

Ruentex Development Co., Ltd.  
Unconsolidated Financial Statements for the  
Years Ended December 31, 2018 and 2019 and  
Independent Auditor's Report  
(Stock Code: 9945)

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Ruentex Development Co., Ltd.

Unconsolidated Financial Statements for the Years Ended December 31, 2018 and 2019  
and Independent Auditor's Report  
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## Independent Auditors' Report

(2020)PWCR 19004489

The Board of Directors and Shareholders Ruentex Development Co., Ltd.

### **Audit opinion**

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

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

### **Basis for Audit Opinion**

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

### **Key Audit Matters**

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

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

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

### **Description of Key Audit Matters**

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

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

### **Corresponding Audit Procedures**

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

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

## **Assessment on Investment Balance Under Equity Method**

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

On December 31, 2019, the Company adopted the equity method to assess its subsidiary, Ruentex Engineering & Construction Co., Ltd. (hereinafter referred to as “Ruentex Engineering & Construction”). Under the consideration of comprehensive shareholding, since the investment balance under equity for Ruentex Engineering & Construction and the investment gain Ruentex Engineering & Construction in 2019 have significant impacts on the

financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of REC are respectively described in the following:

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

#### Description of Key Audit Matters

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

#### Corresponding Audit Procedures

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

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

## **Accuracy of the Recognition of Construction Incomes**

### Description of Key Audit Matters

The Ruentex Engineering & Construction of construction income of Ruentex Engineering & Construction was calculated based on the percentage of completion method and according to the completion progress during the construction contract period. The construction progress was calculated based on the percentage of the cost incurred for each construction contract up to the end of the financial report period over the expected total cost for such construction contract. The aforementioned estimation of the expected total cost was provided by Ruentex Engineering & Construction based on its estimation on various construction costs required for contracting works and material/labor expenses etc. according to the quantitative units of building structural drawings etc. of owners along with the fluctuation of the Current market price at that time.

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

### Corresponding Audit Procedures

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

1. Based on our understanding of the business operation and nature of industry of Ruentex Engineering & Construction, we assessed the internal operation procedures used in the estimation of construction total cost, including the quantitative unit of building structural drawings of owners in order to determine the procedures for each construction cost (contracting works and material/labor expense) and the consistency of the estimation method.
2. We assessed and tested the internal control procedures adopted by the management to recognize the construction income according to the construction completion progress, including verifying the evidence documents for the additional/reduction of construction works and major pricing constructions in the Current period.
3. Re-check the percentage of the completion of each construction, and review the accuracy of the recognition of the related construction incomes and if they have been accounted for.

4. We performed relevant verification procedures on the construction Income statement at the end of period, including inspecting the number of cost occurrences in the Current period, audited on the evidence documents of additional/reduction constructions, and re-calculated the construction income according to the recognition of construction completion progress, and recorded account appropriately.

#### **Other matter - Reference to audits of other independent 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, 2019 and 2018, the investment balances under equity method for the aforementioned companies were NT\$12,610,411 thousand and NT\$ 7,620,785 thousand respectively, representing 10.64% and 11.62% of the total Assets respectively. For the period of 2019 and January 1 to December 31, 2018 the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$ 5,556,550 thousand and NT\$ 2,363,845 thousand respectively, representing 10.75% and 8.83% of the compressive income respectively.

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

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



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

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

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

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

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

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidences in order to be used as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made at the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidences for the financial information of individual entity of the Company and provide opinions on its respective unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the audit opinion for the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chao-Ming Wang

CPA

Ming-Chuan Hsu

Former Securities Commission of the Ministry of Finance  
Approval Certificate No.:(1996) Tai-Cai-Zheng (VI) No.  
65945

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

March 30, 2020

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheet  
For the Years Ended December 31, 2019 and 2018

Unit: New Taiwan Dollars in Thousands

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

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheet  
For the Years Ended December 31, 2019 and 2018

Unit: New Taiwan Dollars in Thousands

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

The accompanying notes are an integral part of the unconsolidated financial statements. Please review altogether.

