung	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	No		
Independent Director	Wang, Tay- Chang	600	600	0	0	0	220	820 0.011	820 0.011	0	0	0	0	0	0	0	820 0.011	820 0.011	No	
Independent Director	Tang, Gia-Khy	600	600	0	0	0	220	820 0.011	820 0.011	0	0	0	0	0	0	0	820 0.011	820 0.011	No	
Independent Director	Chen, Shou-Jen	600	600	0	0	0	220	820 0.011	820 0.011	0	0	0	0	0	0	0	820 0.011	820 0.011	No	

Note 1: Given the difference between the remuneration disclosed in this Table and concept of income under the Income Tax Act, information disclosed in this Table is for disclosure purposes only and shall not be used for taxation.

2 Remuneration For the President and Vice Presidents

Unit: NTD in Thousands; December 31, 2022

Title	Name	Salary (A)		Severance Pay/Retirement Allowance (B)		Bonuses & Special Expenses (C)		Amount of Employee Profit Sharing From Earnings Distribution (D)				Percentage of the Sum of A to D in the Net Profit After Tax (%)		Related Remuneration From Investors Other Than the Subsidiaries	
		The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements				
President	Hsu, Chih-Chang	13,152		0	0	0	0	0	0	0	0	13,152	0.175	13,152	No
Vice President, Information Division	Huang, Jian-Hua	4,478		0	0	0	0	0	0	0	0	4,478	0.060	4,478	No
Vice President	Fang, Liang-Yuan	2,011		0	0	0	0	0	0	0	0	2,011	0.027	2,011	No
Vice President, Fund Management Department	Lee, Tien-Chien	7,693		0	0	0	0	0	0	0	0	7,693	0.103	7,693	No
Financial Management Department Vice President	Chang, Hsiu-Yen	7,697		0	0	0	0	0	0	0	0	7,697	0.103	7,697	No

*Given the difference between the remuneration disclosed in this Table and concept of income under the Income Tax Act, information disclosed in this Table is for disclose purposes only and shall not be used for taxation.

3 Remuneration for Managers

Unit: NTD in Thousands; December 31, 2023

	Title	Name	Stock Amount	Cash Amount	Total	Percentage in Net Earnings After Tax (%)
Managers	President	Hsu, Chih-Chang	0	0	0	0%
	Vice President, Information Division	Huang, Jian-Hua				
	Vice President, Fund Management Department	Lee, Tien-Chien				
	Vice President, Financial Management Department	Chang, Hsiu-Yen				
	Vice President	Fang, Liang-Yuan				
	Assistant Vice President	Chang, Chin-Shih				
	Assistant Vice President	Chang, Jui-Tang				
	Assistant Vice President	Liang, Tien-Yi				
	Assistant Vice President	Cheng, Mei-Ching				
	Assistant Vice President	Lin, Fang-Jung				
	Assistant Vice President	Hong, Shi-Qin				
	Assistant Vice President	Chang, Wei-Chun				
	Assistant Vice President	Chang, Ya-Chu				
	Assistant Vice President	Huang, Chia-Yi				
	Assistant Vice President	Huang, Tsai-Ming				
	Assistant Vice President	Tsai, Hao-Chuan				
	Branch Manager, Zhonghe Branch	Sun, Cheng-Hsiung				

* Refers to the remuneration of managers (including stock and cash) approved by the Board of Directors in the previous year. If the remuneration cannot be estimated, the Company shall calculate the proposed amount to be distributed this year in proportion to the actual amount distributed in the previous year. "Net Earnings After Tax" refers to the net profit after tax in the previous year.

Note: The name and title of managers shall be disclosed individually. However, the distribution of profit can be disclosed in aggregate.

4. A comparative description of the total remuneration paid to the directors, Presidents, and Vice Presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax as in the standalone or individual financial reports, and a description of the policies, criteria, and combinations of remuneration; the procedures for determining

remuneration, as well as their correlation with business performance and future risks:

- (1) Analysis of the proportion of the total remuneration paid to the directors, Presidents, and Vice Presidents of the Company to the net income after tax of the Consolidated Financial Statements in the most recent two years

Title	Proportion of the remuneration to the net income after tax (%)							
	2023				2022			
	The Company		All Firms Disclosed in the Consolidated Financial Statements		The company		All Firms Disclosed in the Consolidated Financial Statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Director (Note)	26,914	0.36	26,914	0.36	56,651	0.47	56,651	0.47
Presidents and Vice Presidents	35,031	0.47	35,031	0.47	34,545	0.28	34,545	0.28

Note: Directors' remuneration does not include the remuneration for serving as managers concurrently.

Difference Description:

In 2023, the company issued directors' remuneration decrease than in 2022. This was due to the retirement of the former chairman of the board, Ms. Yin Wong, Yee-Fan, in 2022, which increased the one-time pension of NT\$ 28,800,000 for directors.

- (2) Description of the policies, criteria, and composition of remuneration; the procedures to determine remuneration, their interrelationship with business performance, and future risks:

A. The remuneration of the Company's directors is determined in accordance with the Company's Articles of Incorporation and with reference to the Company's operating performance and the general standards in the industry, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.

An evaluation of directors' performance is conducted regularly every year.

According to the Company's Regulations for Performance Assessment of the Board of Directors, the evaluation results will be reported to the board of directors as a reference for review and improvement and selection or nomination of directors or remuneration determination.

The Company's operating goals, financial positions, and directors' responsibilities have been fully considered for the fixed compensation for serving as directors concurrently. In addition, the remuneration to directors is not distributed in accordance with the Articles of Incorporation.

B. The compensation to the Presidents and Vice Presidents include salaries, bonuses, and employee remuneration, which is determined in accordance with the Company's human resources and salary policy and with reference to the

Company's operating performance, their contribution to the Company, and the general standards in the industry, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.

- C. The compensation to directors, Presidents, and Vice Presidents shall not only be based on the Company's operating performance while with reference to the general standards in the industry, but shall be adjusted based on the factors related to operating performance evaluation and possible future operational risks of the Company. Meanwhile, the Remuneration Committee of the Company regularly reviews and evaluates the policies, systems, standards, and structure of the compensation to directors and managers and submits suggestions to the board of directors so as to strike a balance between the Company's sustainable operation and risk control.

IV. Corporate Governance

1. Operation of the Board of Directors

In 2023, a total of 9 meetings (A) (Note) of the Board of Directors were held, and the attendance of directors is as follows:

Title	Name	Actual Attendances (including appearances by proxy) (B)	Attendances by Proxy	Actual Attendance (%) [B/A] (Note 2)	Remark
Chairman	Representative of Hwei Hong Investment Co., Ltd.: Hsu, Sheng-Yu	7	2	78	
Director	Representative of Hwei Hong Investment Co., Ltd.: Hsu, Chih-Chang	8	1	89	
Director	Representative of Hwei Hong Investment Co., Ltd.: Yen, Tien-Cheng	9		100	
Director	Representative of Ruentex Xing Co., Ltd.: Yin, Chung-Yao		9	0	
Director	Representative of Ruentex Xing Co., Ltd.: Lee, Tien-Chien	9		100	
Director	Representative of Shu-Tien Urology and Ophthalmology Clinic: Lee, Chih-Hung	9		100	
Independent Director	Wang, Tay-Chang	9		100	
Independent Director	Tang, Gia-Khy	9		100	
Independent Director	Chen, Shou-Jen	9		100	

Other Information Required for Disclosure:

1. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances

(1) Matters specified in Article 14-3 of the Securities and Exchange Act: We have established an Audit Committee, and Article 14-3 of the Securities and Exchange Act will not apply with respect to Article 14-5 of the Securities and Exchange Act.

(2) Other Board of Directors resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors:
None.

2. When there is avoidance of conflicts of interest by a director, specify the name of that director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director:

Board of Directors	Proposal	Reason for Avoidance of Conflicts of Interest	Participation in Voting
16 th Term The 22 nd Meeting January 17, 2023	1. Proposal for the 2022 year-end bonuses for managers	Directors Hsu, Chih-Chang and Lee, Tien-Chien served as the President and the Vice President of the Company, respectively	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal to suggest the 2022 year-end bonus for the Chairman.	Hsu, Sheng-Yu served as the Company's Chairman	
16 th Term 28 th Meeting 2023.08.11	The Company's intent to subscribe to common shares of Sunny Friend Environmental Technology Co., Ltd. in its cash capital increase.	Director Yen, Tien-Cheng and Director Lee, Tien-Chien acted as directors of Sunny Friend Environmental Technology Co., Ltd.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
16 th Term 29 th Meeting 2023.11.13	1. Proposal to subscribe for the shares issued in common stock by Ruen Chen Investment Holdings Ltd. for capital increase in cash.	Chairman Hsu, Sheng-Yu, Director Yin, Chung-Yao, and Director Lee, Tien-Chien served as directors of Ruen Chen Investment Holdings; Director Hsu, Chih-Chang and Director Yen, Tien-Cheng were directors appointed by Ruen Chen Investment Holdings.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.

3. Status of Board Evaluation:

Assessment Cycle	Assessment Duration	Assessment Scope	Assessment Method	Assessment Contents
Once every year	January 1, 2023 to December 31, 2023	1. Board of Directors 2. Individual Board Members 3. Remuneration Committee 4. Audit Committee	1. Board self-assessment 2. Board member self-assessment	1. The measurement items of the assessment of the performance of the Board of Directors cover the five major aspects below: (1) Involvement in corporate operations (2) Improvement of board decision quality (3) Board composition and structure (4) Director selection and continuing education (5) Internal control 2. The measurement items of the assessment of the directors' performance cover the six major aspects: (1) Capture of corporate goals and missions

					(2) Recognition of the director's role and responsibility (3) Involvement in corporate operations (4) Internal relationship building and communication (5) Director's expertise and continuing education (6) Internal control 3. The measurement items of the assessment of the performance of the Audit Committee cover the five major aspects below: (1) Involvement in corporate operations (2) Recognition of the committee's role and responsibility (3) Improvement of committee decision quality (4) Committee composition and member selection (5) Internal control 3. The measurement items of the assessment of the performance of the Remuneration Committee cover the five major aspects below: (1) Involvement in corporate operations (2) Recognition of the committee's role and responsibility (3) Improvement of committee decision quality (4) Committee composition and member selection
4. Assessment of the objectives and implementation of strengthening the functions of the Board of Directors in the current year and the most recent year: The Board of Directors proceeds in compliance with the Company's Rules of Procedure for Board of Directors Meeting. In the case of material information, it discloses such information on the MOPS immediately.					

2. Information Regarding Audit Committee Operation:

(1) The professional qualifications and hands-on experiences of the members of Audit Committee

The Audit Committee of the Company consists of all independent directors. Please refer to page 16-19 of this annual report for the professional qualifications and experience of the members of Audit Committee.

(2) The 2023 work plan of the Audit Committee:

- A. Review the effective implementation of the internal control system.
- B. Review the financial reporting and related accounting policies and procedures.
- C. Review the qualifications, experiences and independence of CPAs.
- D. Review the assignment and remuneration for CPAs.
- E. Review the major asset transactions.
- Review over the financial statements.

The Board of Directors prepared the business report, financial statements and proposal on profit distribution proposal for 2022. The financial statements were

audited by PwC Taiwan, and an audit report was issued by them. The aforementioned business reports, financial statements and distribution of earnings have been duly audited by the Audit Committee who confirm appropriate.

- Evaluation into the internal control system to check and make sure the validity. The Audit Committee evaluated the effectiveness of the policies and procedures of the Company's internal control system (including finance, operations, risk management, information security, outsourcing, and legal compliance), and reviewed the regular reports submitted by the Company's auditing department, CPAs and management. The Audit Committee believes that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to monitor and correct non-compliance.
- Appointment of CPAs

The Audit Committee has been bestowed with the duties and responsibilities to monitor and ascertain the independence of CPAs to assure the impartiality of financial statements. In general, except taxation related services or items specifically approved, CPA is not entitled to render any other services to the Company.

To assure the independence status of a CPA firm, the Audit Committee duly works out the independence evaluation table in accordance with Article 47 of the Certified Public Accountant Act and CPA Code of Professional Ethics Gazette #10.

Accordingly, the Audit Committee evaluates and looks into independence, professionalism and competency of a CPA to check and make sure whether such a CPA is a related party, in inter-business transaction or involvement in financial interests with the Company and further obtains CPA Independence Declaration. As reviewed and resolved by the Audit Committee in its 23th meeting of the 2nd term convened and the 30th meeting of the 16th term Board of Directors on December 25, 2023, CPA Shu-chiung Chang and CPA Seanh Hsu of PwC Taiwan both prove satisfactory the Criteria for Independence Evaluation, well competent to serve as the attesting CPAs to testify the Company's financial and taxation affairs.

- (3) The operation of the Audit Committee: The Audit Committee held 9 meetings (A) in 2023, and the attendance of independent directors is as follows:

Title	Name	Actual Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Remark
Independent Director	Wang, Tay-Chang	9	0	100	
Independent Director	Tang, Gia-Khy	9	0	100	
Independent Director	Chen, Shou-Jen	9	0	100	
Other Information Required for Disclosure:					
I. Whenever one among circumstances enumerated below is found in the Audit Committee in its the business operation, the date, term, contents of motion, the objections, qualified opinions, contents of significant proposals of an independent director (s), result of decision resolved by the Audit					

Committee and the Company's measures in response to the opinions of the Audit Committee shall be expressly accounted:			
(I) Matters specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors with the approval of the Audit Committee.			
Term/ Session	Proposal Contents and Handling	Resolution made by the Audit Committee.	The Company's handling of the opinions of the Audit Committee Members.
2 nd Term 15 th Meeting 2023.01.13	1. The Company's audit report for Q4 of 2022	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. The Company's 2023 business plan.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	3. Proposal of the 2023 CPA remuneration	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 16 th Board Meeting 2023.02.13	The proposal to sign a land exchange agreement with the Hsinchu County Government	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 17 th Board of Directors Meeting 2023.03.14	1. Proposal for the amount of employee remuneration to be appropriated for 2022	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. The Company's 2022 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	3. Distribution of Earnings for 2022	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	4. Proposal of cash dividends from the legal reserve	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	5. Amendment of the "Rules and Procedures of Shareholders' Meeting" and the "Corporate Governance Best Practice Principles" and addition of the "Operational Procedures for the Preparation and Verification of the Sustainability Report."	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation

Term/ Session	Proposal Contents and Handling	Resolution made by the Audit Committee.	The Company's handling of the opinions of the Audit Committee Members.
	6. Proposal for the 2022 Statement of Internal Control System of the Company	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	7. The proposal for the addition to the Company's "Internal Control System" and "Internal Audit Act Enforcement Rules"	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	8. Change in CPAs of the Company.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 18th meeting 2023.04.19	1. Proposal to subscribe for the shares issued in common stock by Tanvex BioPharma, Inc. for capital increase in cash.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. Proposal to approve the provision of non-certification services by the CPAs, their firm, and affiliates of the firm to the Company and its subsidiaries.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 19 th Board Meeting 2023.05.12	1. The Company's audit report for Q4 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. The Company's Consolidated Financial Report of Q1 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	3. Proposal for the amendments to the Company's "Stock Affairs Units Internal Control System Standards"	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 20 th Meeting 2023.07.26	1. The Company's establishment of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. Amendments to the "Approval Authority" of the Company.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 21 st Meeting 2023.08.11	1. The Company's audit report for Q2 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation

Term/ Session	Proposal Contents and Handling	Resolution made by the Audit Committee.	The Company's handling of the opinions of the Audit Committee Members.
	2. The Company's Consolidated Financial Report of Q2 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term The 22 nd Meeting 2023.11.13	1. The Company's audit report for Q3 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. The Company's Consolidated Financial Report of Q3 of 2023	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	3. The Company's plan to dispose of the land in Xiapu Sub-section, Wukuaicuo Section, Dayuan Township, Taoyuan City	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
2 nd Term 23 rd Meeting 2023.12.25	1. Explanation on issues of audit planning linked up with the Company's Financial Statements 2023.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	2. Proposal for the Company's regular evaluation of the independence of CPAs	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation
	3. The 2024 internal audit program of this Company.	All members passed the proposal unanimously without objection	Submitted to and approved by the Board of Directors after deliberation

(II) Matters other than the above unapproved by the Audit Committee but resolved by over two thirds of all directors: NA

II. Where there is avoidance of conflicts of interest by an independent director, the name of that independent director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that independent director shall be specified: NA.

III. Communication between independent directors and the internal chief auditor and accountant (shall include communication on the Company's material financial and sales affairs, including the topics, methods, and results of communication)

(I) The Company's internal chief auditor sends audit reports to independent directors by email every month, and reports the audit report results and on the follow-up and the implementation status to independent directors, while reporting on the audit business to independent directors at the Audit Committee meetings for communication and exchange of ideas. The communication between both parties is positive.

Date	Meeting	Main points in communication	Communication
January 13, 2023	Audit Committee	The audit report for Q4 2022	None of the independent directors expressed objections
2023/05/12	Audit Committee	The audit report for Q1 2023	None of the independent directors expressed objections
2023/08/11	Audit Committee	The audit report for Q2 2023	None of the independent directors expressed objections
2023/11/13	Audit Committee	The audit report for Q3 2023	None of the independent directors expressed objections

(II) The CPAs appointed by the Company reported on the audit plan related to the audit (review) of the financial statements, communicated with the independent directors regarding the audit results and the impact of the amendments to laws and regulations at the Audit Committee on a quarterly basis, and none of the independent directors expressed objections.

Date	Meeting	Main points in communication	Communication
2023/03/14	Audit Committee	Results of the audit of 2022 consolidated financial statements	None of the independent directors expressed objections
2023/05/12	Audit Committee	Results of the review of the consolidated financial statements for Q1 of 2023	None of the independent directors expressed objections
2023/08/11	Audit Committee	Results of the review of the consolidated financial statements for Q2 of 2023	None of the independent directors expressed objections
2023/11/13	Audit Committee	Results of the review of the consolidated financial statements for Q3 of 2023	None of the independent directors expressed objections
2023/12/25	Individual meeting	Explanation on issues of audit planning linked up with the Company's Financial Statements 2023.	None of the independent directors expressed objections

3. Status of governance and the deviations and the cause(s) of deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Governance Best Practice (Governance Best Practice)

(1) Status of governance and the deviations and the cause(s) of deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
I. Has the Company defined and disclosed its governance best practice principles in accordance with the "Corporate	V		The Company has formulated the Corporate Governance Best Practice Principles.	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
Governance Best Practice Principles”?				
II. Structure of Shareholdings and Shareholder’s Equity (1) Does the Company establish and implement internal procedures for handling shareholder suggestions, questions, disputes, and litigation?	V		(1) The Company has established the "Procedures for Handling Material Inside Information" to ensure that the disclosure of internal material information is accurate, complete, implemented in a timely manner, and in accordance with the procedures. The Company has set up communication channels, including a spokesperson/acting spokesperson mechanism, stock affairs office, and emails on the external website to handle shareholders’ suggestions, questions, disputes, and litigation matters.	No significant difference.
(2) Does the Company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders?	V		(2) The Company’s stock affairs team is responsible for such business and keeps abreast of the list in real time.	No significant difference.
(3) Does the Company establish and implement a risk control mechanism and firewall between its affiliates?	V		(3) The Company has formulated “Regulations on Supervision and Management of Subsidiaries” and “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” and implemented them accordingly.	No significant difference.
(4) Does the Company establish internal rules to prevent insider trading using undisclosed information?	V		(4) The Company has formulated the “Insider Trading Prevention Management” and implemented as required. As required by Article 10 of the “Corporate Governance Best Practice Principles”, it shall not trade its shares for 30 days prior to the release of its annual financial statements and 15 days prior to the release of its quarterly financial statements, prohibit insiders from using undisclosed	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
			information in the market to trade securities or punish them in violation of regulations, and strictly abide by the Securities and Exchange Act and related laws and regulations.	
III. Organization and Functions of the Board of Directors (1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	V		(1) The Company has established a policy on diversity of board members in the Corporate Governance Best Practice Principles, as described on page 19-20 of this annual report.	No significant difference.
(2) In addition to a Remuneration Committee and an Audit Committee established by law, does the Company voluntarily establish other functional committees?	V		(2) The Company has appointed the Remuneration Committee and the Audit Committee in accordance with the laws and regulations, and is planning to establish a functional committee, the "Risk Management Committee" or the "Sustainability Committee" in addition to the statutory level of the Audit Committee, based on the Company's operational needs before the end of 2024.	No significant difference.
(3) Does the company establish a method to assess the performance of the board of directors and assess its performance every year? Are the performance assessment results reported to the board of directors and used as a reference for the remuneration and nomination for re-election of directors?	V		(3) The Company has formulated the Regulations for Performance Assessment of the Board of Directors and implemented them accordingly. The measurement items of the assessment of the performance of the Board of Directors in 2023 covered the five major aspects below: A. Participation in the operation of the company. B. Improvement of the quality of the board of directors' decision making. C. Composition and structure of the board of directors. D. Election and continuing education of the directors.	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
			E. Internal control. The measurement items of the self-assessment of the performance of individual directors in 2023 covered the six major aspects below: A. Alignment of the goals and mission of the company. B. Awareness of the duties of a director. C. Participation in the operation of the company. D. Management of internal relationship and communication. E. The director's professionalism and continuing education. F. Internal control. The detailed content and the results of said performance assessment were submitted to the Remuneration Committee and reported to the Board of Directors. The results of the Board's performance evaluation for 2023 have been submitted to the Board on February 2, 2024. The evaluation results will be used as a reference for the selection or nomination of directors; the performance evaluation results of individual directors will be used as a reference for determining their individual remuneration.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		(4) The Company evaluates the independence of CPAs in accordance with the following standards and the referenced Audit Quality Indicators (AQIs) at least once a year:	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
			1. Referring to the standards of the CPA professional and ethical guidelines 2. The same CPA has not been appointed for more than 7 consecutive years 3. Obtaining a statement on independence issued by the CPA and sending the assessment results to the Board of Directors for discussion. The latest annual assessment result: The CPAs appointed met the criteria for independence, which has been reported to the Board of Directors on December 25, 2023.	
4. Does the company deploy sufficient quantity of eligible governance personnel and appoint a chief governance officer to take charge of company's governance affairs (including, without limitation, providing directors with the data required for business operations, assisting directors with legal compliance, handling affairs in relation to holding a board meeting or a general meeting of shareholders, processing company registration and change registration, and keeping minutes for board meetings and general meetings of shareholders)?	V		With the approval of the Board of Directors, the Company has appointed the Vice President of Financial Management Department as the Chief Governance Officer on May 13, 2021, the Financial Division is in charge of corporate governance related matters, handling affairs relating to holding a Board Meeting or a General Meeting of Shareholders, processing company registration, and producing minutes for Board Meetings and General Meetings of Shareholders). (Note 1)	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
V. Does the Company establish channels for communication with interested parties (including, without limitation, shareholders, employees, customers, and suppliers), set up a interested party section on the corporate website, and respond appropriately to material CSR issues that concern shareholders?	V		The Company attaches great importance to the relationship with stakeholders. Each department communicates with shareholders, employees, customers, and suppliers depending on their relevant businesses. A section dedicated to stakeholders is set up on the Company's website. In case of any needs, stakeholders may contact the spokesperson by phone or email at any time.	No significant difference.
VI. Does the Company appoint a professional stock affairs agent to handle shareholder affairs?		V	Although the Company did not appoint a professional stock affairs agency, all relevant operations of the shareholders' meeting are handled in accordance with regulations.	No significant difference.
VII. Information Disclosure (1) Does the Company set up a website to disclose its financial and governance information?	V		(1) The Company's website has disclosed its overall situation, basic information, and relevant information on various financial operations and corporate governance.	No significant difference.
(2) Does the Company try other means to disclose information (such as setting up an English website, designating personnel to gather and disclose organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?	V		(2) For the Company's information that has to be disclosed, the Company has engaged dedicated personnel to be responsible for collecting information and disclosing it online; it has also established a spokesperson mechanism with a report filed to the competent authority as required, and relevant information on the website is available in English and is updated and disclosed in accordance with the regulations.	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
(3) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3 and status of monthly operations?		V	(3) The Company announces and reports the annual financial report and each quarterly financial report within the deadline in accordance with the relevant laws and regulations and the requirements of the competent authorities, and announces revenue information by the 10th day of each month.	The Company has not yet achieved the requirement for filing the annual financial report within two months after the end of each fiscal year
VIII. Is there any other material information (including, without limitation, employee rights, employee care, investor relations, supplier relations, interested party rights, further education for directors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors), that will help interested parties understand governance practices at the Company?	V		(1) Employees' rights and interests: We value each employee colleague, provide an adequate space for learning and growth, improve their various abilities through training, and put their talents to good use in line with the Company's functional development system. The Company's employee in every job and at every level will be given a clear direction and goals through job descriptions and based on job responsibilities. The Company will thus achieve the goals with the collective efforts of its employees. (2) Employee care: Employees can communicate through diverse channels to solve problems; the Company listens to their suggestions for a friendly work environment to achieve sustainable operation and a peaceful and harmonious workplace. (3) Investor relations: The Company has established a spokesperson/acting spokesperson mechanism, responsible for the Company's	No significant difference.

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
			communication with external parties, and assigned dedicated personnel to disclose its information on MOPS in accordance with laws and regulations. (4) Supplier relationship: The Company has maintained a positive relationship with its suppliers to ensure smooth supply of products. (5) Stakeholder's rights: Ruentex Industries fulfills its responsibility for communication with its stakeholders, and has set up diverse and smooth communication channels to maintain obstacle-free communication with its employees, consumers, suppliers, banks, other creditors or parties involved in the Company's interests while safeguarding their legitimate rights and interests. (6) Directors' continuing education: The Company's all directors participate in training courses on topics related to corporate governance during their term of office. The training hours are in compliance with the legal requirements. For details of the continuing education of the Company's directors, please refer to the table below. (7) Implementation of risk management policies and risk assessment standards: The Company has formulated relevant internal regulations and	

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
			the internal control system in accordance with the law to conduct various risk management and assessments, while the internal audit unit audits the implementation of the internal control system regularly and from time to time. Refer to VI. Risk Management and Assessment on page 131 of this annual report for details. (8) Implementation of customer policy: The Company has maintained a positive long-term partnership with customers, and is committed to providing the latest products and working with customers to develop new technologies and techniques to meet their needs. (9) The Company's purchases of liability insurance for directors: The Company has purchased liability insurance for directors.	
IX. Please specify the status of improvement and the prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous year: According to the results of the 2023 Corporate Governance Evaluation, the Company will consider engaging dedicated corporate governance personnel to be responsible for relevant corporate governance matters in the future, while implementing relevant matters and operating in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, to maintain effective corporate governance mechanisms while improving the transparency of information disclosure. Priority matters and measures for those that have not yet been improved: 1. The Company's board of directors consists of at least one director of different gender. 2. Amendment to the Articles of Incorporation to disclose a specific dividend policy. 3. The Chinese version of each quarterly financial report shall be disclosed in English within two months after the deadline for filing the Chinese version of each quarterly financial report. 4. At least two investor conferences are held each year. 5. The performance evaluation of the Board of Directors is externally evaluated at least once				

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Corporate Governance Best Practice Principles
	Yes	No	Summary Description	
every three years.				
6. Issue the GRI Guidelines in both Chinese and English, which were verified by a third party and submitted to the Sustainability Report for the Board of Directors' approval.				

Note 1: The operation of the corporate governance unit is as follows:

1. Assistance for independent directors and directors in carrying out their duties, provision of the required data, and arrangement of further education for directors:
 - (1) Assist the board members in understanding the latest amendments and development of laws and regulations relating to corporate governance.
 - (2) Arrange interviews with the CPAs for independent directors and the chief internal auditors to understand the Company's accounting and internal control affairs.
 - (3) Assist general directors and independent directors with continuing education planning and course arrangement based on individual directors' education and experience.
2. Assistance in handling the agenda and resolutions of board meetings and meetings of shareholders.
3. Establishment of the board meeting agenda and notification of directors seven days in advance; convening the meetings and provision of related meeting data; reminding the avoidance of conflicts of interest in related proposals; and production of the minutes within 20 days after a board meeting.
4. Registration of the meeting of shareholders before the meeting date by law; production of the meeting notice, meeting handbook, and meeting minutes within the statutory time limit; and registration for a change after the amendment of the articles of incorporation or board election.
5. Planning to organize at least one investor conference every year to maintain investor relations, so that investors can obtain sufficient information to evaluate and determine the Company's reasonable market value, and to ensure that shareholders' rights are well protected.

6. Table: The Chief Governance Officer education in 2023.

Date of class	Title of class	Number of class hours
2023/10/24 2023/10/25	12 hour workshop for directors, supervisors (including independent directors) and corporate governance officer	12

※Table: Directors' continuing education in 2023.

Position Title	Name	Date of Class	Course Title	Number of Class Hours
Corporate Director Representative	Hsu, Sheng-Yu	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/07/04	Cathay Pacific Sustainable Finance & Climate Change 2023 Summit Forum	3
Corporate Director Representative	Hsu, Chih-Chang	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/07/04	Cathay Pacific Sustainable Finance & Climate Change 2023 Summit Forum	3

Position Title	Name	Date of Class	Course Title	Number of Class Hours
Corporate Director Representative	Yin, Chung-Yao	2023/07/04	Cathay Pacific Sustainable Finance & Climate Change 2023 Summit Forum	6
Corporate Director Representative	Yen, Tien-Cheng	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/07/04	Cathay Pacific Sustainable Finance & Climate Change 2023 Summit Forum	3
Corporate Director Representative	Lee, Chih-Hung	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/10/13	2023 Insider Trading Prevention Seminar	3
Corporate Director Representative	Lee, Tien-Chien	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/06/02	Director and Supervisor Orientation - 2023 Taiwan New Net-Zero Electricity Summit	3
Independent Director	Wang, Tay-Chang	2023/02/02	Promoting Green Transformation: Towards Net Zero Carbon Emissions Professional Training Course	3
		2023/05/11	Trends and Challenges of Information Security Governance	3
		2023/06/09	2023 Insider Trading Prevention Seminar	3
		2023/08/09	Trade secret protection and compliance	3
		2023/09/28	The Company's "Competition for Management Rights" Related Legal Responsibilities and Case Studies	3
Independent Director	Tang, Gia-Khy	2023/04/27	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3
		2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
Independent Director	Chen, Shou-Ren	2023/04/28	Professional Course on Corporate Governance and Securities Regulations	3
		2023/07/04	Cathay Pacific Sustainable Finance & Climate Change 2023 Summit Forum	3
		2023/09/04	The 14 th Taipei Corporate Governance Forum	3

4. The composition, responsibilities, and operations of the Company's Remuneration Committee:

(1) Data of Remuneration Committee Members

Requirements Title Name		Professional Qualification, Experience and Independence Status (Note 1)	Concurrently an Independent Director for Other Public Companies
Independent Director Convener	Tang, Gia-Khy	Please refer to p. 16~19 of the annual report for details.	0
Independent Director	Wang, Tay-Chang	Please refer to p. 16~19 of the annual report for details.	2
Independent Director	Chen, Shou-Jen	Please refer to p. 16~19 of the annual report for details.	0

(2) Operation of Remuneration Committee

① The Remuneration Committee consists of three members.

② The term of the current Committee is between July 30, 2021 and July 29, 2024.

Two Committee meetings were held in the previous year (2023) (A), and the qualifications and attendance record of members are tabulated below

Title	Name	Actual Attendances	Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Remark
Convener	Tang, Gia-Khy	2	0	100	
Committee Member	Wang, Tay-Chang	2	0	100	
Committee Member	Chen, Shou-Jen	2	0	100	

Other Information Required for Disclosure:

- I. When the Board of Directors ignores or modifies the recommendations made by the Remuneration Committee, the date and session of the BOT meeting, the proposal contents, Board of Directors resolutions, and response to the recommendations of the Remuneration Committee (e.g. the compensation approved by Board of Directors is higher than that recommended by the Remuneration Committee, the difference shall be specified): NA.
- II. When members object to or hold opinions against a Committee resolution for the record or in writing, the date and session of the Committee Meeting, the proposal content, the opinion of all Members, and the response to such opinions shall be specified: None.

Remuneration Committee	Proposal Contents and Handling	Resolution	Decision of the Board of Directors
The 5 th Board of Directors (5 th Term) January 17, 2023	1. Proposal to determine the ratio of employee remuneration to be appropriated for 2022 2. Proposal for issue of the year-end performance bonus for 2022 3. Proposal to determine the year-end performance bonus for the Chairman for 2022 4. Proposal to determine the year-end performance bonus for the managers for 2022 5. Proposal to suggest the payments for Company's directors for their professional service for 2023 6. Results of 2022 board performance assessment 7. Proposal to amend part of the Company's "Salary Management Regulations"	All members present passed the proposals above as proposed unanimously without objection.	The 22 th Board of Directors (16 th Term) adopted said proposals on January 17, 2023
The 6 th Board of Directors (5 th Term) August 11, 2023	1. Prepared a report on the income of the Company's directors and managers for 2022 2. Reported on changes in managers of the company from 2023 to the date of the meeting	All members present passed the proposals above as proposed unanimously without objection.	The 28 th Board of Directors (16 th Term) adopted said proposals on August 12, 2023

5.(1) The performance of promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation.

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		The Company's ESG Committee is the dedicated (or part-time) unit to promote sustainable development, and the President Office coordinates the proposal and implementation of sustainable development policies, systems, or related management guidelines and concrete promotion plans. The contents of 2023 report to the Board of Directors included: 4 greenhouse gas inventory progresses, 1 Board of Directors performance evaluation, 1 report on the implementation of ethical management, and once on the 2022 Sustainability Report preparation. The directors reviewed the report and found that they complied with laws and regulations and the Company's sustainable development strategy.	Not a significant difference
II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to company operations based on the materiality principles and establish policies or strategies in relation to risk management?	V		The Company focuses on integrated risk management, actively engages in various business activities to increase operating revenue within the acceptable scope of risks, and ensures that a proper risk management culture can be developed and maintained in the entire business organization. The major operational risks identified by the Company include: strategic risk, operational risk, financial risk, human resources risk, information risk, personal data management, regulatory compliance, and climate change risk. The members of the team of the ESG Committee and each related department formulate strategies and management goals for the major issues in 2023, and regularly (at least once a year) report the analysis results and implementation planning directions to the Board of Directors. Based on the risks assessed,	Not a significant difference

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies									
	Yes	No	Summary Description										
			the relevant risk management policies or strategies are formulated as follows: <table> <tr> <th>Typ e of risk</th> <th>Risk items</th> <th>Responding actions</th> </tr> <tr> <td>Strat egic risk</td> <td>Risks associated with innovative development , organization al reform, and corporate transformati on</td> <td>Regularly analyze the business environment and propose short-, medium-, and long-term action plans and strategic plans in response to changes in the internal and external environment and risks</td> </tr> <tr> <td>Ope ratio nal risk</td> <td>Possible risks arising from stagnation or decline of business performance, customer complaints and disputes during the transaction process, change of brand agency, marketing and advertising, and others.</td> <td>Regularly review the status of plans and strategy implementation, and propose improvement plans in response to problems with constant contact and communications with the customers, brand customers and suppliers to improve the work process and quality in enhancing satisfactory level for a win-win situation.</td> </tr> </table>	Typ e of risk	Risk items	Responding actions	Strat egic risk	Risks associated with innovative development , organization al reform, and corporate transformati on	Regularly analyze the business environment and propose short-, medium-, and long-term action plans and strategic plans in response to changes in the internal and external environment and risks	Ope ratio nal risk	Possible risks arising from stagnation or decline of business performance, customer complaints and disputes during the transaction process, change of brand agency, marketing and advertising, and others.	Regularly review the status of plans and strategy implementation, and propose improvement plans in response to problems with constant contact and communications with the customers, brand customers and suppliers to improve the work process and quality in enhancing satisfactory level for a win-win situation.	
Typ e of risk	Risk items	Responding actions											
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Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary Description			
			Type of risk	Risk items	Responding actions	
			Human resource risk	Risks that may arise from employment and labor-management relations	Industry-academia collaboration; additional manpower for audits for business trips and salary payment, insurance coverage, and labor retirement contributions to protect the rights and interests of employees and promote labor-management harmony.	
			Information risk	Risks of information security protection, information interruption, or damage	File security, equipment security, data security inspection and system recovery operations are established to ensure information security.	
			Personal information risk	Collect and use personal information correctly and protect personal information from the risk of leakage.	Verify the legality and data protection effectiveness of the issued membership cards, and ensure information system security and anti-hacker attacks to protect the privacy of consumers.	

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary Description			
			Type of risk	Risk items	Responding actions	
			Regulatory compliance risk	Risks of timely changes to operating procedures and correct reporting in response to changes in government regulations.	Remind and advise responsible units and departments on regulations in a timely manner to ensure the implementation of internal audit and internal control system, and make appropriate amendments in line with regulations.	
			Financial risk	Potential risks arising from major investments, capital allocation, cost control, and exchange rate interest rates.	1. In response to the risk of changes in interest rates, the Company regularly inquires the borrowing interest rates with banks, and maintains good interaction with banks with reference to the peer and market interest rate levels, in order to obtain more favorable borrowing interest rates. 2. For exchange rate hedging, the Company's export business matches	

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No	Summary Description		
				payment methods, and a stable foreign exchange operation strategy and control operation process are adopted to reduce the risk of exchange rate fluctuations. 3. The Company does not engage in derivative transactions (such as high-risk, high-leverage investments). 4. Long-term investments (such as bonds, stocks, etc.) are carefully evaluated before execution. 5. For endorsements /guarantees made by the Company for parent company, subsidiaries, or affiliated companies, the detailed review process shall include: a. Necessity and reasonable	

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			ness of endorseme nts/guaran tees b. Credit check and risk assessment of the counterpar ties c. Impact on the Company's operational risks, financial condition and shareholde rs' equity d. Whether collateral should be obtained and the appraised value of the collateral e. The handling departmen t shall assess the risk and submit a report for sign-off 6. Loaning of funds to others shall be carefully evaluated in accordance with the Company's Operating Procedures for Loaning	

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Summary Description							
			<table><tr><td></td><td></td><td>Funds to Others</td></tr><tr><td></td><td>Slow sales of products and changes in styles due to rising global temperatures and intensifying climate extremes under the influence of the greenhouse effect. Typhoon and flood caused by severe weather, affecting store operations.</td><td>1. Regularly review sales and adjust product offerings in response to changes in market and customer needs. 2. Collaborate with brands and suppliers to develop eco-friendly or functional products. 3. Strengthen communication with brand owners to accommodate the flexible purchase policy in a timely manner. 4. Strengthening of Disaster Prevention and Mitigation of Disasters and Loss.</td></tr></table>			Funds to Others		Slow sales of products and changes in styles due to rising global temperatures and intensifying climate extremes under the influence of the greenhouse effect. Typhoon and flood caused by severe weather, affecting store operations.	1. Regularly review sales and adjust product offerings in response to changes in market and customer needs. 2. Collaborate with brands and suppliers to develop eco-friendly or functional products. 3. Strengthen communication with brand owners to accommodate the flexible purchase policy in a timely manner. 4. Strengthening of Disaster Prevention and Mitigation of Disasters and Loss.	
		Funds to Others								
	Slow sales of products and changes in styles due to rising global temperatures and intensifying climate extremes under the influence of the greenhouse effect. Typhoon and flood caused by severe weather, affecting store operations.	1. Regularly review sales and adjust product offerings in response to changes in market and customer needs. 2. Collaborate with brands and suppliers to develop eco-friendly or functional products. 3. Strengthen communication with brand owners to accommodate the flexible purchase policy in a timely manner. 4. Strengthening of Disaster Prevention and Mitigation of Disasters and Loss.								
III. Environmental Issues (1) Does the Company establish an environmental	V		(1) The Company is engaged in the business of trading of textile	Not a significant difference						

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
management system appropriate to the characteristics of its industry?			fabrics and the retail of apparel products. The Company complies with various environmental protection laws and regulations in the spirit of corporate environmental protection and sustainability.	
(2) Does the Company endeavor to upgrade energy utilization efficiency by adopting recycled materials with low impact upon the environment? ?	V		(2) The Company's operations regulations all stipulate compliance with laws and regulations, and the Company promotes the recycling of office paper and packaging materials to reduce paper waste and to alleviate the impact of the Company's operations on the natural environment.	Not a significant difference
(3) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues?	V		(3) The Company has formulated various energy conservation and carbon reduction measures, such as turning off lights when not in use, waste sorting, replacement of office lighting fixtures with LED energy-efficient lamps, and air conditioning temperature control for the summer, in order to reduce the impact on the environment of its business activities. The Company uses the TCFD climate change-related financial disclosures to promote green and low-carbon value chain transformation and climate adaptation strategies through four major aspects: governance, strategy, risk management, and indicators and goals. The major climate risks and opportunities identified after assessment are: transition risk of "increase in raw material costs";	Not a significant difference

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			physical risk of "increase in the severity of extreme weather events such as typhoons and floods"; and opportunities in "development and/or expansion of low-carbon commodities and services" and "changes in consumer preference". Details on the analysis of the TCFD climate change risks and opportunities, and the response measures that the Company has taken are disclosed in the sustainability report.	
(4) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for energy conservation, carbon reduction, GHG reduction, water conservation, and waste management?	V		(4) The Company compiles annual statistics on greenhouse gas emissions, water consumption and total weight of waste, and discloses them in the sustainability report. Relevant policies for energy conservation and carbon reduction, greenhouse gas reduction, and water reduction or other waste management are described in detail in the Sustainability Report.	Not a significant difference
IV. Social issues (I) Does the Company establish management policies and procedures in accordance with relevant laws and International Bill of Human Rights?	V		(I) The Company complies with the Labor Standards Act and other relevant labor laws and regulations, and has formulated various management regulations to protect employees' rights and interests.	Not a significant difference
(II) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits)	V		(II) The Company attaches great importance to labor safety and employee benefits and implements them in accordance with relevant labor laws and regulations. In addition, the	Not a significant difference

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
and appropriately reflect business performance and achievements in the remuneration for employees?			Company holds performance evaluation every six months, and has formulated relevant bonus measures to link employees' contribution and the bonuses in clearly manner. In terms of appointment, promotion and human resources management, the Company adheres to the principles of fairness and openness, and sets clear regulations and treats all employees fairly. Female employees account for 63% of the Company's total workforce, and 62% of the total female employees are at the position of Assistant Manager or above.	
(III) Does the Company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	V		(III) The Company is committed to reducing factors that pose a risk to employee safety and health, providing a safe and healthy work environment for employees, including the necessary health and first aid facilities, such as AEDs, and regular safety and health training for employees to prevent occupational hazards, and encouraging employees to participate in health promotion activities. Specific measures: (1) Our office is equipped with a surveillance system to strictly control the entry and exit of people, so as to ensure the safety for all employees. (2) In terms of office environment, we have dedicated staff to maintain the office environment every day, conduct regular office	Not a significant difference

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			disinfection and gas inspection in the work environment, and regularly renovate the interior to update the equipment in real-time. (3) Always pay attention to the public safety and health in office premises, and set up breastfeeding rooms. (4) Conduct regular fire fighting equipment maintenance every year. (5) Conduct annual first aid training seminars.	
(IV) Does Company establish effective career development and training plans for employees?	V		(IV) The Company organizes education and training sessions from time to time, including new employee orientation, professional training, management function training, and language training. The Company also encourages employees to engage in on-the-job training on weekends without affecting their work.	Not a significant difference
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, market communication, and labeling of its products and services and establish policies to protect the rights and interests of customers or clients and procedures for grievances?	V		(V) The Company has implemented customer satisfaction survey, set up a 0800 customer service hotline, for which dedicated personnel are assigned to handle customer complaints, and formulated well-defined standard operating procedures for R&D, procurement, production, operation, and service processes to follow. The Company's marketing and labeling of products are in accordance with laws and regulations, and the export products are handled in accordance with international regulations.	Not a significant difference

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(VI) Does the company establish supplier management policies and request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety or labor human rights? Does the company keep track on the implementation of such policies?	V		(VI) The Company conducts credit investigation and assessment of the goodwill of both new and existing suppliers, and will continue to strengthen the management of suppliers in the future. Where the Company's main suppliers violate their corporate social responsibility policies with a significant impact on the environment and society, the Company will consider whether to continue the partnership with them.	Not a significant difference
V. Does the company, following internationally recognized guidelines, prepare and publish reports, such as its Corporate Sustainability Report, to disclose non-financial information of the company? Are said reports assured or verified by a third-party certification body?	V		The Company prepares the corporate social responsibility report according to the GRI Standards, and appoints a third-party certification body to provide limited assurance on the report in accordance with the Bulletin of Assurance Standards of the Republic of China No. 1 (with reference to ISAE 3000), while disclosing it on the Company's website.	Not a significant difference
VI. If the Company has established its own Sustainable Development Best Practice Principles with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please state the discrepancies with its own principles: In order to implement corporate social responsibility, the Company has formulated the Sustainable Development Best Practice Principles, which are not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and it complies with the principles as required.				
VII. Other important information that helps the public understand sustainable development implementation status: In response to energy conservation and environmental protection, the Company has strengthened the recycling of resources, increased the utilization rate, and been committed to charity events and activities while giving back to the community from time to time. It has established a customer service unit and assigned dedicated personnel to communicate with customers in a timely manner regarding customer complaints and to review and improve accordingly. To enhance a harmonious labor-management relationship, the Company has built a comprehensive communication channel with diverse and two-way communication				

Items	Implementation			Deviations and the Cause(s) of Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
mechanisms to enable employees to fully express their opinions, while the Company can respond and deal with them in a timely manner, and put constructive opinions into practice one by after. As such, the Company can achieve labor-management harmony and mutual prosperity in a positive labor-management relationship.				

5.(2) Implementation of climate-related information:

Item	Implementation				
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	The Company's board of directors will supervise post-climate change related issues. Members of the ESG Committee report preparation team have identified the risks and opportunities that may be brought about by climate change factors through workshops, and assessed their likelihood and impacts. Based on the analysis results, we develop a risk and opportunity matrix, formulate strategies for the top two climate risks and opportunities, set climate change response strategies, and report the results to the ESG Committee. The ESG Committee develops response strategies and action plans for various climate change-related risks and opportunities, and convenes departmental meetings from time to time to discuss and coordinate related topics. Report the implementation results to the Board of Directors and the Audit Committee at least once a year.				
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Major climate-related issues	Description of risk impact (opportunity impact)	Duration of Impact	Potential financial impact	Responding strategies
	Transition risk - Market Rising raw material costs	Ruentex Industries relies on international trade. The disorderly production of raw materials and the rise in prices caused by extreme weather may affect the cost of raw materials, exchange rate fluctuations and inflation. One of the main	Mid-term	Decrease in net profit and increase in operating cost	Introduce more suppliers to choose from, diversify risks without excessive concentration in the same area, and stabilize materials and delivery.

Item	Implementation				
		raw materials, cotton, has been affected by the climate and long-term heavy rainfall, resulting in poor cotton quality or reduced production leading to the increase in raw material prices, which in turn affects the delivery time and price of end products.			
	Physical risk - immediate Increased severity of extreme weather events such as typhoons and floods	Due to the changes and severity of extreme weather, the frequency of severe weather such as typhoons and floods increases, resulting in flooding and power outages, which may interrupt operations and cause injury to personnel, resulting in reduced revenues and increased costs. Strong storms affected the operation of retail stores, reducing customers' willingness to	Long-term	Unable to ship goods as scheduled, interruption of retail store operations, and reduced revenue. Assets are affected or scrapped, and capital expenditures increase. Higher freight and operating costs.	Purchase business interruption insurance to reduce disaster losses. Anti-flooding equipment and emergency response procedures are regularly inspected and drilled on a regular basis. The hypermarket store shall be raised or relocated to a higher ground.

Item	Implementation				
		spend, resulting in increased costs and decreased sales. Supplier locations are affected by drought, typhoon, or rainstorm, resulting in suspension of production, or damage to property and personnel. Normal shipments cannot be made.			
	Opportunity - Products and Services Development and/or add low-carbon products and services	Following the international trend of carbon reduction, customers have higher requirements for carbon reduction. To ensure competitiveness, we need to attract customers with the concept of sustainability, enhance our competitiveness, and develop new customer groups. Research and develop self-made styles to develop more environmentally friendly and high-quality	Long-term	Increased revenue and acquisition of investee opportunities	Design and develop sustainable and environmentally friendly fabrics for customers or brands to choose. Work with suppliers to use raw materials with a lower carbon footprint, such as organic cotton, recycled fibers, and sustainably produced synthetic fibers, to reduce the overall carbon emissions of products.

Item	Implementation				
		products; at the same time, purchase functional fabrics and use recycled materials to create competitive products. Promote the use of green energy and water-saving processing methods by suppliers to reduce the impact of production on the environment and help reduce greenhouse gas emissions.			
	Opportunity - Products and Services Changes in consumer preferences	Consumers' awareness of environmental protection is on the rise, and more and more consumers tend to buy environmentally friendly sustainable fashion brands/products, low-carbon products, and so on. The newly developed products use low-carbon or zero-carbon yarns (the main controllable	Long-term	Increased revenue and acquisition of investee opportunities	The raw materials of products are made of environmentally friendly and organic cotton fabrics; and recycled/environmentally friendly product packaging materials are used.

Item	Implementation				
		factor for carbon reduction of fabrics). In the promotion of the brand customers, the carbon reduction ratio is added to improve the brand customers' concept of control of carbon emissions.			
3. Describe the financial impact of extreme weather events and transformative actions.	In response to the climate emergency and the potential crisis in the supply of energy and resources, the Company not only strengthens the adjustment of climate resilience and reduces the operational impact that may be caused by disasters, but also continues to work hard to mitigate greenhouse gas emissions. By identifying the risks and opportunities of climate change, and implementing relevant countermeasures and strategies, we can reduce risks and grasp business opportunities to achieve the goal of sustainable operation of the enterprise. Scenarios are also used to identify physical and transformation risks and product, customer and operational opportunities, and their impact on the Company's operating activities, in order to strengthen the Company's climate change governance. The Company relies on international trade. The disorderly production of raw materials and the rise in prices caused by extreme weather will affect the cost of raw materials, exchange rate fluctuations and inflation. One of the main raw materials, cotton, has been affected by the climate and long-term heavy rainfall, resulting in poor cotton quality or reduced production leading to the increase in raw material prices, which in turn affects the delivery time and price of end products. By introducing more suppliers for selection, the Company does not focus on the same area, diversify risks, and stabilize material availability and delivery. At the same time, the Company designs and develops sustainable environmentally friendly fabrics for customers or brands to choose and in cooperation with suppliers to use raw materials with lower carbon footprints, such as organic cotton, recycled fibers, and sustainably produced synthetic fibers, reducing the overall carbon emissions of products. Therefore, the transformation has no significant financial impact.				
4. Describe how climate risk identification, assessment, and management processes are	The Company's board of directors will supervise post-climate change related issues. Members of each department in the report preparation team of the ESG Committee identify the risks and opportunities that may be brought about by climate change and evaluate the possibility of occurrence and the impact level. The results of the report will be sent to the relevant departments to formulate corresponding strategies and plans. The results are then compiled by the team and reported to the ESG Committee. The ESG Committee develops response strategies and action plans for various climate				

Item	Implementation
integrated into the overall risk management system.	change-related risks and opportunities, and convenes departmental meetings from time to time to discuss and coordinate related topics. Report the implementation status to the Board of Directors at least once a year.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	NA
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	NA
7. If internal carbon pricing is used as a planning tool, the basis	NA

Item	Implementation
for setting the price should be stated	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company expects to set relevant targets after completing the greenhouse gas inventory (including subsidiaries in the consolidated financial statements).
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in	Please refer to the following explanations in detail.

Item	Implementation
points 2-1 and 2-2 below).	

2-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

2-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.		
	2022	2023
Scope 1 direct emissions (tons CO ₂ e/year)	182.45	Note 2
Scope 2 indirect energy emission (tons CO ₂ e/year)	3,154.87	Note 2
Total (tons CO ₂ e/year)	3,337.32	Note 2
Intensity (tons CO ₂ e/NT\$ million)(Note 3)	1.16	Note 2
Note 1: Scope of data: The organizational boundaries of the Company are set at 9 locations including the headquarters building.		
Note 2: Currently under investigation, and it is expected to be completed before the end of August 2024.		
Note 3: The intensity of greenhouse gas emission is calculated based on the turnover.		

2-2 Greenhouse gas reduction goals, strategies and concrete action plans

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
Upon the completion of the 2024 greenhouse gas inventory based on the consolidated entities in the consolidated financial statements, the Company will use the complete inventory information as the basis for formulating future greenhouse gas reduction goals, strategies and action plans.

6. Performance in ethical corporate management and differences from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Item	Status of Operation		Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
I. Establishing Ethical Corporate Management Policies and Programs	V		
(1) Does the company establish policies for ethical corporate management approved by the		(1) The Company has formulated the Ethical Corporate Management Best Practice Principles, which stipulate	No significant difference.

Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
Board of Directors and state such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?			that the Company's directors and managers shall not directly or indirectly provide, promise, request, or receive any improper gains, or act in a way that violates integrity, laws, or the fiduciary duties in the course of business, and implemented the policy on ethical management as required.	
(2) Does the company establish an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"?	V		(2) The Company has established the Procedures for Ethical Management and Guidelines for Conduct and a whistleblowing system; meanwhile, the employee manual explicitly stipulates the effective rewards and disciplinary actions; said regulations and rules have been implemented as required.	No significant difference.
(3) Does the company establish in the preventive programs the operating procedures to prevent unethical behavior, penalties and grievance systems of breaching the guidelines for conduct, and implement and periodically review and revise them?	V		(3) The Company complies with by the Ethical Corporate Management Best Practice Principles and formulates relevant regulations on rewards and disciplinary actions for potential unethical conduct in business activities, such as bribery and acceptance of bribes, and provision of illegal political donations.	No significant difference.
II. Implementing Ethical Corporate Management				
(1) Does the company assess the ethical records of its counterparts and explicitly include clauses on ethical behavior in transaction contracts?	V		(1) The Company has established relevant management rules and implemented them in accordance with relevant regulations. In any case of unethical, the business relationship will be terminated immediately.	No significant difference.
(2) Does the company establish a unit specializing in implementing ethical	V		(2) The President's Office and relevant departments are responsible for increasing employees' awareness of	No significant difference.

Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
corporate management under the Board of Directors and report regularly (at least once a year) to the Board of Directors the status of implementation and supervision of the ethical management policy and preventive programs of unethical behavior?			ethical corporate management. Each department implements its duties as required. The Audit Department examines compliance with the internal control system and reports to the Board of Directors on December 25, 2023.	
(3) Does the Company establish and implement a policy to prevent conflicts of interest and provide suitable channels for reporting such conflicts?	V		(3) There are relevant whistleblowing procedures stipulated in the Company's Ethical Corporate Management Best Practice Principles, which serve as a basis for conduct, and there are smooth communication channels set up.	No significant difference.
(4) Does the company establish an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(4) The Company has developed an accounting system and an internal control system, and implemented them effectively. The audit department performs relevant internal audit operations regularly, and not only reports to the management timely but reports on the implementation status to the Board of Directors quarterly.	No significant difference.
(5) Does the Company regularly organize internal and external education and training activities for ethical corporate management?	V		(5) The Company increases employees' awareness of the Company's Ethical Corporate Management Best Practice Principles at regular and occasional meetings, and will organize education and training sessions based on the status of implementing social responsibility in the future. In 2023 a total of 172 person-times participated, with a total of 40.2 person-hours. Meanwhile, all	No significant difference

Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			directors have participated in relevant training sessions. Please refer to p28 - Directors' continuing education in 2023.	
III. Operating the Whistleblowing System				
(1) Does the Company establish explicit whistleblower and reward schemes and convenient reporting channels, and assign appropriate personnel to investigate the target of a whistleblower report?	V		(1) The Company has set up a whistleblowing system; meanwhile, the employee manual explicitly stipulates the effective rewards and disciplinary actions; the Company investigated cases reported through the whistleblowing system in accordance with the regulations.	No significant difference.
(2) Does the company establish standard operating procedures for investigation, post-investigation measures, and related mechanisms to ensure the confidentiality of a whistleblower complaint?	V		(2) The Company's whistleblowing system has explicitly stipulated the operating procedures and a confidentiality mechanism; the Company handles relevant matters in accordance with the regulations.	No significant difference.
(3) Does the Company establish measures to protect whistleblowers against retaliation?	V		(3) The Company is committed to protecting the confidentiality of and protecting whistleblowers to prevent them from improper treatment or retaliation.	No significant difference.
IV. Reinforcing Information Disclosure				
(1) Does the Company disclose the ethical corporate management principles and their effectiveness on the corporate website and the MOPS?	V		(1) The Company has set up a corporate website to disclose relevant information in a timely manner.	No significant difference.
V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please state the status of operations and differences in the principles it establishes: The Company has formulated its own Procedures for Ethical Management and Guidelines for Conduct, which are not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and it complies with them as required.				
VI. Other important information that facilitates better understanding of the Company's operation of Ethical Management and Guidelines for Conduct: Procedures for Handling Material Inside Information are specially adopted to establish sound				

Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Description	
mechanisms for the handling and disclosure of material inside information by the Company, in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by the Company to the public. Directors, managers and employees of the Company who acquires knowledge of this Corporation's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of these Procedures.				

7. If the Company has established the Governance Best Practice Principles and related regulations, please disclose the methods to access them:

The Company has formulated the Corporate Governance Best Practice Principles and relevant regulations, please refer to the Company's website for details

(http://www.ruentex.com.tw/financial/Financial_cn.htm).

8. Other material information that is helpful for understanding the status of implementation of corporate governance: NA.

9. Implementing the Internal Control System:

(1) Statement on internal control: please refer to the next page for details.

(2) The Company auditing its internal control system by a CPA shall disclose the CPA audit report: Not applicable.

Ruentex Industries Ltd.
Statement of Internal Control

Date: March 13, 2024

With regards to the results of the 2023 self-assessment of the internal control system, we hereby declare as follows:

- I. We acknowledge and understand that it is the responsibility of our Board of Directors and managers to establish, implement, and maintain an internal control system, and we have established such system. The purpose is to fairly ensure the effect and efficiency of operations (including profitability, performance, and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- II. There is a limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may vary as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
- III. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divide an internal control system into five elements: a) control environment, b) risk evaluation, c) control operation, d) information and communication, and e) monitoring. Each element in turn contains certain audit items, and the Criteria shall be referred to for details.
- IV. We have evaluated the effectiveness of design and implementation of our internal control system with such criteria.
- V. In respect of the findings from the above evaluation, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023 were effective to achieve the above goals in terms of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- VI. This statement shall form an integral part of the Annual Report and the prospectus of this Company and will be disclosed to the public. If there is any fraud, concealment, or unlawful practice found in the above contents, we shall be liable for the legal consequences under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This statement of declaration was approved unanimously by the Board Meeting held on March 13, 2024 with the presence of eight directors attending the meeting

Ruentex Industries Ltd.

Chairman: Hsu, Sheng-Yu

President: Hsu, Chih-Chang

10. In the previous fiscal year and by the date of annual report publication, there were punishments on the company or its employees by law or punishments on employees by the company for violating the internal control regulations with results that may cause significant impacts to the rights and interests of shareholders or the stock price, state the content of punishments, major defects, and improvements: NA.

11. Important resolutions made by the Annual General Meeting of Shareholders (AGM) and the shareholders' meeting in the previous fiscal year and by the date of annual report publication:

(1) Resolutions of the annual shareholders' meeting in the most recent year and the implementation thereof

Date of the Meeting	Summary of important proposals and resolutions	Implementation
2023.06.16 Annual Meeting of Shareholders	1. Approved the 2022 financial statements. 2. Approved the Distribution of Earnings for 2022. 3. Approved the proposal of cash dividends from the legal reserve. 4. Approved the amendments to the "Rules of Procedure for Shareholders' Meetings" of the Company.	The board of directors resolved to set August 16, 2023 as the ex-dividend date and August 31, 2023 as the distribution date as resolved by the board of directors on July 26, 2023.

(2) Resolutions of the Board of Director in the most recent year and as of the publication date of the annual report

Term /Session	Date of the Meeting	Summary of important proposals and resolutions	Independent directors' opinions
16/22	2023.01.17	1. Reported on the results of 2022 board performance assessment. 2. Proposal to subscribe for the shares issued in common stock by Ruen Fu Newlife Corp. for capital increase in cash. 3. The ratio of appropriation of employee remuneration for 2022. 4. The proposal to suggest the amount of year-end performance bonus to be issued for 2022. 5. The proposal to suggest the amount of year-end performance bonus for managers for 2022. 6. The proposal to suggest the amount of year-end performance bonus for the Chairman for 2022. 7. Proposal to suggest the payments for Company's directors for their professional service for 2023. 8. Proposal to amend part of the Company's "Salary Management Regulations." 9. The Company's 2023 business plan.	None of the independent directors expressed objections.

Term /Session	Date of the Meeting	Summary of important proposals and resolutions	Independent directors' opinions
		10. Proposal of the 2023 CPA remuneration.	
16/23	2023.02.13	1. Renewal of the bank loan facility of the Company. 2. The proposal to sign a land exchange agreement with the Hsinchu County Government.	None of the independent directors expressed objections.
16/24	2023.03.14	1. The progress report of the Company's greenhouse gas inventory and verification schedule. 2. Report on the Company's liability insurance policy(ies) for directors. 3. Renewal of the bank loan facility of the Company. 4. Proposal for the amount of employee remuneration to be appropriated for 2022. 5. The Company's 2022 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports. 6. Distribution of Earnings for 2022. 7. Proposal of cash dividends from the legal reserve. 8. Amendment of the "Rules and Procedures of Shareholders' Meeting" and the "Corporate Governance Best Practice Principles" and addition of the "Operational Procedures for the Preparation and Verification of the Sustainability Report." 9. The Company's proposal to convene the 2023 general shareholders' meeting. 10. Proposal for the 2022 Statement of Internal Control System of the Company. 11. The proposal for the addition to the Company's "Internal Control System" and "Internal Audit Act Enforcement Rules." 12. Change in CPAs of the Company.	None of the independent directors expressed objections.
16/25	2023.04.19	1. Renewal of the bank loan facility of the Company. 2. Proposal to subscribe for the shares issued in common stock by Tanvex BioPharma, Inc. for capital increase in cash. 3. Proposal to approve the provision of non-certification services by the CPAs, their firm, and affiliates of the firm to the Company and its subsidiaries.	None of the independent directors expressed objections.
16/26	2023.05.12	1. Time plan report for greenhouse gas inventory and verification proposed by the Company. 2. Renewal of the bank loan facility of the Company. 3. The Company's Consolidated Financial Report of Q1 of 2023. 4. Proposal for the amendments to the Company's "Stock Affairs Units Internal Control System Standards."	None of the independent directors expressed objections.
16/27	2023.07.26	1. Renewal of the bank loan facility of the Company. 2. Determination of the ex-dividend date and payment date of the Company's cash dividend from legal	None of the independent directors expressed

Term /Session	Date of the Meeting	Summary of important proposals and resolutions	Independent directors' opinions
		reserve. 3. The Company's establishment of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company. 4. Amendments to the "Approval Authority" of the Company.	objections.
16/28	2023.08.11	1. The progress report of the Company's greenhouse gas inventory and verification schedule. 2. The Company's intent to subscribe to common shares of Sunny Friend Environmental Technology Co., Ltd. in its cash capital increase. 3. The Company's Consolidated Financial Report of Q2 of 2023. 4. New agreement for the Company's bank loan.	None of the independent directors expressed objections.
16/29	2023.11.13	1. The progress report of the Company's greenhouse gas inventory and verification schedule. 2. The Company's 2022 corporate sustainability report implementation report. 3. Proposal to subscribe for the shares issued in common stock by Ruen Chen Investment Holdings Ltd. for capital increase in cash. 4. Renewal of the bank loan facility of the Company. 5. The Company's Consolidated Financial Report of Q3 of 2023. 6. The Company's plan to dispose of the land in Xiapu Sub-section, Wukuaicuo Section, Dayuan Township, Taoyuan City.	None of the independent directors expressed objections.
16/30	2023.12.25	1. Explanation on issues of audit planning linked up with the Company's Financial Statements 2023. 2. Report on the Company's regular evaluation of the independence of CPAs. 3. Report on the implementation status of ethical management in 2023. 4. The 2023 internal audit program of this Company. 5. New agreement for the Company's bank loan.	None of the independent directors expressed objections.
16/31	2024.02.02	1. The progress report of the Company's greenhouse gas inventory and verification schedule. 2. Renewal of the bank loan facility of the Company. 3. The ratio of appropriation of employee remuneration for 2023. 4. The proposal to suggest the amount of year-end performance bonus to be issued for 2023. 5. The proposal to suggest the amount of year-end performance bonus for managers for 2023. 6. The proposal to suggest the amount of year-end performance bonus for the Chairman for 2023. 7. Proposal to suggest the payments for Company's directors for their professional service for 2024.	None of the independent directors expressed objections.

Term /Session	Date of the Meeting	Summary of important proposals and resolutions	Independent directors' opinions
		8. Proposal to amend part of the Company's "Salary Management Regulations." 9. The Company's 2024 business plan. 10. Proposal of the 2024 CPA remuneration. 11. Partial amendments to the "Rules of Procedures for Board of Directors Meetings" and "Audit Committee Charter" of the Company.	
16/32	2024.03.13	1. The progress report of the Company's greenhouse gas inventory and verification schedule. 2. Report on the Company's liability insurance policy(ies) for directors. 3. Renewal of the bank loan facility of the Company. 4. Proposal for the amount of employee remuneration to be appropriated for 2023. 5. The Company's 2023 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports. 6. Distribution of Earnings for 2023. 7. Re-election of directors upon the expiration of the term of directors. 8. Lifting of the non-compete restrictions on newly elected directors. 9. The Company's proposal to convene the 2024 general shareholders' meeting. 10. The period of nomination, number of seats, and place of registration of candidates for the election of the directors (including independent directors). 11. Proposal for the 2023 Statement of Internal Control System of the Company.	None of the independent directors expressed objections.
16/33	2024.04.10	1. Nomination List of Candidates for Directors and Independent Directors. 2. Amendment to the "Articles of Incorporation". 3. The Company's amendments on matters relating to the convening of the 2024 general shareholders' meeting.	None of the independent directors expressed objections.

12. In the previous fiscal year and by the date of annual report publication, for directors who have expressed different opinions on important resolutions with a record or written statement made, please state the content of the different opinion in details: None

13. In the previous fiscal year and by the date of annual report publication, the summary of the resignation or dismissal of the company's chairman, president, chief accounting officer, chief finance officer, chief internal auditor, chief governance officer, and chief R&D officer:None

V. CPA Audit Fee Information

Amount Unit: NTD in Thousands

Name of CPA Firm	Name of CPA	Accountants' Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remarks
PwC Taiwan	Shu-chiung Chang	January 1, 2023 to December 31, 2023	4,850	400	5,250	
	Seanhsu Hsu					

Note: The audit fees of major subsidiaries and printing expenses for financial reports.

- (I) Where the non-audit fees paid to the CPAs, the CPA firm, and its affiliates are greater than one-fourth of the audit fees paid thereto, the amount of the audit and non-audit fees and the content of the non-audit services shall be disclosed: N/A.
- (II) Where the CPA firm is replaced and the audit fees paid during the year in which the CPA firm is replaced are less than the audit fees paid in the prior year, the amount of the audit fees before and after the replacement and the reason shall be disclosed: N/A.
- (III) Where the audit fees are reduced by more than 10% compared with the prior year, the amount, percentage, and reasons for the reduction of the audit fees shall be disclosed: N/A.

VI. Change of CPA:

(I) About Former Accountants: Not applicable.

Replacement Date			
Reasons for and Explanations of Such Replacement			
Explanation: The appointment for auditing service is terminated by the principal or refused by the accountant.	Party		CPA
	Situation		Principal
	Proactive Termination of Appointment		
	No Longer Accepting (continuing) Appointment		
The Independent Auditor's Report with an audit opinion other than an unqualified opinion issued in the last two years and the reasons:			
Whether there is any	Yes	~	Accounting Principles or Practices

disagreement with the issuer		~	Disclosures of Financial Report
		~	Audit Scope or Procedures
		~	Others
		~	
	No		
	Description		
Other Disclosures (Disclosures according to Subparagraphs 1-4 - Subparagraph 1-7 of Paragraph 6, Article 10 of the Regulations)			

(II) About the Succeeding Accountants: Not applicable.

Name of Accounting Firm	
Name of CPA	
Date of Appointment	
Inquiries before appointments regarding the accounting processes or principles for the specific transactions and the possible audit opinions for the financial report and the results:	
Written opinions of the succeeding accountant on specific events that are different from the former accountant:	

(III) The former CPAs' reply to the matters under item 1 and point 3, item 2, subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VII. The name, title, and work period in the CPA firm or its affiliate shall be disclosed where the Company's Chairman, President, or managers in charge of financial or accounting affairs have worked in a CPA firm to which the CPAs appointed belong or its affiliate within the most recent year: None.

VIII. In the previous fiscal year and by the date of annual report publication,

the equity transfer and change in pledged equity of the directors, managers, and shareholders with more than 10% shareholding:

Unit: Shares

Title	Name	2024		As of April 30, 2024	
		Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged	Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged
Chairman and Director	Huei Hong Investment Co., Ltd.	0	0	0	0
Chairman Representative	Sheng-yu Hsu	0	0	0	0
Director Representative	Yen, Tien-Cheng	0	0	0	0
Director Representative	Hsu, Chih-Chang	0	0	0	0
Director	Ruentex Xing Co., Ltd.	0	0	0	0
Director Representative	Yin, Chung-Yao	0	0	0	0
Director Representative	Lee, Tien-Chien	0	0	0	0
Director	Shu-Tien Urology and Ophthalmology Clinic	0	0	0	0
Director Representative	Lee, Chih-Hung	0	0	0	0
Independent Director	Wang, Tay-Chang	0	0	0	0
Independent Director	Chen, Shou-Jen	0	0	0	0
Independent Director	Tang, Gia-Khy	0	0	0	0
Major Shareholder	Ruentex Development Co., Ltd.	0	0	0	0
President	Hsu, Chih-Chang	0	0	0	0
Vice President, Fund Management Department	Lee, Tien-Chien	0	0	0	0

Title	Name	2024		As of April 30, 2024	
		Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged	Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged
Vice President, Financial Management Department	Chang, Hsiu-Yen	0	0	0	0
Vice President	Fang, Liang-Yuan	0	0	0	0
Vice President	Huang, Jian-Hua	0	0	0	0
Assistant Vice President	Chang, Chin-Shih (Resigned on OCT. 26, 2024)	(14,000)	0	0	0
Assistant Vice President	Huang, Chia-Yi	0	0	0	0
Assistant Vice President	Chang, Jui-Tang	0	0	0	0
Assistant Vice President	Liang, Tien-Yi	0	0	0	0
Assistant Vice President	Cheng, Mei-Ching	0	0	0	0
Assistant Vice President	Lin, Fang-Jung	0	0	0	0
Assistant Vice President	Hong, Shi-Qin	0	0	0	0
Assistant Vice President	Chang, Wei-Chun	(4,000)	0	(2,000)	0
Assistant Vice President	Chang, Ya-Chu	0	0	0	0
Assistant Vice President	Huang, Tsai-Ming	(10,000)	0	0	0
Assistant Vice President	Huang, Yun-Ting (Resigned on MAR. 16, 2024)	0	0	0	0
Assistant Vice President	Tsai, Hao-Chuan (Take onffice on AUG. 21, 2023)	0	0	0	0
Assistant Vice President	Wu,Pei-Ling (Take onffice on APR. 10, 2024)	~	~	0	0

Title	Name	2024		As of April 30, 2024	
		Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged	Increase/ Decrease in Shares Held	Increase/ Decrease in Shares Pledged
Branch Manager, Zhonghe Branch	Sun, Cheng-Hsiung	(18,000)	0	(2,000)	0

Note 1: Shareholders with more than 10% shareholding of the Company should be indicated as major shareholders and listed separately.

Note 2: If the counterparty of equity transfer or equity pledge is a related party, please fill out the following forms.

- (1) The counterparty of the equity transfer is a related party: None
- (2) The counterparty of the equity pledge is a related party: None

IX. Information on top 10 shareholders in proportion of shareholdings and who are stakeholders, spouses, or related to one another or kin at the second pillar under the Civil Code to one another

Unit: Shares; %; April 30, 2024

Name (Note 1)	Shareholding of the Principal		Shareholdings of Spouse/Minor Children		Shares Held in the Name of Others		Titles or Names of the Top-ten Shareholders Who Have a Relationship With Each Other or a Spouse, or a Kinship of Second Cousin (Note 3)		Remark
	Shares	% of Shares Held	Shares	% of Shares Held	Shares	% of Shares Held	Name	Relationship	
Ruentex Development Co., Ltd.	157,697,626	14.28	0	0	0	0	Gin-Hong	The investee company accounted for under the equity method	
							Ruentex Engineering & Construction	Ruentex Development is the parent company of Ruentex Engineering & Construction	
							Yingjia	is the corporate director of Ruentex Development	
Representative: Jean,Tsang-Jiunn	19	0	0	0	0	0	Huei Hong	is the corporate director of Huei Hong	
Changchun Investment Co., Ltd.	50,287,656	4.55	0	0	0	0	Ruen Hua	is the corporate director of Ruen Hua	
Representative: Samuel Yen-Liang Yin	4,239,759	0.38	426,344	0.04	0	0	Huei Hong	is the chairman of Huei Hong	
							Ruen Hua	is the corporate director of Ruen Hua	
Ruentex Engineering & Construction Co., Ltd.	50,241,066	4.55	0	0	0	0	Ruentex Development	is the parent company of Ruentex Engineering & Construction	
							Yingjia	is the corporate director of Ruentex Engineering & Construction	
							Ruen Hua	is the corporate director of Ruentex Engineering & Construction	
							Huei Hong	is the corporate director of Ruentex Engineering & Construction	
Representative:	0	0	638,000	0.06	0	0	Ruentex	is the corporate	

Name (Note 1)	Shareholding of the Principal		Shareholdings of Spouse/Minor Children		Shares Held in the Name of Others		Titles or Names of the Top-ten Shareholders Who Have a Relationship With Each Other or a Spouse, or a Kinship of Second Cousin (Note 3)		Remark
	Shares	% of Shares Held	Shares	% of Shares Held	Shares	% of Shares Held	Name	Relationship	
Lee, Chih-Hung							Development Co., Ltd.	director of of Ruentex Development	
							Changchun	is the corporate supervisor of of Changchun	
Yi Tai Investment Co., Ltd.	46,827,824	4.24	0	0	0	0	~	~	
Representative: Chang, Kun-Long	60,000	0.01	31	0	0	0	Huei Hong	is the corporate director of Huei Hong	
							Ruentex Engineering & Construction	is the ultimate parent company of Ruentex Engineering & Construction	
							Sheng Cheng	is the chairman of Sheng Cheng	
							Yingjia	is the chairman of Yingjia	
							Ruen Hua	is the chairman of Ruen Hua	
Huei Hong Investment Co., Ltd.	44,434,910	4.02	0	0	0	0	Ruen Hua	Ruen Hua is the corporate director of Huei Hong	
Representative: Samuel Yen-Liang Yin	4,239,759	0.38	426,344	0.04	0	0	Changchun	is the chairman of Changchun	
							Ruen Hua	is the corporate director of Ruen Hua	
P-shares Taiwan Dividend Plus ETF, Yuanta	44,420,174	4.02	0	0	0	0	~	~	
Gin-Hong Investment Co., Ltd.	36,593,388	3.31	0	0	0	0	Ruentex Development	is the corporate supervisor of of Gin-Hong	
Representative: Lee, Tien-Chien	351,150	0.03	0	0	0	0	~	~	
Sheng Cheng Investment Co., Ltd.	35,110,005	3.18	0	0	0	0	Ruen Hua	is the corporate director of Sheng Cheng	
Representative: Chang, Kun-Long	60,000	0.01	31	0	0	0	Huei Hong	is the corporate director of Huei Hong	
							Ruentex Engineering & Construction	is the ultimate parent company of Ruentex Engineering & Construction	
							Yi Tai	is the chairman of Yi Tai	
							Yingjia	is the chairman of Yingjia	
							Ruen Hua	is the chairman of Ruen Hua	

Name (Note 1)	Shareholding of the Principal		Shareholdings of Spouse/Minor Children		Shares Held in the Name of Others		Titles or Names of the Top-ten Shareholders Who Have a Relationship With Each Other or a Spouse, or a Kinship of Second Cousin (Note 3)		Remark
	Shares	% of Shares Held	Shares	% of Shares Held	Shares	% of Shares Held	Name	Relationship	
Yingjia Investment Co., Ltd.	34,630,871	3.14	0	0	0	0	Ruen Hua	is the corporate director of Yingjia	
							Ruentex Development	is the corporate director of Ruentex Development	
							Changchun	is the corporate supervisor of Yingjia	
Representative: Chang, Kun-Long	60,000	0.01	31	0	0	0	Huei Hong	is the corporate director of Huei Hong	
							Ruentex Engineering & Construction	is the ultimate parent company of Ruentex Engineering & Construction	
							Yi Tai	is the chairman of Yi Tai	
							Sheng Cheng	is the chairman of Sheng Cheng	
							Ruen Hua	is the chairman of Ruen Hua	
Ruen Hua Dyeing & Weaving Co., Ltd.	20,753,809	1.88	0	0	0	0	Changchun	is the corporate director of Ruen Hua	
							Huei Hong	is the corporate director of Huei Hong	
							Sheng Cheng	is the corporate supervisor of Sheng Cheng	
Representative: Chang, Kun-Long	60,000	0.01	31	0	0	0	Huei Hong	is the corporate director of Huei Hong	
							Ruentex Engineering & Construction	is the ultimate parent company of Ruentex Engineering & Construction	
							Yi Tai	is the chairman of Yi Tai	
							Sheng Cheng	is the chairman of Sheng Cheng	
							Yingjia	is the chairman of Yingjia	

Note 1: List all the top-ten shareholders; also, the title of the corporate shareholders and the name of their representatives should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the shareholding ratio in the name of the principal, the spouse, the minor children, or the shareholding held in the name of others.

Note 3: For the shareholders disclosed in the preceding paragraph, including juridical persons and natural persons, their relationships to each other shall be disclosed.

X. Investments Jointly Held by the Company, the Company's Directors, Managers, and Enterprises Directly or Indirectly Controlled by the Company. Calculate Shareholding in Aggregate of the Above Parties

Unit: 1,000 Shares; %; March 31, 2024

Invested Companies (Note)	Investment of the Company		Comprehensive Investment of the Directors, Managers, and the Invested Companies Directly or Indirectly Controlled by the Company		Comprehensive Investment	
	Shares	Shareholdin g percentage	Shares	Shareholdin g percentage	Shares	Shareholdin g percentage
Full Shine	19,500	100.00%	0	0.00%	19,500	100.00%
Gold Leaf	500	100.00%	0	0.00%	500	100.00%
East Capital	4,208	100.00%	0	0.00%	4,208	100.00%
New Zone	13,792	100.00%	0	0.00%	13,792	100.00%
Kompass Global Sourcing Solutions Ltd.	4,264	100.00%	0	0.00%	4,264	100.00%
Gin-Hong Investment Co., Ltd.	17,050	55.00%	326	1.05%	17,376	56.05%
Shing Yen Construction Development Co., Ltd.	28,783	50.94%	855	1.51%	29,638	52.46%
Concord Greater China	17,580	42.25%	0	0.00%	17,580	42.25%
Ruen Fu Newlife Corp.	1,200	40.00%	0	0.00%	1,200	40.00%
Ruentex Development Co., Ltd.	730,988	25.70%	211,757	7.45%	942,744	33.15%
Ruen Chen Investment Holdings Ltd.	7,173,010	23.00%	5,613,660	18.00%	12,786,670	41.00%
Nan Shan Life Insurance Co., Ltd.	29,488	0.21%	134,385	0.97%	163,873	1.19%

Note: The Company's invested company under the equity method.

Fundraising

I. Necessary information on capital and shares:

(I) Source of capital: (The total number of shares issued by the Company in the most recent year and as of the publication date of the annual report)

Unit: Shares/NTD Thousands

Year/ Month	Issue Price per Share	Authorized capital		Paid-in Capital		Source of Capital	Remark		Others
		Shares	Amount	Shares	Amount		Paid-in Capital	Other Than Cash	
July 23, 1996	NT\$10	576,000,000	5,760,000	456,744,722	4,567,447	Capitalization of Capital Surplus for NT\$258,535,000	No	No	No
May 14, 1997	NT\$10	850,000,000	8,500,000	625,437,416	6,254,374	Capital Increase in Cash by NT\$773,438,000 Capitalization of Capital Surplus for NT\$456,744,000 Capitalization of Earnings for NT\$456,745,000	No	No	April 28, 1997(1997)Tai Cai Zheng (1) No. 30425
May 8, 1998	NT\$10	852,000,000	8,520,000	750,524,900	7,505,249	Capitalization of Capital Surplus for NT\$625,437,000 Capitalization of Earnings for NT\$625,437,000	No	No	No
September 27, 1999	NT\$10	996,200,000	8,962,000	788,051,145	7,880,511	Capitalization of Capital Surplus for NT\$375,262,000	No	No	No
July 1, 2006	~	996,200,000	8,962,000	779,340,945	7,793,409	Consolidated Capital Reduction by NT\$87,102,000	No	No	No
July 27, 2007	~	996,200,000	8,962,000	727,674,715	7,276,747	Consolidated Capital Reduction by NT\$516,662,000	No	No	No
March 17, 2008	~	996,200,000	8,962,000	711,434,323	7,114,343	Consolidated Capital Reduction by NT\$162,404,000	No	No	No
January 11, 2011	NT\$10	996,200,000	9,962,000	841,434,323	8,414,343	Capital Increase in Cash by NT\$1,300,000,000	No	No	August 25, 2011 FSC Cert Far No. 1000037685
December 27, 2013	NT\$10	996,200,000	9,962,000	941,434,323	9,414,343	Capital Increase in Cash by NT\$1,000,000,000	No	No	October 17, 2013 FSC Cert Far No. 1020040971

Year/ Month	Issue Price per Share	Authorized capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source of Capital	Paid-in Capital Paid with Considerations Other Than Cash
September 5, 2018	NT\$10	996,200,000	9,962,000	564,860,594	5,648,606	Capital Reduction in Cash by NT\$3,765,737,000	No August 14, 2018 FSC.Cert.Far No. 1070328028
July 30, 2019	NT\$10	1,500,000,000	15,000,000	564,860,594	5,648,606	~	~ July 30, 2019 MOEA.So.Sun No. 10801089590
November 1, 2021	NT\$10	1,500,000,000	15,000,000	734,318,772	7,343,188	Capitalization of Earnings for NT\$1,694,582,000	No November 1, 2021 MOEA.So.Sun No. 11001194740
October 5, 2018	NT\$10	1,500,000,000	15,000,000	1,104,318,772	11,043,188	Capital Increase in Cash by NT\$3,700,000,000	No August 23, 2022 FSC.Cert.Far No. 1110351912

Unit: Shares

Type of Shares	Authorized Capital				Remark
	Outstanding Shares		Unissued Shares	Total	
	Listed	Unlisted			
Registered Common Stock	1,104,318,772	0	1,104,318,772	395,681,228	1,500,000,000

Related information of sum up reporting:None

(II) Shareholder Structure:

Unit: Shares; April 30, 2024

Shareholder Structure Quantity	Government Agency	Financial Institutions	Other Juridical Person	Individual	Foreign Institution and Foreigners	Total
Number of People	1	9	398	86,674	272	87,354
Number of shares held	4,301	701,172	622,062,667	405,197,176	76,353,456	1,104,318,772
Shareholding percentage	0.00	0.06	56.33	36.69	6.92	100.00

(III) Equity Distribution (Face Value of NT\$10 per Share)

April 30, 2024

Shareholding Bracket	Number of Shareholders	Number of shares held	Shareholding percentage
1 to 999	39,120	10,331,672	0.94 %
1,000 to 5,000	35,950	73,771,880	6.68 %
5,001 to 10,000	5,717	43,435,882	3.93 %
10,001 to 15,000	1,999	25,126,662	2.28 %
15,001 to 20,000	1,190	21,602,877	1.96 %
20,001 to 30,000	1,128	28,447,737	2.58 %
30,001 to 40,000	563	19,869,528	1.80 %
40,001 to 50,000	359	16,605,304	1.50 %
50,001 to 100,000	695	49,245,569	4.46 %
100,001 to 200,000	354	49,266,439	4.46 %
200,001 to 400,000	151	42,071,233	3.81 %
400,001 to 600,000	43	20,687,394	1.87 %
600,001 to 800,000	18	12,422,211	1.12 %
800,001 to 1,000,000	10	9,073,785	0.82 %
1,000,001 and above	57	682,360,599	61.79 %
Total	87,354	1,104,318,772	100.00 %

(IV) List of Major Shareholders

April 30, 2024

Name of Major Shareholders	Shares	Number of shares held	Shareholding percentage
Ruentex Development Co., Ltd.		157,697,626	14.28%
ChangCuan Investment Co., Ltd.		50,287,656	4.55%
Ruentex Engineering & Construction Co., Ltd.,		50,241,066	4.55%
Yi Tai Investment Co., Ltd.		46,827,824	4.24%
Huei Hong Investment Co., Ltd.		44,434,910	4.02%
P-shares Taiwan Dividend Plus ETF, Yuanta		44,420,174	4.02%

Shares		Number of shares held	Shareholding percentage
Name of Major Shareholders			
Gin-Hong Investment Co., Ltd.		36,593,388	3.31%
Sheng Cheng Investment Co., Ltd.		35,110,005	3.18%
Yingjia Investment Co., Ltd.		34,630,871	3.14%
Ruen Hua Dyeing & Weaving Co., Ltd.		20,753,809	1.88%

(V) Price per Share, Net Worth, Earnings, and Dividends, Relevant Information for the Last Two Years

Item		Year	2022	2023	April 30, 2024 (Note 5)
Market Price per Share	Maximum		124.00	68.85	65.50
	Minimum		49.20	53.20	57.60
	Average		80.21	60.85	60.42
Net Value per Share	Before Distribution		74.55	89.96	~
	After Distribution		72.52	(Note 4)	~
Earnings per share	Weighted Average Shares (1,000		782,685	1,043,663	~
	Earnings per share		15.55	7.19	~
Dividends per Share	Cash dividends		2	2.5(Note 4)	~
	Stock Dividends	Stock Dividends From	-	-	~
		Sock Dividends From	-	-	~
	Accumulated Unpaid Dividends		-	-	~
Return on Investment Analysis	Price-to-Earnings Ratio (P/E Ratio) (Note 2) (Note 1,6)		5.16	8.46	~
	Ratio of Dividends (Note 2)		40.11	24.34	~
	Cash Dividend Yield Rate (Note 3)		2.49	4.11	~

Note 1: P/E ratio = Average closing price per share/Earnings per share for the year.

Note 2: Ratio of dividend = Average closing price per share/ Cash dividends per share for the year.

Note 3: Cash dividend yield rate = Cash dividends per share/ Average closing price per share for the year.

Note 4: The figures after distribution in the table above are based on the resolution adopted by the shareholders' meeting in the following year. The 2023 earnings distribution proposal has not yet been resolved by the shareholders' meeting.

Note 5: The net value per share and the earnings per share should be included in the latest seasonal financial report as of the Annual Report printing date, which is audited (reviewed) by the accountant; the remaining columns should be filled in with the data of the current year as of the Annual Report printing date.

(VI) The Company's Dividend Policy and Implementation

(1) The Dividend Policy as in the Company's Articles of Incorporation
Dividend Policy:

If after the annual closing of books, there is a profit, the Company shall, after having provided for income taxes and offset the accumulated losses of previous years, retain the 10% legal reserve; Where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply. If the balance (distributable profits for the current year), together with the undistributed earnings in the previous year and retained special reserves prescribed by laws and regulations, are available for distribution, the Board

shall present a proposal on dividends, or retention at a shareholders' meeting for resolution.

Current provisions:

The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the Company's future capital demand is measured, and after the necessary capital is retained for financing purposes, the remaining earnings can then be distributed in the form of dividends.

Proposed amendments in 2024: (Passed by the Board of Directors on April 10, 2024, pending resolution by the Shareholders' Meeting on June 27, 2024)

The Company's dividend policy is based on the Company Law and its articles of incorporation. The Board of Directors proposes an annual distribution plan to the shareholder meeting, taking into account factors such as finance, business, management, and capital budgeting, as well as balancing shareholder interests and the company's long-term financial planning. However, shareholder dividends must be no less than 30% of the net profit after tax for the year, excluding the share of profit or loss of associates and joint ventures accounted for using the equity method, after the legally required statutory reserve and various special reserves have been appropriated. The cash dividend ratio must be no less than 30% of the total dividend distribution for the year.

(2) The proposed allocation of the dividends at the shareholders' meeting:

Proposed to distribute cash dividends of NT\$2,760,796,930, NT\$2.5 per share.

(VII) The impact of the stock dividends proposed in the current shareholders meeting on the Company's operating performance and earnings per share:
N/A.

(VIII) Remuneration to Employees and Directors:

(1) The scope of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation.

Per the Company's Articles of Incorporation:

A. Employee remuneration:

Article 34: Where the Company has a profit in a fiscal year, 0.3% to 0.5% of such profit shall be allocated as employee remuneration. If the Company has accumulated losses, an equivalent amount from the profit earned shall be reserved to make up for losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or in shares, and employees of affiliated companies who meet certain requirement shall be entitled to receive such remuneration.

B. The Company's Articles of Incorporation did not stipulate the distribution of remuneration of directors.

(2) The basis for the estimated amount of employee remuneration and the remuneration of directors in the current period, the calculation basis for the number of shares for employee remuneration distributed in stock, and the accounting treatment applied when the actual amount distributed is different from the estimated amount:

- A. The amount of employee remuneration and the remuneration of directors is estimated within the percentages as stated in the Company's Articles of Incorporation.
 - B. The basis for calculating the number of shares for employee remuneration distributed in stock: The Company did not distribute employee remuneration in stock for 2023.
 - C. When there is a difference between the amount to be distributed as resolved by the Board of Directors and the estimated amount, the difference shall be treated as a change in accounting estimates and recognized in profit or loss in the year in which the distribution occurs.
- (3) The distribution of remuneration resolved by the Board of Directors:
- A. Remuneration to employees and directors paid in cash or stock. If it is different from the estimated amount of the expense recognition year, the difference amount, cause, and treatment should be disclosed:
Pursuant to Article 34 of the Company's Articles of Incorporation, 0.3% of the net income before tax for 2023 was appropriated as employee remuneration, totaling NT\$22,830,607, and all paid in cash with no difference from the estimated amount.
 - B. The amount of employee remuneration distributed in stock and its proportion to the net income after tax and the total employee remuneration as in the standalone or individual financial statements: The employee remuneration at this time was all paid in cash, hence not applicable.
- (4) The actual distribution of remuneration to employees and distributors in the prior year (including the number of shares distributed, amount, and stock price), and if it is different from the remuneration to employees and directors recognized, the amount of difference, the cause, and the handling of the difference shall be detailed:
- A. The Company's Board of Directors resolved a decision to appropriate NT\$39,715,612 for employee remuneration for 2022 on March 14, 2023.
 - B. If it is different the remuneration of the employees and directors recognized, the amount of the difference, the cause, and the handling of the difference shall be specified:
Pursuant to Article 34 of the Company's Articles of Incorporation, 0.3% of the net income before tax for 2022 was appropriated as employee remuneration, totaling NT\$39,715,612, and all paid in cash with no difference from the estimated amount.
 - C. Remuneration of directors: None.
- (IX) Shares repurchased by the Company: None.

- II. Issue of corporate bonds: None.
- III. Preferred stock issuance: None.
- IV. Overseas depositary receipts: None.
- V. Issue of employee stock warrants: None.
- VI. New employee restricted shares: None.
- VII. New shares issued in exchange for other companies' shares: None.
- VIII. Fund implementation plan: N/A.

Operational Overview

I. Business Content

(I) Business Scope

1. Main content of the business:

- (1) Import and export of natural cotton, chemical fiber, synthetic fiber, hemp, fur, as well as other yarn and blended yarn, woven fabric, clothing, knitted, and woven products; import of raw cotton, chemical fiber, dyes, and chemical raw materials.
- (2) Commissioning of construction companies to build public housing buildings and commercial buildings for lease and sale; development of specific specialized zones; development of new towns, new communities; process zone expropriation and urban land readjustment agency.
- (3) Manufacturing, agency and distribution, and trading of relevant building materials; import and export of construction machinery.
- (4) Housing transaction information consultancy service.
- (5) Processing, warehousing, sorting, packaging, warehousing, and wholesale of goods.
- (6) Wholesale and retail of agricultural, livestock, and aquatic products, groceries, fabrics, apparel, garment accessories, building materials, furniture, and decorations.
- (7) Gifts and groceries catalog mail-order business.
- (8) Operation and management of shopping malls, grocery stores, and general retail stores and markets; import of goods for self-retail.
- (9) Sales and repair of various electronic appliances.
- (10) Manufacturing of garment accessories, other woven fabrics, and textile products; manufacturing, wholesale, and retail of leather garments, leather pants, and other leather products.
- (11) Manufacturing, wholesale, and retail of power generation, transmission, and distribution machinery, electronic components, household appliances, lighting equipment, mechanical equipment, office equipment, precision instruments, measurement instruments, telecom equipment, and other machinery.
- (12) Manufacturing, wholesale, and retail of automobiles, scooters, bicycles, and their parts, hand tools, molds, hats, shoes, containers, and bags.
- (13) Manufacturing of sports devices and equipment; wholesale and retail of sports devices and equipment.
- (14) Fire safety equipment installation engineering; wholesale and retail of fire safety equipment.
- (15) Wholesale and retail of household daily necessities, cleaning supplies, and public health pesticide.
- (16) Wholesale and retail of watches, glasses, packaging materials, and information software.
- (17) Manufacturing of paper containers, zippers, aluminum and copper products, and springs; lock Manufacturing.

- (18) Data storage, processing equipment, and wired communication equipment and apparatus manufacturing.
- (19) Rope, cable and net manufacturing.
- (20) Manufacturing and wholesale of frozen and baked food products.
- (21) Furniture and fixture manufacturing, wholesale, and retail.
- (22) Wholesale of fishing gears or tackles.
- (23) Wholesale and retail of diaper pants and diapers.
- (24) Wholesale and retail of feed, fertilizer, hardware, paint, coating materials, dyes, pigments, plumbing materials, and ceramic glassware.
- (25) Wholesale and retail of books, stationery, toy guns, toys, entertainment products.
- (26) Wholesale and retail of traffic sign equipment as well as charcoal and petroleum products.
- (27) Wholesale and retail of jewelry, precious metals, and ore.
- (28) Wholesale and retail of photographic devices and equipment, electronic materials, and audio-visual devices and equipment.
- (29) Department stores, supermarkets, general grocery stores, convenience stores, restaurants, diners, beverage shops, and bars business.
- (30) Operation of parking spaces, truck freight business, freight business (truck containers), booth leasing, leasing, real estate agency; lease and sale of residential property and buildings; industrial factory development and rental.
- (31) Business management consulting and investment consulting.
- (32) Tally and packaging; laundering and dyeing; photography.
- (33) Leisure activity venues; video tape production and distribution.
- (34) Auto repair and auto service assistance service.
- (35) Labor dispatch agency, agency, tailoring, and beauty and hairdressing services.
- (36) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- (37) Information software data processing; electronic information supply services.

2. Business Ratio:

Unit: NTD in Thousands

Category	Product Item	2024	
		Operating income	Ratio (%)
Textile trade	Plaid fabrics, dyed fabrics, etc.	772,895	28.83
Ready-to-wear retail	Apparel	563,049	21.00
Hypermarket	~	1,178,803	43.98
Construction	~	90,473	3.38
Investment revenue	~	75,420	2.81
Total		2,680,640	100.00

3. The Company's current products and services:

- (1) Yarn dyed fabric series: Plaid fabric, Oxford fabric, stretch fabric, wash and

wear fabric, and Dobby fabric.

(2) Printed fabrics series: Printed fabrics, stretch fabric, and printed check fabrics (flannel fabrics).

(3) Dyed fabric series: Stretch fabrics, plain and twill woven fabrics, and corduroy fabric.

(4) Furnishing and office fabrics series: Bed sheet fabric, screen fabrics, and office seat cushion fabric.

(5) Ready-to-wear/group uniform trade.

(6) Branded clothes.

(7) Wholesale of goods.

The brands in the Company's current agency business –



P A R I S



4. New products planned to be developed

(1) Yarn dyed fabric series

As the market's demand for quality increases, with the focus shifted to products with diversity, eco-friendliness, and new composite materials. The Company's development is focused on the production of products with high density, fine counts, changes in weaving techniques, and special materials and on functional processing and appearance improvement in the finishing process, so as to develop a wide variety of environmentally friendly, diversified products in small quantities, high-quality, and high-priced products in mall quantities.

(2) Printed fabric series

The new development direction is to replace part of the all-cotton gray, fuzz, and printed fabrics with blended gray fabrics, with hemp, environmentally friendly chemical fiber, and other materials incorporated.

(3) Dyed fabric series

Through the finishing process, the Company aims to produce a variety of products in small quantities, featuring composite raw materials and functional processing.

(II) Industry Overview:

(1) Textile trade

A. Current Status and Development of the Industry

Taiwan's textile industry has shifted from processing and exporting imported raw materials in the early days to the proactive development of man-made fibers using raw materials from the petrochemical industry. Together with imported natural fibers, such as cotton and fur, a complete upstream, mid-stream, and downstream production system has been formed, including man-made fiber manufacturing, spinning, weaving, dyeing and finishing, ready-to-wear, garment accessories, and other industries.

Since the 1960s, Taiwan's textile industry has undergone more than 70 years of development and growth. With the vast needs of the international market, the industry has continued to actively develop new products and update production equipment to expand the international market, making the textile industry the most complete production system among Taiwan's industries. Taiwan's textiles are one of the main sources of the world's functional textile consumer market.

The world experienced the Russo-Ukrainian war, inflation and interest rate hike pressure, the economic recovery after the global pandemic tended to fade, consumer demand for textile products weakened, resulting in excessive inventory of international brands, sharp loss of sales, and slowdown of ordering momentum. As the global economy turns weak, the textile industry is also showing a recession. However, the inventory destocking has gradually slowed down in 2023, and the textile industry will tend to be optimistic in 2024.

B. Relationship between the upstream, midstream, and downstream sections of the industry

According to Taiwan's customs statistics on import and export trade, in 2023 Taiwan's textile exports value was US\$6.6 billion, import value was US\$3.7 billion. The trade surplus was US\$2.9 billion, creating substantial foreign exchange revenue for Taiwan, of which fabric exports accounted for 71%, a decrease of 26% from the previous year; yarn exports were 13%, a decrease of 25% from the previous year. In terms of the export structure, the product with the largest proportion was fabrics, which showed that the textile weaving industry was not only the hub of the textile industry in terms of manufacturing processes but the most important export product in the textile industry.

In the traditional textile business model, although cloth factories' first-tier customers are garment factories, the quantity of fabrics directly ordered by garment factories is very small in the cloth factories' overall production capacity. Therefore, although cloth factories' orders are from garment factories, most orders are placed by garment factories, as designated by international brands, to cloth factories that have passed the international brands' verification. Therefore, for the textile industry supply chain, the main driving force in the textile production mainly comes from the cloth factories in the midstream.

Therefore, in terms of the value chains of the textile industry, garment factories in the downstream are subject to the supply of fabric

factories and the layout of global logistics management. The upstream raw material businesses, unless they have worked with internationally renowned technology brands, must also rely on the orders from the fabric factories so as to facilitate product development and innovation. Therefore, in the value chains of the entire textile industry, the midstream fabric factories is the leading force and the hub in the supply chains of textile industry.

C. Product development trends and competition

The high-quality and low price trend: Influenced by the low price competition strategy adopted by large chain stores, global textile businesses must maintain their quality at a certain level, so the textile industry must cater to consumers' requirements for "high quality and low price" in product selection. In the apparel market in Europe, large supermarkets have worked to share the pie using low-price strategies. With the pressure of such competition, various retailers have adjusted their business strategies and repositioned their products for differentiation. In order to further reduce costs, retailers stopped sourcing from local suppliers; instead, they have turned to low-cost areas around the world, which is the biggest impact on the global layout of the textile industry.

At present, the international textile competition is increasingly fierce; the competition of low-priced textile products is mainly in the Southeast Asian countries and China (in terms of exports), while the competition of high-value-added textile products in Japan, the U.S. and the European Common Market, making Taiwan's textile industry feel more pressured in the international competition.

(2) Hypermarket business

A. Current Status and Development of the Industry

With the economic globalization and the transformation of Taiwan's political and economic environment, the industrial structure has undergone a critical change. The proportion of the service industry to the overall industrial output value has increased year by year, and the distribution industry, as an important bridge connecting producers and consumers, is the most critical link in the service industry; thus, the development of the distribution industry plays a crucial role in the overall economy. With the rise of the hypermarket industry, the needs for diversified products and low prices have gradually opened up consumers' other potential needs, and the industry has become the largest retail channel quickly, leading to a revolution in channels between the wholesale and retail markets.

The investment in hypermarkets often amounts to hundreds of millions of New Taiwan dollars, and the hundreds of employees are required. In addition, the area of land required for a hypermarket is also as high as thousands of pings. Thus, there are difficulties in operation. In recent years, consumers have become more cost-savvy, and hypermarkets must continue to launch promotions and discounts to create a "well worth the value" consumer experience. With the

diversification of the products by hypermarkets, consumers have more choices. Hypermarkets' barriers to import of goods have been lowered, and the gap with international retailers with advantages in global sourcing will also be narrowed to make up for the deficiency of local businesses.

In recent years, the growth of hypermarkets in the domestic non-specialized retail market has been affected by supermarket chains, e-commerce, and chain convenience stores, and the revenue has shown a declining trend. However, hypermarkets still account for the largest proportion of the daily expenditures of Taiwanese people, so they are still the top choice for consumers for the purpose of saving money.

B. Relationship between the upstream, midstream, and downstream sections of the hypermarket industry:

As consumers become more price-sensitive, hypermarkets are adopting the franchise model to increase the number of stores so as to have bargaining chips through joint procurement while reducing purchase costs. Meanwhile, hypermarkets have further improved the operating efficiency and sales management quality in the distribution industry through the overall planning at the headquarters, technology research and development (R&D), product development, procurement, and a professional division of labor model (sales through branches). As the affairs required to manage by the modernized distribution industry are becoming more complex, the hypermarkets have further integrated other resources from other industries, such as cash flow, information flow, and advertising and marketing, to strengthen their all-round service functions and to improve business performance.

To achieve economies of scale and scope, Taiwan's distribution industry has been integrating the upstream logistics operations and incorporating production processes. The distribution industry will develop towards vertical and horizontal integration in the future. The vertical integration refers to the integration of upstream manufacturers, midstream logistics centers, wholesalers, and downstream retailers. The horizontal integration refers to the integration of the same businesses by diversifying the business or the occupation of the market by enterprises through franchising. As the economy develops and evolves, the integration in the same or across different industries will become more common in the future.

C. Product Trends and Competition:

With the application of high-tech electronic technology, retailers will pay more attention to how to enable consumers to purchase goods all the time. For example, when we see pictures of products we like on social platforms or while watching TV, we can just click to purchase them immediately, without having to visit e-commerce platforms or malls, to connect shopping and daily life seamlessly.

In addition, data has become more important to the retail industry than ever. With the popularization of big data, the importance of data will continue to increase. Accurate and precise data helps to promote sales and has also become an important tool for retailers to understand customers' industries. Keeping abreast of big data will enable retailers to provide a

personalized shopping experience to their target groups and increase customer stickiness to a brand.

Through collection of users' data and artificial intelligence technology, retailers can position their products and set product prices more effectively, while controlling product inventory effectively, enhancing customer service, and increasing competitiveness.

Competition:

(a) Price promotion activities and diversified marketing approaches

The hypermarkets' consumer groups are the most price-sensitive ones. Therefore, attracting consumers with ultra-low-priced products to develop their high degree of loyalty so as to outperform other competing brands has become a common strategy for all brands. In addition, store decorations tend to be more lively, fresh, and casual. For example, baby playrooms and nursery rooms are setup in stores, and innovative services, such as free home delivery and unconditional return or exchange, are launched, or events or new marketing strategies are launched in collaboration with businesses in different industries to attract customers.

(b) Development of a self-owned brand

To cut prices, foreign hypermarkets have developed their own brands, which succeeded in contributing to at least 40% of their revenue. Domestic hypermarkets should also be proactive in developing their own brands to be differentiated from other hypermarkets and create unique brand added value so as to avoid the annoying price war.

(c) Enhanced customer relationship management (CRM) to retain members

In order to attract new members and retain existing members, in addition to competing in the stores, each brand has strengthened its own CRM service to retain their members and conducted personalized direct mail marketing through a huge database of membership. They also expands collaboration with businesses in different industries to create more benefits for their members.

(d) Development of e-commerce and application of big data

In the digital era in the 21st century, with the advent of the global e-commerce era, the businesses in the industry have actively adopted a new organizational system that integrates e-commerce and their own business to respond to the trend.

Physical stores can provide customers with a more authentic shopping experience where they can touch and even taste the product itself, which is the advantage that physical stores have over e-commerce. Physical stores should also incorporate the strengths of e-commerce, such as the convenient search for products and online payment.

In addition, the use of electronic technology and big data in

physical stores will made it easier for customers to locate products and to obtain detailed information on them. The models of shopping guide or searching for goods by consumers themselves will likely be replaced with some electronic applications.

(III) Technical and Research and Development Status:

1. R&D expenses invested in 2023 and as of April 30, 2024:

Item	Unit: NTD in Thousands	
	2023	By April 30, 2024
Development of new products	7,931	1,970

2. Technologies or products successfully developed and annual R&D plans in the future:

In response to the development trend of sustainability, recycling, diversification, and functionalization of products, the Company, in recent years, has gone all out to develop a wide variety of fabrics, and has successively developed GOTS organic cotton fabrics, plant-based biomass nylon fabrics, nylon yarn from recycled fishing nets, Lenzing zero carbon modal fabric, biodegradable polyester recycled yarn, eco-friendly mechanical stretch polyester recycled yarn, Coolmax Ecomade, Thermolite Ecomade, fabrics with ultra-fine yarn count, Double Luxury (double mercerized fabric), silk hemp fabric, Tencel cotton fabric, anti-wrinkle fabric, anti-fouling fabric, flame retardant fabric, UV-resistant fabric, warm-keeping and heat-preserving fabric, energy-efficient cooling fabric, two-way crinkle fabric, super abrasion-resistant stretch fabric, two-way stretch fabric, etc. The latest products are new soothing fabrics, energy health-focused clothing and bed sheets sets with GMP certified materials, new eco-friendly long-lasting cooling fabrics, new eco-friendly Lycra Ecomade stretch fabric, various recycled chemical fiber fabrics, Multicolor Graphene Printed Fabrics, Next-Generation Graphene Down All-Season Quilt, 100% Biobased Deodorizing and Antibacterial Fabric, Industrial Compostable Polyester Fabric, New Eco-Friendly Cooling Tencel Fabrics, warm-keeping and heat-preserving cosmetic fabrics, high stretch Lycra Beauty, anti-mosquito and UV-resistant jackets, etc.

The Company budgets 1%-5% of revenue in the textile business for R&D every year. The future R&D direction will still be mainly focused on increasing the added value of products, developing new products for the market, and introducing and promoting new manufacturing technologies, while breaking through the bottleneck of production techniques to create maximum benefits with the least resources.

(IV) Long-term and Short-term Business Development Plans:

As the cotton spinning industry is facing an increasingly tough business environment, most domestic businesses in the industry have long been forced to relocate, switch to other industries, or terminate their operations. The Company also terminated the production business of the Yangmei Plant on April 26, 2019, and switched to a model of entrusting domestic and foreign satellite factories for production. The Company will continue to be committed to the agency business of international brands, so as to increase more trade opportunities for garments and fabrics to increase profits. Also, the Company will gradually transform into the holding company of the Ruentex Group to create a new chapter for the Company and greater profit for shareholders through a reinvestment model.

1. Short-term plan

The Company currently aims to keep abreast of the trend of the market, actively expand the sales network in the domestic and foreign markets, by developing sustainable, recycled, diversified, and functional fabrics and integrating the advantages of cross-strait products, to facilitate product segmentation and increase competitiveness.

In the retail and hypermarket business under the brand agency business, in response to the affordable fashion trends, the Company will adjust its business policy, introduce well-known brands, increase the variety of products, expand the sales spots with great performance, improve the single-point operating performance of the existing brand counters, and strengthen various promotional events to increase the frequency of customer visits. Meanwhile, it will tap into the advantages of joint procurement and promote online shopping platforms in line with changes in consumption habits to increase the online sales capabilities, while setting up official accounts on communication software platforms to increase the frequency of customer visits for the hypermarket business.

2. Long-term plan

In the future, the Company will continue to innovate and develop to adapt to the rapid changes in products and the market, continue to strengthen its R&D and design capabilities and enhance technological knowledge management systems, provide development and design services in collaboration with customers, and create added value and differentiation to enhance competitiveness. Also, the Company will develop diversified products and brands, develop a layout of e-commerce channels, as well as adopt measures, such as advertising and marketing and customer management to respond to the fierce competition in the external environment effectively while gradually increasing the proportion of retail business. In the future, the Company will develop an e-business model and work with delivery platforms to provide fresh ingredient delivery services

so as to provide customers with more diversified choices for the hypermarket business.

In the construction business, adhering to the principle of “Integrity and Quality First,” the Company will maintain appropriate land inventories, and develop office or residential building projects steadily. In addition, the Company will prudently evaluate the opportunities for investment to ensure the success of its diversified business strategy.

II. Market and Production/Distribution Overview

(I) Market analysis

1. Sales areas of main products:

The Company mainly sells plaid fabrics, Oxford fabrics, dyed fabrics, stretch fabrics, flannel fabrics, and printed fabrics, most of which are exported overseas with a small portion sold domestically. The major customers of the Company's products are located in the U.S., the European Common Market, Hong Kong, Korea, Japan, Bangladesh, Sri Lanka, the Philippines, Indonesia, Central and South America, Africa ,and other major markets in the world.

In terms of the retail and wholesale business, the Company mainly engages in the Taiwan sales agency rights of major brands in various countries, while the sales revenue from in the wholesale business is from the hypermarket business in Taiwan. The construction department is mainly based in Taiwan.

2. Market Share, Market Supply and Demand in the Future, and the Outlook:

(1) Market share:

Year	Export amount (USD thousand)	National total export amount of woven fabrics (USD thousand)	Proportion to the total exports
2023	21,571	1,543,810	1.40%

Note: Source of data: Taiwan Textile Federation, R.O.C.

(2) Future Supply and Demand Situation and Growth of the Market:

After years of expansion, the growth of the global textile market has begun to slow down. With the rapid changes in the global economic and trade environment and the prevalence of regional economic integration, Taiwan’s textile industry will face more daunting challenges. Therefore, the Company aim to undertake industrial upgrading, innovative high-functional textile R&D, and sustainable development products to widen the gap with competitors in the future.

Since the Company’s products are daily necessities, it will continue to maintain the development of the existing textile trade business while thinking about further serving customers and developing more diversified products, and the sales department will work to develop the market and seek multiple channels to ensure sources of orders and to increase the market share.

It is believed that the derived demand of the Company's products and the increasing global needs for cotton fabrics are expected to facilitate the

Company's sales to continue to grow.

(3) Competitive niche, advantageous and disadvantageous factors for future developments, as well as response measures:

A. Advantageous Factors

- a1. With the sound production and marketing system established over the past few decades, our country's textile industry will continue to grow in the increasingly developed and fiercely competitive global market.
- a2. Consumers' demand for high-end fabrics is gradually increasing, and fabric procurement tends to focus on wide variety in small quantities, which is well-aligned with the Company's fabric R&D direction.
- a3. The development of the global supply chain is conducive to the management system to expand the business.
- a4. The Company's customers include many well-known brands around the world and the top 20 department store chains in the U.S. Both parties have long maintained a positive business relationship, which indicates that its products are recognized by customers and are able to satisfy consumers' demand for fashionable garment.
- a5. The Company is operating steadily with good credit.

B. Disadvantageous Factors

- b1. The international textile competition is increasingly fierce; the competition of low-priced textile products is mainly in the Southeast Asian countries and China (in terms of exports), while the competition of high-value-added textile products in Japan, the U.S. and the European Common Market, making Taiwan's textile industry feel more pressured in the international competition.
- b2. With the prevalence of trade protectionism in Europe and the U.S., such as the formation of the European Single Market and the North American Free Trade Area, European and American countries tend to supply textiles on a region-specific basis, while Eastern European countries and Mexico have replaced Asia, which reduced the procurement in Asian countries and caused an adverse impact on our country's textile export.

C. Response Measures

- c1. Keep abreast of the trends of the market and actively expand the sales network in the domestic and international markets to facilitate product segmentation and increase competitiveness.
- c2. Engage in vertical integration and division of labor, engage in R&D in line with new materials in upstream section, develop high value-added products, and improve design capabilities so as to supply fabrics to the downstream businesses for manufacturing high-end garment accessories while increasing competitiveness and the market share.
- c3. Focus on the development of high-quality and high-value-added products with an emphasis on high quality, and is committed to product upgrades to create product differentiation by means of leading technology and quality.
- c4. Integrate production and market to produce diversified products to rapidly respond to the market, strengthen the integration of upstream

and downstream resources, make good use of business alliances to tap into each other's advantages to create high value-added products and to differentiate the products from the ones in the export markets.

(II) Important functions and production process of main products

1. Important functions of main products:

The Company mainly provides fabric materials for fashionable garment, home decorations, and office seat cushions, as well as ready-to-wear, group uniforms, and branded clothing.

2. Production Process of Main Products:

The textile products originally produced by the Company have been handed over to domestic and overseas satellite factories commissioned by the Company. Apparel products are all from the brands in the Company's agency business or produced by OEMs, and hence it is not applicable.

(III) Supply Status of Main Raw Materials:

The Company no longer produces products on its own, and the textile fabrics are produced by OEMs, and their delivery is normal. Apparel and garment are supplied by brand customers or OEMs commissioned, and the delivery is all normal.

(IV) List of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years:

1. Information on major sales customers in the last two years:

The Company did not have any customer who made more than 10% of the total sales in the past two years.

2. Information on major suppliers in the last two years:

Item	2022				2023				As of March 31, 2024 (Note 2)			
	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller
1	RT-MART International Co., Ltd.	573,728	29	The Company is a juridical person director of the company.	RT-MART International Co., Ltd.	579,662	29	~	~			
	Others	1,398,159	71	~	Others	1,439,108	71	~	Others			
	Net Sales Revenue	1,971,887	100	~	Net Sales Revenue	2,018,770	100	~	Net Sales Revenue			

Note 1: List suppliers who have accounted for more than 10% of the total purchase amount in the past two years and their respective sales amount and proportion, suppliers that we are not allowed to disclose as required by the contract or trading parties who are individuals rather than related parties are indicated by code.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2024 is available.

Reason for the change: There is no significant change in the amount of goods purchased from RT-Mart by Zhonghe Hypermarket.

(V) Production Value in the Last Two Years:

Unit: NTD in Thousands

Production Value Type of product	Year	2022			2023		
		Production Capacity (Note)	Production Volume	Production Value	Production Capacity (Note)	Production Volume	Production Value
Yarn Dyed Fabric	In thousands of yards	~	7,777	412,803	~	6,373	381,530
Piece Dyed Fabric	In thousands of yards	~	3,700	245,724	~	1,891	137,788

Note: The Company's fabrics are produced by OEMs.

(VI) Sales Volume in the Past Two Years:

Unit: NTD thousands; Thousands of yards

Sales Value Type of product	Year	2022				2023			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Yarn Dyed		25	324	8,432	456,000	2	550	6,686	447,425
Piece Dyed		10	902	3,835	281,970	121	7,217	1,824	168,248
Others		~	1,943,117	~	69,706	~	1,952,486	~	29,294

Note: The operating income in this table does not include investment revenue.

III. Employees:

In the last two years and as of the date of publication of the annual report
Number of employees, average service years, average age, and education distribution ratio

Year		2022	2023	April 30, 2024
Number of Employees	Headquarters	165	152	152
	Store counters	138	145	141
	Zhonghe Branch	207	201	193
	Total	510	498	486
Average Age		40.13	40.61	41.23
Average Service Years		8.99	8.97	8.91
Education Distribution Ratio	Doctorate	0.78	0.80	0.82
	Master's	4.51	3.81	3.70
	Diploma	53.92	54.11	41.68
	Senior high school and below	40.79	41.28	53.80

IV. Environmental Expenditure Information

The Company originally had a plant in Yangmei District to engage in yarn dyeing, weaving, and finishing. However, the Company closed its production business in 2019 and switched to outsourcing. Other information on environmental protection expenditure is as follows:

- (I) The amount of losses and fines due to environmental pollution in the most recent year and as of the date of publication of the annual report:

Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
2024/4/12	40-113-040021	In violation of Subparagraph 2, Paragraph 1, Article 31 of Waste Disposal Act	「Declaration format for reporting the circumstances regarding the production, storage, clearance, disposal, reuse, export, import, transit and transshipment of the waste at issue via the Internet.」 Failure to comply with the format, items, content and frequency stipulated by the central competent authority.	A fine of NT\$6,000
2024/1/12	40-113-010018	In violation of Paragraph 1, Article 28 of Waste Disposal Act	Failure to comply with regulations regarding entrusted removal and disposal of business waste.	A fine of NT\$24,000
2024/1/12	40-113-010019	In violation of Subparagraph 2, Paragraph 1, Article 31 of Waste Disposal Act	「Declaration format for reporting the circumstances regarding the production, storage, clearance, disposal, reuse, export, import, transit and transshipment of the waste at issue via the Internet.」 Failure to comply with the format, items, content and frequency stipulated by the central competent authority.	A fine of NT\$6,000
2023/10/13	30-112-100017	Violation of Article 28, Paragraph 1, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$98,000
2023/10/13	30-112-100018	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$115,500

Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
2023/10/13	30-112-100019	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$95,550
2023/10/13	30-112-100020	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$95,550
2023/10/13	30-112-100021	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$95,550
2023/10/13	30-112-100022	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$95,550
2023/10/13	30-112-100023	Violation of Article 30, Paragraph 1, Subparagraph 2, Water Pollution Control Act	Part of the Yangmei factory's sewage overflow caused river pollution	A fine of NT\$95,550
2023/5/23	41-112-050023	In violation of Paragraph 2, Article 27 of Waste Disposal Act	The neighboring roads were polluted	A fine of NT\$1,200

(II) Future countermeasures and potential expenses:

The Company's No. 2 Yangmei Plant has contracted the treatment. On November 20, 2023, the Taoyuan City Government has approved the release of water pollution prevention management for the Company's No. 2 Yangmei Plant. This will not happen in the future.

V. Employment Relationship

In recent years, with the rapid economic growth and the development of a diversified social, the recognition of an enterprise and social responsibilities of both employer and employees have become particularly important. Since it was established, the Company has emphasized the concepts of “labor and management as one” and “mutual prosperity and reciprocity.” With the mutual trust and mutual assistance between the employer and employees, the organization as a whole has worked to develop “Ruentex” and to create the maximum benefits to this company. During this process, the crucial factor is that both labor and management have formed a consensus on reciprocity.