Chairman: Tsang-Jiunn Jean

Manager: Chih-Hung Lee

Accounting Manager: Chin-Szu Lin

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

Unit: New Taiwan Dollars in Thousands  
(Except Earnings Per Share in New Taiwan Dollars)

Item	Notes	Year 2019		Year 2018	
		Amount	%	Amount	%
4000 <b>Operating Revenue</b>	VI(20) and VII	\$ 5,507,432	100	\$ 5,834,768	100
5000 <b>Operating Costs</b>	VI(3)(21)(25)(26) and VII	( 4,246,396)	( 77)	( 4,333,022)	( 75)
5900 <b>Gross profit</b>		1,261,036	23	1,501,746	25
5910 Unrealized incomes from sales		( 2,842)	-	-	-
5950 <b>Gross Profit</b>		1,258,194	23	1,501,746	25
<b>Operating Expenses</b>	VI (15)(25)(26) and VII				
6100 Selling and marketing expenses		( 588,590)	( 11)	( 602,532)	( 10)
6200 Administrative expense		( 242,107)	( 4)	( 225,738)	( 4)
6450 Expected credit impairment incomes (losses)	VI(25)	114	-	( 262)	-
6000 <b>Total Operating Expenses</b>		( 830,583)	( 15)	( 828,532)	( 14)
6900 <b>Operating Profit</b>		427,611	8	673,214	11
<b>Non-operating Income and Expenses</b>					
7010 Other income	VI (6) (22) and VII	98,658	2	199,430	3
7020 Other gains and losses	VI (23)	( 95,962)	( 2)	258,179	4
7050 Finance costs	VI (9) (24)	( 213,079)	( 4)	( 196,068)	( 3)
7070 Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method	VI (7)	9,018,363	164	10,536,970	181
7000 <b>Total Non-operating Income and Expenses</b>		8,807,980	160	10,798,511	185
7900 <b>Net income before tax</b>		9,235,591	168	11,471,725	196
7950 Income tax expense	VI (27)	( 167,639)	( 3)	( 1,539,631)	( 26)
8000 <b>Net profit for the period of the continued business unit</b>		9,067,952	165	9,932,094	170
8200 <b>Net income of current period</b>		\$ 9,067,952	165	\$ 9,932,094	170
<b>Other Comprehensive Income (Loss)</b>					
<b>Items may not be reclassified subsequently to profit or loss:</b>					
8311 Remeasurements of defined benefit plans	VI (15)	\$ 6,244	-	\$ 3,845	-
8316 Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	VI (5)	( 637,971)	( 12)	( 337,490)	( 6)
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	VI (18)	( 49,542)	( 1)	( 89,813)	( 1)
8349 Income tax related to items not to be reclassified into profit or loss	VI (27)	37,457	1	17,702	-
8310 <b>Total of items not to be reclassified into profit or loss</b>		( 643,812)	( 12)	( 405,756)	( 7)
<b>Items may be reclassified subsequently to profit or loss</b>					
8361 <b>Exchange differences on translating foreign operations</b>		( 165,159)	( 3)	218,071	4
8380 <b>Share of other comprehensive income of subsidiaries, associates &amp; joint ventures accounted for using equity method - items likely to be reclassified into profit or loss</b>	VI(19)	43,756,726	795	( 36,544,381)	( 626)
8399 Income tax related to items may be reclassified into profit or loss	VI(19)(27)	( 309,682)	( 6)	28,596	-
8360 <b>Total of items may be reclassified subsequently to profit or loss</b>		43,281,885	786	( 36,297,714)	( 622)
8300 <b>Other Comprehensive Income (net)</b>		\$ 42,638,073	774	( \$ 36,703,470)	( 629)
8500 <b>Total Comprehensive Income of current period</b>		\$ 51,706,025	939	( \$ 26,771,376)	( 459)
<b>Earnings Per Share</b>	VI(28)				
9750 <b>Basic earnings per share</b>		\$ 9.35		\$ 7.22	
9850 <b>Diluted earnings per share</b>		\$ 9.34		\$ 7.22	

The accompanying notes are an integral part of the unconsolidated financial statements. Please review altogether.

Chairman: Tsang-Jiunn Jean

Manager: Chih-Hung Lee

Accounting Manager: Chin-Szu Lin

Ruentex Development Co., Ltd.  
Unconsolidated Statement of Changes in Equity  
December 31, 2019 and 2018

Unit: New Taiwan Dollars in Thousands

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

The accompanying notes are an integral part of the unconsolidated financial statements. Please review altogether.

Chairman: Tsang-Jiunn Jean

Manager: Chih-Hung Lee

Accounting Manager: Chin-Szu Lin

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

Unit: New Taiwan Dollars in Thousands

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

(Continued)