(I) The Company's various employee welfare measures, further education,

training, retirement system, and their implementation, as well as labor-management agreements and the measures to maintain the rights and interests of employees

1. Employee benefit measures

The Company has a dedicated department to plan the its safety and health measures, and to implement and promote various projects under a complete plan, including:

- Birthday gift money, and gift certificates (gifts) on Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year
- Hold employee health examination every year: Two employee health examinations are arranged every year (each for the first half/second half of the year).
- Year-end bonus: It depends on the Company's operating performance and personal contribution.
- Labor insurance and health insurance.
- Group Insurance.
- Wedding and funeral allowances:
 - Wedding: Cash gift, and a celebratory scroll or a flower basket in the name of the Company.
 - Funeral: An employee's spouse, parents, or children.
 - Funeral condolence money, and funeral couplets or wreath in the name of the Company.
- Breastfeeding room: The Company has set up breastfeeding rooms to provide a comfortable breastfeeding place to female colleagues.
- Discounts for brands under the Company's agency business.
- Sales events for employees from time to time. Regular employee travel.
- Launch of employee remuneration and employee share subscription
 - Employee remuneration: In accordance with Article 34 of the Company's Articles of Incorporation.
 - Employee share subscription: When the Company conducts capital increase in cash, it will allocate 10% to 15% in accordance with the law for employee to subscribe for.

2. Continuing education and training

- (1) The Company organizes education and training sessions from time to time, both online and offline, including new employee orientation, professional training, management function training, and language training.
- (2) The Company also encourages employees to engage in on-the-job training on weekends without affecting their work.
- (3) Continuing education of employees:

Course content	Number of people	Total hours
Expertise and skills training (knowledge and skills required for each job)	1,862	4,245
Education and training on competences (outstanding talent training, supervisor training, and on-the-job training)	441	1,725
Occupational safety and health training, etc.	182	175
Total	2,485	6,145

3. Pension system and implementation

A "Labor Pension Reserve Fund Supervisory Committee" was established in October 1986, which is responsible for the review of employee retirement qualifications and pension payment. Employees who meet the retirement criteria as in the Labor Standards Act can apply for retirement based on their personal physical and psychological health and work abilities.

(1) Pension system under the Labor Standards Act: The Company contributes a pension reserve fund according to a certain percentage of the total salary of the employees every month and deposits it in a special labor pension account of the Bank of Taiwan.

(2) Labor Pension Act: The Company contributes 6% of each employee's salary as a labor pension fund every month, which is stored in the individual pension account of the Bureau of Labor Insurance. Where employees voluntarily contributes to their pension funds within the range of 6%, the Company will proceed on their behalf.

4. Labor-management agreement and employee rights protection

(1) To enhance labor-management collaboration and promote harmony and unity, the Company has established an industrial union since it was incorporated to coordinate and communicate the opinions of labor and management, and to promote harmonious labor-management relations.

(2) Relevant units have guided the union to enhance the organization for normal development.

(3) The Company encourages employees to participate in competitions and activities organized by the union and external organizations.

(II) Labor-management relations as of the publication date of the annual report and in the future

1. Losses incurred due to labor disputes in the most recent year and as of the publication date: None.
2. Estimated amounts that may be incurred due to labor disputes at present and in the future: None.
3. Countermeasures against labor disputes that may occur at present and in the future: None.

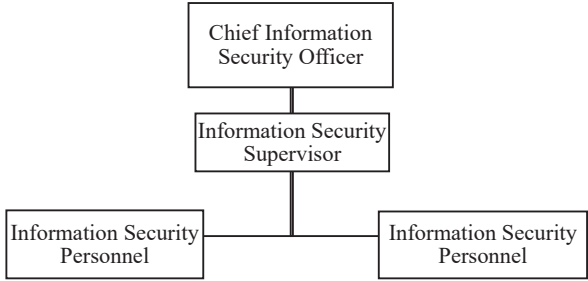
VI. Information Security Management:

- (I) The Information Division is designated by the Company to set information security policies, plan and perform security operations and promote and implement information security policies.

1. Information security organization

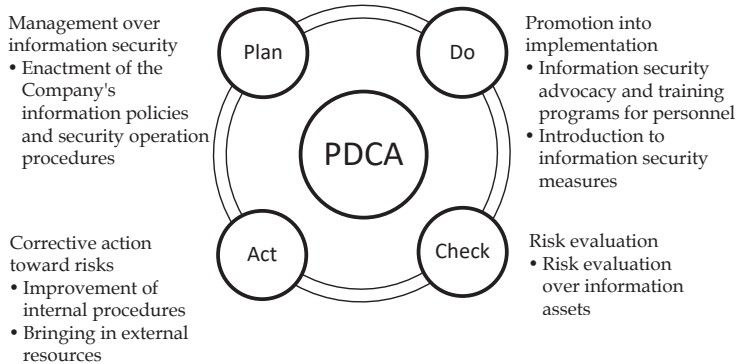
With the aim to strengthen the Company's information security management and ensure data, system and network security, the Company has established the Information Security Management Office as the dedicated unit for information security, including the appointment of an Chief Information Security Officer, an information security supervisor and at least two information security personnel who are responsible for the planning and execution of security affairs. The Chief

Information Security Officer shall present material issues or plans to the Board of Directors at least once a year.



2. Information Security Risk Framework

The Company adopts the PDCA (Plan-Do-Check-Act) cycle to ensure that reliability goal is accomplished and continuously improved.



3. Information security policies

The Company's control efforts over information security include three aspects as enumerated below:

- A. System specifications: Enactment of the Company information security managerial system to regulate the behaviors of personnel concerned.
- B. Hardware setup: Setup of information security managerial system to implement thoroughly information security management measures.
- C. Training programs for personnel: Periodical sponsoring information security related educational & training programs to upgrade the entire staff's awareness of information security.

4. Managerial measures over information security

- (1) System specifications: Internally, the Company duly enacts information security specifications and system to regulate the information security behaviors of the Company's personnel. On a regular basis annually, the

Company checks and makes sure whether the relevant systems are consistent with laws and ordinances concerned and changes in the operating ambience with adjustment in real time as necessary.

- (2) Hardware setup: In order to prevent various threats from external sources, the Company has not only adopted a multi-layer network structure design, but also built various information security systems to enhance the security for the entire information environment.
- (3) Training programs for personnel: Here at the Company, we provide information security educational & training programs in each and every year. The entire staff members shall participate in the aforementioned educational & training programs once per annum as the minimum. Where an employee is unavailable to participate in the educational & training programs due to duty, the Company additionally provide online training programs course so as to upgrade the internal personnel in their professional skills on information security. Where an employee who has not completed the aforementioned annual information security programs through either physical or online courses, the Information Division and the Management Department will trace under control program and put the fact into the annual performance evaluation.

5. The current information security related implementation measures are as enumerated below:

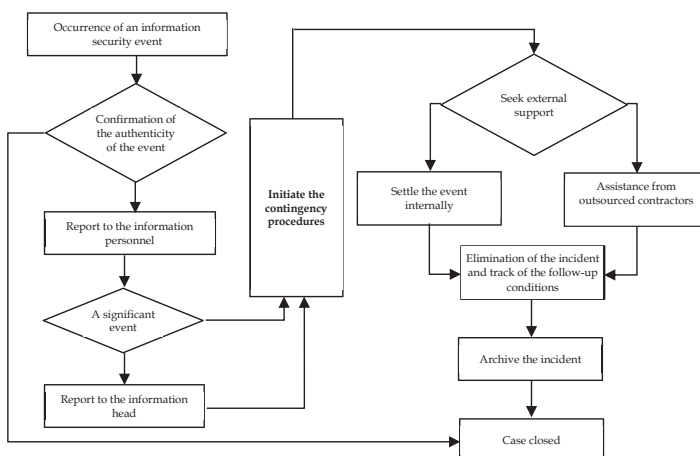
Item	Concrete method in management:
Firewall protection	• Firewall setup online regulations. • Restricting the scope of network services such as website, ftp, and mail. • Extra online application to open firewall in case of an extraordinary online requirement. • If the user has requirements other than the 80, 443 standard ports, such as video conferencing, remote access, and ftp download, an application must be submitted according to the Internet Permission List. • Monitoring analysis on the firewall data report. • The firewall system produces weekly information security analysis reports, which are compiled by the information specialists.
Control over user surfing of Internet	• Use automatic website protection system control over the Internet surfing. • Restricting the scope of users' access to the network, and automatically blocking illegal websites such as erotica, games, Bitcoin, and gambling. • Automatically filter users' Internet access to websites that may be linked to Trojans, ransomware or malicious program website. The filtering system will automatically filter threatening websites, toxic attachments and programs, and block possible threats.

Item	Concrete method in management:
Antivirus software RGP-06-12	• Use a variety of antivirus software to automatically update the virus pattern to minimize the chance of virus infection. • The IT unit will create and execute a schedule to update the virus patterns and review the update status
Operating system update RGP-06-12	• The operating system is automatically updated. Whenever not updated for any reason, Information Division will assist in updating. • The overall update is delivered by the information center to achieve the purpose of overall control and timely update.
E-mail security control	• There is automatic email scanning threat protection system which prevents unsafe attachment files, phishing emails, spam emails. It expands the protection range against malicious links before a user receives emails. • There are firewalls and SPAM systems that pre-pass emails in and out of the system to threat emails to ensure security. • After a personal computer receives an e-mail, the antivirus software scans it for any unsafe files attached. • Anti-virus software installed on the computer will automatically scan for safe attachments.
Website protection mechanism	• The website is equipped with a firewall device to block external network attacks. The firewall system automatically blocks various types of attacks such as IPS, Virus, Anti-Bot, and Ransomware.
Information backup mechanism RGP-06-08	• All key information system databases are set up with daily integral backups and hourly differential backups. • Any abnormalities found in the information retention operation shall be adjusted in a timely manner if it is determined to be a problem with the system settings.
Backup off-site storage RGP-06-08	• The server and the backup files as well as various information systems are stored separately in a bank. RGP-06-8 File Security Operations
All important files are uploaded to the server	• All important files of every departments in the Company are uploaded to the server and stored over there and the Information Division will back up and store the same in package. • Important files and data are stored in the central file server system and backed up every day.
Table of the Information Center as the records of inspection RGP-06-09	• Table of the Information Center as the records of inspection including the temperature and humidity of the computer room, data backup, antivirus software update, network flow volume and other records.
Disaster recovery plan RGP-06-11	• As the basis for recovery in the event of systemic error in the information system, in order to reduce the risk of the information system. • The IT unit prepares an annual disaster recovery drill plan (model), conducts drills, and keeps drill records. • If the exercise results do not meet the expected results, the information unit should review and revise the system

Item	Concrete method in management:
	recovery plan to improve the risk management capability of the information system.
Asset computer scrapping procedure	- In line with the implementation of information security, the management of the scrapping of information equipment such as computers is strengthened to avoid the risk of scrapping data leakage. - When the computer information equipment is scrapped, the information unit shall complete the list of scrapped data.
Outbound mail authorization management mechanism	For external emails that contain sensitive data or require authorization on behalf of the company, the information unit can set up supervisors at all levels to review the content before releasing the emails.

6. Procedures to report an information security related event

Here at the Company, an information security related event shall be reported through the procedures as enumerated below. The report and settlement of an information security related incident is handled exactly in accordance with the specifications set forth under the said procedures.



7. Implementation of information communication security:

(1) Education and training courses:

In 2023, we will participate in seminars and courses related to cyber security (such as: ITRI Information Security Information Collection and Analysis, Digital Development Department Information Security General Class, Cross-border Information Security Enhancement Industry Promotion Class, Information Security Leadership Workshop, etc.) for a total of 30 person-times, 90 hours.

(2) Updates of machinery, equipment and systems:

With the advancement of technology and network, the Company relies on the Internet to conduct business transactions. In order to improve efficiency, it has gradually moved towards the digital form. However, the accompanying internal

and external attack threats pose a serious threat to the Company's information security, and to avoid data damage and leakage, which may affect the rights and interests of the Company and customers.

The Company's existing network structure is complex and has been in operation for many years. The equipment is old and lacks an internal firewall system. In the event of an information security incident, it cannot effectively defend against threats. Replace old network equipment and add information security equipment to partition network data flow between floors and effectively filter threats from viruses and Trojan horses.

Firewalls are newly added to the Company's floors and mainframe server clusters to isolate network broadcast packets, and various security modules such as IPS, Anti-Virus, Anti-bot, DDos, and Threat-Emulation are used to effectively defend against information security threats.

The related expenses in 2023 totaled NT\$2,766 thousand.

(II) The impairment incurred by a significant information security event, the potential impact and the countermeasures in the most recent year as of the publication date of the Annual Report. Where the impact could not be estimated, elaborate on the fact about why it could not be estimated in a rational manner: None

VII. Significant contracts: The important contracts that are still valid as of the publication date and in the most recent year

Contractual Nature	Party	Effective Dates of Contracts	Main Content	Restrictions
Entrusted Management and Procurement Agreement	Party A: RT-MART International Co., Ltd. Party B: Ruentex Industries Ltd.	Zhonghe Store: November 27, 2024 to December 31, 2029	1. Party A provides management skills and knowledge to assist Party B with management. 2. Party A agrees to accept the entrustment by Party B, and Party A will purchase goods on behalf of Party B in a quantity required by Party B according to the instructions of Party B. 3. Party B pays Party A remuneration for purchases and management services based on said services.	No
Agreement of land exchange	Party A: Hsinchu County Government Party B: Ruentex Industries Ltd.	February 18, 2023	To exchange the land in Taifeng Section, Xinfeng Township, Hsinchu County held by the Party B for the land in Pingding Section, Xinfeng Township, Hsinchu County, held by the Party A.	

※Long-term Loan Contract

Contractual Nature	Lending institution	Duration	Main Content	Remark
Long-term Loan Contract	First Bank	2023.03.15-2025.03.15	Long-term loan for funding	
Long-term Loan Contract	Taishin Financial Holding Co., Ltd.	2023.05.08-2025.05.08	Long-term loan for funding	
Long-term Loan Contract	Mega Bank	2023.08.07-2025.08.06	Long-term loan for funding	
Long-term Loan Contract	Bank of Taiwan	2023.12.06-2025.12.06	Long-term loan for funding	
Long-term Loan Contract	First Bank	2023.10.05-2025.09.22	Long-term loan for funding	
Long-term Loan Contract	Taiwan Cooperative Bank	2023.10.05-2025.09.22	Long-term loan for funding	
Long-term Loan Contract	Taiwan Cooperative Bank	2023.10.05-2025.09.22	Long-term loan for funding	
Long-term Loan Contract	Taiwan Cooperative Bank	2023.05.12-2025.05.12	Long-term loan for funding	
Long-term Loan Contract	Hua Nan Commercial Bank	2023.06.26-2026.06.26	Long-term loan for funding	
Long-term Loan Contract	Hua Nan Commercial Bank	2023.05.19-2025.05.19	Long-term loan for funding	
Long-term Loan Contract	First Bank	2023.06.30-2025.06.30	Long-term loan for funding	
Long-term Loan Contract	CTBC Bank	2023.12.01-2025.10.31	Long-term loan for funding	
Long-term Loan Contract	Chang Hwa Bank	2022.06.30-2025.06.30	Long-term loan for funding	
Long-term Loan Contract	Agricultural Bank of Taiwan	2023.05.02-2025.05.02	Long-term loan for funding	
Long-term Loan Contract	Bank of Taiwan	2023.09.28-2025.09.28	Long-term loan for funding	
Long-term Loan Contract	Taiwan Cooperative Bank	2023.10.05-2025.09.22	Long-term loan for funding	
Long-term Loan Contract	Bank of East Asia	2023.12.06-2025.12.06	Long-term loan for funding	
Long-term Loan Contract	DBS Bank	2023.02.08-2025.02.08	Long-term loan for funding	

Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income, Name of CPAs, and Audit Opinion Thereof for the Last Five Years

(I) Condensed Balance Sheet - International Financial Reporting Standards (Consolidated)

Unit: NTD in Thousands

Item \ Year		Financial Information for the Past Five Years					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current Assets		23,777,248	21,844,276	15,005,645	10,429,935	8,011,592	~
Property, plant, and equipment		1,652,029	1,703,830	1,667,279	1,410,827	1,378,709	~
Intangible assets		425,157	398,817	388,325	1,385	862	~
Others Assets		92,761,187	129,725,126	143,776,646	90,277,086	106,679,062	~
Total Assets		118,615,621	153,672,049	160,837,895	102,119,233	116,070,225	~
Current Liabilities	Before Distribution	3,264,172	8,583,534	6,435,307	6,167,960	1,880,037	~
	After Distribution	6,088,475	9,713,255	10,106,900	8,376,598	Note 3	~
Non-Current Liabilities		31,025,833	29,482,021	31,979,818	13,672,765	16,070,358	~
Total liability	Before Distribution	34,290,005	38,065,555	38,415,125	19,840,725	17,950,395	~
	After Distribution	37,114,308	39,195,276	42,086,718	22,049,363	Note 3	~
Equity attributed to owners of the parent		73,469,211	105,603,778	119,413,123	79,601,199	96,053,361	~
Capital		5,648,606	5,648,606	7,343,188	11,043,188	11,043,188	~
Capital surplus		12,754,472	12,853,500	13,091,165	28,091,265	28,171,512	~
Retained earnings	Before Distribution	42,038,929	46,947,784	72,158,770	82,369,055	87,534,017	~
	After Distribution	39,214,626	44,123,481	68,487,177	80,160,417	Note 3	~
Other Equities		13,579,683	40,706,367	27,372,479	(41,349,830)	(30,142,877)	~
Treasury stock		(552,479)	(552,479)	(552,479)	(552,479)	(552,479)	~
Non-controlling interest		10,856,405	10,002,716	3,009,647	2,677,309	2,066,469	~
Total Equity	Before Distribution	84,325,616	115,606,494	122,422,770	82,278,508	98,119,830	~
	After Distribution	81,501,313	114,476,773	118,751,177	80,069,870	Note 3	~

Note 1: The above financial information of 2019-2023 is verified and certified by an accountant.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2024 is available.

Note 3: The figures after distribution in the table above are based on the resolution adopted by the shareholders' meeting in the following year. The 2023 earnings distribution proposal has not yet been resolved by the shareholders' meeting.

(II) Condensed Balance Sheet - International Financial Reporting Standards
(Individual)

Unit: NTD in Thousands

Item \ Year		Financial Information for the Past Five Years (Note)				
		2019	2020	2021	2022	2023
Current Assets		10,705,781	9,016,047	12,043,994	6,878,328	4,663,109
Property, plant, and equipment		1,248,711	1,312,408	1,287,610	1,042,684	1,021,664
Intangible assets		7,077	1,655	2,320	1,385	862
Others Assets		95,874,019	133,490,804	144,621,136	91,624,571	108,441,897
Total Assets		107,835,588	143,820,914	157,955,060	99,546,968	114,127,532
Current Liabilities	Before Distribution	3,171,686	8,571,454	6,435,343	6,136,037	1,878,588
	After Distribution	5,995,989	9,701,175	10,106,936	8,344,675	Note 2
Non-Current Liabilities		31,194,691	29,645,682	32,106,594	13,809,732	16,195,583
Total liability	Before Distribution	34,366,377	38,217,136	38,541,937	19,945,769	18,074,171
	After Distribution	37,190,680	39,346,857	42,213,530	4,154,407	Note 2
Capital		5,648,606	5,648,606	7,343,188	11,043,188	11,043,188
Capital surplus		12,754,472	12,853,500	13,091,165	28,091,265	28,171,512
Retained earnings	Before Distribution	42,038,929	46,947,784	72,158,770	82,369,055	87,534,017
	After Distribution	39,214,626	44,123,481	68,487,177	80,160,417	Note 2
Other Equities		13,579,683	40,706,367	27,372,479	(41,349,830)	(30,142,877)
Treasury stock		(552,479)	(552,479)	(552,479)	(552,479)	(552,479)
Total Equity	Before Distribution	73,469,211	105,603,778	119,413,123	79,601,199	96,053,361
	After Distribution	70,644,908	104,474,057	115,741,530	77,392,561	Note 2

Note 1: The above financial information of 2019-2023 is verified and certified by an accountant.

Note 2: The figures after distribution in the table above are based on the resolution adopted by the shareholders' meeting in the following year. The 2023 earnings distribution proposal has not yet been resolved by the shareholders' meeting.

Note 3: The Company did not prepare a individual financial report for the first quarter of 2024.

(III) Condensed Statement of Comprehensive Income - International Financial Reporting Standards (Consolidated)

Unit: NTD in Thousands

Item \ Year	Financial Information for the Past Five Years					As of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating income	3,486,392	2,736,394	2,695,981	2,874,195	2,680,640	~
Gross profit	907,144	975,720	956,447	980,963	936,413	~
Operating Income	(66,768)	52,265	49,388	56,177	65,808	~
Non-operating Income and Expenses	9,348,950	9,397,934	17,634,199	13,038,022	7,599,101	~
Net profit before tax	9,282,182	9,450,199	17,683,587	13,094,199	7,664,909	~
Net income of current period	9,186,640	8,091,349	17,412,845	12,063,155	7,574,805	~
Other Comprehensive Income	45,887,322	25,971,071	(14,917,997)	(67,235,923)	10,567,108	~
Total comprehensive income for the period	55,073,962	34,062,420	2,494,848	(55,172,768)	18,141,913	~
Profit Attributable to Owners of the Parent	8,794,510	7,908,311	17,339,265	12,168,391	7,499,620	~
Net Profit Attributable to Non-controlling Interests	392,130	183,038	73,580	(105,236)	75,185	~
Total Profit and Loss Attributable to the Parent Company's Owners	54,399,874	34,863,818	4,217,541	(54,840,430)	18,580,553	~
Total comprehensive income attributed to non-controlling interest	674,088	(801,398)	(1,722,693)	(332,338)	(438,640)	~
Earnings per share	16.52	11.42	25.05	15.55	7.19	~

Note 1: The above financial information of 2019-2023 is verified and certified by an accountant.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2024 is available.

(IV) Condensed Statement of Comprehensive Income - International Financial Reporting Standards (Individual)

Unit: NTD in Thousands

Item \ Year	Financial Information for the Past Five Years (Note 2)				
	2019	2020	2021	2022	2023
Operating income	3,181,834	2,450,050	2,463,993	2,627,178	2,417,600
Gross profit	613,365	730,832	755,680	767,446	777,516
Operating Income	(282,425)	(145,253)	(80,315)	(100,871)	(39,088)
Non-operating Income and Expenses	9,172,477	9,412,305	17,690,377	13,299,692	7,626,460
Net profit before tax	8,890,052	9,267,052	17,610,062	13,198,821	7,587,372
Net income of current period	8,794,510	7,908,311	17,339,265	12,168,391	7,499,620
Other Comprehensive Income	45,605,364	26,955,507	(13,121,724)	(67,008,821)	11,080,933
Total comprehensive income for the period	54,399,874	34,863,818	4,217,541	(54,840,430)	18,580,553
Earnings per share	16.52	11.42	25.05	15.55	7.19

Note 1: The above financial information of 2019-2023 is verified and certified by an accountant.

Note 2: The Company did not prepare a individual financial report for the first quarter of 2024.

(V) The Name and the Audit Opinion of the CPA in the Past Five Years:

Year	Name of CPA Firm	CPAs	Audit Opinions
2019	Deloitte Taiwan	Hsin-wei Tai, Li-wen Kuo	Unqualified opinion plus the section of "Other Matters"
2020	PwC Taiwan	Chao-ming Wang, Pei-ling Tu	Unqualified opinion plus the section of "Other Matters"
2021	PwC Taiwan	Shu-chiung Chang, Pei-ling Tu	Unqualified opinion plus the section of "Other Matters"
2022	PwC Taiwan	Shu-chiung Chang, Pei-ling Tu	Unqualified opinion plus the section of "Other Matters"
2023	PwC Taiwan	Shu-chiung Chang, Sean Hsu	Unqualified opinion plus the section of "Other Matters"

II. Financial analysis of the past five year:

1. Financial analysis for the current year as of the publication date of the annual report

A. Financial analysis - International Financial Reporting Standards (Consolidated)

Item \ Year		2019	2020	2021	2022	2023	By March 31, 2024 (Note 2)	Change Rate in the Past Two Years (%)	Remark
Financial Structure (%)	Liabilities to Assets Ratio	28.91	24.77	23.88	19.43	15.47	~	(20.38)	(1)
	Long-term Capital to PP&E Ratio	8994.42	8326.46	9108.86	6638.2	8117.36	~	22.28	(1)
Solvency (%)	Current Ratio	728.43	254.49	233.18	169.10	426.14	~	152.00	(2)
	Quick Ratio	650.19	225.85	220.40	159.51	397.77	~	149.37	(2)
	Debt Service Coverage Ratio	29.71	29.66	56.69	36.49	27.48	~	(24.69)	(3)
Utility	Average Collection Turnover (times)	14.65	14.28	14.88	14.57	14.68	~	0.75	
	Average Collection Days	25	26	25	25	25	~	0.00	
	Average Inventory Turnover (times)	0.97	0.72	1.10	2.94	3.33	~	13.27	(4)
	Average Payable Turnover (times)	5.38	5.30	5.91	5.87	5.48	~	(6.64)	
	Average Inventory Turnover Days	377	507	332	124	110	~	(11.29)	
	PP&E Turnover (times)	2.80	1.63	1.60	1.87	1.92	~	2.67	
	Total Assets Turnover (times)	0.04	0.02	0.02	0.02	0.02	~	0.00	
Portability	Return on Assets (%)	10.47	6.14	11.23	9.40	7.16	~	(23.83)	(3)
	Return on Equity (%)	15.77	8.09	14.63	11.79	8.40	~	(28.75)	(3)
	Profit Before Tax to Capital Stock (%)	164.33	167.30	240.82	118.57	69.41	~	(41.46)	(3)
	Profit Margin (%)	263.50	295.69	645.88	419.71	282.57	~	(32.67)	(3)
	EPS	16.52	14.85	25.05	15.55	7.19	~	(53.76)	(3)
Cash Flow (Note 1)	Cash Flow Ratio (%)	-	-	-	-	-	~	~	
	Net Cash Flow Adequacy Ratio (%)	-	-	-	-	-	~	~	
	Cash Reinvestment Ratio (%)	-	-	-	-	-	~	~	
Leverage	Operation Leverage	(0.63)	3.09	3.07	2.86	2.54	~	(11.19)	(5)(6)
	Financial Leverage	0.17	(0.19)	(0.18)	(0.18)	(0.29)	~	61.11	(6)
Reasons for Changes in Various Financial Ratios in the Past Two Years:									
(1) Mainly due to repay the loan, resulting in a decrease in the borrowings, and increase in FVOCI assets in the current period, resulting in a increase in equity.									
(2) Mainly due to a decrease in the loan and long-term borrowings due within one year in the current period, resulting in a decrease in Current Liabilities .									
(3) Mainly due to a decrease in the share of profit or loss on the associates recognized using the equity method and gain on fair value of investment property, resulting in a decrease in net income.									
(4) Mainly due to a part of inventories of land transfer to investment property in the last period, resulting in a decrease in the average inventory amount.									
(5) Mainly due to the decrease in operating income for the current period compared to the last period.									
(6) Mainly due to the cost ratio and expenses from operation are less than the last period, . resulting in a increase in operation income .									

Note 1: As the net cash flow of operating activities is a negative figure, it is not calculated.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2022 is available.

B. Financial analysis - International Financial Reporting Standards (Individual)

Item \ Year		2019	2020	2021	2022	2023	Change Rate in the Past Two Years (%)	Remark
Financial Structure (%)	Liabilities to Assets Ratio	31.87	26.57	24.40	20.04	15.84	(20.96)	(1)
	Long-term Capital to PP&E Ratio	8139.93	10047.64	11560.99	8725.19	10751.91	23.23	(1)
Solvency (%)	Current Ratio	337.54	105.19	187.15	112.10	248.22	121.43	(2)
	Quick Ratio	261.54	78.22	177.55	105.20	227.63	116.38	(2)
	Debt Service Coverage Ratio	28.32	28.92	56.09	36.58	27.04	(26.08)	(3)
Utility	Average Collection Turnover (times)	13.51	13.35	15.52	15.69	15.93	1.53	
	Average Collection Days	27	27	24	23	23	0.00	
	Average Inventory Turnover (times)	1.03	0.74	1.18	3.76	4.35	15.69	
	Average Payable Turnover (times)	7.62	6.00	5.91	6.03	5.39	(10.61)	
	Average Inventory Turnover Days	354	492	309	97	84	(13.40)	
	PP&E Turnover (times)	2.56	1.91	1.90	2.25	2.34	4.00	
	Total Assets Turnover (times)	0.04	0.02	0.02	0.02	0.02	0.00	
Portability	Return on Assets (%)	11.41	6.50	11.66	9.68	7.24	(25.21)	(3)
	Return on Equity (%)	18.47	8.83	15.41	12.23	8.54	(30.17)	(3)
	Profit Before Tax to Capital Stock (%)	157.38	164.06	239.81	119.52	68.71	(42.51)	(3)
	Profit Margin (%)	276.40	322.78	703.71	463.17	310.21	(33.02)	(3)
	EPS	16.52	11.42	25.05	15.55	7.19	(53.76)	(3)
Cash Flow (Note 8)	Cash Flow Ratio (%)	-	-	-	-	-	~	
	Net Cash Flow Adequacy Ratio (%)	-	-	-	-	-	~	
	Cash Reinvestment Ratio (%)	-	-	-	-	-	~	
Leverage	Operation Leverage	0.64	0.29	(0.20)	0.01	(1.51)	(15,200)	(4)
	Financial Leverage	0.46	0.30	0.20	0.21	0.12	(42.86)	(4)
Reasons for Changes in Various Financial Ratios in the Past Two Years:								
(1) Mainly due to repay the loan, resulting in a decrease in the borrowings, and increase in FVOCI assets in the current period, resulting in a increase in equity.								
(2) Mainly due to a decrease in the loan and long-term borrowings due within one year in the current period, resulting in a decrease in Current Liabilities .								
(3) Mainly due to a decrease in the share of profit or loss on the associates recognized using the equity method and gain on fair value of investment property, resulting in a decrease in net income.								
(4) Mainly due to the decrease in operating income for the current period compared to the last period, however due to the cost ratio and expenses from operation are less than the last period, . resulting in a increase in operation income.								

Note 1: The Company did not prepare a individual financial report for the first quarter of 2024.

Note 2: The calculation formulas for the financial analysis are as follows:

1. Financial Structure

(1) Liabilities to assets ratio = Total Liabilities/Total Assets

(2) Long-term Capital as a Percentage of Real Estate, Plants, and Equipment = (total equity + non-current liabilities)/net property, plants, and equipment.

2. Solvency

(1) Current ratio = Current Assets/ Current Liabilities

(2) Quick ratio = (Current Assets – Inventory - Prepaid Expenses) / Current Liabilities

(3) Interest coverage ratio = Net Income Before Income Tax and Interest Expense / Interest Expenses

3. Management Ability

(1) Balance of Receivables (including accounts receivable and notes receivable due to business)
Turnover = net sales/ average receivables for each period (including accounts receivable and notes receivable due to business).

(2) Average Collection Days = 365/ receivables turnover.

(3) Inventory Turnover = cost of goods sold/ average inventory amount.

(4) Balance of Payables (including accounts payable and notes payable due to business) Turnover
= cost of goods sold/ average payables for each period (including accounts payable and notes payable due to business).

(5) Average Sales Days = 365/ inventory turnover.

(6) PP&E Turnover = net sales/ net average PP&E

(7) Total Asset Turnover = net sales/ average total assets.

4. Profitability

(1) Return on Assets = [after-tax profit (loss) + interest expense × (1 - tax rate)]/ average total assets.

(2) Return on Equity = after-tax profit (loss)/ average equity.

(3) Net Profit Rate = after-tax profit (loss)/ net sales.

(4) EPS = (Equity attributable to owners of the parent - dividend from preferred shares)/ weighted average number of outstanding shares. (Note 4)

5) Cash Flow

(1) Cash Flow Ratio = net cash flow from operation- current liabilities

(2) Net Cash Flow Adequacy Ratio = net cash flow from operation over the past five years/(capital expense + addition to inventory + cash dividend) over the past five years.

(3) Cash Reinvestment Ratio = (net cash flow from operation - cash dividend)/(gross PP&E + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operation Leverage = (net income - variable cost and expenses from operation)/ operating profit (Note 6).

(2) Financial Leverage = operating income/(operating income-interest expenses).

Note 4: When evaluating the above equations for calculating EPS, the following factors must be taken into consideration:

1. The number of common shares shall be based on the weighted average method and not the outstanding shares as of the end of the year.

2. When raising additional capital through issuance of new shares or treasury shares trade, the outstanding period of the shares shall be considered alongside with the weighted average of outstanding shares.

3. In capitalization of retained earnings or additional paid-in capital (APIC), adjustment shall be made in proportion to the amount capitalized when calculating the earnings per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration.

4. If the preferred shares are non-convertible accumulated preferred shares, the dividends for the current period (whether or not being paid out) should be deducted from earnings or added to earnings. If the preferred shares are not cumulative, dividends for preferred shares should be deducted from earnings if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 5: When analyzing cash flow, pay attention to the following:

1. Operating cash flow (OCF) refers to the net operating cash inflow as stated in the statement of cash flow.

2. Capital spending shall be referred to as cash outflow for capital investment each year.

3. Addition to inventory shall be referred to as the value at the end of the ending period is greater than that of the beginning period. If there is decrease in inventory, put a zero.

4. Cash dividend includes cash dividends for common and preferred stocks.

5. The gross amount of property, plants, and equipment is the total balance of property, plants, and equipment before subtracting accumulated depreciation

Note 6: Securities issuers shall classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification, the accounting staff shall pay attention to the reasonableness and maintain the consistency of such classification.

Note 7: If the Company's stocks do not have a par value or the par value is other than NT\$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

Note 8: As the net cash flow of operating activities is a negative figure, it is not calculated.

III. 2023 Audit Committee's Review Report on the Financial Statements

Ruentex Industries Ltd.

Audit Report by the Auditing Commission

The Board of Directors prepared the financial statements, business report and proposal on profit distribution proposal for 2023, and such final account papers of 2023 prepared by the Board of Directors had been duly audited by CPA Shu-chiung Chang and CPA Seanh Hsu of "PwC Taiwan" who, in turn, duly issued the Audit Report. The above-mentioned 2023 financial statements, business report and such financial account settlement papers 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.

Please
kindly approve.

To

2024 Annual Meeting of Shareholders

Audit Committee Convener: Wang, Tay-Chang

March 13, 2024

IV. 2023 Financial Report:

Refer to [Appendix A] of the annual report for the Company's 2023 Consolidated Financial Statements and CPAs' Audit Report

V. 2023 Individual Financial Statements Audited and Certified by CPAs:

Refer to [Appendix B] of the annual report for the Company's 2023 Individual Financial Statements and CPAs' Audit Report

VI. The Impact of Financial Difficulties on the Financial Position of the Company and Its Affiliates in 2023 and as of the Date of Publication of the Annual Report: None.

Review and Analysis of Financial Position and Financial Performance and Risk Management

I. Financial position

Unit: NTD in Thousands

Item \ Year	2022	2023	Difference		
			Amount	%	Note
Current assets	10,429,935	8,011,592	(2,418,343)	(23.19)	(1)
Property, plant, and equipment	1,410,827	1,378,709	(32,118)	(2.28)	
Intangible assets	1,385	862	(523)	(37.76)	(2)
Others Assets	90,277,086	106,679,062	16,401,976	18.17	
Total Assets	102,119,233	116,070,225	13,950,992	13.66	
Current Liabilities	6,167,960	1,880,037	(4,287,923)	(69.52)	(3)
Non-Current Liabilities	13,672,765	16,070,358	2,397,593	17.54	
Total liability	19,840,725	17,950,395	(1,890,330)	(9.53)	
Equity attributed to owners of the parent	79,601,199	96,053,361	16,452,162	20.67	(3)
Capital	11,043,188	11,043,188	0	0.00	
Capital surplus	28,091,265	28,171,512	80,247	0.29	
Retained earnings	82,369,055	87,534,017	5,164,962	6.27	
Other Equities	(41,349,830)	(30,142,877)	11,206,953	(27.10)	(4)
Treasury stock	(552,479)	(552,479)	0	0.00	
Non-controlling interest	2,677,309	2,066,469	(610,840)	(22.82)	(5)
Total Equity	82,278,508	98,119,830	15,841,322	19.25	
Description of the changes in ratios (changes below 20% and in an amount of less than NT\$10 million are not required):					
(1) Mainly due to pay the cash dividends and repay the loan in the current period, resulting in a decrease in the Cash and cash equivalents.					
(2) Mainly due to a decrease in goodwill impairment.					
(3) Mainly due to a decrease in the loan and long-term borrowings due within one year in the current period, resulting in a decrease in the Current Liabilities .					
(4) Mainly due to an increase in the unrealized valuation profit or loss of FVOCI in the current period.					
(5) Mainly due to a decrease in the equity from consolidated subsidiaries that are not 100% owned by the Company.					

II. Financial Performance

Unit: NTD in Thousands

Item \ Year	2022	2023	Difference		
			Amount	%	Note
Operation income	2,874,195	2,680,640	(193,555)	(6.73)	
Gross profit	980,963	936,413	(44,550)	(4.54)	
Operating Income	56,177	65,808	9,631	17.14	
Non-operating Income and Expenses	13,038,022	7,599,101	(5,438,921)	(41.72)	(1)
Net profit before tax	13,094,199	7,664,909	(5,429,290)	(41.46)	(1)
Net income of current period	12,063,155	7,574,805	(4,488,350)	(37.21)	(1)
Other Comprehensive Income	(67,235,923)	10,567,108	77,803,031	(115.72)	(2)
Total comprehensive income for the period	(55,172,768)	18,141,913	73,314,681	(132.88)	(1)(2)
Profit Attributable to Owners of the Parent	12,168,391	7,499,620	(4,668,771)	(38.37)	(1)
Net Profit Attributable to Non-controlling Interests	(105,236)	75,185	180,421	(171.44)	(3)
Total Profit and Loss Attributable to the Parent Company's Owners	(54,840,430)	18,580,553	73,420,983	(133.88)	(1)(2)
Total comprehensive income attributed to non-controlling interest	(332,338)	(438,640)	(106,302)	31.99	(1)(4)
Earnings per share	15.55	7.19	(8.36)	(53.76)	(1)
Description of the changes in ratios (changes below 20% and in an amount of less than NT\$10 million are not required):					
(1) Mainly due to a decrease in the share of profit or loss on the associates recognized using the equity method in the current period.					
(2) Mainly due to a decrease in the share of other comprehensive income on the associates recognized using the equity method in the current period.					
(3) Mainly due to a decrease in net profit for the period from consolidated subsidiaries that are not 100% owned by the Company.					
(4) Mainly due to a decrease in comprehensive income from consolidated subsidiaries that are not 100% owned by the Company.					

III. Cash Flow:

Analysis of cash flow changes in the most recent year, improvement plan for insufficient liquidity, and analysis of cash liquidity in the coming year

Unit: NTD in Thousands

Beginning Cash Balance	Annual Net Operating Cash Flow	Annual Net Cash Inflow (Outflow) from Investing and Financing Activities	Net effect of changes in foreign currency exchange rates on cash and cash equivalent	Cash Balance (insufficiency)	Remedy for Cash Shortage	
					Investment Plans	Financial Management Plans
9,549,587	(257,573)	(2,098,791)	55,739	7,248,962	~	~

1. Analysis of changes in cash flows in the current year:

- (1) Operating activities: The net losses and increased income tax expense on the Group's operating activities without including investment in the current period resulted in the cash outflows from operating activities.
- (2) Investing and financing activities: Cash dividends issued in the current period resulted in net cash outflows in the current period.

2. Remedial measures for insufficient cash and liquidity analysis: Cash is sufficient and liquidity is normal.

3. Analysis of cash liquidity in the coming year: Operating activities should be able to be maintained at a normal level; there should cash inflows into investing and financing activities, and there should not be significant change in cash liquidity.

IV. Influence of Major Capital Spending on Financial Business in 2023:

None.

V. The 2023 Investment Policy and Main Reasons for Profit or Loss Thereof as Well as Its Improvement Plan and Investment Plan for the Coming Year:

(I) The profit or loss on the investees in 2023:

The profitability of the Company's investees was great in 2023. The detailed information is as follows:

Name of Investee	Main business items	Gain (Loss) in 2023	Main Reasons for Gain or Loss	Improvement Plans
Ruentex Development Co., Ltd.	Construction	6,908,649	Sales from construction projects and investment revenue	No
Nan Shan Life Insurance Co., Ltd.	Insurance	22,109,624	Revenue from insurance revenue	No
Ruen Fu Newlife Corp.	Daily life Manage	(9,764)	Occupancy rate did not reach the expected target	Improve service quality and develop a good reputation to attract residents
Shing Yen Construction &	Construction	5,648	Rent income only	No

Name of Investee	Main business items	Gain (Loss) in 2023	Main Reasons for Gain or Loss	Improvement Plans
Development Co., Ltd.				
Kompass Global Sourcing Solutions Ltd.	Trade	16,025	The decrease in the operating income due to the impact of the pandemic in the current period resulted in losses	No
Gin-Hong Investment Co., Ltd.	Investment	73,664	Dividend income from the investee	No
Ruen Chen Investment Holdings Ltd.	Investment	19,752,221	Gains on the investee Nan Shan Life Insurance were recognized	No
Full Shine Int. Holdings Ltd.	Investment	43,190	Gains on the investee were recognized	No
Concord Greater China Ltd.	Investment	55,947	Dividend income and interest Income from the investee	No
Gold Leaf Int. Group Co., Ltd.	Trade	164	Only interest income	No
East Capital Intl. Ltd.	Investment	(765)	Ruentex Industries Ltd. (Shanghai) in which it invested made a profit in the trading of fabrics	No
New Zone Int. Ltd	Investment	(2,252)	Ruentex Industries Ltd. (Shanghai) in which it invested made a profit in the trading of fabrics	No

(II) Investment plans in the next year:

We invest, on principle, in public companies with steady operations and industries in relation to the business of this Company. We will still focus on investments in companies with a well-established financial structure and assess investments carefully and conservatively to ensure the success of investment diversification.

VI. Risk Management and Assessment:

(I) Influence on income of changes in interest rate and exchange rate volatility and inflation, and future countermeasures:

The Company maintains a positive credit relationship with the banks with which it has business dealings, and will pay close attention to changes in interest rates in the future while actively striving for the best interest rate with said banks. The Company uses idle funds prudently based on the principle of conservativeness and stability, and will continue to improve its financial structure to control the cost of funds effectively.

The Company's foreign exchange policy is based on the principle of

conservativeness and stability as income and expenditures from imports and exports offset each other as an automatic hedging mechanism. The Company collects market foreign exchange information in daily operations, pays attention to exchange rate fluctuations, and adopts hedging tools, such as forward selling, to effectively reduce the impact of exchange rate fluctuations using fixed profits. Major exports and outsourcing transactions are quoted in foreign currencies. The Company also adopts a natural hedging method of offsetting foreign currency revenues and expenditures, and will maintain close relationships with financial institutions while continuing to observe changes in exchange rates so as to mitigate the impact of cost changes on the Company's profits or losses.

In terms of exchange rate changes, the Company is mainly affected by fluctuations in the exchange rates of USD and the HKD. Where the NTD appreciates/depreciates by 5% against the USD, the HKD and the RMB, the Company's net income for 2023 would increase by NT\$301,073,000, NT\$128,000 and NT\$543,000. Where the interest rate increases/decreases by 0.5%, with all other factors held constant, the net income before tax for 2023 would decrease or increase by NT\$59,980,000.

The Company keeps abreast of changes in upstream product prices at any time to mitigate the impact of cost changes on its profit or loss.

- (II) Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments:

The Company is not currently engaged in high-risk, highly leveraged investments; the Company has not engaged in any lending of funds to others nor endorsement/guarantee as of December 31, 2023.

- (III) Future R&D projects and planned R&D funds:

Although the Company has stopped production on its own, it is still engaging in the research and development (R&D), with a focus on increasing the added value of products and developing new products for the market so as to create maximum benefits with the least resources. This is the Company's main mission in R&D. At present, the Company expects to invest NT\$5-10 million based on the needs in various R&D projects, and will make adjustment according to the actual situation.

- (IV) The impact of important domestic and international policies and legal changes on the Company's financial business and countermeasures:

The Company complies with laws and regulations as required, and the Company responds immediately to the possible impact of legal changes on its financial business and makes amendments accordingly so as to reduce the risk of legal amendments to the Company, so there has been no significant impact so far.

- (V) The impact of technological (includes information security risk) and industrial changes on the Company's financial business and countermeasures:

The Company mainly engages in sales of fabrics for textiles. As the life cycle of the products is longer, technological and industrial changes have smaller

impact.

To ensure the information security of the Company and its subsidiaries, the Company has established relevant security policies and procedures as well as audit mechanisms to implement information security management and reduce information security risks. As of the date of publication of the annual report, there has been no material impact on the Company's financial operations.

- (VI) The impact of changes in corporate image on corporate crisis management and countermeasures:

The Company has a great corporate image, and there is no incident occurring that affects its corporate image.

- (VII) Expected benefits and potential risks of mergers and acquisitions (M&A):
The Company has no plans to engage in M&A in the near future.

- (VIII) Expected benefits and potential risks of factory expansion:
The Company has not engaged in factory expansion in recent years.

- (IX) Risks arising from purchase or sale concentration:

The purchase and sales of the Company's all business units are normal. The main suppliers and customers are its long-term partners with normal transaction situation, so there is no significant risk.

- (X) The impact and risk of a large number of transfers or replacement of shares by directors or major shareholders holding more than 10% of the shares on the Company:

In 2023 and as of the publication date of the annual report, the Company did not have a substantial transfer or replacement of shares by directors or major shareholders holding more than 10% of the shares.

- (XI) The impact of the change of management rights on the Company and the risk thereof:

In 2023 and as of the publication date of the annual report, the Company did not have any changes in its management rights.

- (XII) Litigious or non-litigious events:

There were no litigious or non-litigious events that had a material impact on shareholders' equity or securities prices in 2023 and as of the publication date of the annual report.

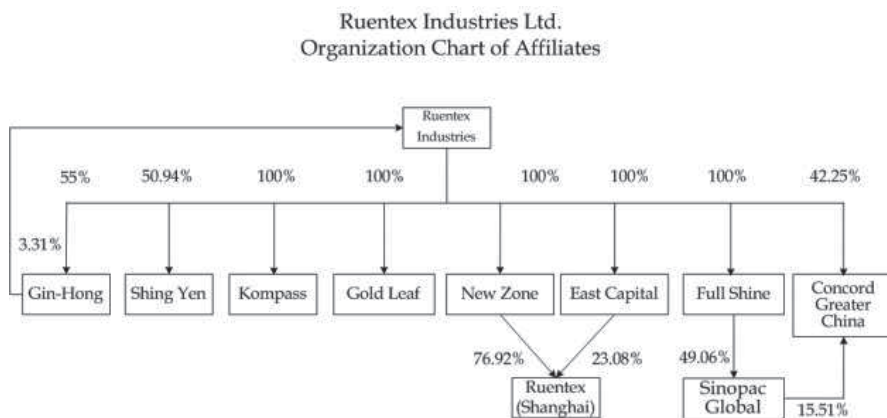
- (XIII) Other important risks and countermeasures: NA.

VII. Other material information: NA.

Special Remarks

I. Information of affiliates:

(一) Consolidated Business Reports of Affiliates:



1. Basic Data of Affiliates

Unit: NTD in Thousands/USD; December 31, 2023

Affiliate	Established On	Address	Paid-in Capital	Major Business or Production
Gin-Hong Investment Co., Ltd.	August 4, 1997	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	310,000	Investment
Shing Yen Construction & Development Co., Ltd.	January 12, 1989	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	565,000	Construction
Full Shine International Holdings Ltd.	February 9, 1996	P a l m G r o v e H o u s e , P.O.BOX 438,Road Town, Tortola, British Virgin Islands	US\$ 19,500,000	Investment
Gold Leaf International Group Co., Ltd.	September 8, 2000	P a l m G r o v e H o u s e , P.O.BOX 438,Road Town, Tortola, British Virgin Islands	US\$ 500,000	International Trade
East Capital Intl. Ltd.	February 19, 2002	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 4,208,000	Investment
Kompass Global Sourcing Solutions Ltd.	June 24, 2002	13F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	42,637	International Trade
New Zone Int. Ltd	March 24, 2004	Unit 25, 2 nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	US\$ 13,792,000	Investment
Ruentex Industries Ltd. (Shanghai)	April 27, 2004	Room 401-1, No.301, Jiangchang 3rd Road, Shanghai	US\$ 13,000,000	Production and sales of garment products
Sinopac Global Inv. Ltd.	February 29, 1996	P.O. Box. 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1- 1205, Cayman Islands	US\$ 39,750,000	General Investment
Concord Greater China Ltd.	December 6, 2000	P a l m G r o v e H o u s e , P.O.BOX 438,Road Town, Tortola, British Virgin Islands	US\$ 41,612,000	Investment

2. Data of Shareholders With Designated Control or Affiliation: NA.

3. Industries Covered by the Affiliates:

Affiliate	Major Business or Production
Gin-Hong Investment Co., Ltd.	Investment
Shing Yen Construction & Development Co., Ltd.	Construction
Full Shine International Holdings Ltd.	Investment
Gold Leaf International Group Co., Ltd.	International Trade
East Capital International Ltd.	Investment
Kompass Global Sourcing Solutions Ltd.	International Trade
New Zone International Ltd	Investment
Ruentex Industries Ltd. (Shanghai)	Trade
Sinopac Global International Ltd.	Investment
Concord Greater China Ltd.	Investment

4. Directors, Supervisors, and Presidents of Affiliates and Their Shareholdings

Unit: NTD in Thousands; Shares; %; December 31, 2023

Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding percentage
Gin-Hong Investment Co., Ltd.	Chairman	Representative of Ruentex Industries: Lee, Tien-Chien	17,050,000	55.00%
	Director	Representative of Ruentex Industries: Yen, Tien-Cheng	17,050,000	55.00%
	Director	Representative of Ruentex Industries: Yin, Chung-Yao	17,050,000	55.00%
	Supervisors	Representative of Ruentex Development: Li, Chieh-Yuan	9,300,000	30.00%
Full Shine International Holdings Ltd.	Director	Ruentex Industries Ltd.	19,500,000	100.00%
Shing Yen Construction & Development Co., Ltd.	Chairman	Representative of Ruentex Development: Jean, Tsang-Jiunn	25,678,430	45.45%
	Director	Representative of Ruentex Industries: Chang, Hsiu-Yen	28,783,037	50.94%
	Director	Representative of Ruentex Industries: Lee, Tien-Chien	28,783,037	50.94%
	Supervisors	Representative of Yi Tai Investment: Lin, Chin-Szu	67,890	0.24%
	President	Lee, Chih-Hung	0	0.00%
Gold Leaf International Group Co., Ltd.	Director	Ruentex Industries Ltd.	500,000	100.00%
East Capital International Ltd.	Director	Ruentex Industries Ltd.	4,208,000	100.00%
Sinopac Global International Ltd.	Director	Hsu, Sheng-yu	0	0.00%
	Director	Jean, Tsang-Jiunn	0	0.00%
New Zone International Limited	Director	Hsu, Sheng-yu	0	0.00%
	Director	Hsu, Chih-Chang	0	0.00%
Concord Greater China Ltd.	Director	Ruentex Industries Ltd.	17,580,000	42.25%
	Director	Ruentex Development Co., Ltd.	10,593,334	25.46%
	Director	Yin, Chung-Yao	0	0.00%
Kompass Global Sourcing Solutions Ltd.	Chairman	Representative of Ruentex Industries: Hsu, Sheng-yu	4,263,708	100.00%
	Director and President	Representative of Ruentex Industries: Hsu, Chih-Chang	4,263,708	100.00%
	Director	Representative of Ruentex Industries: Lee, Tien-Chien	4,263,708	100.00%
	Supervisor	Representative of Ruentex Industries: Lin, Chin-Szu	4,263,708	100.00%
Ruentex Industries Ltd. (Shanghai)	Chairman	Representative of New Zone Int.: Fang, Liang-Yuan	US\$13,692,000	76.92%
	Director	Representative of New Zone Int.: Huang, Tsai-Ming	US\$13,692,000	76.92%
	Director	Representative of New Zone Int.: Lee, Tien-Chien	US\$13,692,000	76.92%

Note 1: Where an affiliate is a foreign company, the equivalent position is listed.

Note 2: Where an investee is a company limited, please fill in the number of shares and the shareholding ratio. For others, please indicate the capital contribution amount and proportion of the capital contribution.

Note 3: Where a director or a supervisor is a juridical person, the relevant information on its representative(s) shall be disclosed.

5. Performance of Affiliates

Unit: NTD in Thousands; December 31, 2023

Affiliate	Authoriz ed Capital	Total Assets	Total liability	Net Worth	Operatio n income	Operatin g Profit	Income (Loss) this period (after tax)	Earnings per share (NTD) (after tax)
Gin-Hong Investment Co., Ltd.	310,000	2,362,690	298	2,362,392	74,407	73,907	73,664	2.38
Shing Yen Construction & Development Co., Ltd.	565,000	619,674	27,154	592,520	20,663	(610)	5,648	0.10
Kompass Global Sourcing Solutions Ltd.	42,637	79,923	20,978	58,945	189,792	12,378	16,025	3.76
Full Shine Int. Holdings Ltd.	607,425	1,732,510	0	1,732,510	14,981	14,723	43,190	2.21
Gold Leaf Int. Group Co., Ltd.	15,575	9,212	0	9,212	0	(150)	164	0.33
East Capital Int. Ltd.	131,079	33,413	0	33,413	0	(801)	(765)	(0.18)
New Zone Int. Limited	429,621	105,437	0	105,437	0	(2,287)	(2,252)	(0.16)
Sinopac Global Int. Ltd.	1,238,213	1,674,981	0	1,674,981	8,675	7,846	30,539	0.77
Concord Greater China Ltd.	1,296,214	2,267,002	0	2,267,002	41,265	38,484	55,947	1.34
Ruentex Industries Ltd. (Shanghai)	602,073	143,776	9,728	134,048	204,483	(4,286)	(2,839)	~ (Note)

Note: Ruentex Industries Ltd. (Shanghai) is a limited company with no shares.

(II) Consolidated Financial Statements of Affiliates:

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in

conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

(III) Affiliation Report: None.

II. Private placements of securities in 2023 and as of the publication date of the annual report: None.

III. Stocks of the Company held and disposed by subsidiaries in 2023 and as of the publication date of the annual report:

Unit: NTD in Thousands; Shares; %

Name of the subsidiary	Paid-in Capital	Capital Source	Shareholding percentage of the Company	Date of Acquisition or Disposal	Number and Amount of Shares Acquired (Note 1)	Number and Amount of Shares Disposed (Note 1)	Profit and Loss on Investments	Number of Shares Held as of the Publication Date of the Annual Report and Their Face Value	Pledge Creation	Amount of Endorsements and Guarantees for Subsidiaries	Amount of Lending to Subsidiaries
Gin-Hong Investment	5310,000	Self-owned Funds	55%	This Year and by the Date of Report Publication	-	-	-	36,593 thousand shares 2,202,922	No	-	-

Note 1: The amount refers to the amount actually acquired or disposed of.

IV. Other required supplementary notes: NA.

V. Events with material impacts on equity or stock price as specified in Item 2, Paragraph 2, Article 36 of the Securities and Exchange Act in 2023 and by the date of report publication: NA.

Ruentex Industries Ltd. and Subsidiaries
Consolidated Financial Statements and Report of
Independent Accountants
2023 and 2022
(Stock Code: 2915)

Address: 13F.-1, No. 308, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City

Telephone: (02)8161-7999

Ruentex Industries Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent Accountants of 2023 and
2022
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Ruentex Industries Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Hereby declare.

Company name:

Ruentex Industries Ltd.

Responsible person:

Hsu, Sheng-Yu

March 13, 2024

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23005108

To Ruentex Industries Ltd.:

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Industries Ltd. and its subsidiaries (hereinafter referred to as “the Group”) for December 31, 2023 and 2022, the consolidated comprehensive income statements, equity statements and cash flow statements of the Group for the period from January 1 to December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission.

Basis of Audit Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 2023. 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, 2023, the Group’s investments accounted under equity method were NT\$82,837,117 thousand, representing 71.368% of the total consolidated assets. Please refer to Note 4(15) for accounting policies on investments accounted under equity method and Note 6(7) for details.

As the investments using the equity method involved the domestic and overseas investments at multiple levels and cross shareholdings. It was a complicated calculation and the amount of the above

matters had a significant impact, and it required a great deal of manpower to audit it. Therefore, we believe that the correctness of the investment balance using the equity method is one of this year's key audit matters.

Corresponding Audit Procedures

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

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

Measurement of Investment Property Fair Value

Description of Key Audit Matters

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

Please refer to Notes 4(19) to the consolidated financial statements for the accounting policy on investment property; Note 5 for the uncertainties of accounting estimates and assumptions; Note 6(11) for the details of accounting titles; Note 12(3) for the details of fair values.

Corresponding Audit Procedures

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

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

Other Matters - Reference to Audits by Other Accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in the Group's consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2023 and 2022, were NT\$4,533,993 thousand and NT\$5,855,788 thousand, respectively, and constituted 3.906% and 5.734% of total consolidated assets. Their total operating income of NT\$261,602 thousand and NT\$284,638 thousand for the years ended December 31, 2023 and 2022, constituting 9.759% and 9.903% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2023 and 2022 were NT\$10,855 thousand and NT\$2,670 thousand, respectively, and

constituted 0.009% and 0.003% 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\$(3,814) thousand and NT\$(6,105) thousand for the years ended December 31, 2023 and 2022, respectively, constituting 0.021% and 0.011% of total consolidated comprehensive income.

Other Matters- Unconsolidated Financial Report

We have audited and expressed an unqualified opinion on the parent only financial statements of Ruentex Industries Ltd. as at and for the year ended December 31, 2023 and 2022.

Responsibilities of the Management and Governing Bodies for Consolidated Financial Statements

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

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

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements of 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Shu-chiung Chang

CPA

Seanh Hsu

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

Former Financial Supervisory Commission, Executive Yuan
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. No.
1050029449

March 13, 2024

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

Assets		Notes	D e c e m b e r 3 1 , 2 0 2 3		D e c e m b e r 3 1 , 2 0 2 2	
			A m o u n t	%	A m o u n t	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 7,248,962	6	\$ 9,549,587	9
1136	Financial assets measured by	6(6)				
	amortized cost - current		30,220	-	-	-
1150	Net bills receivable	6(2)	319	-	380	-
1160	Bills receivable - related parties - net	6(2) and 7	840	-	114	-
1170	Net Accounts Receivable	6(2) and 12(2)	155,839	-	205,421	-
1180	Accounts receivable - related parties -	6(2), 7 and 12				
	net	(2)	1,220	-	1,159	-
1200	Other receivables		33,454	-	74,954	-
1210	Other Receivables - related party	7	6,746	-	6,630	-
130X	Inventories	6(3) and 8	512,752	1	533,904	1
1410	Prepayments		20,669	-	57,301	-
1470	Other Current Assets		571	-	485	-
11XX	Total current assets		<u>8,011,592</u>	<u>7</u>	<u>10,429,935</u>	<u>10</u>
Non-current assets						
1510	Financial assets at fair value through	6(4)				
	profit or loss - non-current		3,030,078	3	3,092,072	3
1517	Financial assets at fair value through	6(5), 7 and 8				
	other comprehensive income - non-					
	current		6,301,163	5	7,106,544	7
1535	Amortized cost financial Assets -	6(6) and 8				
	non-Current		4,522,468	4	4,951,510	5
1550	Investments accounted for using	6(7), 7 and 8				
	equity method		82,837,117	71	65,409,402	64
1600	Property, plant, and equipment	6(8) and 8	1,378,709	1	1,410,827	2
1755	Right-of-use assets	6(9)	100,580	-	147,598	-
1760	Net value of investment properties	6(3)(11) and 8	8,801,563	8	8,557,513	8
1780	Intangible assets	6(12)(13)	862	-	1,385	-
1840	Deferred tax Assets	6(34)	1,011,821	1	942,164	1
1900	Other non-current Assets	6(14)(20)	74,272	-	70,283	-
15XX	Total non-current assets		<u>108,058,633</u>	<u>93</u>	<u>91,689,298</u>	<u>90</u>
1XXX	Total Assets		<u>\$ 116,070,225</u>	<u>100</u>	<u>\$ 102,119,233</u>	<u>100</u>

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

Liabilities and Equity			D e c e m b e r 3 1 , 2 0 2 3		D e c e m b e r 3 1 , 2 0 2 2	
Notes			A m o u n t	%	A m o u n t	%
Current liabilities						
2100	Short-term borrowings	6(15) and 8	\$ 350,000	-	\$ 2,290,000	2
2110	Short-term bills payable	6(16) and 8	-	-	499,698	1
2130	Contract liabilities - current	6(26)	35,563	-	24,692	-
2150	Notes payable		97,385	-	99,243	-
2160	Notes payable - related party	7	388	-	345	-
2170	Accounts Payable		203,800	-	235,336	-
2180	Accounts payable - related party	7	8	-	-	-
2200	Other payables	6(17)	277,149	-	297,381	-
2220	Other Payable - Related Party	7	2,165	-	1,268	-
2230	Income tax liabilities of current period		594	-	678,314	1
2280	Lease liabilities - current	6(9)	51,390	-	52,745	-
2320	Long-term liabilities due within one year or one operating cycle	6(18) and 8	850,000	1	1,975,000	2
2399	Other current liabilities - other		11,595	-	13,938	-
21XX	Total Current Liabilities		1,880,037	1	6,167,960	6
Non-current liabilities						
2540	Long-term borrowings	6(18) and 8	13,795,000	12	11,375,000	11
2570	Deferred income tax liabilities	6(34)	1,434,108	1	1,457,614	1
2580	Lease liabilities - non-current	6(9)	50,489	-	96,477	-
2600	Other non-Current liabilities	6(19)	790,761	1	743,674	1
25XX	Total Non-Current Liabilities		16,070,358	14	13,672,765	13
2XXX	Total Liabilities		17,950,395	15	19,840,725	19
Equity						
Equity attributed to owners of the parent						
3110	Share capital	6(22)	11,043,188	9	11,043,188	11
3200	Capital surplus	6(23)	28,171,512	24	28,091,265	27
	Retained earnings	6(24)				
3310	Legal reserve		3,780,852	3	4,601,302	5
3320	Special reserve		76,379,565	66	13,067,008	13
3350	Undistributed earnings		7,373,600	6	64,700,745	63
3400	Other Equities	6(25)	(30,142,877)	(25)	(41,349,830)	(40)
3500	Treasury stock	6(22)	(552,479)	-	(552,479)	(1)
31XX	Total equity attributable to owners of the parent company		96,053,361	83	79,601,199	78
36XX	Non-controlling Interest	6(35)	2,066,469	2	2,677,309	3
3XXX	Total Equity		98,119,830	85	82,278,508	81
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant subsequent events	11				

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

3X2X	Total Liabilities and Equity	\$	<u>116,070,225</u>	<u>100</u>	\$	<u>102,119,233</u>	<u>100</u>

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

Item	Notes	2023		2022	
		A m o u n t	%	A m o u n t	%
4000 Operation Income	6(26) and 7	\$ 2,680,640	100	\$ 2,874,195	100
5000 Operation cost	6(27) (32) (33) and 7	(1,744,227)	(65)	(1,893,232)	(66)
5900 Gross Profit		936,413	35	980,963	34
Operating Expenses	6(21) (32) (33)				
6100 Selling expenses		(605,889)	(23)	(603,529)	(21)
6200 General & administrative expenses		(265,695)	(10)	(320,739)	(11)
6450 Expected credit impairment gains (losses)	12(2)	979	-	(518)	-
6000 Total Operating Expenses		(870,605)	(33)	(924,786)	(32)
6900 Operating Profit		65,808	2	56,177	2
Non-operating Income and Expenses					
7100 Interest revenue	6(28) and 7	548,834	21	220,461	8
7010 Other income	6(29) and 7	247,769	9	388,470	13
7020 Other gains and losses	6(30)	730,419	27	4,157,882	145
7050 Financial Costs	6(31)	(289,597)	(11)	(379,442)	(13)
7060 Share of income of associates and joint ventures accounted for using the equity method	6(7)	6,361,676	238	8,650,651	301
7000 Total non-operating income and expenses		7,599,101	284	13,038,022	454
7900 Net profit before tax		7,664,909	286	13,094,199	456
7950 Income tax expense	6(34)	(90,104)	(3)	(1,031,044)	(36)
8200 Net income of current period		\$ 7,574,805	283	\$ 12,063,155	420

(Continued)

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

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

Accounting Manager: CHANG,
Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

	reclassified subsequently to profit or loss				
8300	Other comprehensive income (net)	<u>\$</u>	<u>10,567,108</u>	<u>394</u>	<u>(\$ 67,235,923) (2340)</u>
8500	Total Comprehensive Income Current Period	<u>\$</u>	<u>18,141,913</u>	<u>677</u>	<u>(\$ 55,172,768) (1920)</u>
	Profit attributable to:				
8610	Owners of the parent	<u>\$</u>	<u>7,499,620</u>	<u>280</u>	<u>\$ 12,168,391 424</u>
8620	Non-controlling Interest	<u>\$</u>	<u>75,185</u>	<u>3</u>	<u>(\$ 105,236) (4)</u>
	Comprehensive Income attributed to:				
8710	Owners of the parent	<u>\$</u>	<u>18,580,553</u>	<u>693</u>	<u>(\$ 54,840,430) (1908)</u>
8720	Non-controlling Interest	<u>(\$</u>	<u>438,640)</u>	<u>(16)</u>	<u>(\$ 332,338) (12)</u>
	Earnings per share		6(36)		
9750	Basic earnings per share	<u>\$</u>	<u>7.19</u>	<u>\$</u>	<u>15.55</u>
9850	Diluted earnings per share	<u>\$</u>	<u>7.18</u>	<u>\$</u>	<u>15.53</u>

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG,
Hsiu-Yen

Routex Industries Ltd. and Subsidiaries
Consolidated Statement of Financial Position
For the Years Ended December 31, 2023 and 2022

Unit: NTS thousands

	E q u i t y a t t r i b u t e d t o o w n e r s o f t h e p a r e n t				N o n - c o n t r o l l i n g i n t e r e s t s				T o t a l			
	Share capital	Capital surplus	Legal reserve	Special reserve	Undivided profits	Other Equities	Treasury stock	Non-controlling interests	Total Equity			
2022												
Balance on January 1, 2022	\$ 7,343,188	\$ 13,091,165	\$ 3,019,067	\$ 13,067,008	\$ 56,072,695	\$ 27,372,479	\$ 552,479	\$ 119,413,123	\$ 3,009,647	\$ 122,422,770		
Net income of current period	-	-	-	-	12,168,391	-	-	12,168,391	(105,236)	12,063,155		
6(24)	-	-	-	-	278,600	(67,287,421)	-	(67,008,821)	(222,102)	(67,235,923)		
6(24)(25)(35)	-	-	-	-	12,446,991	(67,287,421)	-	(54,840,430)	(332,338)	(55,172,768)		
Total Comprehensive Income Current Period	-	-	-	-	-	-	-	-	-	-		
Appropriation and distribution of the earnings for 2021: 6(24)												
Legal reserve	-	-	1,882,235	-	(1,582,235)	-	-	-	-	-		
Cash dividends	-	-	-	-	(3,671,594)	-	-	(3,671,594)	-	(3,671,594)		
6(22)	-	-	-	-	-	-	-	-	-	-		
Cash Capitalization	3,700,000	14,800,000	-	-	-	-	-	18,500,000	-	18,500,000		
6(21)(23)	-	-	-	-	-	-	-	-	-	-		
Cash dividends received by subsidiaries from the parent company	-	62,840	-	-	-	-	-	62,840	-	62,840		
6(23)	-	-	-	-	-	-	-	-	-	-		
Overdue dividends not collected by shareholders	-	100,632	-	-	-	-	-	100,632	-	100,632		
6(23)	-	-	-	-	-	-	-	-	-	-		
Overdue dividends & joint ventures accounted for using equity method	-	1,931	-	-	-	-	-	1,931	-	1,931		
6(23)(24)(25)	-	-	-	-	-	-	-	-	-	-		
Changes in associates & joint ventures accounted for using equity method	-	34,688	-	-	-	(288,906)	-	34,688	-	34,688		
6(24)(25)	-	-	-	-	-	-	-	-	-	-		
Equity instruments, valuation profit or loss measured at fair value through disposal of other comprehensive income	-	-	-	-	1,145,982	(1,145,982)	-	-	-	-		
6(23)	-	-	-	-	-	-	-	-	-	-		
Gains after disengagement exercised	-	9	-	-	-	-	-	9	-	9		
Balance on December 31, 2022	\$ 11,043,188	\$ 28,091,265	\$ 4,601,302	\$ 13,067,008	\$ 64,700,745	\$ 41,349,830	\$ 552,479	\$ 79,601,199	\$ 2,677,309	\$ 82,278,508		
2023												
Balance on January 1, 2023	\$ 11,043,188	\$ 28,091,265	\$ 4,601,302	\$ 13,067,008	\$ 64,700,745	\$ 41,349,830	\$ 552,479	\$ 79,601,199	\$ 2,677,309	\$ 82,278,508		
Net income of current period	-	-	-	-	7,499,620	-	-	7,499,620	75,185	7,574,805		
6(24)	-	-	-	-	(126,306)	11,207,239	-	11,080,933	(513,825)	10,567,108		
6(24)(25)(35)	-	-	-	-	7,373,514	11,207,239	-	18,580,553	(438,640)	18,141,913		
Total Comprehensive Income Current Period	-	-	-	-	-	-	-	-	-	-		
Appropriation and distribution of the earnings for 2022: 6(24)												
Legal reserve	-	-	1,388,188	-	(1,388,188)	-	-	-	-	-		
Special reserve	-	-	-	63,312,557	(63,312,557)	-	-	-	-	-		
6(23)	-	-	(2,208,638)	-	-	-	-	(2,208,638)	-	(2,208,638)		
Cash dividends received by subsidiaries from the parent company	-	40,253	-	-	-	-	-	40,253	-	40,253		
6(23)	-	-	-	-	-	-	-	-	-	-		
Overdue dividends not collected by shareholders	-	13,612	-	-	-	-	-	13,612	-	13,612		
6(23)(24)(25)	-	-	-	-	-	-	-	-	-	-		
Changes in associates & joint ventures accounted for using equity method	-	26,359	-	-	35	(35)	-	26,359	-	26,359		
6(24)(25)	-	-	-	-	-	-	-	-	-	-		
Equity instruments, valuation profit or loss measured at fair value through disposal of other comprehensive income	-	-	-	-	251	(251)	-	-	-	-		
6(23)	-	-	-	-	-	-	-	-	-	-		
Gains after disengagement exercised	-	23	-	-	-	-	-	23	-	23		
6(35)	-	-	-	-	-	-	-	-	(172,200)	(172,200)		
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(2,066,469)	(2,066,469)		
Balance on December 31, 2023	\$ 11,043,188	\$ 28,171,512	\$ 3,780,852	\$ 76,379,565	\$ 7,373,600	\$ 30,142,877	\$ 552,479	\$ 96,053,361	\$ 2,066,469	\$ 98,119,830		

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2	0	2	3	2	0	2	2
<u>Cash flows from operating activities</u>									
Profit before Income Tax current period		\$			7,664,909	\$		13,094,199	
Adjustments									
Income and expenses									
Depreciation expense	6(32)				98,744			101,631	
Amortization	6(32)				2,707			3,058	
Expected credit impairment losses (gains on reversal)	6(32)								
				(	979)			518	
Impairment loss	6(13)(31)				-			415,570	
Gains on Financial assets at fair value through profit or loss	6(30)								
					84,978	(		243,915)	
Interest Cost	6(31)				289,597			379,442	
Dividend income	6(26)								
				(	279,777)	(		452,500)	
Interest revenue	6(28)				548,834	(		220,461)	
Share of income of associates and joint ventures accounted for using the equity method	6(7)								
				(	6,361,676)	(		8,650,651)	
Gains on disposals of real estate, plant and equipment	6(30)								
				(	2,897)	(		7,278)	
Gains on disposal of assets	6(3)(30)				499,146			-	
Gain on fair value change of investment property	6(30)				244,050	(		3,163,963)	
Gains on lease modifications	6(30)				91			-	
Gain from the price recovery of inventory declines	6(3)(32)				40,178	(		110,996)	
Real estate, plant and equipment transferred to expenses	6(37)								
					65			-	
Compensation cost of employee stock options	6(21)								
	(33)				-			62,840	
Net foreign exchange gains				(	21,620)	(		833,698)	
Changes in assets/liabilities relating to operating activities									
Net changes in assets relating to operating activities									
Financial assets at fair value through profit or loss				(	22,984)	(		152,231)	
Notes receivable					61	(		114)	
Notes Receivable – related party				(	726)	(		100)	
Accounts receivable					50,205	(		20,233)	
Accounts receivable - related party				(	257)			613)	
Other receivables					3,226	(		3,417)	
Other receivables - related Party				(	116)			2,517)	
Inventories					21,200			146,265)	
Prepayments					36,510			15,821)	
Other Current Assets				(	86)			91)	
Net defined benefit asset (listed as “non-current assets”)				(	2,927)	(		19,281)	
Net change in liabilities related to operating activities									
Contract liabilities					10,895			333)	
Notes payable				(	1,858)			86,048)	
Notes Payable – related Party					43	(		88,035)	
Accounts Payable				(	31,324)			44,931)	
Accounts Payable – related Party					8	(		18,506)	
Other payables				(	5,399)			21,996)	
Other Payable - Related Party					896			12,532)	
Other Current liabilities				(	2,343)	(		358)	
Defined benefit liability (listed as “non-current liabilities”)					-	(		14,872)	
Other non-Current liabilities				(	149)			-	
Cash flow in from operating					190,175			362,732)	
Interest received					595,179			163,411)	
Interest paid				(	290,732)	(		381,180)	
Income tax paid				(	771,246)	(		939,705)	
Income tax refunded					19,051			-	
Cash outflow from operating activities				(	257,573)	(		794,742)	

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2	0	2	3	2	0	2	2
<u>Cash flows from investing activities</u>									
Acquisition of financial assets at fair value through other comprehensive income	6(5)	(\$			464,608)	(\$		104,676)	
Disposal of financial assets at fair value through other comprehensive income	6(5)				-			1,299,428	
Distribution of dividends at investment cost through financial assets at fair value through other comprehensive income	6(5)				7,290			-	
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income	6(5)				1,499			-	
Acquisition of financial assets at amortized cost		(			77,260)	(		4,168,988)	
Disposal of financial assets at amortized cost					438,817			-	
Investment under the equity method acquired	6(7)	(			127,000)	(		100,000)	
Return of funds to reduced investment adopting the Equity method	6(7)				812,209			-	
Acquisition of property, plant and equipment	6(37)	(			14,575)	(		20,049)	
Disposal of real estate properties, plants and equipment	6(37)				706			4,276	
Investment real estate acquired	6(37)	(			149)	(		747)	
Disposal of investment property	6(3)				539,232			-	
Acquisition of intangible assets	6(37)	(			1,049)	(		1,733)	
Increase in refundable deposits (listed in "other non-current assets")					-	(		252)	
Decrease in refundable deposits (listed in "other non-current assets")					215			-	
Increase in prepayments for business facilities (recognized in "other non-current assets")		(			2,752)			-	
Increase in other non-current assets		(			861)	(		208)	
Dividends received					279,777			2,790,557	
Net cash inflow (outflow) of the investment activities					1,391,491	(		302,392)	
<u>Cash flows from financing activities</u>									
Increase (decrease) in short-term borrowings	6(38)	(			1,940,000)			1,190,000	
Decrease in short-term bills payable	6(38)	(			500,000)	(		1,780,000)	
Proceeds from long-term borrowings	6(38)				34,290,000			41,132,500	
Repayments of long-term borrowings	6(38)	(			32,995,000)	(		58,665,000)	
Increase in guarantee deposits received (listed in "other non-current liabilities")	6(38)				129,292			101,258	
Decrease in guarantee deposits received (listed in "other non-current liabilities")	6(38)	(			82,056)	(		85,379)	
Principal elements of lease payments	6(9)(38)	(			51,956)	(		52,103)	
Cash dividends paid	6(24)	(			2,168,385)	(		3,570,962)	
Cash Capitalization	6(22)				-			18,500,000	
Net changes in non-controlling interest	6(35)	(			172,200)			-	
Disgorgement exercised	6(23)				23			9	
Cash used in financing activities		(			3,490,282)	(		3,229,677)	
Net effect of changes in foreign currency exchange rates on cash and cash equivalent					55,739			1,205,900	
Decrease of cash and cash equivalents current period		(			2,300,625)	(		3,120,911)	
Cash and cash equivalents, beginning of period					9,549,587			12,670,498	
Cash and cash equivalents, end of period		\$			7,248,962	\$		9,549,587	

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2023 and 2022

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

I. History and Organization

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

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were authorized for issuance by the Company’s board of directors on March 13, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12, “Deferred taxes arising from OECD Pillar Two model rules”	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”	January 1, 2024

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

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023

Amendments to IAS No. 21 “Lack of Convertibility” January 1, 2025

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

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except the following material items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Investment property subsequently measured at fair value
 - (4) Defined benefit assets liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements
 - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
- (4) Changes in parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

<u>Name of the investing company</u>	<u>Name of subsidiary</u>	<u>Business nature</u>	<u>Percentage of shareholding (%)</u>		
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Description</u>
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd. (Gin-Hong)	Investment	55.00	55.00	Note 1, 2 and 7
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd. (Shing Yen Construction & Development)	Construction Business	50.94	50.94	Note 8
Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd. (Kompass)	International Trade	100.00	100.00	Note 1
Ruentex Industries Ltd.	Full Shine International Holding Ltd. (Full Shine)	Investment	100.00	100.00	Note 1
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.(Gold Leaf)	International Trade	100.00	100.00	Note 1
Ruentex Industries Ltd.	East Capital International Limited.(East Capital)	Investment	100.00	100.00	
Ruentex Industries Ltd.	New Zone International Limited.(New Zone)	Investment	100.00	100.00	
Ruentex Industries Ltd.	Concord Greater China Limited. (Concord)	Investment	42.25	42.25	Note 1, 3, and 4
Full Shine International Holding Ltd.	Sinopac Global Investment Ltd.(Sinopac)	Investment	49.06	49.06	Note 1 & 6
Sinopac Global Investment Ltd.	Concord Greater China Limited. (Concord)	Investment	15.51	15.51	Note 1, 3, and 4
East Capital International Limited.	Shanghai Newzone Fashion Ltd. (Shanghai Newzone)	Trade	23.08	23.08	(Notes 1 & 5)
New Zone International Limited.	Shanghai Newzone Fashion Ltd. (Shanghai Newzone)	Trade	76.92	76.92	(Notes 1 & 5)

Note 1: Except for Gold Leaf in 2023 and Ruentex Industries Ltd. (Shanghai) in 2022, which were audited by other independent auditors, all other companies were audited by other independent auditors in 2023 and 2022.

Note 2: Gin-Hong Investment held 36,593,388 ordinary shares issued by the Company on December 31, 2023 and 2022, respectively, accounting for around 3.31% of the Company's outstanding ordinary shares, respectively.

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

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

Note 5: The comprehensive ownership is 100%.

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

Note 7: To revitalize capital, Gin-Hong Investment's shareholders' meeting approved to reduce its capital on October 30, 2023, with the capital reduced by 45.61% at NT\$10 per share. The total amount of the payment for the capital reduction was NT\$260,000, of which an amount of NT\$143,000 was refunded to the Company. After the capital reduction, the Company's shareholding remains at 55.00%.

Note 8: Shing Yen Construction & Development has adjusted its capital structure and increased the return on shareholders' equity. The shareholders' meeting on June 15, 2023 approved the capital reduction by 9.63% at NTD 10 per share. The capital reduction returned a total of \$60,206 of shares, of which \$30,671 was returned to the Company. After the capital reduction, the Company's shareholding remained at 50.94 %.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustments for subsidiaries with different balance sheet dates.

None.

5. Significant restrictions.

None.

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

The Group's non-controlling interests accounted NT\$2,066,469 and NT\$2,677,309 as of December 31, 2023 and 2022, respectively, and the following are non-controlling interests

that are material to the Group:

Subsidiaries	Main business	<u>Non-controlling Interest</u>			
		<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<u>Name</u>	<u>Place of Business</u>	<u>Amount</u>	<u>Percentage shareholding</u>	<u>Amount</u>	<u>Percentage shareholding</u>
Concord Greater China Limited.	British Virgin Islands (BVI)	\$ 944,222	42.24%	\$ 1,368,714	42.24%

Summary of subsidiaries' financial information:

Balance Sheets

	<u>Concord Greater China Limited.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 962,886	\$ 907,730
Non-current assets	1,272,094	2,332,024
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 2,234,980</u>	<u>\$ 3,239,754</u>

Statements of Comprehensive Income

	<u>Concord Greater China Limited.</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 41,265	\$ 39,403
Net profit before tax	55,947	36,207
Net income of current period	55,947	36,207
Other comprehensive income (loss) (net of tax)	(1,060,720)	(150,012)
Total Comprehensive Income (Loss), Current Period	<u>(\$ 1,004,773)</u>	<u>(\$ 113,805)</u>
Total comprehensive income (loss) attributed to non-controlling interest	<u>\$ 424,491</u>	<u>(\$ 48,080)</u>

Statements of Cash Flows

	<u>Concord Greater China Limited.</u>	
	<u>2023</u>	<u>2022</u>
Cash outflow from operating activities	(\$ 2,781)	(\$ 5,283)
Net cash inflow from investing activities	58,186	39,960
Cash used in financing activities	-	-
Effect of exchange rate changes	(783)	86,926
Increase (decrease) in cash and cash equivalents of current period	54,622	121,603
Cash and cash equivalents, beginning of period	906,027	784,424
Cash and cash equivalents, end of period	<u>\$ 960,649</u>	<u>\$ 906,027</u>

(IV) Foreign currency translation

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

1. Foreign currency translation and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary Assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date. Their translation differences are recognized in other comprehensive income. However, non-monetary Assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

2. Translation of foreign operations

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

(V) Classification of Current and non-Current items

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

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

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

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

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Liabilities that are to be settled within 12 months from the balance sheet date;

- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

(VI) Cash equivalents

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

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

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

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

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

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the

other comprehensive income should not be re-categorized into income, but should be listed under the retained earnings. When the right to receive dividend is established, inflow of economic effects of dividend becomes probable, and the dividend amount can be reliably measured, the Group recognizes the dividend income in profit or loss.

(IX) Financial assets at amortised cost

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

(X) Notes and accounts receivable

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

(XI) Impairment of financial assets

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

default events over the expected life.

(XII) Derecognition of financial assets

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

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

(XIII) Lease transactions of lessor - operating lease

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

(XIV) Inventories

1. Inventory of Construction Business Department

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

2. Inventory of textiles and wholesale

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

(XV) Investments-associates accounted for under equity method

1. An associate is an entity over which the Group has significant influence but not control. Generally, it is an entity in which the Group directly or indirectly holds more than 20% of its voting shares. The Group recognizes the investments in associates using the equity method at acquisition cost initially.

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

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

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

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

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

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

3. When there is a change in equity of an associate that is not related to profit or loss and other comprehensive income and does not impact the Group’s shareholding in the associate, the equity change attributable to the Group’s interests in the associate is recognized as “Capital Surplus” in proportion to the Group’s shareholding in the associate.
4. The unrealized gains and losses resulted from transactions between the Group and associates are eliminated to the extent of the Group’s interest in each associate. Unless impairment on the assets transferred is indicated with clear evidence, the unrealized losses are eliminated. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When an associate issues new shares and the Group does not subscribe or acquire in proportion to its shareholding resulting in a change of the Group’s investment percentage in the associate but where the Group still retain significant influence over the associate,

the change in the net equity value is recognized in “Capital Surplus” or “Investments Recognized under Equity Method”. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.

6. When the Group’s significant influence over an associate ceases, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
7. When the Group disposes shares in an associate and thus loses significant influence over the former associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses significant influence over an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
8. If there is a mutual shareholding situation with an investee under the equity method, and the investee also evaluates its investment in the Group using the equity method, the gains or losses on such investment is measured at the investee’s carrying amount, excluding the Group’s profit or loss recognized by the investee.

(XVI) Investment using the equity method—joint ventures

The Group adopts the equity method to recognize its equity in joint ventures. The unrealized gains and losses on the transactions between the Group and joint ventures have been eliminated in proportion to the interests in the joint ventures; however, if the evidence shows that the net realizable value of assets has decreased or assets have suffered impairment losses, the full loss is recognized immediately. The Group’s share of losses in any joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables). The Group discontinues recognizing its share of further losses unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(XVII) Property, plant, and equipment

1. Real estate, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

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

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.

3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.
4. For lease modifications that reduce the scope of a lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between the reduced carrying amount and the remeasurements of the lease liabilities in the profit or loss.

(XIX) Investment Real Estate

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

(XX) Intangible assets

1. Computer software

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

2. Goodwill

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

(XXI) Impairment of non-financial Assets

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

3. To test for impairment, goodwill must be allocated to each cash-generating units. The allocation is based on operation units, and goodwill is allocated to each cash-generating units or groups of cash-generating units that are expected to be benefited by the business combination.

(XXII) Loans

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

(XXIII) Notes and accounts payable

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

(XXIV) Derecognition of financial liabilities

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

(XXV) Employee benefits

1. Short-term employee benefits

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

2. Pensions

- (1) Defined contribution plans

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

- (2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in Current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less

the fair value of plan Assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

3. Termination benefits

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

4. Employees' compensation and directors' remuneration

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

(XXVI) Employee share-based payment

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

(XXVII) Income tax

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

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax Assets against Current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from investments and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXVIII) Capital

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

(XXIX) Dividends

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

(XXX) Income

Sales of goods

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

(XXXI) Operating segments

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

(XXXII) Changes in accounting policies

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

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

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

(I) Critical judgments in applying the Company accounting policies

None.

(II) Critical accounting estimates and assumptions

1. As investment property is subsequently measured at fair value, and the investment property held by the Group is mainly land and buildings, an expert should be appointed to determine the fair value of investment property on the balance sheet date with their professional judgment and appraisal. The Group will adjust the cost to the fair value based on the appraisal report issued by the expert. The valuation of these investment properties is primarily based on expert reports and estimates, which may be subject to changes in the demand for products, the real estate market conditions, and the judgment and estimation of experts during a specific future period. Therefore, the fair value measurement of these properties may be affected. Please refer to Note 12(3) for the details of fair value of investment property.
2. Financial assets measured at fair value through other comprehensive income - unlisted stocks measured at fair value: For the Group's investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition, and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. For explanation of financial tool at fair value, please refer to Note 12(3).

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 5,588	\$ 6,477
Checking deposits	944,747	49,314
Demand deposits	2,633,482	2,558,346
Time deposits	2,174,906	6,340,953
Cash equivalents - Bonds under repurchase agreements	<u>1,490,239</u>	<u>594,497</u>
	<u>\$ 7,248,962</u>	<u>\$ 9,549,587</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group did not pledge cash and cash equivalents to others as collateral.

(II) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 319	\$ 380
Notes Receivable – related party	<u>840</u>	<u>114</u>
	<u>\$ 1,159</u>	<u>\$ 494</u>
Accounts receivable	\$ 155,948	\$ 206,881
Less: Allowance for loss	<u>(109)</u>	<u>(1,460)</u>
	155,839	205,421
Accounts receivable - related party	<u>1,220</u>	<u>1,159</u>
	<u>\$ 157,059</u>	<u>\$ 206,580</u>
Overdue receivable	4,088	3,749
Less: Allowance for loss	<u>(4,088)</u>	<u>(3,749)</u>
Overdue receivable, net (listed as "other non-current assets")	<u>\$ -</u>	<u>\$ -</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not overdue	\$ 1,159	\$ 153,214	\$ 494	\$ 196,184
Past due 1-90 days	-	3,868	-	11,281
91 days and more	<u>-</u>	<u>86</u>	<u>-</u>	<u>575</u>
	<u>\$ 1,159</u>	<u>\$ 157,168</u>	<u>\$ 494</u>	<u>\$ 208,040</u>

The aging analysis was based on past due date.

2. The balance of notes and accounts receivable as of December 31, 2023 and 2022 was all generated from customer contracts. In addition, the balance of receivables from customer contracts as of January 1, 2022 was NT\$187,254.
3. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$1,159 and NT\$494 for notes receivable, as of December 31, 2023 and 2022, respectively; the accounts receivable were NT\$157,059 and NT\$206,580 as of December 31, 2023 and 2022, respectively.
4. The Group did not hold any collateral as security.
5. For credit risk information related to accounts receivable and notes receivable, please refer to Note 12(2).

(III) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Textile Business Department:		
Raw materials	\$ 20,345	\$ 19,412
Supplies	214	214
Finished goods	61,672	63,324
Merchandise inventory	241,712	258,941
Less: Allowance for valuation losses	(130,324)	(170,377)
Subtotal	<u>193,619</u>	<u>171,514</u>
Wholesale Business Department:		
Work in process	1,175	1,217
Merchandise inventory	89,720	92,974
Less: Allowance for valuation losses	(804)	(929)
Subtotal	<u>90,091</u>	<u>93,262</u>
Construction Business Department:		
Building and land held for sale	59,055	59,055
Construction land	243,522	283,608
Less: Allowance for valuation losses	(73,535)	(73,535)
Subtotal	<u>229,042</u>	<u>269,128</u>
Total	<u>\$ 512,752</u>	<u>\$ 533,904</u>

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

	<u>2023</u>		<u>2022</u>
Cost of inventories sold	\$ 1,779,553	\$	1,978,272
loss on physical inventory	1,305		2,974
Gain on declining price recovery (	40,178)	(	110,996)
Loss on inventory scrap	3,547		22,982
	<u>\$ 1,744,227</u>		<u>\$ 1,893,232</u>
Gain on disposal (listed as Other gains and losses)			
Price	\$ 539,232	\$	-
Cost	(40,086)		-
	<u>\$ 499,146</u>		<u>\$ -</u>

2. The Group's inventories - construction land was transferred from inventories to investment property in August 2022 due to the change in use, in an amount of NT\$180,846.

3. In 2023 and 2022, the Group sold inventories that had been recognized in valuation loss in prior years, resulting in a recovery in the net realizable value of the inventories, which is recognized as a decrease in sales cost.

4. For the collateral status for the inventory of the aforementioned Construction Business Department, please refer to Note 8.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Foreign investments		
Privately offered fund	\$ 2,408,133	\$ 2,385,149
Adjustments for valuation	621,945	706,923
Total	<u>\$ 3,030,078</u>	<u>\$ 3,092,072</u>

1. The amount of financial assets at fair value through profit and loss recognized in profit or loss in 2023 and 2022 was a loss of NT\$84,978 and a profit of NT\$243,915, respectively.

2. The amount of dividend income recognized in profit or loss for financial assets at fair value

through profit and loss in 2023 and 2022 was NT\$12,656 and NT\$149,936, respectively.

3. The Group did not pledge financial assets at fair value through profit or loss as collateral.

4. For information on the credit risk of financial assets at fair value through profit and loss, please refer to Note 12 (2).

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity Instrument		
Domestic investment		
Shares of TWSE/TPEX listed companies	\$ 3,521,383	\$ 3,063,111
Shares of the TPEX-listed companies	9,059	10,013
Unlisted stocks	50,411	51,659
Subtotal	3,580,853	3,124,783
Adjustments for valuation		
Shares of TWSE/TPEX listed companies	1,137,591	1,404,444
Shares of the TPEX-listed companies	44,431	24,065
Unlisted stocks	50,746	41,501
Subtotal	1,232,768	1,470,010
Total	4,813,621	4,594,793
Foreign investments		
Shares of TWSE listed companies	7,185,039	7,185,039
Adjustments for valuation		
Shares of TWSE listed companies	(5,533,296)	(4,509,090)
Effects of exchange rate changes	(164,201)	(164,198)
Total	1,487,542	2,511,751
Total	\$ 6,301,163	\$ 7,106,544

1. The Group elected to classify the strategic investments in equity instruments as financial assets at fair value through other comprehensive income, amounting to NT\$6,301,163 and NT\$7,106,544 as of December 31, 2023 and 2022, respectively.

2. In March 2022, the Group subscribed for 949 thousand shares of OBI Pharma, Inc., a TPEX-listed company, in its cash capital increase in an amount of NT\$99,689.

3. On October 22, 2021, the Group's board of directors passed a resolution to transfer its non-listed company RT-Mart's shares disposed of to Chuan Lian Enterprise Co., Ltd. It is expected to complete the relevant transactions and procedures within one year. The original cost of the holding and relevant value gain of NT\$152,740 and NT\$1,150,598 were reclassified from non-current assets to current assets. The aforementioned has been approved by the Fair Trade Commission through resolution on July 13, 2022, and disposition related procedure has been completed in September 2022. The cost and valuation gain adjustment amounts were NT\$152,740 and NT\$1,146,688 respectively.
4. Pacific Resources Corporation's (Pacific Resources Corporation's) equity instruments held by the Group:
 - (1) The shareholders' meeting approved to reduce its capital in June 2022 by 35% of the par value of NT\$10 per share. The capital returned to the Group for the capital reduction amounted to NT\$848, of which NT\$706 was regarded as a reduction in the initial cost of the holding and valuation loss. After the capital reduction, the Group's shareholding percentage remained at 1.05%.
 - (2) To revitalize fund utilization of investors and to improve the ROE, the shareholders' meeting approved to reduce its capital in May 2023 by 95% of the par value of NT\$10 per share. The capital returned to the Group for the capital reduction amounted to NT\$1,499, of which NT\$1,248 was regarded as a reduction in the initial cost of the holding and valuation loss. After the capital reduction, the Group's shareholding percentage remained at 1.05%.
5. The equity instruments of Ruentex Interior Design Inc. (Ruentex Interior Design), a non-public company, held by the Group:
 - (1) Ruentex Interior Design was a non-public company and listed on the emerging stock market on July 25, 2022. Therefore, the Group reclassified the stock from non-TPEX-listed stock to the emerging stock market stock. The adjustments to the cost and valuation gains are NT\$10,013 and NT\$7,484, respectively.
 - (2) RT-MART was approved by the shareholders' meeting on June 24, 2022 to issue cash dividends of NT\$771 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Group's original cost of the holding.
 - (3) RT-MART was approved by the shareholders' meeting on May 24, 2023 to issue cash dividends of NT\$183 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Group's original cost of the holding.
6. In April 2023, the Group participated in the capital increase by cash of the listed company, Tanvex BioPharma, Inc., and subscribed for 3,500 thousand shares in an amount of NT\$262,500.
7. In July 2023, the Group participated in the capital increase by cash of the listed company,

Sunny Friend Environmental Technology Co., Ltd., and subscribed for 1,685 thousand shares in an amount of NT\$202,108.

8. Ruentex Materials Co., Ltd., a listed company held by the Group, was approved by the shareholders' meeting on May 22, 2023 to distribute cash dividends of \$1,642 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Group's original cost of the holding.
9. Brogent Technologies Inc., a listed company held by the Group, was approved by the shareholders' meeting on May 31, 2023 to distribute cash dividends of \$4,694 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Group's original cost of the holding.
10. The Group purchased 42 thousand shares of Gogoro Inc. on the Nasdaq Exchange in the United States in an amount of NT\$4,987 in April 2022.
11. Detail of the financial assets at fair value through other comprehensive income recognized under profit or loss and comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u> <u>through other comprehensive income</u>		
Changes in fair value recognized as other comprehensive income	(\$ 1,261,197)	(\$ 1,458,126)
Dividend income recognized in operating income	\$ 74,200	\$ 121,738
Dividend income recognized in other non-operation income	\$ 192,921	\$ 180,826

12. The Group's maximum exposure to credit risk for financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements, was NT\$6,301,163 and NT\$7,106,544 as of December 31, 2023 and 2022, respectively.
13. For the details of the financial assets at fair value through other comprehensive income pledged as collateral, please refer to Note 8.
14. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(VI) Financial assets at amortised cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits with maturities over three months	\$ 30,220	\$ -
Total	<u>\$ 30,220</u>	<u>\$ -</u>
Non-current items:		
Subordinated debts	\$ 250,000	\$ 250,000
Time deposits pledged	<u>4,272,468</u>	<u>4,701,510</u>
Total	<u>\$ 4,522,468</u>	<u>\$ 4,951,510</u>

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

	<u>2023</u>	<u>2022</u>
Interest revenue	<u>\$ 236,246</u>	<u>\$ 100,179</u>

- The coupon rate and the effective interest rate of the Nan Shan Life Insurance Company, Ltd.'s subordinated bonds with no maturity date held the Group at a par value of NT\$250,000 thousand are both 3.5%.
- The Group's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held and other credit enhancements was NT\$4,552,688 and NT\$4,951,510 as of December 31, 2023 and 2022, respectively.
- Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
- For information on the credit risk of financial assets at amortized cost, please refer to Note 12(2). The trading counterparties of the Group's certificates of deposit are financial institutions with great credit ratings, so the likelihood of default is estimated to be very low.

(VII) Investments accounted for using equity method

- The details of the carrying amount of long-term equity investment are as follows:

	<u>Carrying amount</u>	
Name of associate	December 31, 2023	December 31, 2022
Ruentex Development Co., Ltd. (Ruentex Development)	\$ 21,810,583	\$ 18,308,077
Ruen Chen Investment Holdings Ltd. (Ruen Chen Investment Holdings)	60,281,848	46,497,714
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	733,831	600,941

Ruen Fu Newlife Corp. (Ruen Fu)

	10,855	2,670
\$	<u>82,837,117</u>	<u>\$ 65,409,402</u>

2. The investment shareholder percentage is as follows:

<u>Name of associate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Ruentex Development	25.70%	25.70%
Ruen Chen Investment Holdings	23.00%	23.00%
Nan Shan Life Insurance	0.21%	0.21%
Ruen Fu Newlife	40.00%	40.00%

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

<u>Name of associate</u>	<u>2023</u>	<u>2022</u>
Ruentex Development	\$ 1,775,411	\$ 2,071,172
Ruen Chen Investment Holdings	4,543,011	6,518,687
Nan Shan Life Insurance	47,160	67,304
Ruen Fu Newlife	(3,906)	(6,512)
	<u>\$ 6,361,676</u>	<u>\$ 8,650,651</u>

4. The basic information of the associates that are material to the Group are as follows:

<u>Co., Ltd.</u>	<u>Main business</u>	<u>Shareholding percentage</u>	<u>Relationship</u>	<u>Measurement</u>
<u>Title</u>	<u>Place of Business</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Nature of Method</u>
Ruentex Development	Taiwan	25.70%	25.70%	Diversification Equity method
Ruen Chen Investment Holdings	Taiwan	23.00%	23.00%	Diversification Equity method

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

Balance Sheets

<u>Ruentex Development</u>	
December 31, 2023	December 31, 2022

Current Assets	\$	45,654,225	\$	49,061,161
Non-current assets		131,254,864		115,426,855
Current liabilities	(	31,521,011)	(	33,993,720)
Non-current liabilities	(	43,572,760)	(	44,388,179)
Equity		101,815,318		86,106,117
Non-controlling Interest	(	7,369,429)	(	7,307,846)
	\$	94,445,889	\$	78,798,271
Portion of the net assets of associates	\$	24,272,594	\$	20,251,156
Unrealized gains or losses on upstream transactions	(	2,191)	(	2,191)
Mutual shareholdings	(	2,459,820)	(	1,940,888)
Carrying amount	\$	21,810,583	\$	18,308,077

Ruen Chen Investment Holdings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 121,888,195	\$ 156,044,206
Non-current assets (Note 1)	5,281,003,679	5,136,892,334
Current liabilities	(42,098,461)	(39,007,661)
Non-current liabilities	(5,062,762,560)	(5,022,339,699)
Equity	298,030,853	231,589,180
Non-controlling Interest	(35,935,860)	(29,425,203)
	\$ 262,094,993	\$ 202,163,977
Portion of the net assets of associates	\$ 60,281,848	\$ 46,497,714

Note 1: Nan Shan Life Insurance, a subsidiary controlled by Ruen Chen Investment Holdings, adopts the fair value model for the subsequent measurement of the investment property held, and the valuation technique is used in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Statements of Comprehensive Income

	<u>Ruentex Development</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 27,394,143	\$ 32,247,177
Current Net Profit (Note 2)	9,028,059	10,272,997
Other comprehensive income (loss) (net of tax)	10,933,397	(62,418,510)
Total Comprehensive Income (Loss), Current Period (Note 3)	\$ 19,961,456	(\$ 52,145,513)

Note 2: Included the net combined income attributable to non-controlling interests in Ruentex Development for 2023 and 2022, in the amount of NT\$1,283,544 and NT\$1,117,911, respectively.

Note 3: Included the net combined comprehensive Income attributable to non-controlling interests in Ruentex Development for 2023 and 2022, in the amount of NT\$1,271,008 and NT\$740,631, respectively.

	<u>Ruen Chen Investment Holdings</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 467,629,673	\$ 478,762,509
Current Net Profit (Note 4)	22,062,715	31,639,526
Other comprehensive income (loss) (net of tax)	44,309,180	(251,235,513)
Total Comprehensive Income (Loss), Current Period (Note 5)	<u>\$ 66,371,895</u>	<u>(\$ 219,595,987)</u>

Note 4: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2023 and 2022, in the amount of NT\$2,310,494 and NT\$3,297,410, respectively.

Note 5: Included the net combined comprehensive income (loss) attributable to non-controlling interests in Ruen Chen Investment Holdings for the years ended 2023 and 2022, in amounts of NT6,940,879 and (NT\$22,957,135), respectively.

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

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to NT\$744,686 and NT\$603,611, respectively.

	<u>2023</u>	<u>2022</u>
Net income of current period	\$ 22,099,859	\$ 31,537,358
Other comprehensive income (loss) (net of tax)	40,192,518	(255,351,388)
Total Comprehensive Income (Loss), Current Period	<u>\$ 62,292,377</u>	<u>(\$ 223,814,030)</u>

7. Among the investments accounted for under the equity method as of December 31, 2023 and 2022, the amount for Ruen Fu Newlife was measured according to the assessment on the financial reports audited by other independent auditors.

8. The fair value of the Group's investments accounted under equity method with quoted market

prices is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Ruentex Development	<u>\$ 27,594,790</u>	<u>\$ 35,127,999</u>

9. The Group holds 25.70% of Ruentex Development as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Development's business decision-making. There are nine seats on the board of directors of Ruentex Development, only two of which are occupied by the Group, showing that the Group has no actual ability to lead the activities of Ruentex Development. Therefore, it is judged that the Group has no control over it and only has significant influence.
10. Ruentex Development, an investee measured under the equity method, adopts the equity method for measurement of the Group because of the mutual shareholdings with the Group. The investment gains and losses are calculated and adjusted based on the method adopted for the treasury stock.
- 11.(1) Due to the supply chain disruption caused by the global pandemic over the past two years and the Russo-Ukrainian War, and other factors that have raised global inflationary pressures, interest rates have surged in 2022, which has met the definition of an extreme scenario defined by the Insurance Capital Standard (ICS). Therefore, the Board of Directors of Nan Shan Life Insurance, an insurance investee directly and indirectly invested in by the Group through Ruen Chen Investment Holdings, passed a resolution on September 29, 2022 in accordance with IFRS 9 to change the business model of financial assets management. For the affected financial assets, the collection of contractual cash flows and sales of financial assets were mainly replaced with the collection of contractual cash flows through the financial assets held. The reclassification of financial assets derived from the change of this business model is in alignment with the Accounting Research and Development Foundation's Letter Ji-Mi No. 0000000354 regarding the guidance on the reclassification of financial assets due to changes in the business model for managing financial assets in the insurance industry due to drastic changes in the international economic situation. The Group recognized the effect of reclassification of Nan Shan Life Insurance's assets in accordance with IAS 28 on October 1, 2022, including an increase of investments using the equity method by NT\$60,930,167, a decrease in deferred tax assets by NT\$834,365, and an increase in other equity by NT\$60,095,802. In accordance with the Letter Jin-Guan-Zheng-Fa No. 1110384722, when the distributable earnings are distributed, a special reserve for the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance should be provided in proportion to the shareholding using the equity method. Additionally, when there is a reversal of the change in the fair value

of financial assets reclassified by Nan Shan Life Insurance, the Company may reverse the special reserve and distribute the special reserve in proportion to the shareholding using the equity method; the changes in the fair values of financial assets reclassified by Nanshan Life Insurance and the corresponding special reserve provided are disclosed in the notes to the annual financial statements. The information on the finances before and after the relevant reclassification dates is summarized as follows:

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

- (2) Nan Shan Life Insurance reclassified financial assets on October 1, 2022 that were affected by significant changes in reclassification from being measured at fair value through other comprehensive income to being measured at amortized cost. As of December 31, 2023 and 2022, the fair value of the affected financial assets was NT\$1,036,744,167 and NT\$994,679,285, respectively. If Nan Shan Life Insurance had not reclassified these assets on October 1, 2022, the other equity would have been (NT\$256,308,182) and (NT\$290,546,374) as of December 31, 2023 and 2022. The after-tax change in fair value recognized in other comprehensive income for the period from October to December 2023 and 2022 was NT\$34,238,192 and NT\$35,953,774, respectively.

- (3) As per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. As of December 31, 2023, a special reserve that should be provided by the Group as per the above regulations is NT\$67,301,821.

- 12.(1) For the purposes of investments and diversifying operations, the Company invested in Nan Shan Life Insurance in 2010 through Ruen Chen Investment Holding. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$11,250,000. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred

portion of shares of Ruen Chen Investment Holdings for trust, the major terms and conditions of the trust are as follows:

- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 563,500 thousand shares held by Ruen Chen Investment Holdings were transferred to the Trust Department of First Commercial Bank Co., Ltd. on September 5 and September 9, 2011 respectively, and trust registration was performed.
- B. Term of trust: The term of trust was ten years starting from the signing date of the trust contracts on September 5 and September 9, 2011 respectively.
- C. Management, use method and limitation to trust property:
 - (a) The management and use method for the trust property under this contract is for specific independent management and use. The trustee has no right to determine the use of the trust property. Unless otherwise specified in this contract, the trust property shall be managed properly according to the operating scope or method instructed by the trustor.
 - (b) The change of this contract shall be performed only after the joint negotiation of the trustor and trustee, followed by reporting to FSC for written approval.
 - (c) This contract shall become effective upon the signing of both parties. Unless otherwise specified in the laws or both parties agree otherwise, this contract is terminated due to the following matters along with the written consent of the competent authority:
 - (i) In case of the occurrence of breach of contract by any one party, the breaching party shall correct within 15 days from the date of notice by the other party. Any failure to correct beyond such period, the other party may terminate this contract and may claim damage indemnification.
 - (ii) Where there is an actual difficulty in the continuous management of the trust matter, it may be terminated based on the written consents of both parties.
 - (iii) Where the trustee is subject to dissolution, restructure, bankruptcy, revocation of establishment registration or being informed by the exchange office to be a rejected account, it shall inform the other party. Any one party may terminate this contract by informing the other party in writing.
 - (iv) When a creditor of the trustor files petition to the court to revoke the trust under this contract due to harms to its rights and such petition is confirmed.
 - (d) Once this contract is terminated, the trustor shall repay the trust management fee and all necessary fees as well as taxes to the trustee, and the trustee may deduct such fees from the trust property.

As stated above, at the request of the competent authority, the Company delivered part

of the shares of Ruen Chen Investment Holdings to a trust. However, as the trust period ended in September 2021, the trust property was returned to the Company as per the trust deed.

- (2) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Co., Ltd. (Referred herein as “Nan Shan General Insurance”; originally named as Chartis Taiwan Insurance Co., Ltd.), and the undertaking is as follows:

- A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according to the laws and FSC’s commitment.
- B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000 thousand ordinary shares of Nan Shan General Insurance, i.e. 100% issued shares with voting rights, when Nan Shan General Insurance has the needs for capital increase at any time, the Company will request Nan Shan Life Insurance to handle the capital increase for Nan Shan General Insurance according to the laws and the request of the competent authority.
- C. To fulfill the commitment of the Company and Ruen Chen Investment Holdings other shareholders on the long-term operation of Nan Shan General Insurance, in case where there is a need for capital increase for the Nan Shan General Insurance according to the laws or the request of competent authority such that new shares are to be issued for the capital increase, the Company and Ruen Chen Investment Holdings other shareholders undertake to request Nan Shan Life Insurance to hold at least a percentage of 51% on the number of outstanding ordinary shares.

- (3) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT\$4,600,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency. In addition, for the capital increase in cash to Nan Shan Life Insurance in June 2019 through Ruen Chen Investment Holdings, the payment was made by deposited cash in the amounts of NT\$4,596,097 and NT\$3,903.

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

accounted for under the equity method of Ruen Chen Investment Holdings, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.

14. Ruen Chen Investment Holding conducted cash capital increase in December 2022 and October 2023 and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$92,000 and NT\$115,000.
15. To improve the financial structure and replenish the working capital, Ruen Fu reduced capital by \$20,000 in December 2022 to make up for the deficit and increased capital by \$20,000 in cash. The Company subscribed \$8,000 according to the Company's shareholding; also, the capital was reduced in December 2023 to cover the deficit by NT\$20,000 and increase the capital by NT\$30,000 in cash. The Company subscribed NT\$12,000 in proportion to its shareholding.
16. Ruentex Development has adjusted its capital structure and increased the return on shareholders' equity. The shareholders' meeting on June 2023 approved the capital reduction by 10% at face value of NT\$10 per share. The capital reduction returned a total of \$3,160,250 of shares, of which \$812,209 was returned to the Company. After the capital reduction, the Company's shareholding remained at 25.70%.
17. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note 8.

(VIII) Property, plant, and equipment

<u>2023</u>		<u>Buildings and structures</u>				<u>Machinery and equipment</u>				<u>Transportation equipment</u>				<u>Leased assets</u>				<u>Leasehold Improvements</u>				<u>Other equipment</u>				<u>Total</u>	
<u>Land</u>																											
January 1																											
Cost	\$	668,575	\$	1,097,079	\$	132,113	\$	20,944	\$	24,514	\$	229,325	\$	958,766	\$	3,131,316											
Accumulated impairment and depreciation		-	(	602,644)	(	101,853)	(	18,488)	(	24,514)	(	217,293)	(	755,697)	(	1,720,489)											
	\$	668,575	\$	494,435	\$	30,260	\$	2,456	\$	-	\$	12,032	\$	203,069	\$	1,410,827											
January 1	\$	668,575	\$	494,435	\$	30,260	\$	2,456	\$	-	\$	12,032	\$	203,069	\$	1,410,827											
Addition		-	-	-		1,793		2,450		-		4,306		6,453		15,002											
Disposal - costs		-	-	-	(	23,787)	(	6,261)	(	23,787)	(	14,741)	(	127,789)	(	172,578)											
Disposal - accumulated impairment and depreciation		-	-	-		23,787		6,261		-		14,741		127,778		172,567											
Depreciation expense		-	(	22,259)	(	7,776)	(	1,230)	(	-	(	9,836)	(	5,919)	(	47,020)											
Transfer - costs		-	-	-		-		-		-		-		-		165)											
Transfer - accumulated impairment loss and depreciation		-	-	-		-		-		-		-		-		165											
Transfer to expenses - cost		-	-	-		-		-		-		-		-		170)											
Transfer to expenses - accumulated impairment loss and depreciation		-	-	-		-		-		-		-		-		105											
Net exchange differences-Cost		-	-	-		-		65)	(	-	(	23)	(	198)	(	286)											
Net exchange differences-accumulated impairment and depreciation		-	-	-		-		65		-		23		174		262											
December 31	\$	668,575	\$	472,176	\$	24,277	\$	3,676	\$	-	\$	6,502	\$	203,503	\$	1,378,709											
December 31	\$	668,575	\$	1,097,079	\$	110,119	\$	17,068	\$	24,514	\$	218,867	\$	836,897	\$	2,973,119											
Accumulated impairment and depreciation		-	(	624,903)	(	85,842)	(	13,392)	(	24,514)	(	212,365)	(	633,394)	(	1,594,410)											
	\$	668,575	\$	472,176	\$	24,277	\$	3,676	\$	-	\$	6,502	\$	203,503	\$	1,378,709											

2022	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Leasehold improvements	Other equipment	Total
January 1									
Cost	\$ 890,879	\$ 37,756	\$ 1,097,079	\$ 520,681	\$ 19,097	\$ 24,514	\$ 221,506	\$ 1,793,731	\$ 4,605,243
Accumulated impairment and depreciation	-	(34,467)	(580,385)	(483,272)	(18,024)	(24,514)	(210,969)	(1,586,333)	(2,937,964)
	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$ 1,667,279</u>
January 1	\$ 890,879	\$ 3,289	\$ 516,694	\$ 37,409	\$ 1,073	\$ -	\$ 10,537	\$ 207,398	\$ 1,667,279
Addition	-	-	-	838	2,400	-	13,073	1,996	18,307
Disposal - costs	-	-	-	(389,406)	(605)	-	(5,360)	(147,405)	(542,776)
Disposal - accumulated impairment and depreciation	-	-	-	389,406	605	-	5,360	147,120	542,491
Depreciation expense	-	-	(22,259)	(7,987)	(1,019)	-	(11,578)	(6,098)	(48,941)
Transfer - costs (Note)	(222,304)	(37,756)	-	-	-	-	-	(689,714)	(949,774)
Transfer - accumulated impairment loss and depreciation (Note)	-	34,467	-	-	-	-	-	689,714	724,181
Net exchange differences-Cost	-	-	-	-	52	-	106	158	316
Net exchange differences-accumulated impairment and depreciation	-	-	-	-	(500)	-	(106)	(100)	(2)
December 31	<u>\$ 668,575</u>	<u>\$ -</u>	<u>\$ 494,435</u>	<u>\$ 30,260</u>	<u>\$ 2,456</u>	<u>\$ -</u>	<u>\$ 12,032</u>	<u>\$ 203,069</u>	<u>\$ 1,410,827</u>
December 31	\$ 668,575	\$ -	\$ 494,435	\$ 30,260	\$ 2,456	\$ -	\$ 12,032	\$ 203,069	\$ 1,410,827
Cost	\$ 668,575	\$ -	\$ 1,097,079	\$ 132,113	\$ 20,944	\$ 24,514	\$ 229,325	\$ 958,766	\$ 3,131,316
Accumulated impairment and depreciation	-	-	(602,644)	(101,853)	(18,488)	(24,514)	(217,293)	(755,697)	(1,720,489)
	<u>\$ 668,575</u>	<u>\$ -</u>	<u>\$ 494,435</u>	<u>\$ 30,260</u>	<u>\$ 2,456</u>	<u>\$ -</u>	<u>\$ 12,032</u>	<u>\$ 203,069</u>	<u>\$ 1,410,827</u>

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

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

(IX) Lease transactions - lessees

1. The assets leased by the Group include the Zhonglun Building office and other offices, and the lease terms in 2023 and 2022 are from 2020 to 2026. The lease contracts are negotiated individually and contain different terms and conditions.
2. The lease terms for the leased company vehicles, storage and sales venues of the Group shall not exceed 12 months, and the underlying assets leased with low value are cash registers and related items for sales events.
3. The information of the right-of-use assets are as the following:

	<u>Buildings and structures</u>	
	<u>2023</u>	<u>2022</u>
January 1		
Cost	\$ 246,447	\$ 249,894
Accumulated depreciation	(98,849)	(49,197)
	<u>\$ 147,598</u>	<u>\$ 200,697</u>
January 1	\$ 147,598	\$ 200,697
Addition	7,951	-
Depreciation expense	(51,724)	(52,690)
Cost of derecognition	(1,168)	-
Accumulated depreciation on the de-booking date	1,168	-
Lease modifications - costs	(9,006)	(3,482)
Lease modifications - accumulated depreciation	5,774	3,049
Effects of exchange rate changes - cost	(22)	35
Effects of exchange rate changes - accumulated depreciation	9	(11)
December 31	<u>\$ 100,580</u>	<u>\$ 147,598</u>
December 31		
Cost	\$ 244,202	\$ 246,447
Accumulated depreciation	(143,622)	(98,849)
	<u>\$ 100,580</u>	<u>\$ 147,598</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total amount of lease liabilities	\$ 101,879	\$ 149,222
Less: Due within one year (listed as lease liabilities - current)	(51,390)	(52,745)
	<u>\$ 50,489</u>	<u>\$ 96,477</u>

5. The information on income (loss) related to the lease contract is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affects the income of the current period</u>		
Interest expenses of lease liabilities	(\$ 1,211)	(\$ 1,742)
Expenses of short-term lease contracts	(9,182)	(11,901)
Expenses related to leases of low-value assets	(1,172)	(1,227)
Gains on lease modifications	91	-
	<u>(\$ 11,474)</u>	<u>(\$ 14,870)</u>

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

	<u>2023</u>	<u>2022</u>
Interest expenses of lease liabilities	\$ 1,211	\$ 1,742
Expenses of short-term lease contracts	9,182	11,901
Expenses related to leases of low-value assets	1,172	1,227
Principal elements of lease payments	<u>51,956</u>	<u>52,103</u>
	<u>\$ 63,521</u>	<u>\$ 66,973</u>

(X) Lease transactions - lessor

1. The Group leases investment property based on operating lease contracts, and recognized rent income of NT\$90,006 and NT\$95,939 for 2023 and 2022, respectively.
2. The Group has leased part of the right-of-use assets and property, plant and equipment based on operating lease contracts and recognized rent income of NT\$25,792 and NT\$24,374 for 2023 and 2022, respectively, and no variable lease payments were included.
3. Analysis to the due dates of lease payments leased as operating leases by the Group is as the following:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Within 1 year	\$ 86,422	\$ 71,465
1-2 years	68,263	64,420
2-3 years	68,181	64,057
3-4 years	68,121	63,993
4-5 years	68,140	63,933
More than 5 years	<u>746,316</u>	<u>762,465</u>
Total	<u>\$ 1,105,443</u>	<u>\$ 1,090,333</u>

(XI) Investment Real Estate

	<u>2023</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1	\$ 7,872,197	\$ 685,316	\$ 8,557,513
Fair value adjustment gain	271,350	(27,300)	244,050
December 31	<u>\$ 8,143,547</u>	<u>\$ 658,016</u>	<u>\$ 8,801,563</u>

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

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

1. Rental income from investment real estate:

	<u>2023</u>	<u>2022</u>
Rental income from investment real estate	<u>\$ 90,006</u>	<u>\$ 95,939</u>

2. Investment property fair value valuation basis

The investment property held by the Group is mainly the Yangmei Plant in Taoyuan City, the land in Wuqi, Taichung City, the land in Xinfeng Township, Hsinchu County, as well as the buildings and land of Ruen Fu Newlife (New Aspects) in New Taipei City, all of which are mainly used for lease-out to earn rental income; the lease terms are about one to 23 years. The main assumptions and related explanations for December 31, 2023 and 2022 are as follows:

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

	December 31, 2023				December 31, 2022			
Objective	Land	Building, land and parking space		Building and land	Land	Building, land and parking space		Building and land
Location	Hainchu County and Taichung City	Taoyuan City and New Taipei City		New Taipei City	Hainchu County and Taichung City	Taoyuan City and New Taipei City		New Taipei City
Appraisal method	The method of land development analysis	Income approach		Income approach	The method of land development analysis	Income approach		Income approach
Appraisal firm	Savills (Taiwan) Limited	Savills (Taiwan) Limited		Jhong-Ding Real Estate Appraisers Firm	Savills (Taiwan) Limited	Savills (Taiwan) Limited		Jhong-Ding Real Estate Appraisers Firm
Appraiser	Chang, Hung-Kai	Chang, I-Chih, Yeh, Yu-Fen Jian, Wu-Chi			Chang, Hung-Kai	Chang, I-Chih, Yeh, Yu-Fen Jian, Wu-Chi		
Appraisal base date	December 31, 2023				December 31, 2022			

- (2) Please refer to the table below for the information on the changes in the occupancy rates of the premises and parking spaces held by the Group and the amount of rental income, and the comparison between the local rents and rents from similar properties for 2023 and 2022.