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

Unit: New Taiwan Dollars in Thousands

	Notes	January 1 to December 31, 2019	January 1 to December 31, 2018
<u>Cash flow from investing activities</u>			
Refunded settled share capital from subsidiaries	VI (7)	\$ 3,276,244	\$ -
Investment accounted for under the equity method	VI (7)	( 578,962 )	( 87,500 )
Proceeds from capital reduction of investments under equity method	VI (7)	195,429	811,412
Investment in real estate properties, plants, and equipment	VI (8)	( 24,574 )	( 4,169 )
Proceeds from disposal of real estate, plant and equipment	VI (8)	9	137
Investment real estate acquired	VI(10)	( 49,905 )	( 4,490 )
Decrease (increase) in refundable deposits		( 200,649 )	105,318
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current		( 11,068 )	-
Increase in other non-Current Assets		( 382 )	( 254 )
Net cash flow in from investing activities		<u>2,606,142</u>	<u>820,454</u>
<u>Cash Flows from Financing Activities</u>	VI(31)		
Net increase (decrease) in short-term borrowings		2,080,000	( 11,930,000 )
Net increase (decrease) in short-term notes and bills payable		2,050,000	( 5,299,000 )
Proceeds from long-term borrowings		20,234,993	26,333,475
Repayments of long-term borrowings		( 21,212,581 )	( 9,113,673 )
Increase in guarantee deposits		21,537	20,546
Repayments to the lease principal	VI (9)	( 15,872 )	-
Issuance of cash dividends	VI (18)	( 2,006,508 )	( 3,344,180 )
Subsidiary equity acquired	VI (7)	( 3,550,274 )	( 329,000 )
Cash Reduction	VI (16)	<u>-</u>	<u>( 6,688,360 )</u>
Cash used in financing activities		( 2,398,705 )	( 10,350,192 )
Net increase (decrease) in cash and cash equivalents		2,196,948	( 8,886,263 )
Cash and cash equivalents at beginning of period	VI (1)	<u>2,581,300</u>	<u>11,467,563</u>
Cash and cash equivalents at end of period	VI (1)	<u>\$ 4,778,248</u>	<u>\$ 2,581,300</u>

The accompanying notes are an integral part of the unconsolidated financial statements. Please review altogether.

Chairman: Tsang-Jiunn Jean

Manager: Chih-Hung Lee

Accounting Manager: Chin-Szu Lin

Ruentex Development Co., Ltd.  
Notes to Financial Statements  
Year 2019 and 2018

Unit: New Taiwan Dollars in Thousands  
(Unless Stated Otherwise)

## I. Company History

Ruentex Development Co., Ltd. (hereinafter referred to as the “Company”), was incorporated in September 1977 under the laws of Republic of China (ROC) and formerly known as “Ruentex Construction Co., Ltd.”. The Company was authorized to trade its stocks on the Taiwan Stock Exchange since April 30, 1992. On July 2, 2002, the Company changed its name to “Ruentex Development Co., Ltd.” under the approval of the competent authority. The Company primarily operates the businesses of contracted construction of congregate housings and lease/sale of commercial buildings, purchase and sale of building materials as well as department store business and super market 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 30, 2020.

## 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 by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

<u>New and revised standards, amendments to standards, and interpretations</u>	<u>Effective date published by the International Accounting Standards Board(IASB)</u>
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
IFRS 16, “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
2015-2017 annual improvements cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

IFRS 16, “Leases”

1. IFRS 16, “Leases,” replaces IAS 17, “Leases” and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value Assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

2. When applying the 2019 version of IFRSs recognized by FSC, the Company recognized the leases in which it is a lessee in accordance with the IFRS 16, without restating the financial statements of the prior reporting period (the “modified retrospective approach”), and thus the right-of-use assets and lease liabilities were added from January 1, 2019 for NT\$37,297.
3. The Company took the following practical expedients at initial adoption of IFRS 16.
  - (1) Without re-assessing whether the contracts are, or contain leases, the contracts identified as leases pursuant to the applied IFRS 17 or IFRIC 4 are treated with IFRS 16.
  - (2) A single discount rate is applied to the lease mix with reasonably similar characteristics.
  - (3) The leases terminated before December 31, 2019 due to expiry, are treated as short-term leases; these contracts are recognized lease expenses of NT\$ 88,073 for Year 2019.
  - (4) The original direct costs are not accounted for the evaluation of right-of-use assets.
  - (5) When assessing execution of option to extend leases or non-execution of option to terminate leases, the determinations are based on hindsight.
4. When calculating the current value of the lease liabilities, the incremental lending rate, whose average weighted Interest rate range is 1.22%.
5. The amount of operating lease commitment disclosed pursuant to IFRS 17, the reconciliations between the current value at the incremental lending rate at the initial adoption day and the recognized lease liabilities on January 1, 2019 are as the following:

The operating lease commitment disclosed pursuant to IFRS 17 on December 31, 2019	\$	129,018
Less: exemptions under short-term leases.	(	91,207)
The total amount of lease contract to be recognized as lease liabilities pursuant to IFRS on January 1, 2019	\$	<u>37,811</u>
The Group’s incremental lending rate range at the initial adoption day		1.22%
The total amount of lease contract recognized as lease liabilities on January 1, 2019	\$	37,297

(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 2020 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>Effective date published by the International Accounting Standards Board(IASB)</u>
Amendments to IAS 1 and IAS 8 “Disclosure Initiative - Definition of Material”	January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 on “Interest Rate Benchmark Reform”	January 1, 2020

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>Effective date published by the International Accounting Standards Board (IASB)</u>
<u>New and revised standards, amendments to standards and interpretations</u>	<u>Standards Board (IASB)</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, 2021
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Except for the following whose related impacted amounts will be disclosed upon the completion of evaluation, the above standards and interpretations have no significant impact on the Company’s financial position and financial performance based on the Company’s assessment.