	<u>December 31, 2023</u>	
	<u>Building and land (NT\$/ping/monthly)</u>	<u>Parking space (NT\$/space/monthly)</u>
Estimated rent of the project	\$150~\$770	\$2,500~\$15,000
The local rent is similar to the market.	Equivalent to estimated rent	Equivalent to estimated rent
Market price of rent		
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~2.00%	
	<u>December 31, 2022</u>	
	<u>Building and land (NT\$/ping/monthly)</u>	<u>Parking space (NT\$/space/monthly)</u>
Estimated rent of the project	\$160~\$750	\$2,500~\$15,000
The local rent is similar to the market.	Equivalent to estimated rent	Equivalent to estimated rent
Market price of rent		
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~2.00%	

	<u>2023</u>		
	<u>Building and land</u>	<u>Parking space</u>	
Income amount	\$ 89,628	\$	378
	<u>2022</u>		
	<u>Building and land</u>	<u>Parking space</u>	
Income amount	\$ 95,561	\$	378

- (3) The Group mainly adopts the discounted cash flow analysis method under the income approach to measure the fair value; however, when said method cannot be adopted for undeveloped land, the land development analysis approach is adopted.
- (4) For the discounted cash flow method of the income approach appraisal method estimation process, the current lease contract rent is considered. If the operation period is assumed to exceed the current least contract period during the analysis period, the market rent is used for the evaluation. For the market rent, the rent of similar subject matters and factors affecting the price, including price negotiation, condition and price date, etc. are considered to perform analysis and comparison. In addition, the current lease market demand and consumer price index average change rate are also considered to determine the annual rent growth rate interval. Next, the idle loss and future net cash outflow of the subject matter during the analysis period are considered. Finally, during the end of the analysis period, the estimated disposition value of the subject matter is added and the net cash inflow during the analysis period is calculated, followed by using an appropriate discount rate to calculate total for estimation to the appraisal date. The future cash outflow refers to expenditures directly related to the operation, such as land value tax, house tax, insurance fee, management fee and repair expense. The actual expenditure incurred in the current year is used and the current operational status and future possible changes of the Company are considered in order to estimate the future cash flow.
- (5) The method of land development analysis appraisal method estimation process is to determine the land development content and expected development time, and to perform investigation, survey and analysis on various costs, relevant expenses and current environmental condition first, along with the collection of market information, in order to estimate the land or building area and total sales amount after the development or construction. In addition, appropriate profit margin and overall capital interest rate are used to calculate the land development analysis price on the appraisal date. When the estimated total sales amount increases, profit margin decreases or overall capital interest rate decreases, the fair value will increase. With regard to the future economy prediction, as the global economic and trading dynamics

recover progressively after the epidemic control measures are relaxed, new emerging digital applications of high performance computation, IoT, automotive electronics are expanding, such that it is beneficial to the continuous growth of export orders and production of manufacturing industry. Nevertheless, the global inflation pressure is still high and variance of virus still exists, causing the increase of investment risk of companies, and the factory expansion plan can be affected. All of such unfavorable factors increase the risk of economic decline, and it is necessary to monitor subsequent development and implement response measures properly.

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Xinfeng Township, Hsinchu County	Wuqi District, Taichung City	Xinfeng Township, Hsinchu County	Wuqi District, Taichung City
Estimated total sales amount	<u>\$ 1,048,772</u>	<u>\$ 18,898,905</u>	<u>\$ 1,004,880</u>	<u>\$ 18,486,931</u>
Profit margin	15.00%	24.00%	15.00%	24.00%
Overall capital interest rate	2.32%	3.76%	2.23%	3.69%

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	2.848%~4.345%	2.980%~4.220%

- (8) The income approach is adopted for the Group's investment property valuation. The cash flow, analysis period, and discount rate in the valuation method are in accordance

with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

(XII) Intangible assets

	2023	2022		
	<u>Computer software</u>	<u>Good will</u>	<u>Computer software</u>	<u>Total</u>
January 1				
Cost	\$ 26,204	\$ 386,005	\$ 24,823	\$ 410,828
Accumulated amortization	(24,819)	-	(22,503)	(22,503)
	<u>\$ 1,385</u>	<u>\$ 386,005</u>	<u>\$ 2,320</u>	<u>\$ 388,325</u>
January 1	\$ 1,385	\$ 386,005	\$ 2,320	\$ 388,325
Addition	1,049	-	1,381	1,381
Amortization	(1,572)	-	(2,316)	(2,316)
Impairment loss	-	(415,570)	-	(415,570)
Net exchange differences	-	29,565	-	29,565
December 31	<u>\$ 862</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ 1,385</u>
December 31				
Cost	\$ 27,253	\$ -	\$ 26,204	\$ 26,204
Accumulated amortization	(26,391)	-	(24,819)	(24,819)
	<u>\$ 862</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ 1,385</u>

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

	<u>2023</u>	<u>2022</u>
Selling expenses	\$ 288	\$ 892
General & administrative expenses	1,284	1,424
	<u>\$ 1,572</u>	<u>\$ 2,316</u>

2. As of December 31, 2022, the Group estimated that the recoverable amount of goodwill was less than the carrying amount thereof, so the impairment loss was recognized until the book amount was \$0.

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

(XIII) Impairment of non-financial Assets

1. The goodwill impairment losses recognized by the Group for 2023 and 2022 were NT\$0 thousand and NT\$415,570 thousand, respectively. The details are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Recognized in current profit or loss</u>	<u>Recognized in current profit or loss</u>
Good will	\$ -	\$ 415,570

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

(XIV) Other non-current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 45,287	\$ 45,502
Land	15,190	15,190
Prepayments for business facilities	2,752	-
Defined benefit assets	11,043	9,314
Others	-	277
Overdue receivable	4,088	3,749
Loss allowance - Overdue receivable	(4,088)	(3,749)
	<u>\$ 74,272</u>	<u>\$ 70,283</u>

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

(XV) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ -	-	Note
Credit Loan	<u>350,000</u>	1.65%~1.70%	Nil
	<u>\$ 350,000</u>		
<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ 490,000	1.70%	Note
Credit Loan	<u>1,800,000</u>	1.55%~1.96%	Nil

\$ 2,290,000

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

(XVI) Short-term bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ -	\$ 500,000
Less: Unamortized discount	-	(302)
	<u>\$ -</u>	<u>\$ 499,698</u>
Interest rate collars	-	1.84%

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

(XVII) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 81,164	\$ 71,220
Employee compensation payable	62,308	87,100
Dividends payables	43,762	45,095
Interest payable	7,208	8,645
Payables on equipment	1,484	1,057
Others	81,223	84,264
	<u>\$ 277,149</u>	<u>\$ 297,381</u>

(XVIII) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loan	\$ 7,620,000	\$ 5,400,000
Credit bank loan	7,025,000	7,950,000
	14,645,000	13,350,000
Less: Long-term borrowings due within one year or one operating cycle	(850,000)	(1,975,000)
	<u>\$ 13,795,000</u>	<u>\$ 11,375,000</u>
Maturity date range	114.02.08~115.06.26	112.12.21~114.06.30
Interest rate collars	1.60%~1.88%	1.40%~2.05%

1. The Group signed a credit agreement with CTBC Bank in June 2023 to provide financing to the Group. The credit period is from June 2023 to May 2025. The total credit limit is NT\$1,300,000, and as of December 31, 2023, the Group had drawn down a credit amount

of NT\$300,000. The main commitments of the Group are as follows:

- (1) The Company reviews the annual and semi-annual consolidated statements audited by accountants every six months (every April and October).
 - (2) The Group shall maintain a current ratio of not less than 100%, a debt ratio of not greater than 100%, an interest coverage ratio of not less than three times, and the net value of tangible assets of NT\$35,000,000 or above. The calculation of the aforementioned net value of tangible assets shall exclude the profit and loss effect on Ruen Chen Investment Holdings (calculated in proportion to the shareholding).
 - (3) As per the general terms under Item B and the acceleration clause under Article 5 of the guaranty agreement signed between the Group and CTBC Bank, to secure its creditor's rights, CTBC Bank. In the event of matters specifically stipulated in the agreement with the effect in alignment of the acceleration clause may stop or reduce the loan at any time or shorten the credit period, or the principal and interest shall be deemed fully due.
2. The Group signed a credit agreement with Taipei Fubon Bank in July 2023 to provide financing to the Group. The credit period is from August 2023 to July 2025. The total credit limit is NT\$500,000, and as of December 31, 2023, the Group had drawn down a credit amount of NT\$0. The main commitments of the Group are as follows:
- The Company follows up on the following criteria after drawdown and examines if the use of the loan exceeds the limit.
- (1) The Company reviews the consolidated financial statements audited by accountants every year.
 - (2) The Group shall maintain a current ratio of no lower than 100%, a debt ratio of no greater than 100%, the times of interest earned of no fewer than three times, and the net value of tangible assets of no less than NT\$35,000,000.
3. The Group signed a credit agreement with EnTie Commercial Bank in April 2023 to provide financing to the Group. The credit period is from May 2023 to May 2025. The total credit limit is NT\$500,000, and as of December 31, 2023, the Group had drawn down a credit amount of NT\$0. The main commitments of the Group are as follows:
- (1) The Group should maintain a consolidated current ratio of 70% or more and a consolidated debt ratio of 120% or less.
 - (2) When the loan criteria fails to be met, Entie Commercial Bank bears no obligation to maintain the facility and, therefore, may terminate part or all of the facility.
4. In addition to the endorsement/guarantees and collateral provided by the Group for short-term borrowings, short-term notes payable, and long-term borrowings as in Notes 7 (2)-8 and 8, the amounts of guarantee notes issued are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee notes	<u>\$ 46,805,900</u>	<u>\$ 52,265,900</u>

(XIX) Other non-Current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits received	\$ 789,609	\$ 742,373
Others	<u>1,152</u>	<u>1,301</u>
	<u>\$ 790,761</u>	<u>\$ 743,674</u>

(XX) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 190,514	\$ 194,062
Fair value of plan assets	<u>(201,557)</u>	<u>(203,376)</u>
Net defined benefit (assets) liabilities (listed as other non-current (assets) liabilities)	<u>(\$ 11,043)</u>	<u>(\$ 9,314)</u>

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

	<u>2023</u>		
	<u>Present value of</u>	<u>Fair value of plan</u>	<u>Net defined benefit</u>
	<u>defined benefit</u>	<u>assets</u>	<u>(assets) liabilities</u>
	<u>obligation</u>		
January 1	\$ 194,062	(\$ 203,376)	(\$ 9,314)
Current service cost	1,614	-	1,614
Interest revenue (expense)	2,449	(2,591)	(142)
	<u>198,125</u>	<u>(205,967)</u>	<u>(7,842)</u>
Remeasurements:			
Return on plan assets	-	(1,745)	(1,745)
(other than the amount included in interest revenue or expense)			
Effects of changes in demographic assumptions	(1)	-	(1)
Effects of changes in economic assumptions	1,493	-	1,493
Experience adjustments	1,451	-	1,451
	<u>2,943</u>	<u>(1,745)</u>	<u>1,198</u>
Contribution to pension fund	-	(4,271)	(4,271)
Payment of pension benefits	(10,554)	10,426	(128)
December 31	<u>\$ 190,514</u>	<u>(\$ 201,557)</u>	<u>(\$ 11,043)</u>

	<u>2022</u>		
	<u>Present value of</u>	<u>Fair value of plan</u>	<u>Net defined benefit</u>
	<u>defined benefit</u>	<u>assets</u>	<u>(assets) liabilities</u>
	<u>obligation</u>		
January 1	\$ 220,446	(\$ 186,727)	\$ 33,719
Current service cost	1,148	-	1,148
Interest revenue (expense)	1,158	(970)	188
	<u>222,752</u>	<u>(187,697)</u>	<u>35,055</u>
Remeasurements:			
Return on plan assets	-	(13,483)	(13,483)
(other than the amount included in interest revenue or expense)			
Effects of changes in demographic assumptions	164	-	164
Effects of changes in economic assumptions	487	-	487
Experience adjustments	3,952	-	3,952
	<u>4,603</u>	<u>(13,483)</u>	<u>(8,880)</u>

Contribution to pension fund	-	(6,689)	(6,689)
Payment of pension benefits	(33,293)	4,493	(28,800)
December 31	<u>\$ 194,062</u>	<u>(\$ 203,376)</u>	<u>(\$ 9,314)</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Group's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.125%~1.250%</u>	<u>1.250%~1.350%</u>
Future salary increase in percent	<u>2.000%</u>	<u>2.000%</u>

The future mortality rates in 2023 and 2022 were both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023				
Effects on the present value of a defined benefit obligation	<u>(\$ 3,102)</u>	<u>\$ 3,200</u>	<u>\$ 3,129</u>	<u>(\$ 3,048)</u>
December 31, 2022				
Effects on the present value of a defined benefit obligation	<u>(\$ 3,398)</u>	<u>\$ 3,509</u>	<u>\$ 3,434</u>	<u>(\$ 3,343)</u>

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

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

- (6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amounts to NT\$4,231.
- (7) As of December 31, 2023, the weighted average duration of that retirement plan is 6–10 years. The analysis of timing of the future pension payment was as follows:

	<u>2023</u>	
Less than 1 year	\$	34,784
1-2 years		10,248
2-5 years		58,776
More than 5 years		<u>51,839</u>
	<u>\$</u>	<u>155,647</u>

- 2.(1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined pension plan under the Labor Pension Act covering all regular employees with R.O.C. nationality. Under the defined contribution pension plan in compliance with the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (2) The Group's sub-subsidiary Shanghai Newzone Fashion Ltd. contributes a monthly

amount equal to a fixed percentage of the local employees' monthly salaries and wages as a pension fund in accordance with the pension regulations in the People's Republic of China. The government administrates the pension fund, and other than the monthly contributions, the Group has no further obligations.

- (3) For the years ended December 31, 2023 and 2022, pension expenses were NT\$15,526 and NT\$15,242, respectively.

(XXI) Share-based payment

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

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

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

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

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

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

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

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

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

(XXII) Capital

1. The number of the Company's outstanding shares on December 31, 2023 and 2022 was 1,104,319 thousand and 1,104,319 thousand, respectively. The number of the Company's outstanding shares (in thousands) at the beginning and end of the period was adjusted as follows:

	<u>2023</u>	<u>2022</u>
January 1	1,104,319	734,319
Cash Capitalization	<u>-</u>	<u>370,000</u>
December 31	<u>1,104,319</u>	<u>1,104,319</u>

2. As of December 31, 2023, the Company's authorized capital was NT\$15,000,000, and the paid-in capital was NT\$11,043,188 with a par value of NT\$10 per share; all shares are issued as ordinary shares. All proceeds from shares issued have been collected.
3. The Company decided to conduct a cash capital increase by issuing new shares as approved by resolution of the Board of Directors on July 28, 2022. The total number of shares to be issued was 370,000 thousand shares, with the par value of NT\$10 per share, which were all ordinary shares. The subscription price per share was NT\$50, amounting to NT\$18,500,000. After approval by the competent authority, September 29, 2022 was adopted as the record date for the capital increase, and the registration of the change was completed on October 5, 2022.
4. As for the treasury shares listed by the Company, they are 36,593 thousand shares held by the subsidiary, Gin-Hong Investment, as of December 31, 2023 and 2022 to protect its shareholders' equity. The information on the amount is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Gin-Hong Investment	<u>\$ 552,479</u>	<u>\$ 552,479</u>

(XXIII) Capital surplus

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

2. Change of capital surplus is as follows

	<u>2023</u>				
	<u>Issued at</u>	Treasury share	Changes in	<u>Others</u>	<u>Total</u>
	<u>premium</u>	transactions	the associates' net value of equity		
January 1	\$25,956,207	\$ 1,093,466	\$ 929,477	\$ 112,115	\$ 28,091,265
Cash dividends received by subsidiaries from the parent company	-	40,253	-	-	40,253
Changes in the equity of associates recognized based on shareholding percentage	-	-	28,041	-	28,041
Overdue dividends not collected by shareholders	-	-	-	13,612	13,612
Gains after disgorgement exercised	-	-	-	23	23
Income tax effect	-	-	(1,682)	-	(1,682)
December 31	<u>\$25,956,207</u>	<u>\$ 1,133,719</u>	<u>\$ 955,836</u>	<u>\$ 125,750</u>	<u>\$ 28,171,512</u>

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

(XXIV) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
- 4.(1) The 2022 and 2021 earnings distribution proposals of the Company were approved by the shareholders' meetings on June 16, 2023 and June 23, 2022. The details are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 1,388,188		\$ 1,582,235	
Special reserve (Note)	63,312,557		-	
Cash dividends	- \$	-	3,671,594	\$ 5.00
Total	<u>\$ 64,700,745</u>		<u>\$ 5,253,829</u>	

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

- a. As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of NT\$3,017,739 were provided.
 - b. Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$40,495,760 for the net deduction of other equity incurred during this period.
 - c. As mentioned in Note 6(7)10(3), as per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. The Company provided a special reserve from the 2022 distributable earnings in accordance with the above regulations (a) and (b) and provided NT\$19,799,058 in accordance with the above-mentioned regulations.
- (2) Approved by the shareholders' meeting on June 16, 2023, the Company would distribute \$2 per share in cash using its legal reserve, totaling \$2,208,638.
4. The appropriation of earnings for 2023 had been proposed by Company's board of directors on March 13, 2024 as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 737,360	
Reversal of special reserve (Note)	(10,705,533)	
Cash dividends	<u>2,760,797</u>	\$ 2.50
Total	<u>(\$ 7,207,376)</u>	

Note: The components of the special reserve provided for the 2023 distribution plan are as follows:

- a. As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of NT\$501,419 were provided.
- b. Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$11,206,952 for the net deduction of other equity incurred during this period was reversed.

5. Change of undistributed earnings is as follows:

	<u>2023</u>		<u>2022</u>
January 1	\$ 64,700,745	\$	56,072,695
Appropriation and distribution of earnings:			
- Legal reserve	(1,388,188)	(	1,582,235)
- Special reserve	(63,312,557)	(	-
- Cash dividend	-	(	3,671,594)
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	251		1,145,982
Changes in associates & joint ventures accounted for using equity method	35		288,906
Net income of current period	7,499,620		12,168,391
Remeasurements of defined benefit obligation			
- The Group	(1,243)		7,793
- Associates	(127,040)		276,137
Effect of income tax on Remeasurements of defined benefit obligation			
- The Group	255	(	1,401)
- Associates	1,722	(	3,929)
December 31	<u>\$ 7,373,600</u>	<u>\$</u>	<u>64,700,745</u>

(XXVI) Other equity items

	<u>2023</u>					
	Unrealized valuation profit or loss	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	Reclassification by the overlay approach	Property revaluation surplus	<u>Total</u>
January 1	(\$ 15,113,123)	(\$ 533,082)	\$ 215	(\$ 25,742,567)	\$ 38,727	(\$ 41,349,830)
Unrealized valuation profit or loss of financial assets:						
- Group	(747,880)	-	-	-	-	- (747,880)
-Changes in the Group's disposal	(251)	-	-	-	-	- (251)
- Tax related to the group	118,011	-	-	-	-	118,011
- Associate	1,393,515	-	-	-	-	1,393,515
- Changes in disposal of associates	(35)	-	-	-	-	- (35)
- Tax related to the associates	(1,025)	-	-	-	-	- (1,025)
Foreign currency translation differences:						
- Group	- (3,690)	-	-	-	-	- (3,690)
- Tax related to the group	- 738	-	-	-	-	- 738
- Associate	- (2,974)	-	-	-	-	- (2,974)
- Tax related to the associates	-	-	-	-	-	-
Reclassification by the overlay approach:						
- Associate	-	-	-	10,443,709	-	10,443,709
- Tax related to the associates	-	-	- (9,127)	-	-	- (9,127)
Property revaluation surplus						
- Associate	-	-	-	-	15,997	15,997
- Tax related to the associates	-	-	-	- (35)	-	- (35)
December 31	<u>(\$ 14,350,788)</u>	<u>(\$ 539,008)</u>	<u>\$ 215</u>	<u>(\$ 15,307,985)</u>	<u>\$ 54,689</u>	<u>(\$ 30,142,877)</u>

	<u>2022</u>					
	Unrealized valuation profit or loss	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	Reclassification by the overlay approach	Property revaluation surplus	<u>Total</u>
January 1	\$ 9,920,347	(\$ 885,655)	\$ 215	\$ 18,298,845	\$ 38,727	\$ 27,372,479
Unrealized valuation profit or loss of financial assets:						
- Group	(942,812)	-	-	-	-	- (942,812)
-Changes in the Group's disposal	(1,145,982)	-	-	-	-	- (1,145,982)
- Tax related to the group	196,677	-	-	-	-	196,677
- Associate	(23,024,981)	-	-	-	-	- (23,024,981)
- Changes in disposal of associates	(288,906)	-	-	-	-	- (288,906)
- Tax related to the associates	172,534	-	-	-	-	172,534
Foreign currency translation differences:						
- Group	- 370,555	-	-	-	-	- 370,555
- Tax related to the group	- (74,112)	-	-	-	-	- (74,112)

- Associate	-	65,209	-	-	-	65,209
- Tax related to the associates	-	(9,079)	-	-	-	(9,079)
Reclassification by the overlay approach:						
- Associate	-	-	-	(44,346,126)	-	(44,346,126)
- Tax related to the associates	-	-	-	304,714	-	304,714
December 31	(\$ 15,113,123)	(\$ 533,082)	\$ 215	(\$ 25,742,567)	\$ 38,727	(\$ 41,349,830)

(XXVII) Operation Income

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	-	-
Revenue from sales of goods	\$ 2,489,422	\$ 2,631,706
Dividend income	74,200	121,738
Rental income	115,798	120,313
Other operating revenue	1,220	438
	<u>\$ 2,680,640</u>	<u>\$ 2,874,195</u>

1. Detail of customer contract income

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

<u>2023</u>	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	\$ 955,733	\$ 593,179	\$ 1,153,478	\$ 2,702,390
Revenue from internal department transactions	(182,838)	(30,130)	-	(212,968)
Revenue from contracts with external customers	<u>\$ 772,895</u>	<u>\$ 563,049</u>	<u>\$ 1,153,478</u>	<u>\$ 2,489,422</u>
<u>2022</u>	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	\$ 1,418,690	\$ 618,678	\$ 1,205,345	\$ 3,242,713
Revenue from internal department transactions	(580,534)	(30,473)	-	(611,007)
Revenue from contracts with external customers	<u>\$ 838,156</u>	<u>\$ 588,205</u>	<u>\$ 1,205,345</u>	<u>\$ 2,631,706</u>

2. Contract assets and liabilities (related parties included)

The Group did not recognize contract assets related to revenue from customer contracts as of December 31, 2023 and 2022. In addition, the contract liabilities recognized by the Group are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities	<u>\$ 35,563</u>	<u>\$ 24,692</u>

(XXVIII) Operation cost

	<u>2023</u>	<u>2022</u>
Costs of clients' contracts		
Cost of sales of goods	\$ 1,744,227	\$ 1,893,232
Lease costs:		-
Rental cost	-	-
	<u>\$ 1,744,227</u>	<u>\$ 1,893,232</u>

(XXIX) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest on cash in banks	\$ 312,443	\$ 120,204
Interest income from the financial assets measured at amortized costs	236,246	100,179
Imputed interest for deposit	145	78
	<u>\$ 548,834</u>	<u>\$ 220,461</u>

(XXX) Other income

	<u>2023</u>	<u>2022</u>
Rent income	\$ 3,983	\$ 3,794
Dividend income		
Financial assets at fair value through profit or loss	12,656	149,936
Financial assets at fair value through other comprehensive income acquired	192,921	180,826
Other income	38,209	53,914
	<u>\$ 247,769</u>	<u>\$ 388,470</u>

(XXXI) Other gains and losses

	<u>2023</u>		<u>2022</u>
Gains on disposals of real estate, plant and equipment	\$ 2,897	\$	7,278
Gains on disposal of assets (Note)	499,146		-
Gains on lease modifications	91		-
Net foreign exchange gains	74,242		1,163,020
Gains (losses) on financial assets at fair value through profit or loss	84,978)		243,915
Fair value adjustment gain - investment property	244,050		3,163,963
Impairment loss	-	(	415,570)
Others	(5,029)	(	4,724)
	<u>\$ 730,419</u>	<u>\$</u>	<u>4,157,882</u>

Note: Please refer to Note 6(3)1 for the gain on disposal of assets, which is the sale of the land located in Xiapu Subsection, Wucuo Section, Dayan District, Taoyuan City by the Group in November 2023.

(XXXII) Financial Costs

	<u>2023</u>		<u>2022</u>
Interest Cost			
Bank loan and short-term notes and bills	\$ 278,114	\$	362,092
Lease liabilities	1,211		1,742
Others	10,131		5,162
Other financial expenses	141		10,446
	<u>\$ 289,597</u>	<u>\$</u>	<u>379,442</u>

(XXXIII) Additional information on the nature of costs and expenses

	<u>2023</u>		<u>2022</u>
Raw materials and supplies consumed	\$ 18,542	\$	78,304
Changes in inventories of finished goods and work-in-process	576,020		777,671
Changes in merchandise inventory	1,077,604		1,056,383
Contract processing expense	112,238		91,870
Gain from the price recovery of inventory declines	(40,178)	(	110,996

	)	)
Employee benefit expense	420,486	487,857
Depreciation expenses for property, plant and equipment	47,020	48,941
Depreciation expenses for right-of-use assets	51,724	52,690
Amortization	2,707	3,058
Expected credit impairment losses (gains on reversal)	(979)	518
Other operating costs and expenses	349,648	331,722
	<u>\$ 2,614,832</u>	<u>\$ 2,818,018</u>

(XXXIV) Employee benefit expense

	<u>2023</u>		<u>2022</u>
Wages and salaries	\$ 349,450	\$	339,093
Labor and Health Insurance costs	32,391		31,670
Pension expense	16,998		16,578
Directors' Remuneration	7,338		23,802
Compensation cost of employee stock options	-		62,840
Other employment fees	14,309		13,874
	<u>\$ 420,486</u>	<u>\$</u>	<u>487,857</u>

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 0.5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
2. For the years ended December 31, 2023 and 2022, employees' compensation was estimated at NT\$22,831 and NT\$39,716, respectively. The aforementioned amounts were estimated at 0.3% of the year's profitability and accounted for in salary expenses. As for the employees' compensation for 2023, the actual amount allocated by the board of directors is consistent with the estimated amount and will be paid in cash. Employees' compensation for 2022 as resolved by the board of directors was in agreement with the amount of NT\$39,716 recognized in the 2022 financial statements and will be paid in cash.
Information about employees' compensation and directors' and supervisors'

remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXXV) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax occurred in the current period	\$ 49,969	\$ 154,072
Land value increment tax	4,738	-
Change on income tax of minimum tax	-	9,667
Extra imposed on undistributed earnings	-	528,426
Underestimation on income tax for prior years	19,703	959
Total income tax for current period	<u>74,410</u>	<u>693,124</u>
Deferred income tax:		
Land value increment tax - investment property	14,161	179,579
Origination and reversal of temporary differences	1,533	158,341
Income tax expense	<u>\$ 90,104</u>	<u>\$ 1,031,044</u>

(2) The income tax direct (debit) credit relating to components of other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
Changes in unrealized valuation (profit) loss - group	(\$ 118,011)	(\$ 196,677)
Differences on translation of foreign operations - group	(738)	74,112
Share of other comprehensive income from associates	8,465	(464,240)
Remeasurements of defined benefit obligation - group	(255)	1,401
	<u>(\$ 110,539)</u>	<u>(\$ 585,404)</u>

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

	<u>2023</u>	<u>2022</u>
Capital surplus	<u>(\$ 1,682)</u>	<u>(\$ 2,215)</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Imputed income tax expenses on pre-tax income at statutory tax rate	\$ 1,535,407	\$ 2,678,175
Expenses to be excluded as stipulated in the tax law	801	5,345
Income with exemption from tax as stipulated in the tax law	(1,476,925)	(2,361,219)
Changes in realizability evaluation on deferred income tax assets	(3,316)	(1,856)
Income tax effects of investment tax credits	-	(1,172)
Land value increment tax	18,898	179,579
Change on income tax of minimum tax	-	9,667
Tax loss on unrecognized deferred income tax assets	823	855
Temporary differences on unrealized deferred income tax	(5,287)	(7,715)
Income tax imposed on undistributed earnings	-	528,426
Underestimation on income tax for prior years	<u>19,703</u>	<u>959</u>
Income tax expense	<u>\$ 90,104</u>	<u>\$ 1,031,044</u>

3. Amounts of deferred tax Assets or liabilities as a result of temporary difference are as follows:

	<u>2023</u>		<u>Recognized as other comprehensive income</u>		<u>Recognized in equity</u>	<u>December 31</u>
	<u>January 1</u>	<u>Recognized in profit and loss</u>				
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	\$ 40,424	(\$ 8,032)	\$ -	\$ -	\$ -	\$ 32,392
Impairment loss on fixed assets	26	(26)	-	-	-	-
Impairment loss on deferred expenses	3	(3)	-	-	-	-
Impairment loss on investment properties	48,900	(4,302)	-	-	-	44,598
Impairment loss on other assets	3,858	(1,089)	-	-	-	2,769
Allowance for bad debt exceeding the limits	689	(122)	-	-	-	567
Unrealized foreign exchange losses	39,455	(8,498)	-	-	-	30,957
Impairment loss using equity method	90,406	-	-	-	-	90,406
Domestic investment loss	77,146	(1,438)	-	-	-	75,708
Unrealized gains or losses among companies	405	(211)	-	-	-	194
Share of other comprehensive income of subsidiaries and affiliates	632,691	-	93,120	-	-	725,811
Remeasurements of defined benefit obligation	<u>8,161</u>	<u>-</u>	<u>258</u>	<u>-</u>	<u>-</u>	<u>8,419</u>
Subtotal	<u>942,164</u>	<u>(23,721)</u>	<u>93,378</u>	<u>-</u>	<u>-</u>	<u>1,011,821</u>
- Deferred income tax liabilities:						
Foreign investment gain	793,855	(604)	-	-	-	793,251
Rental cost of investment property	54,727	1,816	-	-	-	56,543
Loss on write-off of investment properties	3	4	-	-	-	7
Fair value adjustment gain - investment building	87,215	(6,408)	-	-	-	80,807
Land value increment tax of investment property	290,839	14,161	-	-	-	305,000

Gains on Financial assets at fair value through profit or loss	141,384	(16,996)	-	-	124,388
Changes in unrealized valuation profit or loss	46,253	-	(15,833)	-	30,420
Portion of other comprehensive income from the associates	<u>43,338</u>	<u>-</u>	<u>(1,328)</u>	<u>1,682</u>	<u>43,692</u>
Subtotal	<u>1,457,614</u>	<u>(8,027)</u>	<u>(17,161)</u>	<u>1,682</u>	<u>1,434,108</u>
Total	<u>(\$ 515,450)</u>	<u>(\$ 15,694)</u>	<u>\$ 110,539</u>	<u>(\$ 1,682)</u>	<u>(\$ 422,287)</u>

	<u>2022</u>		<u>Recognized as other comprehensive income</u>		<u>Recognized in equity</u>	<u>December 31</u>
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>income</u>			
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	\$ 62,738	(\$ 22,314)	\$ -	\$ -	\$ -	\$ 40,424
Impairment loss on fixed assets	5,820	(5,794)	-	-	-	26
Impairment loss on deferred expenses	196	(193)	-	-	-	3
Rental cost of investment property	(2,521)	2,521	-	-	-	-
Impairment loss on investment properties	2,521	46,379	-	-	-	48,900
Impairment loss on other assets	50,417	(46,559)	-	-	-	3,858
Allowance for bad debt exceeding the limits	601	88	-	-	-	689
Unrealized foreign exchange losses	21,739	17,716	-	-	-	39,455
Impairment loss using equity method	90,406	-	-	-	-	90,406
Domestic investment loss	77,768	(622)	-	-	-	77,146
Unrealized gains or losses among companies	617	(212)	-	-	-	405
Share of other comprehensive income of subsidiaries and affiliates	541,187	-	91,504	-	-	632,691

Remeasurements of defined benefit obligation	<u>9,494</u>	<u>-</u>	<u>(1,333)</u>	<u>-</u>	<u>8,161</u>
Subtotal	<u>860,983</u>	<u>(8,990)</u>	<u>90,171</u>	<u>-</u>	<u>942,164</u>
- Deferred income tax liabilities:					
Foreign investment gain	824,381	(30,526)	-	-	793,855
Rental cost of investment property	-	54,727	-	-	54,727
Loss on write-off of investment properties	-	3	-	-	3
Fair value adjustment gain - investment building	10,850	76,365	-	-	87,215
Land value increment tax of investment property	111,260	179,579	-	-	290,839
Gains on Financial assets at fair value through profit or loss	92,602	48,782	-	-	141,384
Changes in unrealized valuation profit or loss	142,063	-	(95,810)	-	46,253
Portion of other comprehensive income from the associates	<u>440,546</u>	<u>-</u>	<u>(399,423)</u>	<u>2,215</u>	<u>43,338</u>
Subtotal	<u>1,621,702</u>	<u>328,930</u>	<u>(495,233)</u>	<u>2,215</u>	<u>1,457,614</u>
Total	<u>(\$ 760,719)</u>	<u>(\$ 337,920)</u>	<u>\$ 585,404</u>	<u>(\$ 2,215)</u>	<u>(\$ 515,450)</u>

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

December 31, 2023

<u>Year of occurrence</u>	<u>Declared/Verified</u>	<u>Amount not deducted</u>	<u>Non-recognized income tax assets</u>	<u>The final year in which the tax deduction is applied</u>
2014	\$ 14,796	\$ 12,056	\$ 12,056	2024
2015	5,997	5,997	5,997	2025
2016	5,332	5,332	5,332	2026
2017	1,384	1,384	1,384	2027
2018	73,900	73,900	73,900	2028
2019	583,867	2,803	2,803	2029
2020	973,169	4,518	4,518	2030
2021	8,415	8,415	8,415	2031
2022	4,276	4,276	4,276	2032
2023	<u>4,114</u>	<u>4,114</u>	<u>4,114</u>	2033
	<u>\$ 1,675,250</u>	<u>\$ 122,795</u>	<u>\$ 122,795</u>	

December 31, 2022

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>(\$ 10,217)</u>	<u>(\$ 31,608)</u>

6. The Company's income tax returns through 2021 have been assessed as approved by the Tax Authority.

(XXXVI) Non-controlling Interest

	<u>2023</u>	<u>2022</u>
January 1	\$ 2,677,309	\$ 3,009,647
Capital returned due to capital reduction	(146,535)	-
Decrease in the acquired cash dividends	(25,665)	-
Net income of current period	75,185	(105,236)
Differences on translation of foreign operations	(553)	287,125
Changes in unrealized valuation profit or loss	(513,317)	(515,314)
Remeasurement of defined benefit plan	<u>45</u>	<u>1,087</u>
December 31	<u>\$ 2,066,469</u>	<u>\$ 2,677,309</u>

(XXXVII) Earnings per share

	<u>2023</u>		
	<u>After-tax amount</u>	Number of shares outstanding (thousand shares) at the end of the period	Earnings per share <u>(NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 7,499,620	1,043,663	\$ 7.19
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 7,499,620	1,043,663	
Dilutive potential ordinary shares effecting employee compensation	-	490	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	\$ 7,499,620	1,044,153	\$ 7.18
	<u>2022</u>		
	<u>After-tax amount</u>	Weighted average number of shares outstanding (thousand shares)	Earnings per share <u>(NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 12,168,391	782,685	\$ 15.55
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 12,168,391	782,685	
Dilutive potential ordinary shares effecting employee compensation	-	755	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	\$ 12,168,391	783,440	\$ 15.53

(XXXVIII) Cash flow supplementary information

1. Investing activities received partially in cash:

	<u>2023</u>		<u>2022</u>
Disposal of real estate properties, plants and equipment	\$ 11	\$	285
Add: Gains on disposals of real estate, plants, and equipment	2,897		7,278
Add: Other receivables at the beginning of the period	4,425		1,138
Less: Other receivables at the end of the period	(6,627)	(	4,425)
Cash received during this period	<u>\$ 706</u>	<u>\$</u>	<u>4,276</u>

2. Investing activities paid partially by cash:

	<u>2023</u>		<u>2022</u>
Acquisition of property, plant and equipment	\$ 15,002	\$	18,307
Add: Other payables at the beginning of the period - payable on equipment	1,057		2,799
Less: Other payables at the end of the period - payable on equipment	(1,484)	(	1,057)
Cash payments for current period	<u>\$ 14,575</u>	<u>\$</u>	<u>20,049</u>

	<u>2023</u>		<u>2022</u>
Purchase of Investment real estate	\$ -	\$	896
Add: Other payables at the beginning of the period- Others	149		-
Less: Other payables at the end of the period- Others	-	(	149)
Cash payments for current period	<u>\$ 149</u>	<u>\$</u>	<u>747</u>

	<u>2023</u>		<u>2022</u>
Purchase of intangible assets	\$ 1,049	\$	1,381
Add: Other payables at the beginning of the period- Others	288		640
Less: Other payables at the end of the period- Others	(288)	(	288)
Cash payments for current period	<u>\$ 1,049</u>	<u>\$</u>	<u>1,733</u>

3. Financing activities with no cash flow effects:

	<u>2023</u>	<u>2022</u>
Inventories reclassified to	\$ -	\$ 180,846
Investment real estate		
Real estate, plant and		
equipment transferred to		
investment properties	\$ -	\$ 225,593
Other non-current assets		
reclassified to investment		
property	\$ -	\$ 4,488
Real estate, plant and		
equipment transferred to		
expenses	\$ 65	\$ -

(XXXIX) Liabilities from financing activities

	<u>2023</u>					
	<u>Short-term</u>	<u>Short-term</u>	<u>Guarantee</u>	Long-term borrowings (including due	Lease liabilities (including	Total liabilities from
	<u>borrowings</u>	<u>bills payable</u>	<u>deposits</u>	within one year and one operating cycle)	those due within 1 year)	financing activities
	<u>received</u>					
January 1	\$ 2,290,000	\$ 499,698	\$ 742,373	\$ 13,350,000	\$ 149,222	\$ 17,031,293
Changes of the	(1,940,0	(500,0	47,236	1,295,000	(51,956)	(1,149,720)
financing cash flows 00)	00)					
Addition-Newly					7,951	7,951
added lease contracts -		-	-	-		
Modifications to					(3,323)	(3,323)
leases	-	-	-	-		
Other non-cash					(15)	287
changes	-	302	-	-		
December 31	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 789,609</u>	<u>\$ 14,645,000</u>	<u>\$ 101,879</u>	<u>\$ 15,886,488</u>
	<u>2022</u>					
	<u>Short-term</u>	<u>Short-term</u>	<u>Guarantee</u>	Long-term borrowings (including due	Lease liabilities (including	Total liabilities from
	<u>borrowings</u>	<u>bills payable</u>	<u>deposits</u>	within one year and one operating cycle)	those due within 1 year)	financing activities
	<u>received</u>					
January 1	\$ 1,100,000	2,277,271	\$ 726,494	\$ 30,882,395	\$ 201,730	\$ 35,187,890
Changes of the	1,190,000	(1,780,00	15,879	(17,532,500)	(52,103)	(18,158,724)
financing cash flows		0)				
Modifications to					(433)	(433)
leases	-	-	-	-		
Other non-cash					28	2,560
changes	-	2,427	-	105		
December 31	<u>\$ 2,290,000</u>	<u>\$ 499,698</u>	<u>\$ 742,373</u>	<u>\$ 13,350,000</u>	<u>\$ 149,222</u>	<u>\$ 17,031,293</u>

VII. Transaction with Related Parties

(I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Group</u>
Ruentex Development Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Chen Investment Holdings Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Fu Newlife Corp.	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan General Insurance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart) (Note 1)	Other related party (the Company is a juridical person director of the company)
Ruentex Xu-Zhan Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Interior Design Inc.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Yang Construction Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Huei Hong Investment Co., Ltd.	Other related party (the Company's juridical person director)
Yi Tai Investment Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Chang Quan Investment Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Property Management and Maintenance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Hua Dyeing & Weaving Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Xing Co. Ltd.	Other related party (the Company's juridical person director)
Ruentex Materials Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Security Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction & Development Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Bai-Yi Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction & Engineering Co., Ltd.	Other related party (a member of the management of the subordinate company of an investee accounted for under the equity method by the Company is the representative of juridical person director of the company)

Shu-Tien Urology and Ophthalmology Clinic	Other related party (the Company's juridical person director)
Samuel Yen-Liang Yin	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Company)
Yin Wong, Yee-Fan (Note 2)	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Company)
Hsu, Sheng-Yu	The Company's key management personnel
Hsu, Chih-Chang	The Company's key management personnel

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

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

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Associates	\$ 1,133	\$ 788
Other related parties (Note)	11,549	13,198
Rental income:		
Associates	117	117
Other related parties		
-Ruentex Engineering & Construction	73,505	84,754
-Others	341	340
	<u>\$ 86,645</u>	<u>\$ 99,197</u>

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

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

and adjusted with the price index every year. The future minimum lease receivable for the irrevocable contract above is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one years	\$ 74,899	\$ 60,759
More than one year and less than five years	248,586	231,837
More than 5 years	<u>709,506</u>	<u>719,661</u>
	<u>\$ 1,032,991</u>	<u>\$ 1,012,257</u>

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

2. Purchases of goods

	<u>2023</u>	<u>2022</u>
Purchase of goods:		
Other related parties		
-RT-Mart (Note)	<u>\$ -</u>	<u>\$ 395,117</u>

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

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

3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Associates	\$ -	\$ 63
Other related parties	840	51
	<u>\$ 840</u>	<u>\$ 114</u>
Accounts receivable:		
Associates	\$ 13	\$ 165
Other related parties	1,207	994
	<u>\$ 1,220</u>	<u>\$ 1,159</u>
Other receivables:		
Associates		
-Nan Shan Life Insurance	\$ 4,545	\$ 4,545
-Others	648	511
Other related parties	1,553	1,574
	<u>\$ 6,746</u>	<u>\$ 6,630</u>

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

(2) Other accounts receivable are mainly receivables from related parties for services, computer services, interest, etc.

4. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Associates	\$ 29	\$ 35
Other related parties	359	310
	<u>\$ 388</u>	<u>\$ 345</u>
Accounts payable:		
Associates	\$ 8	\$ -
	<u>\$ 8</u>	<u>\$ -</u>
Other payables:		
Associates	\$ 1,104	\$ 852
Other related parties	1,061	416
	<u>\$ 2,165</u>	<u>\$ 1,268</u>

5. Non-operating Income and Expenses

	<u>2023</u>	<u>2022</u>
Interest revenue:		
Associates		
-Nan Shan Life Insurance	\$ 8,750	\$ 8,750
Dividend income:		
Other related parties		
-Ruentex Engineering & Construction	\$ 168,217	\$ 151,395
-Others	1,549	1,669
	<u>\$ 169,766</u>	<u>\$ 153,064</u>
Other income:		
Associates	\$ 7,369	\$ 6,464
Other related parties		
-Ruentex Engineering & Construction	5,212	5,206
-Others	10,635	10,433
	<u>\$ 23,216</u>	<u>\$ 22,103</u>

- (1) Interest income is mainly generated from the financial assets measured at amortized costs.
- (2) Other income mainly refers to income from the computer services and management services provided to related parties.

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

- (1) In November 1998, the Company and RT-Mart signed the entrusted management and procurement agreement for the Zhonghe Hypermarket to authorize RT-Mart to provide the hypermarket management and joint procurement services. The agreement period is from November 1998 to December 2023 after multiple additions of supplementary agreements and extensions based on mutual agreement.
- (2) The royalties (including return on earnings) for January 1 to August 31, 2022 were NT\$7,854.

7. Property transactions

Acquisition and disposal of financial assets

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

8. Endorsements or Guarantees made by related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Key management personnel	<u>\$ 39,909,900</u>	<u>\$ 44,909,900</u>

9. Others

Please refer to Note 6(14) for details.

(III) Key management compensation information

	<u>2023</u>	<u>2022</u>
Wages and salaries and other short-term employee benefits	\$ 25,946	\$ 58,552
Compensation cost of employee stock options	-	22,758
Post-employment benefits	727	717
Total	<u>\$ 26,673</u>	<u>\$ 82,027</u>

VIII. Pledged Assets

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

<u>Asset items</u>	<u>Carrying amount</u>		<u>For guarantee purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Investments accounted for using equity method	\$ 8,569,002	\$ 8,012,824	For mid- and long-term loans, short-term borrowings, and issue of commercial paper
Inventories	46,545	83,134	Mid- and long-term loans
Property, plant, and equipment	926,993	938,188	Mid- and long-term loans
Financial assets at fair value through other comprehensive income - non-current	1,738,505	1,426,120	Mid- and long-term loans
Investment Real Estate	8,115,380	7,876,761	Mid- and long-term loans
Financial Assets at amortized cost- non-Current	4,272,468	4,701,510	For legal litigation, tariffs, bank secured loans, and short-term borrowings

IX. Significant Contingent Liabilities and Unrecognized Commitments

Except for those mentioned in Notes 6(7), (9), (10), (18) and 7, there are other material contingent

liabilities and unrecognized contractual commitments as follows:

In order to help solve the problem of insufficient school buildings in elementary schools in Hsinchu County, the Group signed a land exchange agreement with the Hsinchu County Government in February 2021 to exchange land lot 219 held in Taifeng Section, Xinfeng Township, Hsinchu County (accounted for under inventories - construction land) for the land in Pingding Section, Xinfeng Township, Hsinchu County, held by the Hsinchu County Government. As of February 2022, as the procedures have not been completed, the agreement was automatically cancelled. In 2023, the Group signed a new land exchange agreement with the Hsinchu County Government. However, the valuation process for the aforementioned transaction has not been completed as of March 13, 2024.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

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

1. The earning distribution plan for the year ended December 31, 2023 of Gin-Hong Investment, a subsidiary of the Company, approved by the Board of Directors' meeting on March 8, 2024 is as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 7,366	
Share dividend	<u>66,298</u>	\$ 2.14
Total	<u>\$ 73,664</u>	

2. The earning distribution plan for the year ended December 31, 2023 of Kompass, a subsidiary of the Company, approved by the Board of Directors' meeting on March 8, 2024 is as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 1,602	
Share dividend	<u>14,423</u>	\$ 3.38
Total	<u>\$ 16,025</u>	

XII. Others

(I) Capital management

The Group's capital management is to ensure its going concern and maintain the best capital structure to reduce capital cost, so as to provide returns to its shareholders. In order to maintain or adjust capital structure, the Group may adjust dividend distribution, return capital to shareholders, issue new shares or dispose assets to optimize the capital structure. The Group manages its capital through liabilities-to-capital ratio that is the ratio of net liabilities over total capital. The net liabilities is equal to total borrowings (including "current and non-current borrowings" on the consolidated financial statements) deducting cash and cash equivalents. Total capital is the "equity" stated on the consolidated balance sheet plus net liabilities.

The Group's strategy for year 2023 is consistent with that of year 2022. The Group's liabilities to capital ratios as of December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 14,995,000	\$ 16,139,698
Less: Cash and cash equivalents	<u>(7,248,962)</u>	<u>(9,549,587)</u>
Net debt	7,746,038	6,590,111
Total equity	<u>98,119,830</u>	<u>82,278,508</u>
Total capital	<u>\$ 105,865,868</u>	<u>\$ 88,868,619</u>
Debt-to-total-capital ratio	7.32%	7.42%

(II) Financial instruments

1. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - non-current	\$ 3,030,078	\$ 3,092,072
Financial assets at fair value through other comprehensive income - Non-Current	6,301,163	7,106,544
Financial assets at amortized cost		
Cash and cash equivalents	7,248,962	9,549,587
Notes receivable	319	380
Notes Receivable – related party	840	114
Accounts receivable	155,839	205,421
Accounts receivable - related party	1,220	1,159
Other receivables	33,454	74,954
Other receivables - related Party	6,746	6,630
Current and non-current financial assets at amortized cost/loans and receivables	4,552,688	4,951,510
Refundable deposits (listed as other non-current assets)	45,287	45,502
	<u>\$ 21,376,596</u>	<u>\$ 25,033,873</u>
<u>Financial liabilities</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 350,000	\$ 2,290,000
Short-term bills payable	-	499,698
Notes payable	97,385	99,243
Notes Payable – related Party	388	345
Accounts Payable	203,800	235,336
Accounts Payable – related Party	8	-
Other payables	277,149	297,381
Other Payable - Related Party	2,165	1,268
Long-term borrowings (including loans due within a year or due withing the operating cycles)	14,645,000	13,350,000

Guarantee deposits received (listed as other non-current liabilities)	789,609	742,373
	<u>\$ 16,365,504</u>	<u>\$ 17,515,644</u>
Lease liabilities - current and non-current	<u>\$ 101,879</u>	<u>\$ 149,222</u>

2. Risk management policies

- (1) The Group 's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. Finance Department identified, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Group holds multiple investments in foreign operations, and net assets of such investments are exposed to foreign exchange risk. Also, the Group's business involves multiple non-functional currencies that may be impacted by changes to foreign exchange rate. Information for foreign-currency-denominated assets and liabilities that may be impacted by foreign exchange risk is as follows:

<u>December 31, 2023</u>				<u>Sensitivity analysis</u>			
	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Range of variation</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensive income</u>	
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$ 196,075	30.710	\$ 6,021,463	5%	\$ 301,073	\$ -	
HKD:NTD	653	3.930	2,566	5%	128	-	
CNY:NTD	2,511	4.327	10,865	5%	543	-	
<u>Financial liabilities</u>							
<u>Monetary item</u>							
USD:NTD	\$ 67	30.710	\$ 2,058	5%	\$ 103	\$ -	
HKD:NTD	161	3.930	633	5%	32	-	

December 31, 2022

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

B. Foreign exchange risk has significant impact on the Group, and the foreign exchange (losses) gains (including realized and unrealized) on monetary items recognized were NT\$74,242 and NT1,163,020 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- A. The Group's debt and equity instruments exposed to price risk were the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage its equity instruments investment against price risk, the Group diversified its investment portfolio based on the limits set by the Group.
- B. The Group has mostly invested in equity instruments issued by domestic or foreign companies, and the prices of such equity instruments would change due to the change of the future value of investee companies. If the prices of these equity instruments had increased/decreased by 5% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$315,058 and NT\$355,327.
- C. The Group has mostly invested in foreign debt instruments issued via privately offered fund, and the prices of such debt instruments would change due to the change of the future value of said instruments. If the prices of such debt instruments had increased/decreased by 5% with all other variables held constant, the net income after tax for 2023 and 2022 arising from gains or losses on debt instruments at fair value through profit or loss would increase or decrease by NT\$121,203 and NT\$123,683.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from total borrowings with floating interest rates that expose the Group to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Group's borrowings issued at variable rates were mostly denominated in New Taiwan Dollars.
- B. The Group's borrowings were measured at amortized cost, and the interest rate is reset every year as specified in the contracts. Therefore, the Group is expose to interest rate risk from any future market interest rate change.
- C. If interest rates on borrowings had been 0.5% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2023 and 2022 would have increased/decreased NT\$59,980 and NT\$64,559, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Credit risk arises from outstanding accounts receivable that counterparties fail to deliver in accordance with the payment terms, and overdue receivable (listed as "other non-current assets"), in the categories of financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive income, and contractual cash flow measured at amortized cost.
- B. The Group manages its credit risk based on a Group-oriented system. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer's credit risk and conduct credit risk management. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Group uses the presumptions provided by IFRS 9 that a loan that is 90 days past due is credit-impaired.
- D. The Group uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.
 - (A) When the contractual payments overdue from the payment terms for more

- than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
- (B) With an external rating agency rated as investment grade at the balance sheet date, the financial asset will be regarded as having low credit risk.
- E. The indicators for determine the impairment of the debt instrument investment used by the Group is as the following:
- (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
- (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
- (C) An issuer delay or fail to repay the interests or principals;
- (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. Receivables are grouped based on customer's types, and the Group applies the simplified approach using loss rate methodology to estimate the expected credit loss.
- G. After the collection procedures, the financial assets amount that cannot be reasonably estimated will be written-off. However, the Group will continue to continue to pursue the legal right of recourse to protect the claims.
- H. The Group considers customers' past default records and actual financial position to adjust historical and real-time information to assess the default possibility and estimate loss allowance for accounts receivable (including related parties) and overdue receivable, net (listed as "other non-current assets"). As of December 31, 2023 and 2022, the loss rate methodology is as follows:

<u>December 31, 2023</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Each</u>	<u>Total</u>
Expected loss	0.00%~0.01%	0.37%	50%~100%	100%	
Total carrying amount (including related parties)	<u>\$ 153,214</u>	<u>\$ 3,868</u>	<u>\$ 86</u>	<u>\$ 4,088</u>	<u>\$ 161,256</u>
Allowance for losses	<u>\$ 11</u>	<u>\$ 14</u>	<u>\$ 84</u>	<u>\$ 4,088</u>	<u>\$ 4,197</u>
<u>December 31, 2022</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Each</u>	<u>Total</u>
Expected loss	0.00%~0.13%	6.24%	50%~100%	100%	
Total carrying amount (including related parties)	<u>\$ 196,184</u>	<u>\$ 11,281</u>	<u>\$ 575</u>	<u>\$ 3,749</u>	<u>\$ 211,789</u>
Allowance for losses	<u>\$ 282</u>	<u>\$ 704</u>	<u>\$ 474</u>	<u>\$ 3,749</u>	<u>\$ 5,209</u>

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

	<u>2023</u>		<u>2022</u>
	<u>Accounts receivable and overdue receivable</u>		<u>Accounts receivable and overdue receivable</u>
January 1	\$ 5,209		\$ 4,691
Provision of impairment loss	-		518
Amounts written off due to unable to recover	(33)		-
Gains on reversal of impairment loss	(979)		-
December 31	<u>\$ 4,197</u>		<u>\$ 5,209</u>

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

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Finance Department. The financial department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, in order to prevent the Group from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

B. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and repurchasable bonds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group's position held in money market were NT\$6,298,627 and NT\$9,493,796.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Due within one year	\$ 6,410,000	\$ 6,480,000
Due longer than one year	<u>23,000,000</u>	<u>23,270,000</u>
	<u>\$ 29,410,000</u>	<u>\$ 29,750,000</u>

D. The table below analyses the Group's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the following table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>Within 1-5 years</u>
Short-term borrowings (Note)	\$ 354,012	\$ -
Notes payable	97,385	-
Notes Payable – related Party	388	-
Accounts Payable	203,800	-
Accounts Payable – related Party	8	-
Other payables	277,149	-
Other Payable - Related Party	2,165	-
Lease liabilities (Note)	52,162	50,832
Long-term borrowings (including due within one year or one operating cycle) (Note)	862,650	14,165,027

Non-derivative financial liabilities:

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

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

D. The Group did not expect the occurrence timing of cash flow of expiry date analysis would be significantly earlier, or the actual amount would significantly differ.

(III) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical Assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. It includes the fair value of the investment in stocks listed in TWSE and TPEX, part of the investment in stocks listed in the emerging stock market, and the group's investment in domestic convertible bonds.

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

Level 3: Unobservable inputs for the asset or liability. It includes the investment in stocks listed in the TWSE and TPEX via private placement, part of the investment in stocks listed in the emerging stock market, investment in equity instruments without an active market, and investment property.

2. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets recognized in other current assets and other non-current assets, long-term notes and accounts receivable, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings, long-term notes accounts payable and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.

3. Classification of financial instruments and non-financial instruments at fair value based on the natures, characteristic and risk, and fair value level is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
Non-derivative financial assets				
- Foreign privately offered fund	\$ -	\$ -	\$ 3,030,078	\$ 3,030,078

Financial assets at fair value through other comprehensive income acquired - non-Current

Equity instrument investment

- Domestic TWSE- and TPEx-listed stocks	\$ 4,658,974	\$ -	\$ -	\$ 4,658,974
- Domestic stocks listed in TPEx	-	-	53,490	53,490
- Domestic unlisted stocks	-	-	101,157	101,157
- Foreign listed stocks	<u>1,487,542</u>	<u>-</u>	<u>-</u>	<u>1,487,542</u>
Subtotal	<u>\$ 6,146,516</u>	<u>\$ -</u>	<u>\$ 154,647</u>	<u>\$ 6,301,163</u>
Investment property (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,801,563</u>	<u>\$ 8,801,563</u>
Total	<u><u>\$ 6,146,516</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,986,288</u></u>	<u><u>\$ 18,132,804</u></u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>

Assets

Recurring fair value

Financial assets at fair value through profit or loss - non-current

Non-derivative financial assets

- Foreign privately offered fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,092,072</u>	<u>\$ 3,092,072</u>

Financial assets at fair value through other comprehensive income acquired - non-Current

Equity instrument investment

- Domestic TWSE- and TPEx-listed stocks	\$ 4,467,555	\$ -	\$ -	\$ 4,467,555
- Domestic stocks listed in TPEx	-	-	34,078	34,078
- Domestic unlisted stocks	-	-	93,160	93,160
- Foreign listed stocks	<u>2,511,751</u>	<u>-</u>	<u>-</u>	<u>2,511,751</u>
Subtotal	<u>\$ 6,979,306</u>	<u>\$ -</u>	<u>\$ 127,238</u>	<u>\$ 7,106,544</u>
Investment property (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,557,513</u>	<u>\$ 8,557,513</u>
Total	<u><u>\$ 6,979,306</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,776,823</u></u>	<u><u>\$ 18,756,129</u></u>

Note: Investment property subsequently measured at fair value

4. The methods and assumptions the Group used to measure fair value are as follows:

(1) The Group used market quoted prices as fair values (that is, Level 1) of investment in stocks listed in TWSE and TPEx, partial investment in stocks listed in the emerging stock market, and investment in domestic convertible bonds, and the quoted prices are the closing prices.

- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Note XII(3)10 for details.
- (5) The fair value valuation techniques adopted by the Group for the investment property measured at fair value are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and such fair values are measured by the Group or outsourced using the income approach. The related assumptions and input values are as follows:
- (A) Cash Flow: It is evaluated based on the existing lease contracts, local rents, or the rental trends of similar property in the market, excluding those that are too high or too low. If there is an end-of-period value, the present value of the end-of-period value may be added.
- (B) Analysis Period: If there is no specific period for income, the analysis period should not exceed ten years in principle; if there is a specific period for income, it should be estimated based on the remaining period.
- (C) Discount Rate: It is estimated with the risk premium approach at a certain interest rate, with the individual characteristics of investment property considered. The so-called constant interest rate refers to a benchmark that cannot be lower than the two-year postal time deposit small amount deposit flexible interest rate announced by Chunghwa Post Co.,Ltd. plus 0.75 percentage points.