IFRS 17 “Insurance Contracts”

IFRS 17 “Insurance Contracts” replace IFRS 4, and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. The standard applies to the insurance contracts, including reinsurance contracts, issued by an entity, reinsurance contracts it holds, and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts. At the original recognition, an entity shall divide a portfolio of insurance contracts issued to three groups: a group of contracts that are onerous at initial recognition, a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and a group of the remaining contracts in the portfolio. IFRS 17 requires present value measurement model, and remeasurement to such estimates at each reporting period. The measurement is based on the cash flow, risk-adjustment, and the element representing the unearned profit (contractual service margins) after discounting and probability-weighting the contracts. An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. Recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. An entity shall recognize and report the insurance revenue, insurance service expenses, and insurance finance income or expenses separately, and disclose the amount, judgement, and risk related information from the insurance contracts.

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 at fair value through other comprehensive income.
  - (2) Defined benefit liabilities recognized based on the net amount of pension fund Assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with 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 V.

(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 subsidiaries and associates 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. In addition, even when the Company still retains partial interest in the former associate after losing its major influence on the former foreign operation associate such transactions should be accounted for as disposal of all interest in the foreign operation.
- (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. Since the operating cycle of building and housing sale is longer than one year, the Assets and liabilities related to construction and long-term construction contracts are classified into current and non-current according to the standard of the operating cycle.

#### (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 changes 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 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.

(VII) Financial Assets at amortized 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.

(VIII) 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.

(IX) 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.

(X) 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.

(XI) Lease transactions of lessor - rent payments receivable /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.

(XII) Inventories

The perpetual inventory system is adopted. The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at construction site) is capitalized, and the carry down of cost is calculated by using the weighted average method. The ending inventories are stated at the lower of cost and net realizable value. In addition, the item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.



(XIII) 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. 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.

(XIV) Real estate, 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 real estate, 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 real estate, 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:

Machinery and equipment	2 years ~ 11 years
Warehouse equipment	3 years ~ 8 years
Transportation equipment	2 years ~ 6 years
Office equipment	2 years ~ 6 years
Other equipment	2 years ~ 11 years

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

Adoption in Year 2019

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.

(XVI) Investment Real Estate

An investment real estate is stated initially at its cost and measured subsequently using the cost model. Except for land, investment real estate is depreciated on a straight-line basis over its estimated useful life of 3~60 years.

(XVII) Impairment of non-financial Assets

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

(XVIII) 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.

(XIX) Notes and accounts payable

1. Notes and accounts payable refer to debts occurred due to goods or services that have

been acquired in the course of business and occurred due to non-operating activities.

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

#### (XX) Derecognition of financial liabilities

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

#### (XXI) Employee benefits

##### 1. Short-term employee benefits

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

##### 2. Pensions

###### (1) Defined contribution plans

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

###### (2) Defined benefit plans

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

#### (XXII) 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 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 parent only balance sheet. However, 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 (excluding corporate individual entity) that at the time of the transaction affects neither accounting nor taxable profit (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. Since the part without the income tax credit carried forward generated due to the equity investment may be very likely to be within the scope without the use of income tax credit when it is taxed in the future, consequently, it is recognized as the deferred income tax asset.

### (XXIII) Capital

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

#### (XXIV) 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.

#### (XXV) Income

##### 1. Land development and sale

- (1) The Company operates the business of land development and sales of housing, and income is recognized when the control of real estate is transferred to customers. For the housing sales contract already signed, based on the restriction of contract terms, such real estate serves no other purposes to the Company; however, when the statutory ownership of the real estate is transfer to customer, the Company then has the executable right on the contract terms. Consequently, income is recognized at the time when the statutory ownership is transferred to the customer.
- (2) Income is measured based on the contract negotiated amount, and the contract price is paid when the statutory ownership of the real estate is transferred. Under extremely rare cases, the Company and customers engaged in negotiation for the deferred time of payment; however, the deferred repayment periods were all less than 12 months. Therefore, it is determined that there is no major financial composition in the contract, such that the consideration amount is not adjusted.