- (D) Growth Rate: It is adjusted with reference to the average movement of the consumer price index over the past ten years.
- (6) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.
- (7) The Group includes credit risk valuation adjustment in the fair value calculation for financial instruments and non-financial instruments to reflect the counterparty credit risk and the credit quality of the Group.
5. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
6. The following table shows the change of Level 3 for the years ended December 31, 2023 and 2022.

	<u>2023</u>		
	Debt instruments at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	<u>Total</u>
January 1	\$ 3,092,072	\$ 127,238	\$ 3,219,310
Purchase for current period	22,984	-	22,984
Distribution of dividends at cost of investment	-	(954)	(954)
Decrease in the current period			
- Cost	-	(1,248)	(1,248)
-Adjustments for valuation	-	1,248	1,248
Adjustments for valuation	(84,978)	28,363	(56,615)
December 31	<u>\$ 3,030,078</u>	<u>\$ 154,647</u>	<u>\$ 3,184,725</u>

2022

	Debt instruments at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Total
January 1	\$ 2,695,926	\$ 1,413,703	\$ 4,109,629
Purchase for current period	152,231	-	152,231
Decrease in the current period			
- Cost	-	(706)	(706)
-Adjustments for valuation	-	706	706
Sales for current period			
- Cost	-	(152,740)	(152,740)
-Adjustments for valuation	-	(1,146,688)	(1,146,688)
Adjustments for valuation	<u>243,915</u>	<u>12,963</u>	<u>256,878</u>
December 31	<u>\$ 3,092,072</u>	<u>\$ 127,238</u>	<u>\$ 3,219,310</u>

7. Please refer to Note 6(5) for the transfers at Level 3 during 2023 and 2022.

8. Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment properties are valued according to the valuation method and parameter assumptions announced by the Financial Supervisory Commission, or they are appraised by external appraisers.

9. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

December 31, 2023		Significant unobservable inputs	Interval	Relationship between inputs and fair value
Fair value	Valuation techniques			
Investment Real Estate \$ 4,025,693	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

"	4,775,870	The method of land development analysis	Profit margin and overall capital interest rate	Note 2	As the profit margin decreases, the fair value is higher; as the overall capital interest rate increases, the fair value is lower
Non-derivative Equity Instrument:					
Shares of domestic TPEX-listed companies	53,490	Market approach	Discount for lack of marketability	3.48%	The higher the degree of lack of liquidity, the lower the fair value estimate
Domestic unlisted stocks	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"	100,457	Market approach	Discount for lack of marketability	14.49%~20.89 %	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	3,030,078	Asset-Based Approach	Not applicable	Not applicable	Not applicable
December 31, 2022			Significant unobservable inputs		Relationship between inputs and fair value
	<u>Fair value</u>	<u>Valuation techniques</u>		<u>Interval</u>	
Investment Real Estate	\$ 3,910,817	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.
"	4,646,696	The method of land development analysis	Profit margin and overall capital interest rate	Note 2	As the profit margin decreases, the fair value is higher; as the overall capital interest rate increases, the fair value is lower
Non-derivative Equity Instrument:					
Shares of domestic TPEX-listed companies	34,078	Market approach	Discount for lack of marketability	22.61%	The higher the degree of lack of liquidity, the lower the fair value estimate
Domestic unlisted stocks	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"	92,460	Market approach	Discount for lack of marketability	20.34%~28.04 %	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	3,092,072	Asset-Based Approach	Not applicable	Not applicable	Not applicable

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

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

10. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. For financial assets classified as Level 3, if there is a change in the valuation parameters, then the impact on profit or loss or other comprehensive income is as follows:

		<u>December 31, 2023</u>			<u>December 31, 2023</u>	
		<u>Recognized in profit and loss</u>			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Change</u> <u>s</u>	<u>Favorable</u> <u>changes</u>	<u>Adverse</u> <u>changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability discount	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,465</u>	<u>(\$ 15,465)</u>
Debt instrument	Lack of marketability discount	±10%	<u>\$ 303,008</u>	<u>(\$ 303,008)</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>December 31, 2022</u>			<u>December 31, 2022</u>	
		<u>Recognized in profit and loss</u>			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Change</u> <u>s</u>	<u>Favorable</u> <u>changes</u>	<u>Adverse</u> <u>changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability discount	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,724</u>	<u>(\$ 12,724)</u>
Debt instrument	Lack of marketability discount	±10%	<u>\$ 309,207</u>	<u>(\$ 309,207)</u>	<u>\$ -</u>	<u>\$ -</u>

XIII. Separately Disclosed Items

(I) Significant transaction information

- Loans to others: None.
- Endorsement/guarantee provided for others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- Acquisition of individual real estate properties at costs of at least NT\$300 million or 20%

of the paid-in capital: None.

6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 2.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 4.

(II) Information on Investees

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

(III) Information on Investments in China

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

(IV) Information on main investors

Information on main investors: Please refer to Table 7.

XIV. Information on Departments

(I) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's Chief Operating Decision-Maker operate businesses and evaluate departmental performance from an industry perspective; the Group currently focuses on the textile, retail, hypermarket, construction, and investment businesses.

(II) Measurement of segment information

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

(III) Information on Departments

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

	2023					2022				
	Textile segment	Retail segment	Hypermarket segment	Construction segment	Investment segment	Internal write-off	Total			
Revenue from external customers	\$ 772,895	\$ 563,049	\$ 1,178,803	\$ 90,473	\$ 75,420	\$ -	\$ 2,680,640			
Internal revenue	182,838	30,130	-	14,489	48,927	(276,384)	-			
Departmental revenue	\$ 955,733	\$ 593,179	\$ 1,178,803	\$ 104,962	\$ 124,347	\$ 276,384	\$ 2,680,640			
Operating net income (loss) from the department to be reported	(\$ 108,282)	\$ 25,017	\$ 16,948	\$ 60,972	\$ 71,153	\$ -	\$ 65,808			
Share of profit or loss on associates accounted for using the equity method	\$ -	\$ -	\$ -	\$ -	\$ 6,445,513	(\$ 83,837)	\$ 6,361,676			
Dividend income	\$ -	\$ -	\$ -	\$ -	\$ 205,577	\$ -	\$ 205,577			
Financial Costs	(\$ 279,246)	(\$ 18)	(\$ 2,227)	(\$ 10,140)	(\$ 1)	\$ 2,035	(\$ 289,597)			
Interest revenue	\$ 479,793	\$ 12	\$ 141	\$ 407	\$ 68,533	(\$ 52)	\$ 548,834			
	2022					2022				
	Textile segment	Retail segment	Hypermarket segment	Construction segment	Investment segment	Internal write-off	Total			
Revenue from external customers	\$ 838,156	\$ 588,205	\$ 1,229,234	\$ 96,424	\$ 122,176	\$ -	\$ 2,874,195			
Internal revenue	580,534	30,473	-	14,466	106,246	(731,719)	-			
Departmental revenue	\$ 1,418,690	\$ 618,678	\$ 1,229,234	\$ 110,890	\$ 228,422	(\$ 731,719)	\$ 2,874,195			
Operating net income (loss) from the department to be reported	(\$ 218,978)	\$ 69,237	\$ 24,742	\$ 66,071	\$ 115,105	\$ -	\$ 56,177			
Share of profit or loss on associates accounted for using the equity method	\$ -	\$ -	\$ -	\$ -	\$ 8,506,919	\$ 143,732	\$ 8,650,651			
Dividend income	\$ -	\$ -	\$ -	\$ -	\$ 330,762	\$ -	\$ 330,762			
Financial Costs	(\$ 373,909)	(\$ 32)	(\$ 2,489)	(\$ 5,169)	(\$ 1)	\$ 2,158	(\$ 379,442)			
Interest revenue	\$ 203,108	\$ 6	\$ 61	\$ 368	\$ 16,946	(\$ 28)	\$ 220,461			

(IV) Reconciliation for segment income (loss)

1. The Group's business in the textile department, retail department, and construction department are determined as negotiated by the participating parties; sales made by the Wholesale Business Department are handled as regular sales. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with the revenue in comprehensive income statements.
2. Reconciliation for segment income (loss) and profit before income tax from continuing operations for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Income/loss from the department to be reported	\$ 65,808	\$ 56,177
Adjustments and written-off	-	-
Total	65,808	56,177
Share of profit or loss on associates accounted for using the equity method	6,361,676	8,650,651
Financial Costs	(289,597)	(379,442)
Interest revenue	548,834	220,461
Other income	247,769	388,470
Other gains and losses	730,419	4,157,882
Income before tax from continuing operations	\$ 7,664,909	\$ 13,094,199

(V) Information on products and services

The Group's main business items are the textile business, including manufacturing, processing, dyeing and finishing, printing, and marketing of woven fabrics, garments, knitted fabrics, and woven fabric items, and the construction business, including commissioning of construction companies to build public housing projects and office buildings, and leasing and sales of property, as well as the operation and management of shopping malls and markets, and import for its hypermarket business. Please refer to Note 6 (26).

(VI) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 2,643,797	\$ 10,298,997	\$ 2,872,964	\$ 10,131,649
Asia	36,843	659	1,231	1,141
Total	<u>\$ 2,680,640</u>	<u>\$ 10,299,656</u>	<u>\$ 2,874,195</u>	<u>\$ 10,132,790</u>

(VII) Major customer information

For 2023 and 2022, the Group did not have any single external customer accounting for 10% or more of the Group's revenue.

Attached Table 1

Unit: NTS thousands
(Except as Otherwise Indicated)

Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized Financial assets at fair value through profit or loss - non-current " "	Shares	Carrying amount (Note 3)	End of the period Shareholding percentage	Fair value (Note 4)	Remark (Note 5)
Ruotex Industries Ltd.	Magi Capital Fund II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	\$ 253,556	5.23	\$ 253,556	
	HOPU USD MASTER FUND III, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	2,776,522	3.80	2,776,522	
	Shares of Ruotex Engineering & Construction Co., Ltd.	A subordinate company of the investee accounted for under the equity method	Financial assets at fair value through other comprehensive income - non-current	16,821,685	1,934,404	9.10	1,934,404	
	Shares of Sove & Safe Corporation	-	"	4,267,233	81,120	2.51	81,120	
	Shares of Ruotex Interior Design Inc.	-	"	333,773	53,490	2.47	53,490	
	Shares of Huinyang Venture Capital Co., Ltd.	-	"	70,000	700	2.56	700	
	Shares of Uni Airways Corporation	-	"	695,077	19,337	0.18	19,337	
	Shares of Pacific Resources Corporation	-	"	7,886	-	1.05	-	Note 9
	Shares of Taimed Biologics Inc.	-	"	3,230,310	368,255	4.99	368,255	Note 8
	Shares of Taimed Biologics Inc.	-	"	10,261,408	841,435	4.06	841,435	Note 7
	Shares of Taimed Biologics Inc.	-	"	9,358,385	649,472	4.08	649,472	Note 5
	Shares of Sunny Friend Environmental Technology Co., Ltd.	-	"	3,994,233	459,337	3.07	459,337	Notes 6 and 11
	Shares of Tanvex BioPharma, Inc.	-	"	3,500,000	227,850	2.61	227,850	Note 10
	Shares of Ruotex Materials Co., Ltd.	The Company is a juridical person director of the company.	"	71,39,530	178,131	4.76	178,131	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	250,000	-	250,000	
	Shares of Ruotex Industries Ltd.	The Company	Financial assets at fair value through other comprehensive income - non-current	36,593,388	2,352,955	3.31	2,352,955	
	Shares of Sun Art Retail Group Ltd.	-	"	231,204,324	1,272,094	2.42	1,272,094	
	Shares of Aesense Surgical (ASXC)	-	"	15,333	150	0.01	150	
	OPKO Health Inc. Shares of (OPK)	-	"	4,571,665	211,998	0.66	211,998	
	Gigaco Inc. Shares of (GGR)	-	"	41,647	3,300	0.02	3,300	

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.

Note 2: Not required to be filled in for the issuers of securities that are not related parties.

Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.

Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge; the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".

Note 5: The provision of 2,310 thousand shares, a total of NTS266,650 thousand was pledged to financial institutions for financing loans.

Note 6: The provision of 2,310 thousand shares, a total of NTS266,650 thousand was pledged to financial institutions for financing loans.

Note 7: The provision of 6,700 thousand shares, a total of NTS549,400 thousand was pledged to financial institutions for financing loans.

Note 8: The provision of 3,230 thousand shares, a total of NTS368,255 thousand was pledged to financial institutions for financing loans.

Note 9: Please refer to Note (65) to the consolidated financial statements for information on the capital returned due to capital reduction of Pacific Resources Corporation's shares.

Note 10: Please refer to Note (65) to the consolidated financial statements for information on the acquisition of Tanvex BioPharma, Inc.'s shares.

Note 11: Please refer to Note (65) to the consolidated financial statements for information on the acquisition of SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD's shares.

Ruentex Industries Ltd. and Subsidiaries

Disposal of real estate at costs of at least \$300 million or 20% of the paid-in capital

January 1 to December 31, 2023

Attached Table 2

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

The company disposing the real estate	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Amount received	Gain (loss) on disposal	Counterparty	Relationship	Purpose of disposition	Reference basis for price decision	Other provisions
Ruentex Industries Ltd.	The land in Xiapu Sub-section, Wukuakuo Section, Dayuan Township, Taoyuan City	2023.11.13	85.05.23	\$ 40,086	\$ 539,232	Received in full	\$ 499,146	Glyogenetics, Inc.	Non-related parties	General sales	Zhan-Mao Real Estate Appraisers Firm	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision".

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the shareholders of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2023

Attached Table 3

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

Differences in transaction terms compared to third party transactions

The company making the purchase (sale) of goods	Name of counterparty	Relationship	Transaction conditions		Differences in transaction terms compared to third party transactions		Notes receivable/payable and accounts receivable/payable		Remark
			Purchase (sale) of goods	Amount	As a percentage of total purchases (sales) of goods (Note 4)	Unit price	Credit period	Balance	
Ruentex Industries Ltd.	Ruentex Industries Ltd. (Shanghai)	Sub-subsidiary	Purchase of goods	\$ 164,086	9.16	Purchase of goods in line with general conditions	Same as general transactions	Same as general transactions(\$ 7,084)	2.35

Note 1: If the terms and conditions of transaction with the related parties are different from the general terms and conditions of transaction, the difference and the reason for any such difference shall be specified in the column of unit price and the credit period.
 Note 2: In the case of prepayments in advance (or advance receipts), the reasons, the terms and conditions of the contract, the amount and the difference between the general type of transactions shall be specified in the column of Remarks.
 Note 3: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.
 Note 4: Calculate from the perspective of the entity of the company making the purchase (sale) of goods.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2023

Attached Table 4

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

Transaction information

As a percentage of the
consolidated total operating
revenue or total assets

No. (Note 1)	Name of the transaction party Ruentex Industries Ltd.	Transaction counterparty Kompass Global Sourcing Solutions Ltd.	Relationship with the transaction party (Note 2)	Account Sales revenue Other income Sales revenue	Amount \$ 45,188 24,896 164,086	Terms and conditions of transaction Notes 4 "	(Note 3)
Zero	"	"	1				1.69
1	Ruentex Industries Ltd. (Shanghai)	Ruentex Industries Ltd.	2				0.93
							6.12

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1) Please fill in "0" for the parent.

(2) Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure.);

(1) Parent and its subsidiary

(2) Subsidiary and its parent

(3) Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to negotiations between the two parties.

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

Ruentex Industries Ltd. and Subsidiaries
The name of the invested company, the location and other relevant information (excluding the invested companies in China)

January 1 to December 31, 2023

Attached Table 5

Unit: NTS thousands
(Except as Otherwise Indicated)

Name of the investing company	Name of the investee company	Location	Main business items	Official investment amount		Holding at the end of period		Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Percentage			
Ruentex Industries Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	\$ 4,967,208	\$ 5,779,517	730,987,807	25.70	\$ 21,810,583	\$ 1,775,411	The investee company accounted for under the equity method (Note 1 and 3)
Ruentex Industries Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity	436,800	436,800	29,487,699	0.21	733,831	47,160	The investee company accounted for under the equity method
Ruentex Industries Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs administration	74,785	62,785	1,200,000	40.00	10,855	(3,906)	The investee company accounted for under the equity method (Note 4)
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Construction Business	1,024,200	1,054,871	28,783,037	50.94	291,832	5,648	Subsidiary of the Company (Note 5)
Ruentex Industries Ltd.	Kompas Global Sourcing Solutions Ltd.	Taiwan	International Trade	173,800	173,800	4,263,708	100.00	58,945	16,025	Subsidiary of the Company (Note 6)
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	170,500	313,500	17,050,000	55.00	5,520	73,664	Subsidiary of the Company (Note 7)
Ruentex Industries Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	General Investment	17,884,800	17,799,600	7,173,010,000	23.00	60,281,848	4,543,011	The investee company accounted for under the equity method (Note 2 and 8)
Ruentex Industries Ltd.	Full Shine International Holdings Ltd.	British Virgin Islands (BVI)	General Investment	536,074	536,074	18,590,000	100.00	1,708,038	43,190	Subsidiary of the Company
Ruentex Industries Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	672,764	672,764	17,580,000	42.25	944,221	55,947	Subsidiary of the Company
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.	British Virgin Islands (BVI)	International Trade	17,223	17,223	500,000	100.00	9,082	164	Subsidiary of the Company
Ruentex Industries Ltd.	East Capital International Limited.	British Virgin Islands (BVI)	General Investment	137,423	137,423	4,208,000	100.00	32,941	(765)	Subsidiary of the Company
Ruentex Industries Ltd.	New Zone International Limited.	Samoa Islands	General Investment	438,416	438,416	13,792,000	100.00	103,947	(2,252)	Subsidiary of the Company
Full Shine International Holdings Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	627,608	627,608	19,590,000	49.06	810,082	30,539	Subsidiary of the Company
Sinopac Global Investment Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	807,135	807,135	6,452,000	13.51	346,537	8,675	Subsidiary of the Company

Note 1: The provision of 86,040 thousand shares, a total of NT\$2,567,187 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 714,163 thousand shares, a total of NT\$6,001,815 thousand was pledged to financial institutions for financing loans.

Note 3: The record date of cash capital reduction of Ruentex Development was August 15, 2023.

Note 4: The record date of cash capital reduction of Ruen Fu Newlife Corp. to offset a deficit was December 14, 2023, and the record date of the capital increase was December 14, 2023.

Note 5: The record date of cash dividend of Shing Yen Construction & Development Co., Ltd. was July 7, 2023 and the record date of cash capital decrease was July 14, 2023.

Note 6: The record date of cash dividend of Kompas Global Sourcing Solutions was July 11, 2023, and the record date of cash capital decrease was November 6, 2023.

Note 7: The base date for cash dividend of Gin-Hong Investment was July 31, 2023, and the base date for cash capital decrease was November 6, 2023.

Note 8: The record date of capitalization of earnings of Ruen Chen Investment Holding Co., Ltd. was May 22, 2023, and the record date for cash capital increase was October 20, 2023.

Ruentex Industries Ltd. and Subsidiaries
Information of investments in mainland China-Basic information

January 1 to December 31, 2023

Attached Table 6

Unit: NTS thousands
(Except as Otherwise Indicated)

Name of the invested companies in China Ruentex Industries Ltd. (Shanghai)	Main business items Production and sales of garment products	Paid-in capital \$ 546,638	Investment method Note 1	The accumulated amount remitted from Taiwan to invest in China at the beginning of the current period \$ 546,638	The investment amount remitted out or back for the current period		The accumulated amount remitted from Taiwan at the end of the current period \$ 546,638	Current profit and loss of the investment company (\$ -2,859)	Shareholding percentage of direct or indirect investment by the Company 100.00%	Gains and losses on investment recognized in the current period \$ -2,859	Carrying amount of investments at the end of the current period \$ 131,880	Investment income remitted back by the end of the current period \$ -
					Remitted out	Remitted back						
				(USD 17,800)	\$ -	\$ -	(USD 17,800)					

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

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

(1) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.

(2) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.

1. The financial reports audited by an international accounting firm having a business cooperation relationship with an ROC accounting firm.

2. The financial reports audited by a certified public accountant of the parent in Taiwan.

3. Other financial statements that have not been audited by a

certified public accountant during the same period

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

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

subsidiaries

Note 5: The profit or loss on the investee for the current period and the carrying amounts of the investments at the end of the period

shall be added up first and then converted into US dollars before converted into New Taiwan dollars at the exchange rate.

261	The accumulated amount remitted from Taiwan to invest in China at the end of the current period		The investment amount approved by the Investment Board, Ministry of Economic Affairs		The investment limit approved by the Investment Board, Ministry of Economic Affairs	
	1,742,746,000		\$ 1,889,081,000		\$ 58,871,898	
	(USD 59,045 thousand)		(USD 64,770 thousand)			
	(EUR 2,700,000)					

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

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

Ruentex Industries Ltd. and Subsidiaries
Information on main investors

December 31, 2023

Attached Table 7

<u>Name of Major Shareholders</u>		<u>Shares</u>	
Ruentex Development Co., Ltd.		<u>Number of shares held (Note)</u>	<u>Shareholding percentage (Note)</u>
Changchun Investment Co., Ltd.		157,697,626	14.28
		63,906,656	5.78

Ruentex Industries Ltd.
Unconsolidated Financial Statements and Report
of Independent Accountants
2023 and 2022
(Stock Code: 2915)

Address: 13F.-1, No. 308, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City

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Ruentex Industries Ltd.

Unconsolidated Financial Statements and Report of Independent Accountants of 2023
and 2022
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Independent Auditors' Report
(2024) Cai-Shen-Bao-Zi No. 23004971

To Ruentex Industries Ltd.:

Audit Opinions

We have audited the accompanying financial statements of Ruentex Industries Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2023 and 2022 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Audit Opinions

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023 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\$85,991,644 thousand, representing 75.347% 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(7).

As the investments using the equity method involved the domestic and overseas investments at multiple levels and cross shareholdings. It was a complicated calculation and the amount of the above matters had a significant impact, and it required a great deal of manpower to audit it. Therefore, we believe that the correctness of the investment balance using the equity method is one of this year's key audit matters.

Corresponding Audit Procedures

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

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

Measurement of Investment Property Fair Value

Description of Key Audit Matters

Ruentex Industries' Board of Directors resolved a decision to change the accounting policy on investment property on July 28, 2023, to adopt the fair value model, rather than the cost model, for subsequent measurement, so the accounting policy was applied retrospectively to adjust the affected items.

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

Please refer to Notes 4(17) and (29) to the unconsolidated financial statements for the accounting policy on investment property; Note 5 for the uncertainties of accounting estimates and assumptions; Note 6(11) for the details of accounting titles; Note 12(3) for the details of fair values.

Corresponding Audit Procedures

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

1. Valuation of the professional competence and independence of the independent appraiser by the management. And discuss with management the scope of work and appointment method of the

valuation personnel to ensure that there are no factors that affect their independence or limit their scope of work.

2. Evaluate the judgments made by the independent appraiser used by management, including whether the appraisal method and the key assumptions used are reasonable.
3. Verify the accuracy and completeness of the data used by the independent valuer employed by the management during the evaluation process.

Other Matters - Reference to Audits by Other Accountants

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, 2023 and 2022, the investment balances under equity method for the aforementioned companies were NT\$2,736,661 thousand and NT\$3,281,735 thousand, representing 2.398% and 3.297% of the total Assets. For the period of 2023 and January 1 to December 31, 2022 the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$(432,374) thousand and NT\$(300,728) thousand, representing 2.327% and 0.548% of the compressive income.

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 in the Republic of China will always detect a material misstatement when it exists. Misstatement may be caused by fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and 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. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit 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, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Shu-chiung Chang

CPA

Seanh Hsu

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

Former Financial Supervisory Commission, Executive Yuan
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. No.
1050029449

March 13, 2024

Ruentex Industries Ltd.
Unconsolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

Assets			D e c e m b e r 3 1 , 2 0 2 3		D e c e m b e r 3 1 , 2 0 2 2	
			A m o u n t	%	A m o u n t	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 4,106,984	4	\$ 6,203,663	6
1150	Net bills receivable	6(2)	287	-	380	-
1160	Bills receivable - related parties - net	6(2) and 7	840	-	6,229	-
1170	Net Accounts Receivable	6(2) and 12(2)	124,039	-	151,932	
1180	Accounts receivable - related parties - net	6(2), 7 and 12 (2)	7,136	-	12,754	-
1200	Other receivables		24,193	-	67,037	-
1210	Other Receivables - related party	7	12,396	-	12,951	-
130X	Inventories	6(3) and 8	369,875	-	384,760	1
1410	Prepayments		17,059	-	38,407	-
1470	Other Current Assets		300	-	215	-
11XX	Total current assets		4,663,109	4	6,878,328	7
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(4)	3,030,078	3	3,092,072	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(5), 7 and 8	4,813,621	4	4,594,793	5
1535	Amortized cost financial Assets - non-Current	6(6) and 8	4,522,468	4	4,951,510	5
1550	Investments accounted for using equity method	6(7), 7 and 8	85,991,644	75	69,159,337	69
1600	Property, plant, and equipment	6(8) and 8	1,021,664	1	1,042,684	1
1755	Right-of-use assets	6(9)	248,446	-	303,630	-
1760	Net value of investment properties	6(3)(11) and 8	8,749,963	8	8,512,113	9
1780	Intangible assets	6(12)	862	-	1,385	-
1840	Deferred tax Assets	6(33)	1,011,821	1	942,164	1
1900	Other non-current Assets	6(13)(19)	73,856	-	68,952	-
15XX	Total non-current assets		109,464,423	96	92,668,640	93
1XXX	Total Assets		\$ 114,127,532	100	\$ 99,546,968	100

(Continued)

Ruentex Industries Ltd.
Unconsolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousands

			December 31, 2023		December 31, 2022	
			A m o u n t	%	A m o u n t	%
Liabilities and Equity			Notes			
Current liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 350,000	1	\$ 2,290,000	2
2110	Short-term bills payable	6(15) and 8	-	-	499,698	1
2130	Contract liabilities - current	6(25)	34,804	-	23,348	-
2150	Notes payable		96,919	-	98,430	
2160	Notes payable - related party	7	377	-	333	
2170	Accounts Payable		195,008	-	186,449	-
2180	Accounts payable - related party	7	9,558	-	21,300	-
2200	Other payables	6(16)	271,768	-	291,401	-
2220	Other Payable - Related Party	7	1,541	-	1,268	-
2230	Income tax liabilities of current period		526	-	678,299	1
2280	Lease liabilities - current	6(9)	59,634	-	59,734	-
2320	Long-term liabilities due within one year or one operating cycle	6(17) and 8	850,000	1	1,975,000	2
2399	Other current liabilities - other		8,453	-	10,777	-
21XX	Total Current Liabilities		1,878,588	2	6,136,037	6
Non-current liabilities						
2540	Long-term borrowings	6(17) and 8	13,795,000	12	11,375,000	11
2570	Deferred income tax liabilities	6(33)	1,416,088	1	1,441,705	2
2580	Lease liabilities - non-current	6(9)	194,641	-	249,356	-
2600	Other non-Current liabilities	6(18)	789,854	1	743,671	1
25XX	Total Non-Current Liabilities		16,195,583	14	13,809,732	14
2XXX	Total Liabilities		18,074,171	16	19,945,769	20
Equity						
3110	Share capital	6(21)	11,043,188	10	11,043,188	11
3200	Capital surplus	6(22)	28,171,512	25	28,091,265	28
	Retained earnings	6(23)				
3310	Legal reserve		3,780,852	3	4,601,302	5
3320	Special reserve		76,379,565	67	13,067,008	13
3350	Undistributed earnings		7,373,600	6	64,700,745	65
3400	Other Equities	6(24)	(30,142,877)	(26)	(41,349,830)	(41)
3500	Treasury stock	6(21)	(552,479)	(1)	(552,479)	(1)
3XXX	Total Equity		96,053,361	84	79,601,199	80
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant subsequent events	11				
3X2X	Total Liabilities and Equity		\$ 114,127,532	100	\$ 99,546,968	100

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd.
Unconsolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

	Item	Notes	2023		2022	
			A m o u n t	%	A m o u n t	%
4000	Operation Income	6(25) and 7	\$ 2,417,600	100	\$ 2,627,178	100
5000	Operation cost	6(26)(31)(32) and 7	(1,640,084)	(68)	(1,859,732)	(71)
5900	Gross Profit		777,516	32	767,446	29
	Operating Expenses	6(20)(31)(32)				
6100	Selling expenses		(573,908)	(24)	(572,219)	(22)
6200	General & administrative expenses		(243,675)	(10)	(295,580)	(11)
6450	Expected credit impairment gains (losses)	12(2)	979	-	(518)	-
6000	Total Operating Expenses		(816,604)	(34)	(868,317)	(33)
6900	Operating Loss		(39,088)	(2)	(100,871)	(4)
	Non-operating Income and Expenses					
7100	Interest revenue	6(27) and 7	477,530	20	201,465	8
7010	Other income	6(28) and 7	268,518	11	396,422	15
7020	Other gains and losses	6(29)	726,385	30	4,576,302	174
7050	Financial Costs	6(30)	(291,486)	(12)	(381,415)	(15)
7070	Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method	6(7)				
			6,445,513	267	8,506,918	324
7000	Total non-operating income and expenses		7,626,460	316	13,299,692	506
7900	Net profit before tax		7,587,372	314	13,198,821	502
7950	Income tax expense	6(33)	(87,752)	(4)	(1,030,430)	(39)
8200	Net income of current period		\$ 7,499,620	310	\$ 12,168,391	463
	Other comprehensive income (net)					
	Items not to be reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	6(19)	(\$ 1,289)	-	\$ 6,664	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	(236,991)	(10)	(438,476)	(16)
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(24)	(547,246)	(23)	(599,980)	(23)
8349	Income tax relating to non-reclassified items	6(33)	136,320	6	55,697	2
8310	Total of items not to be reclassified into profit or loss		(649,206)	(27)	(976,095)	(37)
	Items may be reclassified subsequently to profit or loss					
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(24)	11,755,920	487	(66,562,433)	(2533)
8399	Income tax related to items may be reclassified into profit or loss	6(33)	(25,781)	(1)	529,707	20
8360	Total of items may be reclassified subsequently to profit or loss		11,730,139	486	(66,032,726)	(2513)
8300	Other comprehensive income (net)		\$ 11,080,933	459	(\$ 67,008,821)	(2550)
8500	Total Comprehensive Income Current Period		\$ 18,580,553	769	(\$ 54,840,430)	(2087)
	Earnings per share	6(34)				
9750	Basic earnings per share		\$ 7.19		\$ 15.55	
9850	Diluted earnings per share		\$ 7.18		\$ 15.53	

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd.
Individual Equity Statement
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	N o t e	S h a r e c a p i t a l	R e t a i n e d e a r n i n g s				Other Equities	Treasury stock	Total Equity
			Capital surplus	Legal reserve	Special reserve	Undistributed earnings			
2022		\$ 7,343,188	\$ 13,091,165	\$ 3,019,067	\$ 13,067,008	\$ 56,072,695	\$ 27,372,479	\$ 552,479	\$ 119,413,123
Balance on January 1, 2022		-	-	-	-	12,168,391	-	-	12,168,391
Net income of current period	6(23)	-	-	-	-	278,600	(67,287,421)	-	(67,008,821)
Other comprehensive income	6(23)(24)	-	-	-	-	-	-	-	-
Total Comprehensive Income Current Period		-	-	-	-	12,446,991	(67,287,421)	-	(54,840,430)
Appropriation and distribution of the earnings for 2021:		-	-	-	-	-	-	-	-
Legal reserve		-	-	1,582,235	-	(1,582,235)	-	-	-
Cash dividends		-	-	-	-	(3,671,594)	-	-	(3,671,594)
Cash Capitalization	6(21)	-	-	-	-	-	-	-	-
share-based payment transaction	6(20)(22)	3,700,000	14,800,000	-	-	-	-	-	18,500,000
Cash dividends received by subsidiaries from the parent company	6(22)	-	62,840	-	-	-	-	-	62,840
Overdue dividends not collected by shareholders	6(22)	-	100,632	-	-	-	-	-	100,632
Changes in associates & joint ventures accounted for using equity method	6(22)(23)(24)	-	1,931	-	-	-	-	-	1,931
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(23)(24)	-	34,688	-	-	288,906	(288,906)	-	34,688
Gains after disgorgement exercised		-	-	-	-	-	-	-	-
Balance on December 31, 2022	6(22)	\$ 11,043,188	\$ 28,091,265	\$ 4,601,302	\$ 13,067,008	\$ 64,700,745	\$ 41,340,830	\$ 552,479	\$ 79,601,199
2023		\$ 11,043,188	\$ 28,091,265	\$ 4,601,302	\$ 13,067,008	\$ 64,700,745	\$ 41,340,830	\$ 552,479	\$ 79,601,199
Balance on January 1, 2023		-	-	-	-	7,499,620	-	-	7,499,620
Net income of current period	6(23)	-	-	-	-	(126,306)	11,207,239	-	11,080,933
Other comprehensive income	6(23)(24)	-	-	-	-	-	-	-	-
Total Comprehensive Income Current Period		-	-	-	-	7,373,314	11,207,239	-	18,580,553
Appropriation and distribution of the earnings for 2022:		-	-	-	-	-	-	-	-
Legal reserve		-	-	1,388,188	-	(1,388,188)	-	-	-
Cash dividends		-	-	-	63,312,557	(63,312,557)	-	-	-
Cash dividends received by subsidiaries from the parent company	6(22)	-	(2,208,638)	-	-	-	-	-	(2,208,638)
Overdue dividends not collected by shareholders	6(22)	-	40,253	-	-	-	-	-	40,253
Changes in associates & joint ventures accounted for using equity method	6(22)(23)(24)	-	13,612	-	-	-	-	-	13,612
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(23)(24)	-	26,359	-	-	35	(35)	-	26,359
Gains after disgorgement exercised		-	-	-	-	251	(251)	-	-
Balance on December 31, 2023	6(22)	\$ 11,043,188	\$ 28,171,512	\$ 3,780,852	\$ 76,379,565	\$ 7,373,600	\$ 30,142,877	\$ 552,479	\$ 96,053,361

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG,
Hsiu-Yen

Ruentex Industries Ltd.
Individual Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2	0	2	3	2	0	2	2
Cash flows from operating activities									
Profit before Income Tax current period		\$			7,587,372	\$			13,198,821
Adjustments									
Income and expenses									
Depreciation expense	6(31)				95,612				97,838
Amortization	6(31)				2,476				2,524
Expected credit impairment losses (gains on reversal)	6(31)			(	979				518
Losses (gains) on financial assets at fair value through profit or loss	6(29)				84,978	(			243,915
Interest Cost	6(30)				291,486				381,415
Dividend income	6(28)			(	205,577	(			330,762
Interest revenue	6(27)			(	477,530	(			201,465
Share of income of associates and subsidiaries accounted for using the equity method	6(7)			(					
Gains on disposals of real estate, plant and equipment	6(29)			(	6,445,513	(			8,506,918
Gains on disposal of assets	6(3)(29)			(	3,953	(			8,503
Gain on fair value change of investment property	6(29)			(	499,146				-
Gains on lease modifications	6(29)			(	237,850	(			3,166,963
Gain from the price recovery of inventory declines	6(3)(31)			(	24				-
Real estate, plant and equipment transferred to expenses	6(35)			(	40,158	(			111,571
Compensation cost of employee stock options					65				-
Net foreign exchange gains	6(20)(32)			(	-				62,840
Changes in assets/liabilities relating to operating activities				(	22,196	(			835,072
Net changes in assets relating to operating activities									
Financial assets at fair value through profit or loss				(	22,984	(			152,231
Notes receivable					94	(			100
Notes Receivable – related party					5,388	(			6,229
Accounts receivable					28,519				617
Accounts receivable - related party					5,618	(			3,199
Other receivables				(	1,836	(			2,762
Other receivables - related Party					555				1,540
Inventories					14,957				150,624
Prepayments					21,348	(			25,231
Other Current Assets				(	85				35
Net defined benefit assets				(	3,635	(			19,281
Net change in liabilities related to operating activities									
Contract liabilities					11,456	(			999
Notes payable				(	1,511				86,581
Notes Payable – related Party					44	(			88,034
Accounts Payable					8,559				49,067
Accounts Payable – related Party				(	11,742	(			51,385
Other payables				(	4,882				20,354
Other Payable - Related Party					273	(			12,532
Other Current liabilities				(	2,324				279
Defined benefit liability					-	(			15,004
Cash flow in from operating					176,875				270,339
Interest received					524,411				146,003
Interest paid				(	292,621	(			383,154
Income tax paid				(	770,976	(			939,570
Income tax refunded					19,034				-
Cash outflow from operating activities				(	343,277	(			906,382

(Continued)

Ruentex Industries Ltd.
Individual Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

	Notes	2	0	2	3	2	0	2	2
<u>Cash flows from investing activities</u>									
Acquisition of financial assets at fair value through other comprehensive income	6(5)	(\$			464,608)	(\$			99,689)
Disposal of financial assets at fair value through other comprehensive income	6(5)				-				1,299,428
Distribution of dividends at investment cost through financial assets at fair value through other comprehensive income	6(5)				7,290				-
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income	6(5)				1,499				-
Acquisition of financial assets at amortized cost		(			46,546)	(			4,168,988)
Disposal of financial assets at amortized cost					438,817				-
Investment under the equity method acquired	6(7)	(			127,000)	(			100,000)
Return of funds to reduced investment adopting the Equity method	6(7)				985,880				-
Acquisition of property, plant and equipment	6(35)	(			14,555)	(			20,001)
Disposal of real estate properties, plants and equipment					706				4,291
Investment real estate acquired	6(35)	(			149)	(			747)
Disposal of investment property	6(3)				539,232				-
Acquisition of intangible assets	6(35)	(			1,049)	(			1,733)
Decrease (increase) in refundable deposits (listed in "other non-current assets")					149	(			131)
Increase in prepayments for business facilities (recognized in "other non-current assets")		(			2,752)				-
Increase in other non-current assets		(			859)	(			208)
Dividends received					236,871				2,668,819
Net cash inflow (outflow) of the investment activities					1,552,926	(			418,959)
<u>Cash flows from financing activities</u>									
Increase (decrease) in short-term borrowings	6(36)	(			1,940,000)				1,190,000
Decrease in short-term bills payable	6(36)	(			500,000)	(			1,780,000)
Proceeds from long-term borrowings	6(36)				34,290,000				41,132,500
Repayments of long-term borrowings	6(36)	(			32,995,000)	(			58,665,000)
Increase in guarantee deposits received (listed in "other non-current liabilities")	6(36)				129,284				101,256
Decrease in guarantee deposits received (listed in "other non-current liabilities")	6(36)	(			82,044)	(			85,376)
Principal elements of lease payments	6(9)(36)	(			59,273)	(			59,064)
Cash dividends paid	6(23)	(			2,208,638)	(			3,671,594)
Cash Capitalization	6(21)				-				18,500,000
Disorgorgement exercised	6(22)				23				9
Cash used in financing activities		(			3,365,648)	(			3,337,269)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent					59,320				927,416
Decrease of cash and cash equivalents current period		(			2,096,679)	(			3,735,194)
Cash and cash equivalents, beginning of period					6,203,663				9,938,857
Cash and cash equivalents, end of period		\$			4,106,984	\$			6,203,663

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd.
Notes to Financial Statements
2023 and 2022

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

I. History and Organization

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

II. Date and Procedure for Approval of Financial Statements

The unconsolidated financial statements were authorized for issuance by the Company’s board of directors on March 13, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12, “Deferred taxes arising from OECD Pillar Two model rules”	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”	January 1, 2024

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

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS No. 21 “Lack of Convertibility”	January 1, 2025

Except for the potential impact of IFRS 17 “Insurance Contracts” and its amendments on investments using the equity method, which is currently under evaluation, it is temporarily unable to reasonably estimate the impact on the Company. The Company has assessed the impact of the standards and interpretations above on its financial position and financial

performance. There is no significant impact, and the relevant amount impacted will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Investment property subsequently measured at fair value
 - (4) Defined benefit assets liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note 5.

(III) Foreign currency translation

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

1. Foreign currency translation and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (2) Monetary Assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - (3) Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date. Their translation differences are recognized in other comprehensive income. However, non-monetary Assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.
2. Translation of foreign operations
- (1) The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
 - (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. When the Company still retains partial interest in the former associate or joint arrangements after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in those foreign operations.
 - (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) Classification of Current and non-Current items

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

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

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

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

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

Liabilities that do not meet the above criteria are classified as non-Current liabilities.

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

(V) Cash equivalents

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

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

1. Financial assets not included as financial assets measured at amortized costs or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Associated transaction costs are accounted in profit or loss. These financial assets are

subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

4. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

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

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

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

(VIII) Financial assets at amortised cost

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

investment.

(IX) Notes and accounts receivable

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

(X) Impairment of financial assets

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

(XI) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

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

(XII) Lease transactions of lessor - operating lease

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

(XIII) Inventories

1. Inventory of Construction Business Department

The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at the construction site) is capitalized. The inventory at the end of the period is determined based on the cost and net realizable value, whichever is lower. Comparing the cost and the net realizable value to see which is lower, the item-by-item

comparison approach is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

2. Inventory of Textile and Wholesale Business Departments

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

(XIV) Investments accounted for using equity method / subsidiaries, associates and joint ventures

1. Subsidiaries are all entities (including structural entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Changes in the Company's ownership interest in a subsidiary that do not result in the Company's losing control (and non-controlling equity transaction) of the subsidiary are equity transactions, and it is also considered as a transaction between owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.
5. When the Company loses its control on a subsidiary, the remaining investment on the former subsidiary is remeasured at fair value and is used as the fair value for the initial recognition of financial Assets or the cost for initial recognition of investment in an associate. The difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period. For all of the amounts related to the subsidiary previously recognized in other comprehensive income, if its accounting handling basis is

identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its control on the subsidiary, such profit or loss shall be re-classified as profit or loss from equity.

6. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
7. The Company's share of its associate's post-acquisition profits or losses are recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.

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

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

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Company discontinues recognizing its share of further losses; unless that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

8. When the an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not

affected, the Company then recognizes the equity change under the share of the associate for the Company as the “capital reserve” according to the shareholding percentage.

9. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such transaction has impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. When an associate issues new shares, if the Company does not subscribe or acquire according to such ratio such that there is a change in the investment ratio and still causing significant impact, then “capital reserve” and “investment accounted for using equity method” are adjusted for the increase/decrease of the change of net value of the equity. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.
11. When the Company loses its significant influence on an associate, the remaining investment on the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period.
12. When the Company disposes an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
13. When the Company disposes an associate, if it loses its significant influence on the associate, the capital reserve related to the associate is recognized as profit or loss. If it shall have significant influence on the associate, then it is recognized as profit or loss according to the disposal ratio.
14. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the Current period and other comprehensive income in the unconsolidated financial statements shall equal to the amount attributable to

owners of the parent in the consolidated financial statements. Owners' equity in the unconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XV) Property, plant, and equipment

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

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

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

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

the unpaid lease payments discounted with the Company's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives, and the variable lease payments depending on certain index or rate. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.

3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.
4. For lease modifications that reduce the scope of a lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between the reduced carrying amount and the remeasurements of the lease liabilities in the profit or loss.

(XVII) Investment Real Estate

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

(XVIII) Intangible assets

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

(XIX) Impairment of non-financial Assets

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

(XX) Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans.

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

(XXI) Notes and accounts payable

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

(XXII) Derecognition of financial liabilities

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

(XXIII) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

term of the employment benefit obligations.

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

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

3. Termination benefits

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

4. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employee remuneration is paid in stock, the basis for counting the number of shares to be paid out is to measure the fair value by means of valuation techniques specified in IFRS 2 Share-based Payment.

(XXIV) Employee share-based payment

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

(XXV) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expected outcome under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of Assets and liabilities and their carrying amounts in the parent only balance sheet. The deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax Assets against Current tax liabilities and they are levied by the same taxation authority on either the same

entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from investments and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXVI) Capital

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

(XXVII) Dividends

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

(XXVIII) Income

Sales of goods

1. The Company manufactures and sells textile-related products and engages in the hypermarket business. The income from sale of goods is recognized when the control of goods is transferred to customers, i.e. when the goods are delivered to customer. In addition, the Company has no unfulfilled obligations that may affect customer from accepting the goods. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proving that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
2. Accounts receivable is recognized when goods are delivered to customers since starting from such time of delivery, the Company has the unconditional right on the contract price, and the Company can receive the consideration from the customer after time has passed.
3. Financial component

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

(XXIX) Changes in accounting policies

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Financial assets at fair value through other comprehensive income - the shares of unlisted companies measured at fair value.

The Company's investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. For explanation of financial tool at fair value, please refer to Note 12(3).

Measurement of investment property fair value

As the investment property held by the Company is mainly land and buildings, an expert should be appointed to determine the fair value of investment property on the balance sheet date with their professional judgment and appraisal. The Company will adjust the cost to the fair value based on the appraisal report issued by the expert. The valuation of these investment properties is primarily based on expert reports and estimates, which may be subject to changes in the demand for products, the real estate market conditions, and the judgment and estimation of experts during a specific future period. Therefore, the fair value measurement of these properties may be affected. Please refer to Note 12(3) for the details of fair value of investment property.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 5,369	\$ 6,243
Checking deposits	922,044	46,458
Demand deposits	1,849,695	289,432
Time deposits	-	5,716,626
Cash equivalents - Bonds under repurchase agreements	<u>1,329,876</u>	<u>144,904</u>
	<u>\$ 4,106,984</u>	<u>\$ 6,203,663</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

(II) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 287	\$ 380
Notes Receivable – related party	<u>840</u>	<u>6,229</u>
	<u>\$ 1,127</u>	<u>\$ 6,609</u>
Accounts receivable	\$ 124,148	\$ 153,392
Less: Allowance for loss	<u>(109)</u>	<u>(1,460)</u>
	124,039	151,932
Accounts receivable - related party	<u>7,136</u>	<u>12,754</u>
	<u>\$ 131,175</u>	<u>\$ 164,686</u>
Overdue receivable	\$ 4,088	\$ 3,749
Less: Allowance for loss	<u>(4,088)</u>	<u>(3,749)</u>
Overdue receivable, net (listed as "other non-current assets")	<u>\$ -</u>	<u>\$ -</u>

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

<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable Accounts receivable</u>	<u>Notes receivable Accounts receivable</u>

Not overdue	\$	1,127	\$	127,330	\$	6,609	\$	156,009
Overdue								
1-90 days		-		3,868		-		9,562
91 days and more		-		86		-		575
	<u>\$</u>	<u>1,127</u>	<u>\$</u>	<u>131,284</u>	<u>\$</u>	<u>6,609</u>	<u>\$</u>	<u>166,146</u>

The aging analysis was based on past due date.

- The balance of notes and accounts receivable as of December 31, 2023 and 2022 was all generated from customer contracts. In addition, the balance of receivables from customer contracts as of January 1, 2022 was NT\$163,685.
- The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$1,127 and NT\$6,609 for notes receivable, as of December 31, 2023 and 2022, respectively; the accounts receivable were NT\$131,175 and NT\$164,686 as of December 31, 2023 and 2022, respectively.
- The Company does not hold any collateral as security.
- For credit risk information related to accounts receivable and notes receivable, please refer to Note 12(2).

(III) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Textile Business Department:		
Raw materials	\$ 20,345	\$ 19,412
Supplies	214	214
Finished goods	46,188	44,126
Merchandise inventory	240,000	254,656
Less: Allowance for valuation losses	(129,378)	(169,411)
Subtotal	<u>177,369</u>	<u>148,997</u>
Wholesale Business Department:		
Work in process	1,175	1,217
Merchandise inventory	89,720	92,974
Less: Allowance for valuation losses	(804)	(929)
Subtotal	<u>90,091</u>	<u>93,262</u>
Construction Business Department:		
Construction land	134,196	174,282
Less: Allowance for valuation losses	(31,781)	(31,781)
Subtotal	<u>102,415</u>	<u>142,501</u>

Total	\$	<u>369,875</u>	\$	<u>384,760</u>

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

	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 1,675,390	\$ 1,945,347
loss on physical inventory	1,305	2,974
Gain on declining price recovery	(40,158)	(111,571)
Loss on inventory scrap	<u>3,547</u>	<u>22,982</u>
	<u>\$ 1,640,084</u>	<u>\$ 1,859,732</u>
Gain on disposal (listed as Other gains and losses)		
Price	\$ 539,232	\$ -
Cost	<u>(40,086)</u>	<u>-</u>
	<u>\$ 499,146</u>	<u>\$ -</u>

2. The Company's inventories - construction land was transferred from inventories to investment property in August 2022 due to the change in use, in an amount of NT\$180,846.

3. In 2023 and 2022, the Company sold inventories that had been recognized in valuation loss in prior years, resulting in a recovery in the net realizable value of the inventories, which is recognized as a decrease in sales cost.

4. For the collateral status for the inventory of the aforementioned Construction Business Department, please refer to Note 8.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Foreign investments		
Privately offered fund	\$ 2,408,133	\$ 2,385,149
Adjustments for valuation	<u>621,945</u>	<u>706,923</u>
Total	<u>\$ 3,030,078</u>	<u>\$ 3,092,072</u>

1. The amount of financial assets at fair value through profit and loss recognized in profit or loss in 2023 and 2022 was a loss of NT\$84,978 and a profit of NT\$243,915, respectively.

2. The amount of dividend income recognized in profit or loss for financial assets at fair value through profit and loss in 2023 and 2022 was NT\$12,656 and NT\$149,936, respectively.
3. The Company did not pledge financial assets at fair value through profit or loss as collateral.
4. For information on the credit risk of financial assets at fair value through profit and loss, please refer to Note 12 (2).

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity Instrument		
Domestic investment		
Shares of TWSE/TPEX listed companies	\$ 3,521,383	\$ 3,063,111
Shares of the TPEX-listed companies	9,059	10,013
Unlisted stocks	50,411	51,659
Subtotal	<u>3,580,853</u>	<u>3,124,783</u>
Adjustments for valuation		
Shares of TWSE/TPEX listed companies	1,137,591	1,404,444
Shares of the TPEX-listed companies	44,431	24,065
Unlisted stocks	50,746	41,501
Subtotal	<u>1,232,768</u>	<u>1,470,010</u>
Total	<u>\$ 4,813,621</u>	<u>\$ 4,594,793</u>

1. The Company elected to classify the strategic investments in equity instruments as financial assets at fair value through other comprehensive income, amounting to NT\$4,813,621 and NT\$4,594,793 as of December 31, 2023 and 2022, respectively.
2. In March 2022, the Company subscribed for 949 thousand shares of OBI Pharma, Inc., a TPEX-listed company, in its cash capital increase in the amount of NT\$99,689.
3. The Company's board of directors passed a resolution to transfer its RT-Mart's shares disposed of to Chuan Lian Enterprise Co., Ltd. on October 22, 2021. It is expected to complete the relevant transactions and procedures within one year. The original cost of the holding and relevant value gain of NT\$152,740 and NT\$1,150,598 were reclassified from non-current assets to current assets. The aforementioned has been approved by the Fair Trade Commission through resolution on July 13, 2022, and disposition related procedure has been completed in September 2022. The cost and valuation gain adjustment amounts were NT\$152,740 and NT\$1,146,688 respectively.
4. Pacific Resources Corporation's (Pacific Resources Corporation's) equity instruments held by the Company:

- (1) To revitalize investors' working capital, the shareholders' meeting approved to reduce its capital in June 2022 by 35% of the par value of NT\$10 per share. The capital returned to the Company for the capital reduction amounted to NT\$848, of which NT\$706 was regarded as a reduction in the initial cost of the holding and valuation loss. After the capital reduction, the Company's shareholding percentage remained at 1.05%.
 - (2) To revitalize fund utilization of investors and to improve the ROE, the shareholders' meeting approved to reduce its capital in May 2023 by 95% of the par value of NT\$10 per share. The capital returned to the Company for the capital reduction amounted to NT\$1,499, of which NT\$1,248 was regarded as a reduction in the initial cost of the holding and valuation loss. After the capital reduction, the Company's shareholding percentage remained at 1.05%.
5. The equity instruments of Ruentex Interior Design Inc. (Ruentex Interior Design), a non-public company, held by the Company:
- (1) Ruentex Interior Design was a non-public company and listed on the emerging stock market on July 25, 2022. Therefore, the Company reclassified the stock from non-TPEX-listed stock to the emerging stock market stock. The adjustments to the cost and valuation gains are NT\$10,013 and NT\$7,484, respectively.
 - (2) RT-MART was approved by the shareholders' meeting on June 24, 2022 to issue cash of NT\$771 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Company's original cost of the holding.
 - (3) RT-MART was approved by the shareholders' meeting on May 24, 2023 to issue cash of NT\$183 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Company's original cost of the holding.
6. In April 2023, the Company participated in the capital increase by cash of the listed company, Tanvex BioPharma, Inc., and subscribed for 3,500 thousand shares in an amount of NT\$262,500.
7. In July 2023, the Company participated in the capital increase by cash of the listed company, Sunny Friend Environmental Technology Co., Ltd., and subscribed for 1,685 thousand shares in an amount of NT\$202,108.
8. Ruentex Materials Co., Ltd., a listed company held by the Company, was approved by the shareholders' meeting on May 22, 2023 to distribute cash of \$1,642 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Company's original cost of the holding.
9. Brogent Technologies Inc., a listed company held by the Company, was approved by the shareholders' meeting on May 31, 2023 to distribute cash of \$4,694 from the original capital surplus contributed to by shareholders. This was regarded as a reduction of the Company's

original cost of the holding.

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

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized as other comprehensive income	(\$ 236,991)	(\$ 438,476)
Dividend income recognized in other non-operation income	\$ 192,921	\$ 180,826

11. The maximum exposure to credit risk for the Company's financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements, was NT\$4,813,621 and NT\$4,594,793 as of December 31, 2023 and 2022, respectively.
12. For the details of the financial assets at fair value through other comprehensive income pledged as collateral, please refer to Note 8.
13. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12(2).

(VI) Financial assets at amortised cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Subordinated debts	\$ 250,000	\$ 250,000
Time deposits pledged	4,272,468	4,701,510
Total	\$ 4,522,468	\$ 4,951,510

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

	<u>2023</u>	<u>2022</u>
Interest revenue	\$ 235,738	\$ 100,179

2. The coupon rate and the effective interest rate of the Nan Shan Life Insurance Company, Ltd.'s subordinated bonds with no maturity date held the Company at a par value of

NT\$250,000 thousand are both 3.5%.

3. The Company's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held and other credit enhancements was NT\$4,522,468 and NT\$4,951,510 as of December 31, 2023 and 2022, respectively.
4. Details of the Company's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
5. For information on the credit risk of financial assets at amortized cost, please refer to Note 12(2). The trading counterparties of the Company's certificates of deposit are financial institutions with great credit ratings, so the likelihood of default is estimated to be very low.

(VII) Investments accounted for using equity method

1. Details are as follows:

<u>The investee company</u>	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries</u>		
<u>Non-TWSE/TPEX listed companies</u>		
Shing Yen Construction & Development Co., Ltd. (Shing Yen Construction & Development)	\$ 291,832	\$ 319,300
Kompass Global Sourcing Solutions Ltd. (Kompass)	58,945	42,920
Gin-Hong Investment Co., Ltd. (Gin-Hong)	5,520	138,878
Full Shine International Holdings Ltd.(Full Shine)	1,708,038	1,728,555
Concord Greater China Limited (Concord)	944,221	1,368,712
Gold Leaf International Group Co., Ltd.(Gold Leaf)	9,082	8,920
East Capital International Limited (East Capital)	32,941	34,339
New Zone International Limited (New Zone)	103,948	108,311
Subtotal	<u>3,154,527</u>	<u>3,749,935</u>
<u>Associates</u>		
<u>Publicly quoted entity</u>		
Ruentex Development Co., Ltd. (Ruentex Development)	\$ 21,810,583	\$ 18,308,077
<u>Non-TWSE/TPEX listed companies</u>		

Ruen Chen Investment Holdings Ltd. (Ruen Chen Investment Holdings)	60,281,848	46,497,714
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	733,831	600,941
Ruen Fu Newlife Corp. (Ruen Fu)	10,855	2,670
Subtotal	82,837,117	65,409,402
Total	\$ 85,991,644	\$ 69,159,337

2. The investment shareholder percentage is as follows:

<u>The investee company</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries</u>		
<u>Non-TWSE/TPEX listed companies</u>		
Shing Yen Construction & Development	50.94%	50.94%
Kompass	100.00%	100.00%
Gin-Hong Investment	55.00%	55.00%
Full Shine	100.00%	100.00%
Concord	42.25%	42.25%
Gold Leaf	100.00%	100.00%
East Capital	100.00%	100.00%
New Zone	100.00%	100.00%
<u>Associates</u>		
<u>Publicly quoted entity</u>		
Ruentex Development	25.70%	25.70%
<u>Non-TWSE/TPEX listed companies</u>		
Ruen Chen Investment Holdings	23.00%	23.00%
Nan Shan Life Insurance	0.21%	0.21%
Ruen Fu Newlife	40.00%	40.00%

3. As of December 31, 2023 and 2022, the stocks of the Company held by the subsidiaries of the Company were treated as treasury stocks, and its detail is as follows:

<u>Company name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Gin-Hong Investment	\$ 552,479	\$ 552,479

1. Details of the share of profit or loss of subsidiaries and associates under equity method are as follows:

<u>The investee company</u>	<u>2023</u>	<u>2022</u>
<u>Subsidiaries</u>		
<u>Non-TWSE/TPEX listed companies</u>		
Shing Yen Construction & Development	\$ 3,577	\$ 10
Kompass	16,025	8,988
Gin-Hong Investment	262 (	111)
Full Shine	43,190 (	181,646)
Concord	23,636	15,296
Gold Leaf	164 (	102)
East Capital	(765)	3,118
New Zone	(2,252)	10,714
Subtotal	<u>83,837</u>	<u>(143,733)</u>
<u>Associates</u>		
<u>Publicly quoted entity</u>		
Ruentex Development	\$ 1,775,411	\$ 2,071,172
<u>Non-TWSE/TPEX listed companies</u>		
Ruen Chen Investment Holdings	4,543,011	6,518,687
Nan Shan Life Insurance	47,160	67,304
Ruen Fu Newlife	(3,906)	(6,512)
Subtotal	<u>6,361,676</u>	<u>8,650,651</u>
Total	<u>\$ 6,445,513</u>	<u>\$ 8,506,918</u>

5. Among the investments accounted for under the equity method as of December 31, 2023, Ruen Fu Newlife, Kompas, Gin-Hong Investment, Full Shine, Concord and Gold Leaf are all investments that are based on financial statements audited and certified by other independent auditors. Among the investments accounted for under the equity method as of December 31, 2022, Ruen Fu Newlife, Kompas, Gin-Hong Investment, Full Shine and Concord were based on the financial statements audited and certified by other independent auditors.

6. Subsidiaries

- (1) Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for more information on the Company's subsidiaries.
- (2) To revitalize capital, Gin-Hong Investment's shareholders' meeting approved to reduce

its capital on October 30, 2023, with the capital reduced by 45.61% at NT\$10 per share. The total amount of the payment for the capital reduction was NT\$260,000, of which an amount of NT\$143,000 was refunded to the Company. After the capital reduction, the Company's shareholding remains at 55.00%.

- (3) Shing Yen Construction & Development has adjusted its capital structure and increased the return on shareholders' equity. The shareholders' meeting on June 15, 2023 approved the capital reduction by 9.63% at NTD 10 per share. The capital reduction returned a total of \$60,206 of shares, of which \$30,671 was returned to the Company. After the capital reduction, the Company's shareholding remained at 50.94 %.