##### 2. Sale of goods

- (1) The Company operates the business related to department store purchase and sale, as well as the business of super market. 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 proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
- (2) The Company operates the customer premium plan for retail customers, and provides the customer reward points during the transactions. When customers exchange for the reward points, they have the right to obtain additional goods at discounted price or exchange for free of payment. The reward point is an important right that cannot be obtained if a customer has not made any initial transaction; therefore, the reward point provided to customers is a single contract performance obligation. The transaction price is appropriated to the goods and reward point based on the relative independent sales price. The independent sales price of reward point is estimated according to the discount obtained by the customer and the possibility of exchange of points based on the past experience.
- (3) 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.
- (4) 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.

3. Income from lease

Income is recognized in profit or loss on a straight-line basis over the lease term.

4. Costs to obtain clients' contracts

For the incremental costs incurred to obtain clients' contracts (mainly sales commission), the expected recoverable parts are recognized as asset when incur (listed as other current assets), and amortized based on the systematic basis consistent to the transfer of the products or services related to the concern assets. Subsequently, if the expected receivable consideration becomes lower than the carrying amount recognized in the Assets after deducting the costs not recognized as expenses, the excessive amount to the carrying amount in the Assets is recognized as the impairment loss.

V. Significant Accounting Judgments, Estimations, Assumptions, and Key Sources of Assumption Uncertainty

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

(I) Significant Accounting judgments in applying the Company accounting policies

Investment Real Estate

When the purpose of the real estate held by the Company is to gain rent or capital increase, such real estate are classified under the investment Assets.

(II) Significant 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 XII(3).

At December 31, 2019, the carrying amount of the Company's investments in securities of other unlisted companies at fair value through other comprehensive income was NT\$543,712.



## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 4,982	\$ 9,068
Checking deposits and demand deposits	60,233	103,552
Time deposits	2,369,098	2,373,667
Cash equivalents - Bonds under repurchase agreements	<u>2,343,935</u>	<u>95,013</u>
	<u>\$ 4,778,248</u>	<u>\$ 2,581,300</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, 2019</u>	<u>December 31, 2018</u>
Notes receivable	<u>\$ 3,589</u>	<u>\$ 2,053</u>
Accounts receivable	\$ 5,680	\$ 20,615
Less: Allowance for loss	<u>( 170)</u>	<u>( 284)</u>
	<u>\$ 5,510</u>	<u>\$ 20,331</u>

1. The aging of notes and accounts receivables was as follows:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 5,441	\$ 3,589	\$ 20,104	\$ 2,053
Overdue				
91 days and more	<u>239</u>	<u>-</u>	<u>511</u>	<u>-</u>
	<u>\$ 5,680</u>	<u>\$ 3,589</u>	<u>\$ 20,615</u>	<u>\$ 2,053</u>

The aging analysis was based on past due date.

2. The balances of the receivables and notes receivable as of December 31, 2019 and 2018 were incurred by the clients' contracts; also as of January 1, 2018, the balances of the notes receivable and receivables were NT\$93,463 and NT\$12,816, respectively.
3. The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$3,589 and NT\$2,053 for notes receivable, as of December 31, 2019 and 2018, respectively; the accounts receivable were NT\$5,510 and \$20,331 as of December 31, 2019 and 2018, respectively.
4. The Company does not hold any collateral as security.
5. For credit risk information related to accounts receivable and notes receivable, please refer to Note XII(2).

(III) Inventories

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Construction business department:		
Real property for sale (including parking space)	\$ 3,342,404	\$ 6,560,418
Property under construction	15,571,198	12,500,229
Construction land	2,341,003	2,354,557
Prepayment for land purchases	1,090,435	2,227,682
Less: Allowance for valuation losses	( 420,247)	( 420,247)
Subtotal	<u>21,924,793</u>	<u>23,222,639</u>
Hypermarket Business Department:		
Merchandise inventory	118,413	111,435
Less: allowance for obsolescence loss	( 2,788)	( 1,926)
Subtotal	<u>115,625</u>	<u>109,509</u>
Total	<u>\$ 22,040,418</u>	<u>\$ 23,332,148</u>

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

	<u>2019</u>	<u>2018</u>
Cost of inventories sold	\$ 4,204,051	\$ 4,299,558
loss on physical inventory	11,763	10,457
(Gain from price recovery) Loss from price reduction	862	( 1,419)
	<u>\$ 4,216,676</u>	<u>\$ 4,308,596</u>

The net realizable value of the Hypermarket Business Department's inventory of 2019 and 2018 increased and decreased, respectively, and thus the inventories had both loss from price reduction and gain from price recovery.