7. Associates

- (1) The basic information of primary associates of the Company is as follows:

Company	Main business	<u>Shareholding percentage</u>	Relationship	Measurement		
<u>Title</u>	<u>Place of</u>	<u>Business</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Nature of</u>	<u>Method</u>
Ruentex Development	Taiwan	25.70%	25.70%	Diversification	Equity method	
Ruen Chen Investment Holdings	Taiwan	23.00%	23.00%	Diversification	Equity method	

- (2) The summary on the consolidated financial information of primary associates of the Company is as follows:

Balance Sheets

	<u>Ruentex Development</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 45,654,225	\$ 49,061,161
Non-current assets	131,254,864	115,426,855
Current liabilities	(31,521,011)	(33,993,720)
Non-current liabilities	(43,572,760)	(44,388,179)
Equity	101,815,318	86,106,117
Non-controlling Interest	(7,369,429)	(7,307,846)
	<u>\$ 94,445,889</u>	<u>\$ 78,798,271</u>
Portion of the net assets of associates	\$ 24,272,594	\$ 20,251,156
Unrealized gains or losses on upstream transactions	(2,191)	(2,191)
Mutual shareholdings	(2,459,820)	(1,940,888)
Carrying amount	<u>\$ 21,810,583</u>	<u>\$ 18,308,077</u>

Ruen Chen Investment Holdings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 121,888,195	\$ 156,044,206
Non-current assets (Note 1)	5,281,003,679	5,136,892,334
Current liabilities	(42,098,461)	(39,007,661)
Non-current liabilities	(5,062,762,560)	(5,022,339,699)
Equity	298,030,853	231,589,180
Non-controlling Interest	(35,935,860)	(29,425,203)
	<u>\$ 262,094,993</u>	<u>\$ 202,163,977</u>
Portion of the net assets of associates	<u>\$ 60,281,848</u>	<u>\$ 46,497,714</u>

Note 1: Nan Shan Life Insurance, a subsidiary controlled by Ruen Chen Investment Holdings, adopts the fair value model for the subsequent measurement of the investment property held, and the valuation technique is used in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Statements of Comprehensive Income

	<u>Ruentex Development</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 27,394,143	\$ 32,247,177
Current Net Profit (Note 2)	9,028,059	10,272,997
Other comprehensive income (Net of tax)	<u>10,933,397</u>	<u>(62,418,510)</u>
Total Comprehensive Income Current Period (Note 3)	<u>\$ 19,961,456</u>	<u>(\$ 52,145,513)</u>

Note 2: Included the net combined income attributable to non-controlling interests in Ruentex Development for 2023 and 2022, in the amount of NT\$1,283,544 and NT\$1,117,911, respectively.

Note 3: Included the net combined comprehensive Income attributable to non-controlling interests in Ruentex Development for 2023 and 2022, in the amount of NT\$1,271,008 and NT\$740,631, respectively.

	<u>Ruen Chen Investment Holdings</u>	
	<u>2023</u>	<u>2022</u>
Income	\$ 467,629,673	\$ 478,762,509
Current Net Profit (Note 4)	22,062,715	31,639,526
Other comprehensive income (Net of	<u>44,309,180</u>	<u>(251,235,513)</u>

tax)

Total Comprehensive Income Current Period (Note 5)	\$	<u>66,371,895</u>	(\$	<u>219,595,987)</u>

Note 4: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2023 and 2022, in the amount of NT\$2,310,494 and NT\$3,297,410, respectively.

Note 5: Included the net combined comprehensive income (loss) attributable to non-controlling interests in Ruen Chen Investment Holdings for the years ended 2023 and 2022, in amounts of NT6,940,879 and (NT\$22,957,135), respectively.

(3) The summary on the share of individual insignificant associate's carrying amount and operating result of the Company is as follows:

As of December 31, 2023 and 2022, the total of the carrying amount of individual insignificant associate of the Company were NT\$744,686 and NT\$603,611 respectively.

	<u>2023</u>		<u>2022</u>
Net income of current period	\$ 22,099,859	\$	31,537,358
Other comprehensive income (Net of tax)	<u>40,192,518</u>	(	<u>255,351,388)</u>
Total Comprehensive Income Current Period	<u>\$ 62,292,377</u>	(\$	<u>223,814,030)</u>

(4) For the investments accounted for under equity method of the Company with public market price, their fair values are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Ruentex Development	<u>\$ 27,594,790</u>	<u>\$ 35,127,999</u>

8. The Company holds 25.70% of Ruentex Development as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Development's business decision-making. There are nine seats on the board of directors of Ruentex Development, only two of which are occupied by the Company, showing that the Company has no actual ability to lead Ruentex Development activities. Therefore, it is judged that the Company has no control over it and only has significant influence.

9. Ruentex Development, an investee measured under the equity method, adopts the equity method for measurement of the Group because of the mutual shareholdings with the Group. The investment gains and losses are calculated and adjusted based on the method adopted

for the treasury stock.

- 10.(1) Due to the supply chain disruption caused by the global pandemic over the past two years and the Russo-Ukrainian War, and other factors that have raised global inflationary pressures, interest rates have surged in 2022, which has met the definition of an extreme scenario defined by the Insurance Capital Standard (ICS). Therefore, the Board of Directors of Nan Shan Life Insurance, an insurance investee directly and indirectly invested in by the Company through Ruen Chen Investment Holdings, passed a resolution on September 29, 2022 in accordance with IFRS 9 to change the business model of financial assets management. For the affected financial assets, the collection of contractual cash flows and sales of financial assets were mainly replaced with the collection of contractual cash flows through the financial assets held. The reclassification of financial assets derived from the change of this business model is in alignment with the Accounting Research and Development Foundation's Letter Ji-Mi No. 0000000354 regarding the guidance on the reclassification of financial assets due to changes in the business model for managing financial assets in the insurance industry due to drastic changes in the international economic situation. The Company recognized the effect of reclassification of Nan Shan Life Insurance's assets in accordance with IAS 28 on October 1, 2022, including an increase of investments using the equity method by NT\$60,930,167, a decrease in deferred tax assets by NT\$834,365, and an increase in other equity by NT\$60,095,802. In accordance with the Letter Jin-Guan-Zheng-Fa No. 1110384722, when the distributable earnings are distributed, a special reserve for the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance should be provided in proportion to the shareholding using the equity method. Additionally, when there is a reversal of the change in the fair value of financial assets reclassified by Nan Shan Life Insurance, the Company may reverse the special reserve and distribute the special reserve in proportion to the shareholding using the equity method; the changes in the fair values of financial assets reclassified by Nanshan Life Insurance and the corresponding special reserve provided are disclosed in the notes to the annual financial statements. The information on the finances before and after the relevant reclassification dates is summarized as follows:

	<u>September 30, 2022</u> <u>(before</u> <u>reclassification)</u>	<u>Effects of</u> <u>reclassification</u>	<u>October 1, 2022</u> <u>(after reclassification)</u>
Total Assets	\$ 57,005,368	\$ 60,095,802	\$ 117,101,170
Total Liabilities	38,570,908	-	38,570,908
Total Equity	18,434,460	60,095,802	78,530,262

- (2) Nan Shan Life Insurance reclassified financial assets on October 1, 2022 that were affected by significant changes in reclassification from being measured at fair value through other comprehensive income to being measured at amortized cost. As of December 31, 2023 and 2022, the fair value of the affected financial assets was NT\$1,036,744,167 and NT\$994,679,285, respectively. If Nan Shan Life Insurance had not reclassified these assets on October 1, 2022, the other equity would have been (NT\$256,308,182) and (NT\$290,546,374) as of December 31, 2023 and 2022. The after-tax change in fair value recognized in other comprehensive income for the period from October to December 2023 and 2022 was NT\$34,238,192 and NT\$35,953,774, respectively.
- (3) As per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. As of December 31, 2023, a special reserve that should be provided by the Company as per the above regulations is NT\$67,301,821.
- 11.(1) For the purposes of investments and diversifying operations, the Company invested in Nan Shan Life Insurance in 2010 through Ruen Chen Investment Holding. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$11,250,000. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred portion of shares of Ruen Chen Investment Holdings for trust, the major terms and conditions of the trust are as follows:
- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 563,500 thousand shares held by Ruen Chen Investment Holdings were transferred to the Trust Department of First Commercial Bank Co., Ltd. on September 5 and September 9, 2011 respectively, and trust registration was performed.
- B. Term of trust: The term of trust was ten years starting from the signing date of the trust contracts on September 5 and September 9, 2011 respectively.
- C. Management, use method and limitation to trust property:
- (a) The management and use method for the trust property under this contract is for

specific independent management and use. The trustee has no right to determine the use of the trust property. Unless otherwise specified in this contract, the trust property shall be managed properly according to the operating scope or method instructed by the trustor.

- (b) The change of this contract shall be performed only after the joint negotiation of the trustor and trustee, followed by reporting to FSC for written approval.
- (c) This contract shall become effective upon the signing of both parties. Unless otherwise specified in the laws or both parties agree otherwise, this contract is terminated due to the following matters along with the written consent of the competent authority:
 - (i) In case of the occurrence of breach of contract by any one party, the breaching party shall correct within 15 days from the date of notice by the other party. Any failure to correct beyond such period, the other party may terminate this contract and may claim damage indemnification.
 - (ii) Where there is an actual difficulty in the continuous management of the trust matter, it may be terminated based on the written consents of both parties.
 - (iii) Where the trustee is subject to dissolution, restructure, bankruptcy, revocation of establishment registration or being informed by the exchange office to be a rejected account, it shall inform the other party. Any one party may terminate this contract by informing the other party in writing.
 - (iv) When a creditor of the trustor files petition to the court to revoke the trust under this contract due to harms to its rights and such petition is confirmed.
- (d) Once this contract is terminated, the trustor shall repay the trust management fee and all necessary fees as well as taxes to the trustee, and the trustee may deduct such fees from the trust property.

As stated above, at the request of the competent authority, the Company delivered part of the shares of Ruen Chen Investment Holdings to a trust. However, as the trust period ended in September 2021, the trust property was returned to the Company as per the trust deed.

- (2) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Co., Ltd. (Referred herein as “Nan Shan General Insurance”; originally named as Chartis Taiwan Insurance Co., Ltd.), and the undertaking is as follows:
 - A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according

to the laws and FSC's commitment.

- B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000 thousand ordinary shares of Nan Shan General Insurance, i.e. 100% issued shares with voting rights, when Nan Shan General Insurance has the needs for capital increase at any time, the Company will request Nan Shan Life Insurance to handle the capital increase for Nan Shan General Insurance according to the laws and the request of the competent authority.
 - C. To fulfill the commitment of the Company and Ruen Chen Investment Holdings other shareholders on the long-term operation of Nan Shan General Insurance, in case where there is a need for capital increase for the Nan Shan General Insurance according to the laws or the request of competent authority such that new shares are to be issued for the capital increase, the Company and Ruen Chen Investment Holdings other shareholders undertake to request Nan Shan Life Insurance to hold at least a percentage of 51% on the number of outstanding ordinary shares.
- (3) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT\$4,600,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency. In addition, for the capital increase in cash to Nan Shan Life Insurance in June 2019 through Ruen Chen Investment Holdings, the payment was made by deposited cash in the amounts of NT\$4,596,097 and NT\$3,903.
- 12. To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 27,300 thousand shares of Nan Shan Life Insurance for NT\$436,800, for holding 0.21% of the total shares. As Nan Shan Life Insurance is the investee company accounted for under the equity method of Ruen Chen Investment Holdings, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.
 - 13. Ruen Chen Investment Holding conducted cash capital increase in December 2022 and October 2023 and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$92,000 and NT\$115,000.
 - 14. To improve the financial structure and replenish the working capital, Ruen Fu reduced

capital by \$20,000 in December 2022 to make up for the deficit and increased capital by \$20,000 in cash. The Company subscribed \$8,000 according to the Company's shareholding; also, the capital was reduced in December 2023 to cover the deficit by NT\$20,000 and increase the capital by NT\$30,000 in cash. The Company subscribed NT\$12,000 in proportion to its shareholding.

15. Ruentex Development has adjusted its capital structure and increased the return on shareholders' equity. The shareholders' meeting on June 2023 approved the capital reduction by 10% at face value of NT\$10 per share. The capital reduction returned a total of \$3,160,250 of shares, of which \$812,209 was returned to the Company. After the capital reduction, the Company's shareholding remained at 25.70%.
16. For the status of collaterals provided for investments under equity method of the Company, please refer to Note 8.

(VIII) Property, plant, and equipment

2023		Buildings and structures		Machinery and equipment		Transportation equipment		Leased assets		Leasehold Improvements		Other equipment		Total			
Land																	
January 1																	
Cost	\$	581,046	\$	385,004	\$	132,113	\$	17,743	\$	24,515	\$	221,556	\$	952,565	\$	2,314,542	
Accumulated impairment and depreciation		(	171,098)	(	101,848)	(	15,287)	(	15,287)	(	24,515)	(	209,525)	(	749,585)	(	1,271,858)
	\$	<u>581,046</u>	\$	<u>213,906</u>	\$	<u>30,265</u>	\$	<u>2,456</u>	\$	<u>-</u>	\$	<u>12,031</u>	\$	<u>202,980</u>	\$	<u>1,042,684</u>	
January 1	\$	581,046	\$	213,906	\$	30,265	\$	2,456	\$	-	\$	12,031	\$	202,980	\$	1,042,684	
Addition		-	-		1,793		2,450		4,306					6,453		15,002	
Disposal - costs		-	-	(	23,787)	(	6,261)	(	8,172)	(				(	127,789)	(	166,009)
Disposal - accumulated impairment and depreciation		-	-		23,787		6,261		8,172					(	127,778)		165,998
Depreciation expense		(	11,196)	(	7,776)	(	1,230)	(	9,836)	(				(	5,908)	(	35,946)
Transfer - costs		-	-	-			-	-	-	-				(	165)	(	165)
Transfer - accumulated impairment loss and depreciation		-	-	-			-	-	-	-					165		165
Transfer to expenses - cost		-	-	-			-	-	-	-				(	170)	(	170)
Transfer to expenses - accumulated impairment loss and depreciation		-	-	-			-	-	-	-					105		105
December 31	\$	<u>581,046</u>	\$	<u>202,710</u>	\$	<u>24,282</u>	\$	<u>3,676</u>	\$	<u>-</u>	\$	<u>6,501</u>	\$	<u>203,449</u>	\$	<u>1,021,664</u>	
December 31																	
Cost	\$	581,046	\$	385,004	\$	110,119	\$	13,932	\$	24,515	\$	217,690	\$	830,894	\$	2,163,200	
Accumulated impairment and depreciation		(	182,294)	(	85,837)	(	10,256)	(	10,256)	(	24,515)	(	211,189)	(	627,445)	(	1,141,536)
	\$	<u>581,046</u>	\$	<u>202,710</u>	\$	<u>24,282</u>	\$	<u>3,676</u>	\$	<u>-</u>	\$	<u>6,501</u>	\$	<u>203,449</u>	\$	<u>1,021,664</u>	

2022		Land improvements Buildings and structures Machinery and equipment Transportation equipment Leased assets Leasehold Improvements Other equipment Total																
Land																		
January 1																		
Cost	\$	803,350	\$	37,756	\$	385,004	\$	520,681	\$	15,948	\$	24,515	\$	211,895	\$	1,786,997	\$	3,786,146
Accumulated impairment and depreciation		- (34,467)				(159,902)		(483,267)		(14,945)		(24,515)		(201,359)		(1,580,081)		(2,498,536)
	\$	803,350	\$	3,289	\$	225,102	\$	37,414	\$	1,003	\$	-	\$	10,536	\$	206,916	\$	1,287,610
January 1	\$	803,350	\$	3,289	\$	225,102	\$	37,414	\$	1,003	\$	-	\$	10,536	\$	206,916	\$	1,287,610
Addition		-	-	-	-	-	838		2,400		-	-	-	13,073		1,948		18,259
Disposal - costs		-	-	-	-	-	(389,406)		(605)		-	-	-	(3,412)		(146,666)		(540,089)
Disposal - accumulated impairment and depreciation		-	-	-	-	-												
Depreciation expense		-	-	(11,196)		(7,987)		(947)		(947)		-	-	(11,578)		(5,764)		(37,472)
Transfer - costs (Note)	(	222,304	(	37,756)		-	-		-		-	-	-	-		(689,714)		(949,774)
Transfer - accumulated impairment loss and depreciation (Note)		-	34,467		-	-	-		-		-	-	-	-		689,714		724,181
December 31	\$	581,046	\$	-	\$	213,906	\$	30,265	\$	2,456	\$	-	\$	12,031	\$	202,980	\$	1,042,684
December 31																		
Cost	\$	581,046	\$	-	\$	385,004	\$	132,113	\$	17,743	\$	24,515	\$	221,556	\$	952,565	\$	2,314,542
Accumulated impairment and depreciation		-	-	(171,098)		(101,848)		(15,287)		(15,287)		(24,515)		(209,525)		(749,585)		(1,271,858)
	\$	581,046	\$	-	\$	213,906	\$	30,265	\$	2,456	\$	-	\$	12,031	\$	202,980	\$	1,042,684

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

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

(IX) Lease transactions - lessees

1. The assets leased by the Company include the Zhonglun Building office, other offices, and parking space, and the lease terms during 2023 and 2022 are from 2018 to 2035. The lease contracts are negotiated individually and contain different terms and conditions.
2. The lease terms for the leased company vehicles, storage and sales venues of the Company shall not exceed 12 months, and the underlying assets leased with low value are cash registers and related items for sales events.
3. The information of the right-of-use assets are as the following:

	<u>Buildings and structures</u>	
	<u>2023</u>	<u>2022</u>
January 1		
Cost	\$ 446,986	\$ 450,469
Accumulated depreciation	(143,356)	(86,040)
	<u>\$ 303,630</u>	<u>\$ 364,429</u>
January 1	\$ 303,630	\$ 364,429
Addition-Newly added lease contracts	7,125	-
Depreciation expense	(59,666)	(60,366)
Cost of derecognition	(1,168)	-
Accumulated depreciation on the de- booking date	1,168	-
Lease modifications - costs	(6,888)	(3,483)
Lease modifications - accumulated depreciation	<u>4,245</u>	<u>3,050</u>
December 31	<u>\$ 248,446</u>	<u>\$ 303,630</u>
December 31		
Cost	\$ 446,055	\$ 446,986
Accumulated depreciation	(197,609)	(143,356)
	<u>\$ 248,446</u>	<u>\$ 303,630</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total amount of lease liabilities	\$ 254,275	\$ 309,090
Less: Due within one year (listed as lease liabilities - current)	(59,634)	(59,734)

	<u>\$ 194,641</u>	<u>\$ 249,356</u>

5. The information on income (loss) related to the lease contract is as follows:

	<u>2023</u>		<u>2022</u>
<u>Items affects the income of the current period</u>			
Interest expenses of lease liabilities	(\$ 3,107)	(\$	3,743)
Expenses of short-term lease contracts	(7,398)	(	10,278)
Expenses related to leases of low-value assets	(1,172)	(	1,227)
Gains on lease modifications	<u>24</u>		<u>-</u>
	<u>(\$ 11,653)</u>	(\$	<u>15,248)</u>

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

	<u>2023</u>		<u>2022</u>
Interest expenses of lease liabilities	\$ 3,107	\$	3,743
Expenses of short-term lease contracts	7,398		10,278
Expenses related to leases of low-value assets	1,172		1,227
Principal elements of lease payments	<u>59,273</u>		<u>59,064</u>
	<u>\$ 70,950</u>	\$	<u>74,312</u>

(X) Lease transactions - lessor

1. The Company leases investment property based on operating lease contracts, and recognized rent income of NT\$83,833 and NT\$89,708 for 2023 and 2022, respectively.
2. The Company has leased part of the right-of-use assets and property, plant and equipment based on operating lease contracts and recognized rent income of NT\$25,792 and NT\$24,374 for 2023 and 2022, respectively, and no variable lease payments were included.
3. Analysis to the due dates of lease payments leased as operating leases by the Company is as the following:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Within 1 year	\$ 80,670	\$	65,859
1-2 years	66,245		62,329

2-3 years	66,174	62,058
3-4 years	66,174	61,987
4-5 years	66,174	61,987
More than 5 years	734,341	748,523
Total	<u>\$ 1,079,778</u>	<u>\$ 1,062,743</u>

(XI) Investment Real Estate

	<u>2023</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1	\$ 7,846,870	\$ 665,243	\$ 8,512,113
Fair value adjustment gain	269,889	(32,039)	237,850
December 31	<u>\$ 8,116,759</u>	<u>\$ 633,204</u>	<u>\$ 8,749,963</u>
	<u>2022</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1	\$ 4,654,091	\$ 279,236	\$ 4,933,327
Addition	-	896	896
Transfer - costs (Note)	407,638	3,289	410,927
Fair value adjustment gain	2,785,141	381,822	3,166,963
December 31	<u>\$ 7,846,870</u>	<u>\$ 665,243</u>	<u>\$ 8,512,113</u>

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

1. Rental income from investment real estate:

	<u>2023</u>	<u>2022</u>
Rental income from investment real estate	<u>\$ 83,833</u>	<u>\$ 89,708</u>

2. Investment property fair value valuation basis

The investment property held by the Company is mainly the Yangmei Plant in Taoyuan City, the land in Wuqi, Taichung City, the land in Xinfeng Township, Hsinchu County, as well as the buildings and land of Ruen Fu Newlife (New Aspects) in New Taipei City, all

of which are mainly used for lease-out to earn rental income; the lease terms are about one to 23 years. The main assumptions and related explanations for December 31, 2023 and 2022 are as follows:

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
Objective	Land	Building, land and parking space	Building and land	Land	Building, land and parking space	Building and land
Location	Hainchu County and Taichung City	Taoyuan City and Taipei City	New Taipei City	Hainchu County and Taichung City	Taoyuan City and Taipei City	New Taipei City
Appraisal method	The method of land development analysis	Income approach	Income approach	The method of land development analysis	Income approach	Income approach
Appraisal firm	Savills (Taiwan) Limited	Savills (Taiwan) Limited	Jhong-Ding Real Estate Appraisers Firm	Savills (Taiwan) Limited	Savills (Taiwan) Limited	Jhong-Ding Real Estate Appraisers Firm
Appraiser	Chang, Hung-Kai	Chang, I-Chih, Yeh, Yu-Fen	Jian, Wu-Chi	Chang, Hung-Kai	Chang, I-Chih, Yeh, Yu-Fen	Jian, Wu-Chi
Appraisal base date	December 31, 2023			December 31, 2022		

- (2) Please refer to the table below for the information on the changes in the occupancy rates of the premises and parking spaces held by the Company and the amount of rental income, and the comparison between the local rents and rents from similar properties for 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Building and land</u> <u>(NT\$/ping/monthly)</u>	<u>Parking space</u> <u>(NT\$/space/monthly)</u>
Estimated rent of the project	\$150~\$458	\$15,000
The local rent is similar to the market.	Equivalent to estimated rent	Equivalent to estimated rent
Market price of rent		
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~2.00%	
	<u>December 31, 2022</u>	

	<u>Building and land</u> (NT\$/ping/monthly)	<u>Parking space</u> (NT\$/space/monthly)
Estimated rent of the project	\$160~\$455	\$15,000
The local rent is similar to the market.	Equivalent to estimated rent	Equivalent to estimated rent
Market price of rent		
Occupancy rate	99%~100%	100%
Rental growth rate	0.00%~2.00%	

	<u>2023</u>		
	<u>Building and land</u>	<u>Parking space</u>	
Income amount	\$ 83,490	\$	343
	<u>2022</u>		
	<u>Building and land</u>	<u>Parking space</u>	
Income amount	\$ 89,365	\$	343

- (3) The Company mainly adopts the discounted cash flow analysis method under the income approach to measure the fair value; however, when said method cannot be adopted for undeveloped land, the land development analysis approach is adopted.
- (4) For the discounted cash flow method of the income approach appraisal method estimation process, the current lease contract rent is considered. If the operation period is assumed to exceed the current least contract period during the analysis period, the market rent is used for the evaluation. For the market rent, the rent of similar subject matters and factors affecting the price, including price negotiation, condition and price date, etc. are considered to perform analysis and comparison. In addition, the current lease market demand and consumer price index average change rate are also considered to determine the annual rent growth rate interval. Next, the idle loss and future net cash outflow of the subject matter during the analysis period are considered. Finally, during the end of the analysis period, the estimated disposition value of the subject matter is added and the net cash inflow during the analysis period is calculated, followed by using an appropriate discount rate to calculate total for estimation to the appraisal date. The future cash outflow refers to expenditures directly related to the operation, such as land value tax, house tax, insurance fee, management fee and repair expense. The actual expenditure incurred in the current year is used and the current operational status and future possible changes of the Company are considered in order to estimate the future cash flow.
- (5) The method of land development analysis appraisal method estimation process is to

determine the land development content and expected development time, and to perform investigation, survey and analysis on various costs, relevant expenses and current environmental condition first, along with the collection of market information, in order to estimate the land or building area and total sales amount after the development or construction. In addition, appropriate profit margin and overall capital interest rate are used to calculate the land development analysis price on the appraisal date. When the estimated total sales amount increases, profit margin decreases or overall capital interest rate decreases, the fair value will increase. With regard to the future economy prediction, as the global economic and trading dynamics recover progressively after the epidemic control measures are relaxed, new emerging digital applications of high performance computation, IoT, automotive electronics are expanding, such that it is beneficial to the continuous growth of export orders and production of manufacturing industry. Nevertheless, the global inflation pressure is still high and variance of virus still exists, causing the increase of investment risk of companies, and the factory expansion plan can be affected. All of such unfavorable factors increase the risk of economic decline, and it is necessary to monitor subsequent development and implement response measures properly.

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Xinfeng</u>		<u>Xinfeng</u>	
	<u>Township.</u>	<u>Wuqi District.</u>	<u>Township.</u>	<u>Wuqi District.</u>
	<u>Hsinchu County</u>	<u>Taichung City</u>	<u>Hsinchu County</u>	<u>Taichung City</u>
Estimated total sales amount	<u>\$ 1,048,772</u>	<u>\$ 18,898,905</u>	<u>\$ 1,004,880</u>	<u>\$ 18,486,931</u>
Profit margin	15.00%	24.00%	15.00%	24.00%
Overall capital interest rate	2.32%	3.76%	2.23%	3.69%

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	2.848%~4.095%	2.980%~4.095%

(8) The income approach is adopted for the Company's investment property valuation. The cash flow, analysis period, and discount rate in the valuation method are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3. Please refer to Note 12(3) for the details of fair value of investment property.

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

5. For the status of the collaterals provided for investment real estate held by the Company, please refer to Note 8.

(XII) Intangible assets

	<u>Computer software</u>	
	<u>2023</u>	<u>2022</u>
January 1		
Cost	\$ 26,204	\$ 24,823
Accumulated amortization	(24,819)	(22,503)
	<u>\$ 1,385</u>	<u>\$ 2,320</u>
January 1	\$ 1,385	\$ 2,320
Addition	1,049	1,381
Amortization	(1,572)	(2,316)
December 31	<u>\$ 862</u>	<u>\$ 1,385</u>
December 31		
Cost	\$ 27,253	\$ 26,204

Accumulated amortization	(<u>26,391</u>)	(<u>24,819</u>)
	<u>\$ 862</u>	<u>\$ 1,385</u>

Details of amortization of intangible assets are as follows:

	<u>2023</u>	<u>2022</u>
Selling expenses	\$ 288	\$ 892
General & administrative expenses	<u>1,284</u>	<u>1,424</u>
	<u>\$ 1,572</u>	<u>\$ 2,316</u>

(XIII) Other non-current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 42,813	\$ 42,962
Prepayments for business facilities	2,752	-
Defined benefit assets	28,291	25,945
Others	-	45
Overdue receivable	4,088	3,749
Loss allowance - Overdue receivable	(<u>4,088</u>)	(<u>3,749</u>)
	<u>\$ 73,856</u>	<u>\$ 68,952</u>

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

(XIV) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ -	-	Note
Credit Loan	<u>350,000</u>	1.65%~1.70%	Nil
	<u>\$ 350,000</u>		

<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ 490,000	1.70%	Note

Credit Loan	<u>1,800,000</u>	1.55%~1.96%	Nil
	<u>\$ 2,290,000</u>		

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

(XV) Short-term bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ -	\$ 500,000
Less: Unamortized discount	-	(302)
	<u>\$ -</u>	<u>\$ 499,698</u>
Interest rate collars	-	1.84%

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

(XVI) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 78,191	\$ 68,481
Employee compensation payable	62,176	87,016
Dividends payables	43,762	45,095
Interest payable	7,208	8,645
Payables on equipment	1,456	1,009
Others	78,975	81,155
	<u>\$ 271,768</u>	<u>\$ 291,401</u>

(XVII) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loan	\$ 7,620,000	\$ 5,400,000
Credit bank loan	<u>7,025,000</u>	<u>7,950,000</u>
	14,645,000	13,350,000
Less: Long-term borrowings due within one year or one operating cycle	(850,000)	(1,975,000)
	<u>\$ 13,795,000</u>	<u>\$ 11,375,000</u>

Maturity date range	114.02.08~115.06.26	112.12.21~114.06.30
Interest rate collars	1.60%~1.88%	1.40%~2.05%

1. The Company signed a credit agreement with CTBC Bank in June 2023 to provide financing to the Company. The credit period is from June 2023 to May 2025. The total credit limit is NT\$1,300,000, and as of December 31, 2023, the Company had drawn down a credit amount of NT\$300,000. The main commitments of the Company are as follows:
 - (1) The Company reviews the annual and semi-annual consolidated statements audited by accountants every six months (every April and October).
 - (2) The Company shall maintain a current ratio of not less than 100%, a debt ratio of not greater than 100%, an interest coverage ratio of not less than three times, and the net value of tangible assets of NT\$35,000,000 or above. The calculation of the aforementioned net value of tangible assets shall exclude the profit and loss effect on Ruen Chen Investment Holdings (calculated in proportion to the shareholding).
 - (3) As per the general terms under Item B and the acceleration clause under Article 5 of the guaranty agreement signed between the Company and CTBC Bank, to secure its creditor's rights, CTBC Bank, in the event of matters specifically stipulated in the agreement with the effect in alignment of the acceleration clause may stop or reduce the loan at any time or shorten the credit period, or the principal and interest shall be deemed fully due.
2. The Company signed a credit agreement with Taipei Fubon Bank in July 2023 to provide financing to the Company. The credit period is from August 2023 to July 2025. The total credit limit is NT\$500,000, and as of December 31, 2023, the Company had drawn down a credit amount of NT\$0. The main commitments of the Company are as follows:
The Company follows up on the following criteria after drawdown and examines if the use of the loan exceeds the limit.
 - (1) The Company reviews the consolidated financial statements audited by accountants every year.
 - (2) The Company shall maintain a current ratio of no lower than 100%, a debt ratio of no greater than 100%, the times of interest earned of no fewer than three times, and the net value of tangible assets of no less than NT\$35,000,000.
3. The Company signed a credit agreement with EnTie Commercial Bank in April 2023 to provide financing to the Company. The credit period is from May 2023 to May 2025. The total credit limit is NT\$500,000, and as of December 31, 2023, the Company had drawn down a credit amount of NT\$0. The main commitments of the Company are as follows:
 - (1) The Company should maintain a consolidated current ratio of 70% or more and a

consolidated debt ratio of 120% or less.

- (2) When the loan criteria fails to be met, Entie Commercial Bank bears no obligation to maintain the facility and, therefore, may terminate part or all of the facility.
4. In addition to the endorsement/guarantees and collateral provided by the Company for short-term borrowings, short-term notes payable, and long-term borrowings as in Notes 7 (2)-9 and 8, the amounts of guarantee notes issued are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee notes	<u>\$ 46,805,900</u>	<u>\$ 52,265,900</u>

(XVIII) Other non-Current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits received	<u>\$ 788,889</u>	<u>\$ 741,649</u>
Others	<u>965</u>	<u>2,022</u>
	<u>\$ 789,854</u>	<u>\$ 743,671</u>

(XIX) Pensions

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

<u>December 31, 2023</u>	<u>December 31, 2022</u>

Present value of defined benefit obligation	\$ 163,016	\$ 166,981
Fair value of plan assets	(191,307)	(192,926)
Net defined benefit (asset) liability		
(listed as other non-current (assets) liabilities)	(\$ 28,291)	(\$ 25,945)

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

	<u>2023</u>		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (assets) liabilities
Balance, January 1	\$ 166,981	(\$ 192,926)	(\$ 25,945)
Current service cost	1,131	-	1,131
Interest revenue (expense)	<u>2,087</u>	<u>(2,454)</u>	<u>(367)</u>
	<u>170,199</u>	<u>(195,380)</u>	<u>(25,181)</u>
Re-measurements			
Returns on plan assets			
(other than the amounts included in interest income or expense)	-	(1,662)	(1,662)
Effects of changes in economic assumptions	1,210	-	1,210
Experience adjustments	<u>1,741</u>	<u>-</u>	<u>1,741</u>
	<u>2,951</u>	<u>(1,662)</u>	<u>1,289</u>
Contribution to pension fund	-	(4,271)	(4,271)
Payment of pension benefits	<u>(10,134)</u>	<u>10,006</u>	<u>(128)</u>
Balance, December 31	<u>\$ 163,016</u>	<u>(\$ 191,307)</u>	<u>(\$ 28,291)</u>

	<u>2022</u>		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (assets) liabilities
Balance, January 1	\$ 192,097	(\$ 177,093)	\$ 15,004
Current service cost	1,148	-	1,148
Interest revenue (expense)	<u>961</u>	<u>(905)</u>	<u>56</u>
	<u>194,206</u>	<u>(177,998)</u>	<u>16,208</u>
Re-measurements			
Returns on plan assets			
(other than the amounts included in interest income			

or expense)	-	(12,732)	(12,732)
Effects of changes in demographic assumptions	157	-	157
Effects of changes in economic assumptions	2,479	-	2,479
Experience adjustments	<u>3,432</u>	<u>-</u>	<u>3,432</u>
	<u>6,068</u>	<u>(12,732)</u>	<u>(6,664)</u>
Contribution to pension fund	-	(6,689)	(6,689)
Payment of pension benefits	<u>(33,293)</u>	<u>4,493</u>	<u>(28,800)</u>
Balance, December 31	<u>\$ 166,981</u>	<u>(\$ 192,926)</u>	<u>(\$ 25,945)</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2023</u>	<u>2022</u>
Discount rate	1.125%	1.250%
Future salary increase in percent	2.000%	2.000%

The future mortality rates in 2023 and 2022 were both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2023				
The impact on				
the present value of defined benefit obligations	<u>(\$ 2,402)</u>	<u>\$ 2,474</u>	<u>\$ 2,410</u>	<u>(\$ 2,352)</u>
December 31, 2022				
The impact on				
the present value of defined benefit obligations	<u>(\$ 2,684)</u>	<u>\$ 2,766</u>	<u>\$ 2,698</u>	<u>(\$ 2,631)</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed.

In practice, more than one assumption may change all at once. The method of analyzing sensitivity and

the method of calculating net pension liability in the balance sheet are the same.

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

- (6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to NT\$4,231.
- (7) As of December 31, 2022, the weighted average duration of that retirement plan is 6 years.

The analysis of timing of the future pension payment was as follows:

	<u>December 31, 2023</u>
Less than 1 year	\$ 34,110
1-2 years	8,366
2-5 years	54,563
More than 5 years	<u>27,326</u>
	<u>\$ 124,365</u>

- 2.(1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) In 2023 and 2022, the pension cost recognized by the Company in accordance with

the above regulations was NT\$13,591 and NT\$13,327, respectively.

(XX) Share-based payment

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

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

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

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

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

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

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

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

	<u>2023</u>		<u>2022</u>
Equity settled	\$	-	\$ 62,840

(XXI) Capital

1. As of December 31, 2023, the Company's authorized capital was NT\$15,000,000, and the paid-in capital was NT\$11,043,188 with a par value of NT\$10 per share; all shares are issued as ordinary shares. All proceeds from shares issued have been collected.
2. The number of the Company's outstanding shares on December 31, 2023 and 2022 was 1,104,319 thousand and 1,104,319 thousand, respectively. The number of the Company's outstanding shares (in thousands) at the beginning and end of the period was adjusted as follows:

	<u>2023</u>		<u>2022</u>
January 1	1,104,319		734,319
Cash Capitalization	-		370,000
December 31	<u>1,104,319</u>		<u>1,104,319</u>

3. The Company decided to conduct a cash capital increase by issuing new shares as approved by resolution of the Board of Directors on July 28, 2022. The total number of shares to be issued was 370,000 thousand shares, with the par value of NT\$10 per share, which were all ordinary shares. The subscription price per share was NT\$50, amounting to NT\$18,500,000. After approval by the competent authority, September 29, 2022 was adopted as the record date for the capital increase, and the registration of the change was completed on October 5, 2022.
4. As for the treasury shares listed by the Company, they are 36,593 thousand shares held by the subsidiary, Gin-Hong Investment, as of December 31, 2023 and 2022 to protect its shareholders' equity. The information on the amount is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
	<u>Carrying amount</u>		<u>Carrying amount</u>
Gin-Hong Investment	\$ 552,479	\$	552,479

(XXII) Capital surplus

1. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in

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

2. Change of capital surplus is as follows:

	<u>2023</u>		Changes in	Others	Total
	Issued at premium	Treasury share transactions	the associates' net value of equity		
January 1	\$ 25,956,207	\$ 1,093,466	\$ 929,477	\$ 112,115	\$ 28,091,265
Cash dividends received by subsidiaries from the parent company	-	40,253	-	-	40,253
Changes in the equity of associates recognized based on shareholding percentage	-	-	28,041	-	28,041
Overdue dividends not collected by shareholders	-	-	-	13,612	13,612
Gains after disgorgement exercised	-	-	-	23	23
Income tax effect	-	-	(682)	1, (	(682)
December 31	<u>\$ 25,956,207</u>	<u>\$ 1,133,719</u>	<u>\$ 955,836</u>	<u>\$ 125,750</u>	<u>\$ 28,171,512</u>

	<u>2022</u>		Changes in	Employee	Others	Total
	Issued at premium	Treasury share transactions	the associates' stock net value of equity	options		
January 1	\$ 11,114,322	\$ 992,834	\$ 894,789	\$ -	\$ 89,220	\$ 13,091,165
Cash Capitalization	14,841,885	-	-	(85)	41,8	14,800,000
Employee stock options that expired	-	-	-	(55)	20,9	-
share-based payment transaction	-	-	-	62,840	-	62,840
Cash dividends received by subsidiaries from the parent company	-	100,632	-	-	-	100,632
Changes in the equity of associates recognized based on shareholding percentage	-	-	36,903	-	-	36,903
Overdue dividends not collected by shareholders	-	-	-	-	1,931	1,931
Gains after disgorgement exercised	-	-	-	-	9	9
Income tax effect	-	-	(215)	2, (	(215)	(215)
December 31	<u>\$ 25,956,207</u>	<u>\$ 1,093,466</u>	<u>\$ 929,477</u>	<u>\$ -</u>	<u>\$ 112,115</u>	<u>\$ 28,091,265</u>

(XXIII) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
- 4.(1) The 2022 and 2021 earnings distribution proposals of the Company were approved by the shareholders' meetings on June 16, 2023 and June 23, 2022. The details are as follows:

	<u>2022</u>			<u>2021</u>		
	<u>Amount</u>	<u>Dividend per share (NT\$)</u>		<u>Amount</u>	<u>Dividend per share (NT\$)</u>	
Legal reserve	\$ 1,388,188			\$ 1,582,235		
Special reserve (Note)	63,312,557			-		
Cash dividends	-	\$	-	3,671,594	\$	5.00
Total	<u>\$ 64,700,745</u>			<u>\$ 5,253,829</u>		

Note: The components of the special reserve provided for the 2022 distribution

plan are as follows:

- a. As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of NT\$3,017,739 were provided.
 - b. Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$40,495,760 for the net deduction of other equity incurred during this period.
 - c. As mentioned in Note 6(7)10(3), as per Jin-Guan-Zheng-Fa No. 1110384722 and the Questions and Answers Regarding Public Companies' Applicability of the Provision of Special Reserves for Changes in the Fair Values of Financial Assets Reclassified by Insurance Investees, when the cumulative amount of changes in the fair values of the financial assets reclassified by an insurance investee in proportion to the shareholding using the equity method, the amount of the special reserve that should be available for the period (that is, the balance of the special reserve after provision and reversal) shall not exceed the carrying amount of the public company's investment in the insurance investee using the equity method for the period. The Company provided a special reserve from the 2022 distributable earnings in accordance with the above regulations (a) and (b) and provided NT\$19,799,058 in accordance with the above-mentioned regulations.
- (2) Approved by the shareholders' meeting on June 16, 2023, the Company would distribute \$2 per share in cash using its legal reserve, totaling \$2,208,638.
5. The appropriation of earnings for 2023 had been proposed by Company's board of directors on March 13, 2024 as follows:

	<u>2023</u>		
	<u>Amount</u>		<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 737,360		
Reversal of special reserve (Note)	(10,705,533)		
Cash dividends	<u>2,760,797</u>	\$	2.50
Total	<u>(\$ 7,207,376)</u>		

Note: The components of the special reserve provided for the 2023 distribution plan are as follows:

- a. As per Jin-Guan-Zheng-Fa No. 10901500221, regarding the investment property that the Company continues to adopt the fair value model for measurement, the net increase (decrease) in the fair value during the period and the net increase (decrease) in the fair value of the investees' investment property in the investment income recognized in proportion to the shareholding using the equity method during the year in the amount of NT\$501,419 were provided.
 - b. Pursuant to Jin-Guan-Zheng-Fa No. 1090150022, the Company provided NT\$11,206,952 for the net deduction of other equity incurred during this period was reversed.
6. Change of undistributed earnings is as follows:

	<u>2023</u>	<u>2022</u>
January 1	\$ 64,700,745	\$ 56,072,695
Appropriation and distribution of earnings:		
- Legal reserve	(1,388,188)	(1,582,235)
- Special reserve	(63,312,557)	-
- Cash dividend	-	(3,671,594)
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	251	1,145,982
Changes in associates & joint ventures accounted for using equity method	35	288,906
Net income of current period	7,499,620	12,168,391
Remeasurements of defined benefit obligation		
- The Company	(1,289)	6,664
- Subsidiaries and associates	(126,994)	277,266
Effect of income tax on Remeasurements of defined benefit obligation		
- The Company	258	(1,333)
- Subsidiaries and associates	1,719	(3,997)
December 31	<u>\$ 7,373,600</u>	<u>\$ 64,700,745</u>

(XXIV) Other equity items

	<u>2023</u>			<u>Reclassification by the overlay approach</u>	<u>Property revaluation surplus</u>	<u>Total</u>
	<u>Unrealized valuation profit or loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>			
January 1	(\$ 15,113,123)	(\$ 533,082)	\$ 215	(\$ 25,742,567)	\$ 38,727	(\$ 41,349,830)
Unrealized valuation profit or loss of financial assets:						

- The Company	(	236,991)	-	-	-	-	(	236,991)
-Changes in the Company's disposal	(	251)	-	-	-	-	(	251)
- Tax related to the Company		15,833	-	-	-	-		15,833
- Subsidiaries and associates		882,626	-	-	-	-		882,626
- Changes in disposal of associates	(	35)	-	-	-	-	(	35)
- Tax related to the subsidiaries and associates		101,153	-	-	-	-		101,153
Foreign currency translation differences:								
- Subsidiaries and associates	-	(6,664)	-	-	-	-	(	6,664)
- Tax related to the subsidiaries and associates	-	738	-	-	-	-	-	738
Reclassification by the overlay approach:								
- Associate	-	-	-	10,443,709	-	10,443,709	-	
- Tax related to the associates	-	-	-	(9,127)	-	(9,127)	-	
Property revaluation surplus:								
- Associate	-	-	-	-	15,997	15,997		
- Tax related to the associates	-	-	-	-	(35)	(35)		
December 31		<u>(\$ 14,350,788)</u>	<u>(\$ 539,008)</u>	<u>\$ 215</u>	<u>(\$ 15,307,985)</u>	<u>\$ 54,689</u>	<u>(\$ 30,142,877)</u>	

		<u>2022</u> <u>Unrealized</u> <u>valuation profit</u> <u>or loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>Reclassification</u> <u>by the overlay</u> <u>approach</u>	<u>Property</u> <u>revaluation</u> <u>surplus</u>	<u>Total</u>
January 1	\$	9,920,347	(\$ 885,655)	\$ 215	\$ 18,298,845	\$ 38,727	\$ 27,372,479
Unrealized valuation profit or loss of financial assets:							
- The Company	(	438,476)	-	-	-	-	(438,476)
-Changes in the Company's disposal	(	1,145,982)	-	-	-	-	(1,145,982)
- Tax related to the Company		95,810	-	-	-	-	95,810
- Subsidiaries and associates	(	23,529,317)	-	-	-	-	(23,529,317)
- Changes in disposal of associates	(	288,906)	-	-	-	-	(288,906)
- Tax related to the subsidiaries and associates		273,401	-	-	-	-	273,401
Foreign currency translation differences:							
- Subsidiaries and associates	-	435,764	-	-	-	-	435,764
- Tax related to the subsidiaries and associates	-(	83,191)	-	-	-	-	(83,191)
Reclassification by the overlay approach:							
- Associate	-	-	-	(44,346,126)	-	(44,346,126)	
- Tax related to the associates	-	-	-	<u>304,714</u>	-	<u>304,714</u>	
Property revaluation surplus:							
- Associate	-	-	-	-	15,997	15,997	
- Tax related to the associates	-	-	-	-	(35)	(35)	
December 31		<u>(\$ 15,113,123)</u>	<u>(\$ 533,082)</u>	<u>\$ 215</u>	<u>(\$ 25,742,567)</u>	<u>\$ 38,727</u>	<u>(\$ 41,349,830)</u>

(XXV) Operation Income

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers:		
Revenue from sales of goods	\$ 2,307,975	\$ 2,513,096
Rental income	109,625	114,082
	<u>\$ 2,417,600</u>	<u>\$ 2,627,178</u>

1. Detail of customer contract income

The Company's revenue is mainly from the transfer of products and leases over time or at a point in time, and it can be broken down into the main segments below:

<u>2023</u>	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	<u>\$ 631,477</u>	<u>\$ 523,020</u>	<u>\$ 1,153,478</u>	<u>\$ 2,307,975</u>
Timing of revenue recognition				
Revenue recognized at a point in time	<u>\$ 631,477</u>	<u>\$ 523,020</u>	<u>\$ 1,153,478</u>	<u>\$ 2,307,975</u>

<u>2022</u>	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	<u>\$ 758,480</u>	<u>\$ 549,271</u>	<u>\$ 1,205,345</u>	<u>\$ 2,513,096</u>
Timing of revenue recognition				
Revenue recognized at a point in time	<u>\$ 758,480</u>	<u>\$ 549,271</u>	<u>\$ 1,205,345</u>	<u>\$ 2,513,096</u>

2. Contract assets and liabilities (related parties included)

The Company did not recognize contract assets related to revenue from customer contracts as of December 31, 2023 and 2022. In addition, the contract liabilities recognized by the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	<u>\$ 34,804</u>	<u>\$ 23,348</u>	<u>\$ 24,347</u>

(XXVI) Operation cost

	<u>2023</u>	<u>2022</u>
Costs of clients' contracts:		
Cost of sales of goods	\$ 1,640,084	\$ 1,859,732
Rental cost	<u>-</u>	<u>-</u>

\$	<u>1,640,084</u>	\$	<u>1,859,732</u>

(XXVII) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest on cash in banks	\$ 241,508	\$ 101,181
Interest income from the financial assets measured at amortized costs	235,738	100,179
Imputed interest for deposit	<u>284</u>	<u>105</u>
	<u>\$ 477,530</u>	<u>\$ 201,465</u>

(XXVIII) Other income

	<u>2023</u>	<u>2022</u>
Dividend income		
Financial assets at fair value through profit or loss	\$ 12,656	\$ 149,936
Financial assets at fair value through other comprehensive income acquired	192,921	180,826
Other income	<u>62,941</u>	<u>65,660</u>
	<u>\$ 268,518</u>	<u>\$ 396,422</u>

(XXIX) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposals of real estate, plant and equipment	\$ 3,953	\$ 8,503
Gains on disposal of assets (Note)	499,146	-
Net foreign exchange gains	74,869	1,161,649
Gains (losses) on financial assets at fair value through profit or loss	(84,978)	243,915
Fair value adjustment gain - investment property	237,850	3,166,963
Gains on lease modifications	24	-
Others	<u>(4,479)</u>	<u>(4,728)</u>
	<u>\$ 726,385</u>	<u>\$ 4,576,302</u>

Note: Please refer to Note 6(3)1 for the gain on disposal of assets, which is the sale of the land located in Xiapu Subsection, Wucuo Section, Dayan District, Taoyuan City by the Company in November 2023.

(XXX) Financial Costs

	<u>2023</u>	<u>2022</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 278,114	\$ 362,092
Lease liabilities	3,107	3,743
Others	10,124	5,162
Other financial expenses	<u>141</u>	<u>10,418</u>
	<u>\$ 291,486</u>	<u>\$ 381,415</u>

(XXXI) Additional information on the nature of costs and expenses

	<u>2023</u>	<u>2022</u>
Raw materials and supplies consumed	\$ 18,542	\$ 79,681
Changes in inventories of finished goods and work-in-process	450,849	672,629
Changes in merchandise inventory	1,098,613	1,127,123
Contract processing expense	112,238	91,870
Gain from the price recovery of inventory declines	(40,158)	(111,571)
Employee benefit expense	401,501	469,798
Depreciation expenses for property, plant and equipment	35,946	37,472
Depreciation expenses for right-of-use assets	59,666	60,366
Amortization	2,476	2,524
Expected credit impairment losses (gains on reversal)	979	518
Other operating costs and expenses	<u>317,994</u>	<u>297,639</u>
	<u>\$ 2,456,688</u>	<u>\$ 2,728,049</u>

(XXXII) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 333,924	\$ 323,850

Labor and Health Insurance costs	32,058	31,395
Pension expense	14,355	14,531
Directors' Remuneration	7,338	23,802
Compensation cost of employee stock options	-	62,840
Other employment fees	<u>13,826</u>	<u>13,380</u>
	<u>\$ 401,501</u>	<u>\$ 469,798</u>

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 0.5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.

2. For the years ended December 31, 2023 and 2022, employees' compensation was estimated at NT\$22,831 and NT\$39,716, respectively. The aforementioned amounts were estimated at 0.3% of the year's profitability and accounted for in salary expenses.

As for the employees' compensation for 2023, the actual amount allocated by the board of directors is consistent with the estimated amount and will be paid in cash.

Employees' compensation for 2022 as resolved by the board of directors was in agreement with the amount of NT\$39,716 recognized in the 2022 financial statements and will be paid in cash.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXXIII) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax occurred in the current period	\$ 49,728	\$ 153,984
Land value increment tax	4,738	-
Change on income tax of minimum tax	-	9,667
Income tax imposed on undistributed earnings	-	528,426

Underestimation on income tax for prior years	<u>19,703</u>	<u>897</u>
Total income tax for current period	<u>74,169</u>	<u>692,974</u>
Deferred income tax:		
Land value increment tax - investment property	12,050	179,115
Origination and reversal of temporary differences	<u>1,533</u>	<u>158,341</u>
Income tax expense	<u>\$ 87,752</u>	<u>\$ 1,030,430</u>

(2) The income tax direct (debit) credit relating to components of other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
Changes in unrealized valuation (profit) loss	\$ 15,833	\$ 95,810
Portion of other comprehensive income from the subsidiaries and associates	94,448	490,927
Remeasurements of defined benefit obligation	<u>258</u>	<u>(1,33)</u>
	<u>\$ 110,539</u>	<u>\$ 585,404</u>

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

	<u>2023</u>	<u>2022</u>
Capital surplus	<u>(\$ 1,682)</u>	<u>(\$ 2,215)</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Imputed income tax expenses on pre-tax income at statutory tax rate	\$ 1,517,474	\$ 2,639,764
Expenses to be excluded as stipulated in the tax law	157	4,701
Income with exemption from tax as stipulated in the tax law	(1,462,288)	(2,324,627)
Income tax effects of investment tax credits	-	(1,172)
Land value increment tax	16,788	179,115
Change on income tax of minimum tax	-	9,667
Temporary differences on unrealized deferred income tax	(4,082)	(6,341)
Income tax imposed on undistributed earnings	-	528,426

Underestimation on income tax for prior years	19,703	897
Income tax expense	<u>\$ 87,752</u>	<u>\$ 1,030,430</u>

3. Amounts of deferred tax Assets or liabilities as a result of temporary difference are as follows:

	<u>2023</u>		<u>2022</u>		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized as other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 40,424	(\$ 8,032)	\$ -	\$ -	\$ 32,392
Impairment loss on fixed assets	26	(26)	-	-	-
Impairment loss on deferred expenses	3	(3)	-	-	-
Impairment loss on investment properties	48,900	(4,302)	-	-	44,598
Impairment loss on other assets	3,858	(1,089)	-	-	2,769
Allowance for bad debt exceeding the limits	689	(122)	-	-	567
Unrealized foreign exchange losses	39,455	(8,498)	-	-	30,957
Impairment loss using equity method	90,406	-	-	-	90,406
Domestic investment loss	77,146	(1,438)	-	-	75,708
Unrealized gains or losses among companies	405	(211)	-	-	194
Portion of other comprehensive income from the subsidiaries and associates	632,691	-	93,120	-	725,811
Remeasurements of defined benefit obligation	8,161	-	258	-	8,419
Subtotal	<u>942,164</u>	<u>(23,721)</u>	<u>93,378</u>	<u>-</u>	<u>1,011,821</u>
- Deferred income tax liabilities:					
Foreign investment gain	793,855	(604)	-	-	793,251
Rental cost of investment property	54,727	1,816	-	-	56,543
Loss on write-off of investment properties	3	4	-	-	7
Fair value adjustment gain - investment building	87,215	(6,408)	-	-	80,807
Land value increment tax of investment property	274,930	12,050	-	-	286,980
Gains on Financial assets at fair value through profit or loss	141,384	(16,996)	-	-	124,388
Changes in unrealized valuation profit or loss	46,253	-	(15,833)	-	30,420
Portion of other comprehensive income from the subsidiaries and associates	43,338	-	(1,328)	1,682	43,692
Subtotal	<u>1,441,705</u>	<u>(10,138)</u>	<u>(17,161)</u>	<u>1,682</u>	<u>1,416,088</u>
Total	<u>(\$ 499,541)</u>	<u>(\$ 13,583)</u>	<u>\$ 110,539</u>	<u>(\$ 1,682)</u>	<u>(\$ 404,267)</u>

2022

	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized as other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 62,738	(\$ 22,314)	\$ -	\$ -	\$ 40,424
Impairment loss on fixed assets	5,820	(5,794)	-	-	26
Impairment loss on deferred expenses	196	(193)	-	-	3
Rental cost of investment property	(2,521)	2,521	-	-	-
Impairment loss on investment properties	2,521	46,379	-	-	48,900
Impairment loss on other assets	50,417	(46,559)	-	-	3,858
Allowance for bad debt exceeding the limits	601	88	-	-	689
Unrealized foreign exchange losses	21,739	17,716	-	-	39,455
Impairment loss using equity method	90,406	-	-	-	90,406
Domestic investment loss	77,768	(622)	-	-	77,146
Unrealized gains or losses among companies	617	(212)	-	-	405
Portion of other comprehensive income from the subsidiaries and associates	541,187	-	91,504	-	632,691
Remeasurements of defined benefit obligation	<u>9,494</u>	<u>-</u>	<u>(1,333)</u>	<u>-</u>	<u>8,161</u>
Subtotal	<u>860,983</u>	<u>(8,990)</u>	<u>90,171</u>	<u>-</u>	<u>942,164</u>
- Deferred income tax liabilities:					
Foreign investment gain	824,381	(30,526)	-	-	793,855
Rental cost of investment property	-	54,727	-	-	54,727
Loss on write-off of investment properties	-	3	-	-	3
Fair value adjustment gain - investment building	10,850	76,365	-	-	87,215
Land value increment tax of investment property	95,815	179,115	-	-	274,930
Gains on Financial assets at fair value through profit or loss	92,602	48,782	-	-	141,384
Changes in unrealized valuation profit or loss	142,063	-	(95,810)	-	46,253
Portion of other comprehensive income from the subsidiaries and associates	<u>440,546</u>	<u>-</u>	<u>(399,423)</u>	<u>2,215</u>	<u>43,338</u>
Subtotal	<u>1,606,257</u>	<u>328,466</u>	<u>(495,233)</u>	<u>2,215</u>	<u>1,441,705</u>
Total	<u>(\$ 745,274)</u>	<u>(\$ 337,456)</u>	<u>\$ 585,404</u>	<u>(\$ 2,215)</u>	<u>(\$ 499,541)</u>

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

December 31, 2023

<u>Year of occurrence</u>	<u>amount approved</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred i</u>
2019	\$ 581,064	\$ -	\$ -
2020	<u>950,327</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,531,391</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

<u>Year of occurrence</u>	<u>amount approved</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred income tax</u>
2019	\$ 581,064	\$ -	\$ -
2020	<u>950,327</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,531,391</u>	<u>\$ -</u>	<u>\$ -</u>

5. The Company's accumulated deductible temporary difference of unrecognized deferred income tax:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>(\$ 3,636)</u>	<u>(\$ 24,450)</u>

6. The Company's income tax returns through 2021 have been assessed as approved by the Tax Authority.

(XXXIV) Earnings per share

<u>2023</u>		<u>Earnings per share</u>
<u>After-tax amount</u>	<u>Number of shares outstanding (thousand shares) at the end of the period</u>	<u>(NTD)</u>
<u>Basic earnings per share</u>		
Net income attributable to ordinary shareholders	\$ 7,499,620 1,043,663	\$ 7.19
<u>Diluted earnings per share</u>		
Net income attributable to ordinary shareholders	\$ 7,499,620 1,043,663	
Dilutive potential ordinary shares	<u>-</u>	<u>490</u>

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to ordinary
shareholder
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potential
common
stocks

\$ 7,499,620 1,044,153

\$ 7.18

2022

Earnings per
share

After-tax
amount

Weighted average number of shares outstanding
(thousand shares)

(NTD)

Basic
earnings
per share

Net income
attributable
to ordinary
shareholder
s

\$ 12,168,391 782,685

\$ 15.55

Diluted
earnings
per share

Net income
attributable
to ordinary
shareholder
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\$ 12,168,391 782,685

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\$ 12,168,391 783,440

\$ 15.53

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(XXXV) Cash flow supplement Information

1. Investing activities paid partially by cash:

	<u>2023</u>		<u>2022</u>
Acquisition of property, plant and equipment	\$ 15,002	\$	18,259
Add: Other payables at the beginning of the period - payable on equipment	1,009		2,751
Less: Other payables at the end of the period - payable on equipment	(1,456)	(	1,009)
Cash payments for current period	<u>\$ 14,555</u>	<u>\$</u>	<u>20,001</u>

	<u>2023</u>		<u>2022</u>
Purchase of Investment real estate	\$ -	\$	896
Add: Other payables at the beginning of the period-Others	149		-
Less: Other payables at the end of the period-Others	-	(	149)
Cash payments for current period	<u>\$ 149</u>	<u>\$</u>	<u>747</u>

	<u>2023</u>		<u>2022</u>
Purchase of intangible assets	\$ 1,049	\$	1,381
Add: Other payables at the beginning of the period-Others	288		640
Less: Other payables at the end of the period-Others	(288)	(	288)
Cash payments for current period	<u>\$ 1,049</u>	<u>\$</u>	<u>1,733</u>

2. Operating and investing activities with no cash flow effects:

	<u>2023</u>		<u>2022</u>
Inventories reclassified to Investment real	\$ -	\$	180,846

estate

Real estate, plant and equipment transferred to investment properties	\$ -	\$ 225,593
Other non-current assets reclassified to investment property	\$ -	\$ 4,488
Real estate, plant and equipment transferred to expenses	\$ 65	\$ -

(XXXVI) Liabilities from financing activities

2023

	<u>Short-term borrowings</u>	<u>Short-term bills payable</u>	<u>Guarantee deposits received</u>	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (including those due within 1 year) activities	Total liabilities from financing activities
January 1	\$ 2,290,000	\$ 499,698	\$ 741,649	\$ 13,350,000	\$ 309,090	\$ 17,190,437
Changes of the financing cash flows	(1,940,000)	(500,000)	47,240	1,295,000	(73)	59,2 (3)
Addition-Newly added lease contracts	-	-	-	-	7,125	7,125
Modifications to leases	-	-	-	-	(67)	2,6 (67)
Other non-cash changes	-	302	-	-	-	302
December 31	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 788,889</u>	<u>\$ 14,645,000</u>	<u>\$ 254,275</u>	<u>\$ 16,038,164</u>

2022

	<u>Short-term borrowings</u>	<u>Short-term bills payable</u>	<u>Guarantee deposits received</u>	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (including those due within 1 year) activities	Total liabilities from financing activities
January 1	\$ 1,100,000	\$ 2,277,271	\$ 725,769	\$ 30,882,395	\$ 368,587	\$ 35,354,022
Changes of the financing cash flows	1,190,000	(1,780,000)	15,880	(00)	17,532,5 (64)	59,0 (4)
Modifications to leases	-	-	-	-	(33)	4 (33)
Other non-cash changes	-	2,427	-	105	-	2,532
December 31	<u>\$ 2,290,000</u>	<u>\$ 499,698</u>	<u>\$ 741,649</u>	<u>\$ 13,350,000</u>	<u>\$ 309,090</u>	<u>\$ 17,190,437</u>

VII. Transaction with Related Parties

(I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Company</u>
Shing Yen Construction & Development Co., Ltd.	Subsidiary of the Company
Gin-Hong Investment Co., Ltd.	Subsidiary of the Company
Kompass Global Sourcing Solutions Ltd. (Kompass)	Subsidiary of the Company
Shanghai Newzone Fashion Ltd. (Shanghai Newzone)	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Chen Investment Holdings Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Fu Newlife Corp.	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan General Insurance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart) (Note 1)	Other related party (the Company is a juridical person director of the company)
Ruentex Xu-Zhan Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering & Construction)	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Interior Design Inc.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Yang Construction Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Huei Hong Investment Co., Ltd.	Other related party (the Company's juridical person director)
Yi Tai Investment Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Chang Quan Investment Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Property Management and Maintenance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Hua Dyeing & Weaving Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Xing Co. Ltd.	Other related party (the Company's juridical person director)
Ruentex Materials Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Security Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction & Development Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Bai-Yi Development co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)

Ruentex Construction & Engineering Co., Ltd.	Other related party (a member of the management of the subordinate company of an investee accounted for under the equity method by the Company is the representative of juridical person director of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (the Company's juridical person director)
Samuel Yen-Liang Yin	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Company)
Yin Wong, Yee-Fan (Note 2)	Other related party (the relative within the first degree of kinship of the representative of the juridical corporate director of the Company)
Hsu, Sheng-Yu	The Company's key management personnel
Hsu, Chih-Chang	The Company's key management personnel

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

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

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Subsidiaries		
-Kompass	\$ 45,188	\$ 42,474
Sub-subsidiary	-	1,378
Associates	1,133	788
Other related parties (Note)	7,509	9,328
Rental income:		
Other related parties		
-Ruentex Engineering & Construction	72,490	83,740
	<u>\$ 126,320</u>	<u>\$ 137,708</u>

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

(1) The Company leased the land in the Sihua Section in Yangmei, Taoyuan City, and four

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one years	\$ 74,899	\$ 60,759
More than one year and less than five years	248,586	231,837
More than 5 years	<u>709,506</u>	<u>719,661</u>
	<u>\$ 1,032,991</u>	<u>\$ 1,012,257</u>

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

2. Purchases of goods

	<u>2023</u>	<u>2022</u>
Purchase of goods:		
Subsidiaries	\$ 3,609	\$ 4,170
Sub-subsidiary		
- Ruentex Industries Ltd. (Shanghai)	164,086	562,984
Other related parties		
-RT-Mart (Note)	-	395,117
	<u>\$ 167,695</u>	<u>\$ 962,271</u>

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

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

3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
Subsidiaries		
-Kompass	\$ -	\$ 6,115

Associates	-	63
Other related parties	840	51
	<u>\$ 840</u>	<u>\$ 6,229</u>
Accounts receivable:		
Subsidiaries		
-Kompass	\$ 6,766	\$ 12,412
Associates	13	165
Other related parties	357	177
	<u>\$ 7,136</u>	<u>\$ 12,754</u>
Other receivables:		
Subsidiaries		
-Kompass	\$ 5,638	\$ 6,307
-Others	12	14
Associates		
-Nan Shan Life Insurance	4,545	4,545
-Others	649	511
Other related parties		
-Others	1,552	1,574
	<u>\$ 12,396</u>	<u>\$ 12,951</u>

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

(2) Other accounts receivable are mainly receivables from related parties for services, computer services, interest, etc.

4. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Associates	\$ 30	\$ 32
Other related parties		
-Others	347	301
	<u>\$ 377</u>	<u>\$ 333</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiaries	\$ 2,466	\$ 1,026
Sub-subsidiary		
- Ruentex Industries Ltd.		
(Shanghai)	7,084	20,274
Associates	8	-
	<u>\$ 9,558</u>	<u>\$ 21,300</u>
Other payables:		
Associates		
-Ruen Fu	\$ 1,009	\$ 759
-Others	95	93
Other related parties		
-Others	437	416
	<u>\$ 1,541</u>	<u>\$ 1,268</u>

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

5. Non-operating Income and Expenses

	<u>2023</u>	<u>2022</u>
Interest revenue:		
Associates	<u>\$ 8,750</u>	<u>\$ 8,750</u>
Dividend income:		
Other related parties		
-Ruentex Engineering &		
Construction	\$ 168,217	\$ 151,395
-Others	1,549	1,669
	<u>\$ 169,766</u>	<u>\$ 153,064</u>
Other income:		
Subsidiaries	\$ 25,289	\$ 25,133
Associates	7,369	6,464
Other related parties	15,509	15,639
	<u>\$ 48,167</u>	<u>\$ 47,236</u>

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

(2) Dividend income is mainly generated from financial assets measured at fair value through other comprehensive income.

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

6. Authorized operation contracts of Wholesale Business Department

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

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

7. Property transactions

Acquisition and disposal of financial assets

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

8. Endorsements or Guarantees made by related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Key management personnel	<u>\$ 39,909,900</u>	<u>\$ 44,409,900</u>

9. Others

Please refer to Note 6(13).

(III) Key management personnel Information on remuneration

	<u>2023</u>	<u>2022</u>
Wages and salaries and other short-term employee benefits	\$ 25,946	\$ 58,552
Compensation cost of employee stock options	-	22,758
Post-employment benefits	<u>727</u>	<u>717</u>
Total	<u>\$ 26,673</u>	<u>\$ 82,027</u>

VIII. Pledged Assets

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

<u>Asset items</u>	<u>Carrying amount</u>		<u>For guarantee purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Investments accounted for using equity method	\$ 8,569,002	\$ 8,012,824	For mid- and long-term loans, short-term borrowings, and issue of commercial paper
Inventories	46,545	83,134	Mid- and long-term loans
Property, plant, and equipment	926,993	938,188	Mid- and long-term loans
Financial assets at fair value through other comprehensive income - non-current	1,738,505	1,426,120	Mid- and long-term loans
Investment Real Estate	8,115,380	7,876,761	Mid- and long-term loans
Financial Assets at amortized cost- non-Current	4,272,468	4,701,510	For legal litigation, tariffs, bank secured loans, and short-term borrowings

IX. Significant Contingent Liabilities and Unrecognized Commitments

Except for those mentioned in Notes 6(7), (9), (10), (17) and 7, there are other material contingent liabilities and unrecognized contractual commitments as follows:

In order to help solve the problem of insufficient school buildings in elementary schools in Hsinchu County, the Company signed a land exchange agreement with the Hsinchu County Government in February 2021 to exchange land lot 219 held in Taifeng Section, Xinfeng Township, Hsinchu County (accounted for under inventories - construction land) for the land in Pingding Section, Xinfeng Township, Hsinchu County, held by the Hsinchu County Government. As of February 2022, as the procedures had not been completed, the agreement was automatically cancelled. In 2023, the Company signed a new land exchange agreement with the Hsinchu County Government. However, the valuation process for the aforementioned transaction has not been completed as of March 13, 2024.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Notes 6(23) and (32), there is no other subsequent event occurring.

XII. Others

(I) Capital management

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

The Company's strategy for 2023 remains the same as that for 2022. As of December 31, 2023 and 2022, the debt to total assets ratio was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total borrowings	\$ 14,995,000	\$ 16,139,698
Less: Cash and cash equivalents	(4,106,984)	(6,203,663)
Net debt	10,888,016	9,936,035
Total equity	<u>96,053,361</u>	<u>79,601,199</u>
Total capital	<u>\$ 106,941,377</u>	<u>\$ 89,537,234</u>
Debt-to-total-capital ratio	10.18%	11.10%

Financial instruments

1. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - non-current	\$ 3,030,078	\$ 3,092,072
Financial assets at fair value through other comprehensive income acquired - Current and non-Current	4,813,621	4,594,793
Financial assets at amortised cost		
Cash and cash equivalents	4,106,984	6,203,663
Notes receivable	287	380
Notes Receivable – related party	840	6,229

Accounts receivable	124,039	151,932
Accounts receivable - related party	7,136	12,754
Other receivables	24,193	67,037
Other receivables - related Party	12,396	12,951
Financial Assets at amortized cost-non-Current	4,522,468	4,951,510
Refundable deposits (listed as other non-current assets)	42,813	42,962
	<u>\$ 16,684,855</u>	<u>\$ 19,136,283</u>

Financial liabilities

Financial liabilities are carried at amortized cost

Short-term borrowings	\$ 350,000	\$ 2,290,000
Short-term bills payable	-	499,698
Notes payable	96,919	98,430
Notes Payable – related Party	377	333
Accounts Payable	195,008	186,449
Accounts Payable – related Party	9,558	21,300
Other payables	271,768	291,401
Other Payable - Related Party	1,541	1,268
Long-term borrowings (including due within one year or one operating cycle)	14,645,000	13,350,000
Guarantee deposits received (listed as “other non-current liabilities”)	788,889	741,649
	<u>\$ 16,359,060</u>	<u>\$ 17,480,528</u>
Lease liabilities - current and non-current	<u>\$ 254,275</u>	<u>\$ 309,090</u>

2. Risk management policies

- (1) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) The risk management of the Company is executed by the financial department according to the policies approved by the board of directors, and cooperation with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Company holds several foreign operating institution investments, and its net asset bears the foreign exchange risk. In addition, the Company's businesses involve some non-functional currency operations. The information on Assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations is as follow:

<u>December 31, 2023</u>				<u>Sensitivity analysis</u>		
	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying</u> <u>amount</u> <u>(NT\$)</u>	<u>Range of</u> <u>variation</u>	<u>Effects on profit</u> <u>and loss</u>	<u>Effects on other comprehensive</u> <u>income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 194,850	30.71	\$ 5,983,844	5%	\$ 299,192	\$ -
CNY:NTD	2,511	4.395	11,036	5%	552	-
<u>Non-monetary</u>						
<u>Items</u>						
USD:NTD	\$ 91,118	30.71	\$ 2,798,230	5%	\$ -	\$ 139,912
<u>December 31, 2022</u>				<u>Sensitivity analysis</u>		
	<u>Foreign currency</u> <u>(thousands)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying</u> <u>amount</u> <u>(NT\$)</u>	<u>Range of</u> <u>variation</u>	<u>Effects on profit</u> <u>and loss</u>	<u>Effects on other comprehensive</u> <u>income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 344,747	30.71	\$ 10,587,180	5%	\$ 529,359	\$ -
CNY:NTD	9,515	4.422	42,075	5%	2,104	-
<u>Non-monetary</u>						
<u>Items</u>						
USD:NTD	\$ 105,791	30.71	\$ 3,248,837	5%	\$ -	\$ 162,442

B. The total exchange gain or loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to profit of NT\$74,869 and loss of NT\$1,161,649 respectively.

Price risk

- A. The Company's debt and equity instruments exposed to price risk were the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 5% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for 2023 and 2022 would have increased by NT\$240,681 and NT\$229,740.
- C. The Company has mostly invested in foreign debt instruments issued via privately offered fund, and the prices of such debt instruments would change due to the change of the future value of said instruments. If the prices of such debt instruments had increased/decreased by 5% with all other variables held constant, the net income after tax for 2023 and 2022 arising from gains or losses on debt instruments at fair value through profit or loss would increase or decrease by NT\$121,203 and NT\$123,683.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises from total borrowings with floating interest rates that expose the Company to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Company's borrowings issued at variable rates were mostly denominated in the New Taiwan Dollar.
- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.
- C. If interest rates on borrowings had been 0.5% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2023 and 2022 would have increased/decreased NT\$59,980 and NT\$64,559, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract

obligations. Credit risk arises from outstanding accounts receivable that counterparties fail to deliver in accordance with the payment terms, and overdue receivable (listed as "other non-current assets"), in the categories of financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive income, and contractual cash flow measured at amortized cost.

- B. The Company established management of credit risk from the Company's perspective. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.
- D. The Company uses IFRS 9 to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.
 - (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
 - (B) With an external rating agency rated as investment grade at the balance sheet date, the financial asset will be regarded as having low credit risk.
- E. The indicators for determining the impairment of the debt instrument investment used by the Company is as the following:
 - (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
 - (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
 - (C) An issuer delay or fail to repay the interests or principals;
 - (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. The Company classifies the accounts payable of customers according to the

characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

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

H. The Company considers customers' past default records and actual financial position to adjust historical and real-time information to assess the default possibility and estimate loss allowance for accounts receivable (including related parties). As of December 31, 2023 and 2022, the loss rate methodology is as follows:

<u>December 31, 2023</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Each</u>	<u>Total</u>
Expected loss	0%~0.01%	0.37%	50%~100%	100%	
Total carrying amount (including related parties)	\$ 127,330	\$ 3,868	\$ 86	\$ 4,088	\$ 135,372
Allowance for losses	\$ 11	\$ 14	\$ 84	\$ 4,088	\$ 4,197
<u>December 31, 2022</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Each</u>	<u>Total</u>
Expected loss	0%~0.21%	7.36%	50%~100%	50%~100%	
Total carrying amount (including related parties)	\$ 156,009	\$ 9,562	\$ 575	\$ 3,749	\$ 169,895
Allowance for losses	\$ 282	\$ 704	\$ 474	\$ 3,749	\$ 5,209

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

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable and overdue receivable</u>	<u>Accounts receivable and overdue receivable</u>
January 1	\$ 5,209	\$ 4,691
Provision of impairment loss	-	518
Amounts (written off due to unable to recover	(33)	-
Gains on reversal of impairment loss	(979)	-

Non-derivative financial liabilities:

December 31, 2023

	<u>Within 1 year</u>	<u>Within 1-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note)	\$ 354,012	\$ -	\$ -
Notes payable	96,919	-	-
Notes Payable – related Party	377	-	-
Accounts Payable	195,008	-	-
Accounts Payable – related	9,558	-	-
Party			
Other payables	271,768	-	-
Other Payable - Related Party	1,541	-	-
Lease liabilities (Note)	62,203	106,850	97,899
Long-term borrowings			
(including due within one year or one operating cycle) (Note)	862,650	14,165,027	-

Non-derivative financial liabilities:

December 31, 2022

	<u>Within 1 year</u>	<u>Within 1-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note)	\$ 2,292,730	\$ -	\$ -
Short-term notes and bills payable (Note)	500,000	-	-
Notes payable	98,430	-	-
Notes Payable – related Party	333	-	-
Accounts Payable	186,449	-	-
Accounts Payable – related	21,300	-	-
Party			
Other payables	291,401	-	-
Other Payable - Related Party	1,268	-	-
Lease liabilities (Note)	62,846	149,839	112,053
Long-term borrowings			
(including due within one year or one operating cycle) (Note)	2,004,102	11,655,314	-

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

E. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical Assets or liabilities that

the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. It includes the fair value of the investment in stocks listed in TWSE and TPEX, part of the investment in stocks listed in the emerging stock market, and the company's investment in domestic convertible bonds.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. It includes the investment in stocks listed in the TWSE and TPEX via private placement, part of the investment in stocks listed in the emerging stock market, investment in equity instruments without an active market, and investment property.
2. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets recognized in other current assets and other non-current assets, long-term notes and accounts receivable, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings, long-term notes accounts payable and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.
3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the Assets and liabilities is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
- Foreign privately offered fund	\$ -	\$ -	\$ 3,030,078	\$ 3,030,078
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEX-listed stocks	\$ 4,658,974	\$ -	\$ -	\$ 4,658,974
- Domestic stocks listed in TPEX	-	-	53,490	53,490
- Domestic unlisted stocks	-	-	101,157	101,157
Subtotal	\$ 4,658,974	\$ -	\$ 154,647	\$ 4,813,621
Investment property (Note)	\$ -	\$ -	\$ 8,749,963	\$ 8,749,963
Total	<u>\$ 4,658,974</u>	<u>\$ -</u>	<u>\$ 11,934,688</u>	<u>\$ 16,593,662</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				

Recurring fair value

Financial assets at fair value through profit or loss - non-current

- Foreign privately offered fund	\$ -	\$ -	\$ 3,092,072	\$ 3,092,072

Financial assets at fair value through other comprehensive income acquired - non-Current

Equity instrument investment

- Domestic TWSE- and TPEX-listed stocks	\$ 4,467,555	\$ -	\$ -	\$ 4,467,555
- Domestic stocks listed in TPEX	-	-	34,078	34,078
- Domestic unlisted stocks	-	-	93,160	93,160
Subtotal	\$ 4,467,555	\$ -	\$ 127,238	\$ 4,594,793
Investment property (Note)	\$ -	\$ -	\$ 8,512,113	\$ 8,512,113
Total	\$ 4,467,555	\$ -	\$ 11,731,423	\$ 16,198,978

Note: Investment property subsequently measured at fair value

4. The methods and assumptions the Company used to measure fair value are as follows:

- (1) The Company used market quoted prices as fair values (that is, Level 1) of investment in stocks listed in TWSE and TPEX, partial investment in stocks listed in the emerging stock market, and investment in domestic convertible bonds, and the quoted prices are the closing prices.
- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the unconsolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial

instrument valuation, please refer to Note XII(3)10 for details.

(5) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.

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

5. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

6. The following table shows the change of Level 3 for the years ended December 31, 2023 and 2022.

	<u>2023</u>		<u>Total</u>
	Debt instruments at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	
January 1	\$ 3,092,072	\$ 127,238	\$ 3,219,310
Purchase for current period	22,984	-	22,984
Distribution of dividends at cost of investment	-	(954)	(954)
Decrease in the current period			
- Cost	-	(1,248)	(1,248)
-Adjustments for valuation	-	1,248	1,248
Adjustments for valuation	(84,978)	28,363	(56,615)
December 31	<u>\$ 3,030,078</u>	<u>\$ 154,647</u>	<u>\$ 3,184,725</u>
	<u>2022</u>		<u>Total</u>
	Debt instruments at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	
January 1	\$ 2,695,926	\$ 1,413,703	\$ 4,109,629
Purchase for current period	152,231	-	152,231
Decrease in the current period			
- Cost	-	(706)	(706)
-Adjustments for valuation	-	706	706
Sales for current period			
- Cost	-	(152,740)	(152,740)

-Adjustments for valuation	-	(1,146,688)	(1,146,688)
Adjustments for valuation	243,915	12,963	256,878
December 31	<u>\$ 3,092,072</u>	<u>\$ 127,238</u>	<u>\$ 3,219,310</u>

7. Please refer to Note 6(5) for the transfers at Level 3 during 2023 and 2022.
8. For the valuation process of classifying fair values under Level 3 of the Company, the accounting department is responsible for performing the independent fair value verification of the financial asset. Through independent source information to allow the result to be close to the market status, confirming information source being independent, reliable, and consistent with other sources as well as representing the executable price. In addition, the valuation model is calibrated periodically, retroactive test is performed, the input values and data required for the valuation model is spaded and other necessary fair value adjustments are made, in order to ensure that the valuation result is reasonable. Investment properties are valued according to the valuation method and parameter assumptions announced by the Financial Supervisory Commission, or they are appraised by external appraisers.
9. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	December 31, 2023	Significant unobservable inputs and			
		<u>Valuation techniques</u>	<u>Inputs</u>	<u>Interval</u>	<u>Fair value relationship</u>
Investment Real Estate	\$ 3,974,093	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.
"	4,775,870	The method of land development analysis	Profit margin and overall capital interest rate	Note 2	As the profit margin decreases, the fair value is higher; as the overall capital interest rate increases, the fair value is lower
Non-derivative Equity Instrument:					
Shares of domestic TPEx-listed companies	\$ 53,490	Market approach	Discount for lack of marketability	3.48%	The higher the degree of lack of liquidity, the lower the fair value estimate
Domestic unlisted stocks	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"	100,457	Market approach	Discount for lack of marketability	14.49%~20.89%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	3,030,078	Asset-Based Approach	Not applicable	Not applicable	Not applicable

	December 31, 2022	Significant unobservable		inputs and	
		<u>Valuation techniques</u>	<u>Inputs</u>	<u>Interval</u>	<u>Fair value relationship</u>
Investment Real Estate	\$ 3,865,417	The discounted cash flow method of the income approach	Long-term rental income growth rates and discount rates	Note 1	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.
"	4,646,696	The method of land development analysis	Profit margin and overall capital interest rate	Note 2	As the profit margin decreases, the fair value is higher; as the overall capital interest rate increases, the fair value is lower
Non-derivative Equity Instrument:					
Shares of domestic TPEx-listed companies	\$ 34,078	Market approach	Discount for lack of marketability	22.61%	The higher the degree of lack of liquidity, the lower the fair value estimate
Domestic unlisted stocks	700	Asset-Based Approach	Not applicable	Not applicable	Not applicable
"	92,460	Market approach	Discount for lack of marketability	20.34%~28.04%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	3,092,072	Asset-Based Approach	Not applicable	Not applicable	Not applicable

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

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

10. The Company carefully assesses and selects the valuation model and valuation parameters used; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. For financial assets classified as Level 3, if there is a change in the valuation parameters, then the impact on profit or loss or other comprehensive income is as follows:

		<u>December 31, 2023</u>			<u>December 31, 2023</u>	
		<u>Recognized in profit and loss</u>			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Change s</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability					
	Marketability discount	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,465</u>	<u>(\$ 15,465)</u>
Debt instrument	Lack of marketability					
	Marketability	±10%	<u>\$ 303,008</u>	<u>(\$ 303,008)</u>	<u>\$ -</u>	<u>\$ -</u>

discount

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

XIII. Separately Disclosed Items

(I) Significant transaction information

- Loans to others: None.
- Endorsement/guarantee provided for others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to Table 2.
- Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- Trading in derivative instruments undertaken during the reporting periods: None.
- Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 4.

Information on Investees

Names, locations and other information of investees (not including investees in China):

Please refer to Table 5.

Information on Investments in China

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

Information on main investors

Information on main investors: Please refer to Table 7.

XIV. Information on Departments

Not applicable.

Item	Summary	Amount
Cash on hand and revolving funds		\$ 5,369
Bank deposits		
- Checking deposits		922,044
- Demand deposits	Including USD 43,897 thousand, an exchange rate of 30.71 NTD to USD Including EUR 5 thousand, an exchange rate of 33.98 NTD to EUR Including HKD 83 thousand, an exchange rate of 3.93 NTD to HKD Including CNY 2,511 thousand, an exchange rate of 4.327 NTD to CNY	1,849,695
Cash equivalents - Bonds under repurchase agreements	Interest rate from 0.65%~0.77%; period from December 28, 2023–January 2, 2024	1,329,876
		<u>\$ 4,106,984</u>

Ruentex Industries Ltd.
Statement of Inventories
December 31, 2023

Unit: NT\$ thousands

Item	Summary	Amount		Net realisable value	Remark
		Cost			
Construction Business Department					
Construction land					
	Zhixing Section, Xizhi, New Taipei City	\$	47,478	\$	48,909
	Taifeng Section, Xinfeng Township, Hsinchu County		46,545		171,814 Note
	Shui-liu-tung Section, Yangmei, Taoyuan City		619		11,016
	Haitian Section, Tamsui, New Taipei City		2,709		463
	Yonghe Section, Taitung City, Taitung County		36,845		73,380
	Less: Allowance for valuation losses	(	31,781)		
			102,415		
Textile Business Department					
	Raw materials		20,345		-
	Supplies		214		-
	Finished goods		46,188		45,394
	Merchandise inventory		240,000		131,975
	Less: Allowance for valuation losses	(	129,378)		
			177,369		
Hypermarket Business Department					
	Work in process		1,175		1,526
	Merchandise inventory		89,720		116,566
	Less: Allowance for valuation losses	(	804)		
			90,091		
Total inventories		\$	369,875		

Note: Please refer to the “Note 8, Pledged Asset” for more details.

Ruentex Industries Ltd.

Statement of changes in financial assets measured at fair value through profit or loss - non-current
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Name	Beginning balance Number of shares	Increased in the current period		Decreased in the current period		Adjustments for		Ending balance Number of shares	Amount	Provided as a guarantee or hedge	Remarks
		Number of shares	Amount	Number of shares	Amount	Amount	valuation				
MagiCapital Fund II, L.P.	-	289,692	\$ -	-	(\$ -)	1,200)	(\$ 34,936)	-	\$ 253,556	Nil	
HOPU USD MASTER FUND III, L.P.	-	2,802,380	-	-	-	-	(50,042)	-	2,776,522	Nil	
		<u>\$ 3,092,072</u>	<u>\$ 24,184</u>		<u>(\$ 24,184)</u>	<u>1,200)</u>	<u>(\$ 84,978)</u>		<u>\$ 3,030,078</u>		

Ruentex Industries Ltd.

Statement of changes in financial assets measured at fair value through profit or loss - non-Current
January 1, 2023 to December 31, 2023

Unit: NTS thousands

Name	Beginning balance		Increased in the current period		Decreased in the current period		Adjustments for		Ending balance		Shareholding percentage	Amount	Provided as a guarantee or hedge	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	valuation	Amount	Number of shares	Amount				
Ruentex Materials Co., Ltd.	7,139,530	\$ 169,564	-	\$ -	-	\$ 1,642	-	\$ 10,209	7,139,530	\$ 178,131	4.76%	\$ -	Nil	Note 2
OBH Pharma, Inc.	9,358,385	646,664	-	-	-	-	-	2,807	9,358,385	649,471	4.08%	-	Note 1	
Sunny Friend Environmental Technology Co., Ltd.	2,309,999	399,630	1,684,234	202,108	-	-	-	(142,401)	3,994,233	459,337	3.07%	-	Note 1	Note 2
Tanvex BioPharma, Inc.	-	-	3,500,000	262,500	-	-	-	(34,650)	3,500,000	227,850	2.61%	-	Nil	Note 2
TaiMed Biologics, Inc.	10,261,408	725,481	-	-	-	-	-	115,955	10,261,408	841,436	4.06%	-	Note 1	
Brogen Technologies Inc.	3,230,310	415,095	-	-	-	(4,694)	-	(42,146)	3,230,310	368,255	4.99%	-	Note 1	Note 2
Ruentex Engineering & Construction Co., Ltd.	16,821,685	2,111,121	-	-	-	-	-	(176,627)	16,821,685	1,934,494	9.10%	-	Nil	
Save & Safe Corporation	4,267,233	78,816	-	-	-	-	-	2,304	4,267,233	81,120	2.51%	-	Nil	
Huiyang Venture Capital Co., Ltd.	70,000	700	-	-	-	-	-	-	70,000	700	2.56%	-	Nil	
Uni Airways Corporation	13,644	13,644	-	-	-	-	-	5,693	695,077	19,337	0.18%	-	Nil	
Pacific Resources Corporation	157,721	-	-	-	(149,835)	(1,499)	-	1,499	7,886	-	1.05%	-	Nil	Note 2
Ruentex Interior Design Inc.	333,773	34,078	-	-	-	(954)	-	20,366	333,773	53,490	2.47%	-	Nil	Note 2
		\$ 4,594,793		\$ 464,608		(\$ 8,789)		(\$ 236,991)		\$ 4,813,621				

Note 1: Please refer to the "Note 8, Pledged Asset" for more details.

Note 2: Please refer to 6(5) for the relevant information on the increases and decreases in the current period.

Ruentex Industries Ltd.

Statement of financial Assets at amortized cost - non-Current
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Name	Beginning balance Number of shares	Carrying amount	Increased in the current period Number of shares	Amount	Decreased in the current period Number of shares	Amount	Ending balance Number of shares	Carrying amount	Provided as a guarantee or hedge Remarks
NT\$certificate of deposit of Bank SinoPac Company Ltd.	-	\$ 43,000	-	-	-	-	-	\$ 43,000	Note 1
NT\$certificate of deposit of Land Bank of Taiwan	-	24,500	-	-	-	-	-	24,500	"
NT\$certificate of deposit of Mega International Commercial Bank Co., Ltd.	-	300	-	-	-	-	-	300	"
USD certificate of deposit of King's Town Bank	-	623,206	-	-	-	(623,206)	-	-	"
USD certificate of deposit of First Commercial Bank	-	1,783,974	-	85,443	-	-	-	1,869,417	"
USD certificate of deposit of Taishin International Bank	-	2,226,530	-	108,721	-	-	-	2,335,251	"
Subordinated debts of Nan Shan Life Insurance	250	250,000	-	-	-	-	250	250,000	Nil
		<u>\$ 4,951,510</u>		<u>\$ 194,164</u>		<u>(\$ 623,206)</u>		<u>\$ 4,522,468</u>	

Note 1: Please refer to the "Note 8, Pledged Asset" for more details.

Ruentex Industries Ltd.

Statement of changes in investments accounted for using the equity method
January 1, 2023 to December 31, 2023

Unit: NTS thousands

(After restatement)

Title	Balance at the beginning of the period			Increase in the current period			Decrease in the current period			Adjustment to the valuation under the equity method			Balance at the end of the period			Market price or net value of equity	Total amount	Provided as a guarantee or Remar hedge k
	Shares	Amount	Shareholders' equity	Shares	Amount	Shareholders' equity	Shares	Amount	Shareholders' equity	Shares	Amount	Shareholders' equity	Shares	Amount	Shareholders' equity	Unit price (NT\$)		
Ruentex Development Co., Ltd.	812,208,075	\$ 18,508,077		-	\$ -		-	(81,220,268)	(\$ 812,209)	\$ 4,314,715			730,987,807	\$ 25,706	\$ 21,810,833	\$ 37.75	\$ 27,594,790	Notes 4
Shing Yen Construction & Development Co., Ltd.	29,487,699	600,941		-	-		-	-	-	132,890			29,487,699	0.21%	733,831	24.89	733,831	Nil
Ruen Fu Newlife Corp.	800,000	2,670	1,199,998	-	-		-	(799,998)	-	(3,815)			1,200,000	40.00%	10,855	9.05	10,855	Nil
Shing Yen Construction & Development Co., Ltd.	31,850,114	319,300		-	-		-	(3,067,077)	(31,092)	3,624			28,783,037	50.94%	291,832	10.14	291,832	Nil
Shing Yen Construction & Development Co., Ltd.	4,008,970	42,920	254,738	-	-		-	-	-	16,025			4,263,708	100.00%	58,945	13.82	58,945	Nil
Gin-Hong Investment Co., Ltd.	31,350,000	138,878		-	-		-	(14,300,000)	(173,873)	40,515			17,050,000	55.00%	5,520	0.32	5,520	Nil
Ruen Chen Investment Holdings Ltd.	6,126,050,000	46,497,714	946,960,000	115,000	-		-	-	-	13,669,134			7,175,010,000	23.00%	60,281,848	8.40	60,281,848	Notes 4
Shing Yen Construction & Development Co., Ltd.	19,500,000	1,728,555		-	-		-	-	-	(20,517)			19,500,000	100.00%	1,708,038	87.59	1,708,038	Nil
Concord Greater China Limited	17,580,000	1,368,712		-	-		-	-	-	(424,491)			17,580,000	42.25%	944,221	53.71	944,221	Nil
Gold Leaf International Group Co., Ltd.	500,000	8,920		-	-		-	-	-	162			500,000	100.00%	9,082	18.16	9,082	Nil
Shing Yen Construction & Development Co., Ltd.	4,208,000	34,339		-	-		-	-	-	(1,398)			4,208,000	100.00%	32,941	7.83	32,941	Nil
New Zone International Limited	13,792,000	108,311		-	-		-	-	-	(4,363)			13,792,000	100.00%	103,948	7.54	103,948	Nil
Total		\$ 69,159,337			\$ 127,000			(\$ 1,017,174)	(\$ 17,722,481)						\$ 83,991,644		\$ 91,775,851	

Note 1: The increase during this period is a result of the capitalization of earnings and cash capital increase.

Note 2: The decrease during this period is a result of the cash dividends obtained, capital reduction to offset the deficit, and cash capital reduction.

Note 3: The adjustments to valuation using the equity method include recognizing investment gains and losses on the investees, the recognition of adjustments to translation of foreign currency long-term investments, and the recognition of changes in the shareholders' equity of investees using the equity method.

Note 4: Please refer to the "Note 8, Pledged Asset" for more details.

Note 5: The record date of capital reduction of Ruentex Development was August 15, 2023.

Note 6: The record date of capital reduction of Ruen Fu Newlife Corp. to offset a deficit was December 14, 2023, and the record date of the capital increase was December 14, 2023.

Note 7: The record date of cash dividend of Shing Yen Construction & Development Co., Ltd. was July 7, 2023 and the record date of cash capital decrease was July 14, 2023.

Note 8: The record date of capitalization of earnings of Kompas was July 25, 2023.

Note 9: The base date for cash dividend of Gin-Hong Investment was July 31, 2023, and the base date for capital decrease was November 6, 2023.

Note 10: The record date of capitalization of earnings of Ruen Chen Investment Holding Co., Ltd. was May 22, 2023, and the record date for cash capital increase was October 20, 2023.

Ruentex Industries Ltd.
Statement of changes in real estate, plant and equipment
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Transfer amount for current period	Balance at the end of the period	Provided as a guarantee or hedge Note	Remarks
Land	\$ 581,046	\$ -	\$ -	\$ -	\$ 581,046	Note	
Land improvements	-	-	-	-	-	Nil	
Buildings and structures	385,004	-	-	-	385,004	Note	
Machinery and equipment	132,113	1,793	(23,787)	-	110,119	Nil	
Transportation equipment	17,743	2,450	(6,261)	-	13,932	Nil	
Leased assets	24,515	-	-	-	24,515	Nil	
Leasehold Improvements	221,556	4,306	(8,172)	-	217,690	Nil	
Other equipment	952,565	6,453	(127,789)	(335)	830,894	Note	
	\$ 2,314,542	\$ 15,002	(\$ 166,009)	(\$ 335)	\$ 2,163,200		

Explanation: For more details in depreciation method and years of useful life for real estate, plant and equipment please refer to Note 4(15).

Note: Please refer to the "Note 8, Pledged Asset" for more details.

Ruentex Industries Ltd.
Statement of changes in accumulated depreciation of real estate, plant and equipment
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Beginning balance	Increased in the current period	Decreased in the current period	Transferred in the current period	Ending balance	Provided as a guarantee or hedge	Remarks
	\$	\$	\$	\$	\$		
Land improvements	-	-	-	-	-	-Nil	
Buildings and structures	171,098	11,196	()	()	-	182,294	Note
Machinery and equipment	101,848	7,776	()	23,787	-	85,837	Nil
Transportation equipment	15,287	1,230	()	6,261	-	10,256	Nil
Leased assets	24,515	-	()	-	-	24,515	Nil
Leasehold Improvements	209,525	9,836	()	8,172	-	211,189	Nil
Other equipment	749,585	5,908	()	127,778	270	627,445	Note
	\$ 1,271,858	\$ 35,946	\$ ()	\$ 165,998	\$ 270	\$ 1,141,536	

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Explanation: For more details in depreciation method and years of useful life for real estate, plant and equipment please refer to Note 4(15).

Note: Please refer to the "Note 8, Pledged Asset" for more details.

Ruentex Industries Ltd.

Detailed changes of right-of-use assets
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Beginning balance	Increased in the current period	Decreased in the current period	Transferred in the current period	Ending balance	Provided as a guarantee or hedge	Remarks
Cost:							
Buildings and structures	\$ 446,986	\$ 7,125	(\$ 8,056)	\$ 8,056	- \$	446,055	Nil
Accumulated depreciation:							
Buildings and structures	(143,356)	(59,666)	5,413	- (	197,609)	Nil	
Carrying amount	<u>\$ 303,630</u>	<u>(\$ 52,541)</u>	<u>(\$ 2,643)</u>	<u>\$ 2,643</u>	<u>- \$</u>	<u>248,446</u>	

For the method of depreciation and useful years of right-of-use assets, please refer to Note 4 (16).

Ruentex Industries Ltd.
Statement of changes in investment real estate
January 1, 2023 to December 31, 2023

Unit: NTS thousands

Subsequently measured at fair value

Item	Balance at the beginning of the period			Increase (decrease) in the current period			Balance at the end of the period			Provided as a guarantee or hedge	Remark
	Initially recognized amount	Accumulated fair value changes	Total	Initially recognized amount	Accumulated fair value changes	Total	Initially recognized amount	Accumulated fair value changes	Total		
Land	\$ 2,446,672	\$ 5,400,198	\$ 7,846,870	\$ -	\$ -	\$ -	\$ 269,889	\$ 2,446,672	\$ 5,670,087	\$ 8,116,759	Note
Buildings	229,567	435,676	665,243	-	(	32,039)	32,039	229,567	403,637	633,204	Note
Total	\$ 2,676,239	\$ 5,835,874	\$ 8,512,113	\$ -	\$ -	\$ -	\$ 237,850	\$ 2,676,239	\$ 6,073,724	\$ 8,749,963	

Note 1: Please refer to Note 6(11) for the methods and major assumptions adopted in the fair value of investment property.

Note 2: The fair value of investment property has been measured by independent appraisers. Please refer to Note 6(11) for details.

Note: Please refer to the "Note 8, Pledged Asset" for more details.

Ruentex Industries Ltd. Statement of short-term borrowings December 31, 2023							Unit: NTS thousands
Types of borrowing	Creditor	Balance at the end of the period	Time limit for contract	Interest rate collars	Loan limit	Mortgage or guarantee	Remarks
Credit Loan	Taiwan Cooperative Bank Daan Branch	\$ 250,000	2023.09.22-2024.09.22	1.65%-1.70%	\$ 250,000		
	Da'an Branch, Hua Nan Commercial Bank	100,000	2023.05.12-2024.05.12	"	100,000	Guarantee notes NT\$500,000	
		\$ 350,000			\$ 350,000		

Ruentex Industries Ltd.
Statement of long-term borrowings
December 31, 2023

Creditor	Summary	Amount borrowed	Time limit for contract	Interest Rate	Mortgage or guarantee	Unit: NTS thousands	Remarks
First Commercial Bank Duihua Branch	Secured loan	\$ 1,500,000	2023.03.15~1.60%	-1.88%	USD certificate of deposit of US\$60,873 and guarantee notes of US\$1,500,000		One-off payment upon maturity
Taishin Financial Holding Co., Ltd.	"	1,700,000	2023.03.15		USD certificate of deposit of US\$76,042 and guarantee notes of US\$1,800,000		One-off payment upon maturity
Mega Bank Zhongxiao Branch	"	200,000	2023.05.08~"		Construction land - 4 pieces of land in Xinfeng Township		One-off payment upon maturity
Bank of Taiwan Songshan Branch	"	2,000,000	2023.08.06~"		Zhongji Plant's land, buildings and guarantee notes \$2,000,000		One-off payment upon maturity
Taiwan Cooperative Bank Daan Branch	"	125,000	2023.12.06~"		Xinfeng, 28 plots of land and agricultural land, and guarantee notes of \$1,729,200		One-off payment upon maturity
Taiwan Cooperative Bank Daan Branch	"	95,000	2023.10.05~"		Zhonghe Hypermarket		One-off payment upon maturity
Taiwan Cooperative Bank Daan Branch	"	500,000	2023.10.05~"		Ruentex Development 3,780 thousand shares		One-off payment upon maturity
Da'an Branch, Hua Nan Commercial Bank	"	300,000	2023.05.12~"		Land, buildings and guarantee notes of Guanyin Factory \$3,050,700		One-off payment upon maturity
Da'an Branch, Hua Nan Commercial Bank	"	1,200,000	2023.06.26~"		Investment property - land in Wuqi District, Taichung City		Amortized and repaid every quarter after the grace period
First Commercial Bank Duihua Branch	Credit Loan	7,620,000	2026.06.26				
CTBC Bank	"	500,000	2023.05.19~1.60%	-1.88%	Guaranteed notes \$3,660,000		One-off payment upon maturity
Chang Hwa Bank Tainhua Branch	"	300,000	2023.06.30~"		Collateralized 3,230,310 shares of Brogent Technologies Inc. and guaranteed notes of \$1,300,000		One-off payment upon maturity
Chang Hwa Bank Tainhua Branch	"	700,000	2023.12.01~"		Guaranteed notes \$2,570,000		One-off payment upon maturity
Chang Hwa Bank Tainhua Branch	"	525,000	2025.10.31				Amortized and repaid every half-year after the grace period
Agricultural Bank of Taiwan	"		June 30, 2025				
Bank of Taiwan Songshan Branch	"	1,300,000	2023.05.02~"		Guarantee notes \$1,500,000		One-off payment upon maturity
Taiwan Cooperative Bank Daan Branch	"	2,000,000	2023.09.28~"		Guarantee notes \$2,000,000		Amortized and repaid every quarter after the grace period
The Bank of East Asia, Limited Taipei	"	300,000	2023.10.05~"				One-off payment upon maturity
DBS Bank	"	600,000	2023.12.06~"		Guarantee notes NT\$600,000		One-off payment upon maturity
	"	800,000	2023.12.06~"		Guarantee notes \$1,000,000		One-off payment upon maturity
	"	7,025,000	2025.02.08~"				
		14,645,000					
Less: Due within one year (Note)		(850,000)					
Total		\$ 13,795,000					

Note: Including the credit loan of \$500,000 from Bank of Taiwan, Songshan Branch and \$350,000 from Chang Hwa Bank Tainhua Branch.

Ruentex Industries Ltd.
Statement of operating revenue
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u> <u>Subtotal</u>	<u>Total</u>	<u>Remarks</u>
Revenue from contracts with customers - Revenue from sales of goods				
Textile segment		\$ 631,477		
Retail segment		523,020		
Hypermarket segment		<u>1,153,478</u>	\$ 2,307,975	
Rental income			<u>109,625</u>	
Subtotal			2,417,600	
Less: Sales returns and discounts			<u>-</u>	
			<u>\$ 2,417,600</u>	

Ruentex Industries Ltd.
Statement of operating revenue
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Amount Subtotal	Total	Remarks
<u>Cost of sales of goods</u>			
<u>Cost of hypermarket</u>			
Beginning inventory	\$ 94,191		
Add: Purchases for current period	885,110		
Less: Loss on physical inventory	(1,309)		
Loss on inventory scrap	(2,991)		
Ending inventory	(90,895)		
Cost of purchase and sales	884,106		
Gain from price recovery of inventory	(126)		
loss on physical inventory	1,309		
Loss on inventory scrap	2,991	\$ 888,280	
<u>Textile and retail costs</u>			
<u>Textile cost</u>			
Raw material inventory, beginning of the period	19,412		
Add: Purchase of raw materials for the current period	19,430		
Less: Adjustment to raw materials during this period	45		
Raw material inventory, end of the period	(20,345)		
Raw materials consumed in the current period	18,542		
Supply inventory, beginning of the period	214		
Less: Supply inventory, end of the period	(214)		
Supplies consumed in the current period	-		
Production overheads	112,238		
Manufacturing cost	130,780		
Add: Finished goods inventory, beginning of the period	44,126		
Purchases in the current period	452,911		
Less: Loss on inventory scrap	(27)		
Finished goods inventory, end of the period	(46,188)		
Cost of production and sales	581,602		
Gain from price recovery of inventory	(15,962)		
Loss on inventory scrap	27	565,667	
<u>Retail cost</u>			
Merchandise, beginning of the period	254,656		
Add: Purchases for current period	198,201		

Ruentex Industries Ltd.
Statement of operating costs
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Inventory adjustment credits	4	
Less: Loss on inventory scrap of merchandise	(529)	
Reclassified to sales and administrative expenses	(2,650)	
Merchandise, end of the period	(<u>240,000</u>)	
Cost of purchase and sales	209,682	
Gains on merchandise value recoveries	(24,070)	
Inventory profit	(4)	
Loss on inventory scrap of merchandise	<u>529</u>	<u>186,137</u>
Total operating costs		<u><u>\$ 1,640,084</u></u>

Ruentex Industries Ltd.
Statement of operating costs
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Summary	Amount	Remarks
Wages and salaries		\$ 176,664	
Depreciations		78,961	
Advertisement expense		47,182	
Other expense		271,101	Note
		<u>\$ 573,908</u>	

Note: The amount of the remaining items does not exceed 5% of the balance of the account.

Ruentex Industries Ltd.
Statement of selling expenses
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Item	Summary	Amount	Remarks
Wages and salaries		\$	157,260
Depreciations			16,651
Other expense			69,764Note
		<u>\$</u>	<u>243,675</u>

Note: The amount of the remaining items does not exceed 5% of the balance of the account.

Ruentex Industries Ltd.

Summary statement of current period employee benefits and depreciation expenses by function
January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

Function	2023		2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses Total
Nature					
Employee benefit expense					
Wages and salaries	\$ -	\$ 333,924	\$ 333,924	\$ -	\$ 323,850
Labor and Health Insurance costs	-	32,058	32,058	-	31,395
Pension expense	-	14,355	14,355	-	14,531
Directors' Remuneration	-	7,388	7,388	-	23,802
Compensation cost of employee stock options	-	-	-	-	62,840
Other employee benefit expense	-	13,826	13,826	-	13,380
Depreciation expense	-	95,612	95,612	-	97,838

Notes:

1. The employees of the current year and the previous year are 493 and 512, respectively, and the directors not concurring employees are 6 and 6, respectively.

2. Shall the shares of the company listed and traded in TWSE or TPEx, the following information shall be disclosed:

(1) The averaged employees' benefit expenses of the year was NT\$809 (Total of employees' benefit expenses - total remunerations of directors of the year/ number of the employees - numbers of directors no concurring employees of the year).

The averaged employees' benefit expenses of the previous year was NT\$881 (Total of employees' benefit expenses - total remunerations of directors of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).

(2) The averaged employees' salary expenses of the year was NT\$686 (Total of salary expenses of the year/ number of the employees - numbers of directors no concurring employees of the year).

The averaged employees' salary expenses of the previous year was NT\$640 (Total of salary expenses of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).

(3) The average adjustment to employees' salary expenses was 7.19% (Average salary expenses of the year - average salary expenses of the previous year/ average salary expenses of the previous year).

(4) The Company established an Audit Committee on June 22, 2018, and dismissed the supervisors on the same day. The remuneration to the Audit Committee for this year is NT\$660, and NT\$680 for the previous year.

Ruentex Industries Ltd.

Statement of aggregate current-period employee benefits and depreciation expenses by function (continued)

January 1, 2023 to December 31, 2023

Unit: NT\$ thousands

(5) Salary and remuneration policy.

A. The remuneration of the Company's directors is determined in accordance with the Company's Articles of Incorporation and with reference to the Company's operating performance and the general standards in the industry, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.

An evaluation of directors' performance is conducted regularly every year. According to the Company's Regulations for Performance Assessment of the Board of Directors, the evaluation results will be reported to the board of directors as a reference for review and improvement and selection or nomination of directors or remuneration determination. The Company's operating goals, financial positions, and directors' responsibilities have been fully considered for the fixed compensation for serving as directors concurrently. In addition, the remuneration to directors is not distributed in accordance with the Company's Articles of Incorporation.

B. The compensation to the Presidents and Vice Presidents include salaries, bonuses, and employee remuneration, which is determined in accordance with the Company's human resources and salary policy and with reference to the Company's operating performance, their contribution to the Company, and the general standards in the industry, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.

C. The compensation to directors, Presidents, and Vice Presidents shall not only be based on the Company's operating performance while with reference to the general standards in the industry, but shall be adjusted based on the factors related to operating performance evaluation and possible future operational risks of the Company. Meanwhile, the Remuneration Committee of the Company regularly reviews and evaluates the policies, systems, standards, and structure of the compensation to directors and managers and submits suggestions to the board of directors so as to strike a balance between the Company's sustainable operation and risk control.

Ruotex Industries Ltd. and Subsidiaries
Securities held at the end of the period (not including investments in subsidiaries, associates and jointly controlled entities)
December 31, 2023

Unit: NTS thousand (Except as Otherwise Indicated)											
Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized Financial assets at fair value through profit or loss - non-current	Shares	End of the period		Carrying amount \$	Shareholding percentage 5.23	Fair value \$	Remark (Note 4)	
					(Note 3)						
Ruotex Industries Ltd.	Mega Capital Fund II, L.P.	-	-	-	2,776,522	-	253,556	3.80	2,776,522		
	HOPI USD MASTER FUND III, L.P.	-	-	-	1,934,404	-	-	9.10	1,934,404		
	Shares of Ruotex Engineering & Construction Co., Ltd.	A subordinate company of the investee accounted for under the equity method	Financial assets at fair value through other comprehensive income - non-current	16,821,685	-	-	-	-	-		
	Shares of Save & Safe Corporation	-	-	-	811,20	-	-	2.51	81,120		
	Shares of Ruotex Interior Design Inc.	-	-	-	53,490	-	-	2.47	53,490		
	Shares of Huaying Venture Capital Co., Ltd.	-	-	-	70,000	-	-	2.56	700		
	Shares of Uni Airways Corporation	-	-	-	695,077	-	-	0.18	19,337		
	Shares of Pacific Resources Corporation	-	-	-	-	-	-	1.05	-	Note 9	
	Shares of Biogen Technologies Inc.	-	-	-	3,230,310	-	-	4.99	368,255	Note 8	
	Shares of TaMed Biologics	-	-	-	10,261,408	-	-	4.06	841,435	Note 7	
	Shares of OBI Pharm, Inc.	-	-	-	9,358,385	-	-	4.08	649,472	Note 5	
	Shares of Sunny Friend Environmental Technology Co., Ltd.	-	-	-	3,994,233	-	-	3.07	459,337	Notes 6 and 11	
	Shares of Tanvex BioPharma, Inc.	The Company is a juridical person director of the company.	-	-	3,500,000	227,850	-	-	2.61	227,850	Note 10
	Shares of Ruotex Materials Co., Ltd.	One of the Company's affiliates is a controlled company of the company.	-	-	71,395,510	178,131	-	-	4.76	178,131	
	Subordinated debts of Nan Shan Life Insurance	The Company	Amortized cost financial Assets - non-Current	-	-	-	-	-	-	250,000	
Gin-Hong Investment Co., Ltd.	Shares of Ruotex Industries Ltd.	-	-	36,593,388	2,352,955	-	2,352,955	3.31	2,352,955		
Concord Greater China Limited.	Shares of Sun Art Retail Group Ltd.	-	-	231,204,324	1,272,094	-	-	2.42	1,272,094		
Sinopac Global Investment Ltd.	Shares of Asensus Surgical (ASXC)	-	-	15,333	150	-	-	0.01	150		
	OPKO Health Inc. Shares of (OPKH)	-	-	4,571,665	211,998	-	-	0.66	211,998		
	Geyoro Inc. Shares of (GGR)	-	-	-	3,300	-	-	0.02	3,300		

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.

Note 2: Not required to be filled in for the issuers of securities that are not related parties.

Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.

Note 4: The securities listed that are limited to their use due to the provision of security, pledge, loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the column of "Remarks".

Note 5: The provision of 6,700 thousand shares, a total of NT\$368,255 thousand was pledged to financial institutions for financing loans.

Note 6: The provision of 2,310 thousand shares, a total of NT\$265,650 thousand was pledged to financial institutions for financing loans.

Note 7: The provision of 6,700 thousand shares, a total of NT\$368,255 thousand was pledged to financial institutions for financing loans.

Note 8: Please refer to Note 6(5) to the consolidated financial statements for information on the capital returned due to capital reduction of Pacific Resources Corporation's shares.

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

Note 10: Please refer to Note 6(5) to the consolidated financial statements for information on the acquisition of SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD.'s shares.

Ruentex Industries Ltd. and Subsidiaries

Disposal of real estate at costs of at least \$300 million or 20% of the paid-in capital

January 1 to December 31, 2023

Attached Table 2

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

The company disposing the real estate	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Amount received	Gain (loss) on disposal	Counterparty	Relationship	Purpose of disposition	Reference basis for price assessment	Other provisions
Ruentex Industries Ltd.	The land in Xipu Sub-section, Wukuaniao Township, Taoyuan City	2023.11.13	85.02.23	\$ 40,086	\$ 539,232	Received in full	\$ 499,146	Glycogenetics, Inc.	Non-related parties	General sales	Zhao-Mao Real Estate Appraisers Firm	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision".

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

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

January 1 to December 31, 2023

Attached Table 3

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

The company making the purchase/sale of goods	Relationship	Purchase (sale) of goods	Transaction conditions		Differences in transaction terms compared to third party transactions	Notes receivable/payable and accounts receivable/payable	Remark
			Amount	Unit price			
Renmin Industries Ltd. (Shanghai)	Subsidiary	9.16	Same as general transactions	Same as general transactions	Same as general transactions	As a percentage of total purchases (sales) of goods (Note 4)	As a percentage of accounts receivable/payable and notes receivable/payable (Note 4)
		\$ (64,086)	9.16	Same as general transactions with special conditions	Same as general transactions	7,084	2.35

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

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

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

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

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2023

Attached Table 4

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

No. (Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Account	Amount	Terms and conditions of transaction	(Note 3)
Zero	Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd.	1	Sales revenue	\$ 45,188	Notes 4	1.69
"	"	"	"	"	"	"	"
1	Ruentex Industries Ltd. (Shanghai)	Ruentex Industries Ltd.	1	Other income	24,896	"	0.93
			2	Sales revenue	164,086	"	6.12

Transaction information

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1) Please fill in "0" for the parent.

(2) Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (in the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure);

(1) Parent and its subsidiary

(2) Subsidiary and its parent

(3) Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to the actual transaction between the two parties.

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

Roentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2023

Attached Table 5

Unit: NTS thousands
(Except as Otherwise Indicated)

Name of the investing company	Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period		Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Percentage	Carrying amount			
Roentex Industries Ltd.	Roentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sales, operation of equipment store business	\$ 4,967,308	\$ 5,779,517	25.70	\$ 218,0583	\$ 6,908,649	\$ 1,775,411	The investee company accounted for under the equity method (Note 1 and 3)
Roentex Industries Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity	436,800	436,800	0.21	733,831	22,109,624	47,160	The investee company accounted for under the equity method
Roentex Industries Ltd.	Roan Fu NewLife Corp.	Taiwan	Senior Citizen's housing and building general affairs	74,785	62,785	40.00	10,855	(9,764)	(3,906)	The investee company accounted for under the equity method (Note 4)
Roentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Construction Business	1,024,200	1,054,871	50.94	291,832	5,648	3,577	Subsidiary of the Company (Note 5)
Roentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd.	Taiwan	International Trade	173,800	173,800	100.00	58,945	16,025	16,025	Subsidiary of the Company (Note 6)
Roentex Industries Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	170,500	313,500	55.00	5,520	73,664	262	Subsidiary of the Company (Note 7)
Roentex Industries Ltd.	Roan Chen Investment Holdings Ltd.	Taiwan	General Investment	17,884,800	17,769,800	23.00	60,281,848	19,752,221	4,543,011	The investee company accounted for under the equity method (Note 2 and 8)
Roentex Industries Ltd.	Full Shine International Holdings Ltd.	British Virgin Islands (BVI)	General Investment	536,074	536,074	100.00	1,708,038	43,190	43,190	Subsidiary of the Company
Roentex Industries Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	672,764	672,764	42.25	944,221	55,947	23,636	Subsidiary of the Company
Roentex Industries Ltd.	Gold Leaf International Group Co., Ltd.	British Virgin Islands (BVI)	International Trade	17,223	17,223	100.00	9,082	164	164	Subsidiary of the Company
Roentex Industries Ltd.	East Capital International Limited.	British Virgin Islands (BVI)	General Investment	137,423	137,423	100.00	32,941	(765)	(765)	Subsidiary of the Company
Roentex Industries Ltd.	New Zone International Limited.	Samson Islands	General Investment	438,416	438,416	100.00	103,947	(2,252)	(2,252)	Subsidiary of the Company
Full Shine International Holdings Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	627,608	627,608	49.06	810,082	30,339	14,981	Subsidiary of the Company
Sinopac Global Investment Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	807,135	807,135	15.51	346,537	55,947	8,675	Subsidiary of the Company

Note 1: The provision of 86,040 thousand shares, a total of NT\$2,567,187 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 714,163 thousand shares, a total of NT\$6,001,815 thousand was pledged to financial institutions for financing loans.

Note 3: The record date of cash capital reduction of Roentex Development was August 15.

Note 4: The record date of cash capital reduction of Roan Fu NewLife Corp. to offset a deficit was December 14, 2023, and the record date of the capital increase was December 14, 2023.

Note 5: The record date of cash dividend of Shing Yen Construction & Development Co., Ltd. was July 7, 2023 and the record date of cash capital decrease was July 14, 2023.

Note 6: The record date of capitalization of earnings of Kompass was July 25, 2023.

Note 7: The base date for cash dividend of Gin-Hong Investment was July 31, 2023, and the base date for cash capital decrease was November 6, 2023.

Note 8: The record date of capitalization of earnings of Roan Chen Investment Holding Co., Ltd. was May 22, 2023, and the record date for cash capital increase was October 20, 2023.

January 1 to December 31, 2023

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

Name of the invested companies in China	The accumulated amount remitted from Taiwan to invest in China at the beginning of the current period	The investment amount remitted out or back for the current period	The accumulated amount remitted from Taiwan at the end of the current period	Current profit and loss of the investee company	Shareholding percentage of direct or indirect investment by the company	Gains and losses on investment recognized for the current period	Carrying amount of investments at the end of the current period	Investment income remitted back at the end of the current period
Main business items								
Production and sales of garment products								
	\$ 546,638	\$ -	\$ 546,638	\$ (2,839)	100.00%	(2,839)	\$ 131,860	\$ -
	(USD 17,800)		(USD 17,800)					

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

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

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

(T) In the case of preparation where no gain or loss on investment has occurred, please specify:

2) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.

1. The financial reports audited by an international accounting firm having a business cooperation relationship with an ROC accounting firm.

1. The financial reports audited by an international accounting firm having a business cooperation relationship with
2. The financial reports audited by a certified public accountant of the parent in Taiwan.

2. The financial reports audited by a certified public accountant of the parent in Taiwan.
3. Other financial statements that have not been audited by a certified public accountant during the same period.

3. Other financial statements that have not been audited by a certified public accountant during the same period

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

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

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

The accumulated amount remitted from Taiwan to invest in China at the end of the current period	\$ 1,925,438	The investment amount approved by the Investment Board, Ministry of Economic Affairs	\$ 1,983,087	The investment limit approved by the Investment Board, Ministry of Economic Affairs	\$ 58,871,898
					(USD 64,770 thousand)

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

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

Attached Table 7

Name of Major Shareholders	Shares	
	Number of shares held (No.)	Shareholding percentage (%)
Ruentex Development Co., Ltd.	157,697,626	14.28
Changchun Investment Co., Ltd.	63,905,656	5.78

RUENTEX INDUSTRIES LIMITED

Chairman : Hsu, Sheng-Yu