2. Inventory capitalization amount and interest range:

	<u>2019</u>	<u>2018</u>
Amount of capitalization	<u>\$ 199,437</u>	<u>\$ 185,252</u>
Interest rate collars of capitalization	1.00% ~ 1.11%	0.94% ~ 1.71%

3. The aforementioned construction lands include the payment amount of the Company for the purchase of the agricultural lands. Since they are still agricultural lands, and the land category has not been changed completely, the ownership of the lands is still registered under the name of third party, and pledge has been set on such agricultural lands.
4. For the collateral status for the inventory of the aforementioned Construction Business Department, please refer to Note VIII.

(IV) Other Current Assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Joint construction guarantee deposits	\$ 393,983	\$ 239,760
Restricted bank deposits	15,295	14,688
Guarantee deposits paid	6,791	8,252
Incremental costs of obtaining contracts	3,139	-
	<u>\$ 419,208</u>	<u>\$ 262,700</u>

For the collateral status for other financial Assets of the Company, please refer to Note VIII.

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

<u>Item</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity Instrument		
Shares of the TPEX listed companies	\$ 180,934	\$ 169,866
Privately offered shares of TWSE/TPEX listed companies	503,208	503,208
Shares of non-TWSE/TPEX listed companies	<u>400,394</u>	<u>473,984</u>
	1,084,536	1,147,058
Adjustments for valuation		
- Shares of the TPEX listed companies	1,022,844	1,741,733
- Privately offered shares of TWSE/TPEX listed companies	( 58,002)	( 102,900)
- Shares of non-TWSE/TPEX listed companies	<u>143,318</u>	<u>33,708</u>
	<u>1,108,160</u>	<u>1,672,541</u>
Total	<u>\$ 2,192,696</u>	<u>\$ 2,819,599</u>

1. The Company elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive income, amounting NT\$543,712 and NT\$507,692 as of December 31, 2019 and 2018, respectively.
2. The Company'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\$2,192,696 and NT\$2,819,599 as of December 31, 2019 and 2018, respectively.
3. TPEX-listed company, OBI Pharma, Inc. had increased its capital in cash in June 2019, and the Company subscribed for NT\$11,068.
4. An unlisted company, Gloria Solar International Holding Inc., was approved by the government of Cayman Islands to be dissolved, and the certificate issued by the oversea embassy status-quo was obtained on September 3, 2019. The Company wrote off the recognized investment costs, and cumulatively recognized unrealized adjustment for valuation; both losses were NT\$73,590.

5. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

<u>Item</u>	<u>2019</u>	<u>2018</u>
Changes in fair value recognized as other comprehensive income	(\$ <u>637,971</u> )	(\$ <u>337,490</u> )
Dividend incomes recognized in profit and loss	\$ <u>13,252</u>	\$ <u>11,671</u>
Accumulating losses due to derecognizing and transferring retained earnings	\$ <u>73,590</u>	\$ <u>-</u>

6. For the status of the Company using the financial Assets at fair value through other comprehensive income as collateral for security, please refer to Note VIII.

(VI) Financial Assets at amortized cost- non-Current

<u>Item</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subordinated corporate bonds	\$ <u>60,000</u>	\$ <u>60,000</u>

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

	<u>2019</u>	<u>2018</u>
Interest income	\$ <u>2,100</u>	\$ <u>2,100</u>

2. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing financial Assets at amortized cost held by the Company, the maximum exposure amount of credit risk on December 31, 2019 and 2018 was both NT\$ 60,000.
3. For the financial Assets at amortized cost held by the Company, there was no collateral provided as security.
4. For relevant credit risk information, please refer to Note XII(2).

(VII) Investment accounted for using the equity method

1. Details are as follows:

<u>The investee company</u>	<u>Carried Value</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Subsidiary</u>		
Ruentex Construction International (B.V.I.) Ltd. (Ruentex)	\$ 2,076,616	\$ 2,069,368
Ruentex Resource Integration Co., Ltd. (Resource Integration)	-	890,684
Ruentex Construction International Co., Ltd. (Ruentex Construction) (Previous named City-Link Development Co., Ltd.)	636,204	752,581
Ruentex Baiyi Co., Ltd. (Ruentex Baiyi)	2,223,657	2,258,798
Ruentex Xuzhan Co., Ltd. (Ruentex Xuzhan)	1,964,730	1,984,108
Ruentex Material Co., Ltd. (Ruentex Material)	184,807	186,730
Ruentex Security Co., Ltd. (Ruentex Security)	65,693	66,304
Ruentex Property Management and Maintenance Co., Ltd.(Ruentex Property)	36,931	34,988
Ruen Fu Newlife Corp. (Ruen Fu)	2,633	4,806
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	901,207	19,757
Ruentex Innovative Development Co., Ltd. (Ruentex Development)	1,917,011	1,445,822
Less: Treasury stock	( 3,190)	( 3,190)
Subtotal	<u>10,006,299</u>	<u>9,710,756</u>

<u>The investee company</u>	<u>Carried Value</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Associates</u>		
Shing Yen Construction & Development Co., Ltd. (Shing Yen)	\$ 287,995	\$ 450,901
Ruentex Industries Ltd. (Ruentex Industries)	7,043,385	2,409,311
Gin-Hong Investment Co., Ltd. (Gin-Hong)	680,697	677,343
Concord Greater China Ltd.(Concord)	4,883,696	4,529,325
Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend)	831,113	777,408
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	62,089,194	10,578,234
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	795,471	-
Global Mobile Corp. (Global Mobile)	-	-
Subtotal	<u>76,611,551</u>	<u>19,422,522</u>
Total	<u>\$ 86,617,850</u>	<u>\$ 29,133,278</u>

2. The investment shareholder percentage is as follows:

<u>The investee company</u>	<u>Proportion of Shareholding</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Subsidiary</u>		
Ruentex	100.00%	100.00%
Resource Integration	-	71.12%
Ruentex Construction (Previous named City-Link))	100.00%	100.00%
Ruentex Baiyi	100.00%	100.00%
Ruentex Xuzhan	80.00%	80.00%
Ruentex Material	10.49%	10.49%
Ruentex Security	100.00%	100.00%
Ruentex Property	100.00%	100.00%
Ruen Fu	60.00%	60.00%
Ruentex Engineering & Construction Co., Ltd.	39.14%	0.75%
Ruentex Development	70.00%	70.00%
<u>Associates</u>		
Shing Yen	45.45%	45.45%
Ruentex Industries	11.63%	11.63%
Gin-Hong	30.00%	30.00%
Concord	25.46%	25.46%
Sunny Friend	26.62%	26.62%
Ruen Chen	25.00%	25.00%
Nan Shan Life Insurance	0.23%	-
Global Mobile	9.46%	9.46%

3. As of December 31, 2019 and 2018, the stocks of the Company held by the subsidiaries of the Company were treated as treasury stocks, and its detail is as follows:

<u>Name of Company</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Ruentex Engineering & Construction Co., Ltd.	<u>\$ 3,190</u>	<u>\$ 3,190</u>

4. Share of the subsidiaries and associates accounted for under equity method is as follows:

<u>The investee company</u>	<u>2019</u>	<u>2018</u>
<u>Subsidiary</u>		
Ruentex	\$ 53,774	\$ 736,489
Resource Integration	206,804	253,399
Ruentex Construction (Previous named City-Link.)	( 233,406)	( 297,825)
Ruentex Baiyi	146,209	202,190
Ruentex Xuzhan	243,022	290,687
Ruentex Material	9,741	19,865
Ruentex Security	( 163)	3,783
Ruentex Property	6,212	3,940
Ruen Fu	( 2,266)	( 923)
Ruentex Engineering & Construction Co., Ltd.	88,756	5,328
Ruentex Development	( 19,102)	( 16,096)
Subtotal	<u>499,581</u>	<u>1,200,837</u>
<u>Associates</u>		
Shing Yen	42,713	102,990
Ruentex Industries	776,292	892,154
Gin-Hong	46,422	56,279
Concord	153,596	2,451,162
Sunny Friend	264,336	219,179
Ruen Chen	7,208,238	5,614,369
Nan Shan Life Insurance	27,185	-
Global Mobile	-	-
Subtotal	<u>8,518,782</u>	<u>9,336,133</u>
Total	<u>\$ 9,018,363</u>	<u>\$ 10,536,970</u>

5. Among the investments accounted for under equity method as of December 31, 2019 and 2018, the Ruentex Industries, Gin Hong, Concord and Ruen Fu were obtained according to the assessment on the financial reports audited by other independent auditors.

6. Subsidiaries

- (1) Please refer to Note IV(3) in the consolidated financial statements for the year ended December 31, 2019 for more information on the Company's subsidiaries.
- (2) Resource integration was to reduce the idle capital, and Shing Yen executed capital reduction in December 2018, and the share capital was returned to shareholders. The capital reduction percentage was 69.21% and the returned cash amount was NT\$265,274.

- (3): In the reorganization to simplify the Group's organization, a proposal for dissolution of the subsidiary Resource Integration was submitted by the board of directors on January 14, 2019, and approved by the extraordinary shareholders' meeting on January 30, 2019. Also on February 13, 2019, the competent authority was filed to and approved the dissolution. Resource Integration completed the distribution of the residual properties and settlement on November 4, 2019. NT\$3,276,244 was distributed to the Company in cash, including the cash and cash equivalents in Resource Integration's book for NT\$249,879, and 51,832,359 shares of Ruentex Engineering & Construction sold by Resource Integration to the Company on October 28, 2019 at the price per share of NT\$58.6, for total NT\$3,037,376; also the taxes and fees paid by Resource Integration were recognized for NT\$11,011 (accounted for issuance premium of capital reserves).
- (4) Pursuant to resolution of the interim shareholder meeting on October 23, 2019, Resource Integration sold all the shares of Ruentex Engineering & Construction Co., Ltd. proportionally with the stake held by its shareholders. The Company acquired 51,832,359 shares of Ruentex Engineering & Construction at the price per share of NT\$58.6, for total NT\$3,037,376; also the additional taxes and fees paid for NT\$1,898 (accounted for issuance premium of capital reserves). Therefore, the Company's shareholding in Ruentex Engineering & Construction increased to 39.15%.
- (5) To improve financial structure and to satisfy operating capital, Ruentex Development executed capital increase by cash in June 2019 and May 2018, respectively, and the numbers of new shares issued were 73,000,000 shares and 47,000,000 shares respectively. The subscription amounts of the Company according to the shareholding percentage were NT\$511,000 and NT\$329,000.
- (6) Ruentex Construction was previously named City-Link Development Co., Ltd., and was approved by Department of Commerce, MOEA on August 16, 2019.

## 7. Associates

- (1) The basic information of primary associates of the Company is as follows:

<u>Company name</u>	<u>Principal Place of Business</u>	<u>Shareholding percentage</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>December 31, 2019</u>	<u>December 31, 2018</u>		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	11.63%	Note 1	Diversification	Equity method
Concord	British Virgin Islands (BVI)	Note 2	25.46%	Diversification	Equity method

Note 1: As of December 31, 2018, the balance of investment in Ruentex Industries was not material.

Note 2: As of December 31, 2019, the balance of investment in Concord was not material.



(2) The summary on the consolidated financial information of primary associates of the Company is as follows:

Balance Sheet

	<u>Ruen Chen</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	\$ 4,846,936,411	\$ 4,363,406,671
Total liabilities	( 4,562,716,753)	( 4,310,146,058)
Total net assets (Note)	<u>\$ 284,219,658</u>	<u>\$ 53,260,613</u>
Portion of the net assets of associates	<u>\$ 62,089,194</u>	<u>\$ 10,578,234</u>

Note: including the non-controlling interests consolidated in Ruen Chen Investment Holding's financial statements for NT\$35,862,882.

	<u>Concord</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	\$ -	\$ 18,031,630
Total liabilities	-	( 245,031)
Total net assets	<u>\$ -</u>	<u>\$ 17,786,599</u>
Portion of the net assets of associates (Note)	<u>\$ -</u>	<u>\$ 4,528,468</u>

Note: the difference from the carrying amount arises from the net difference between the initial investment costs and the fair value of acquired net identifiable value.

	<u>Ruentex Industries</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total assets	\$ 118,615,621	\$ -
Total liabilities	( 34,290,005)	-
Total net assets (Note)	<u>\$ 84,325,616</u>	<u>\$ -</u>
Portion of the net assets of associates	<u>\$ 7,043,385</u>	<u>\$ -</u>

Note: including the non-controlling interests consolidated in Ruentex Industries financial statements.

Statements of Comprehensive Income

	<u>Ruen Chen</u>	
	<u>2019</u>	<u>2018</u>
Income	\$ 622,318,319	\$ 636,836,934
Current Net Profit (Note)	\$ 32,004,408	\$ 24,301,356
Other comprehensive income (Net after tax)	<u>173,096,475</u>	<u>( 150,286,690)</u>
Total Comprehensive Income Current Period (Note)	<u>\$ 205,100,883</u>	<u>(\$ 125,985,334)</u>

Note: Included the net profit and the total comprehensive Income attributed non-controlling interests consolidated in Ruen Chen Investment Holdings of the current period, for NT\$3,171,535 and NT\$16,616,067, respectively.

	Concord	
	2019	2018
Income	\$ -	\$ 9,639,125
Net income of current period	\$ -	\$ 9,627,501
Other comprehensive income (Net after tax)	-	565,477
Total Comprehensive Income of current period	<u>\$ -</u>	<u>\$ 10,192,978</u>

	Ruentex Industries	
	2019	2018
Income	\$ 3,486,392	\$ -
Net income of current period	\$ 9,186,640	\$ -
Other comprehensive income (Net after tax)	45,887,322	-
Total Comprehensive Income of current period	<u>\$ 55,073,962</u>	<u>\$ -</u>

- (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, 2019 and 2018, the total of the carrying amount of individual insignificant associate of the Company were NT\$7,478,972 and NT\$4,314,963 respectively.

	2019	2018
Net income of current period	\$ 33,772,330	\$ 8,821,240
Other comprehensive income (Net after tax)	170,027,654	( 11,491,263)
Total Comprehensive Income of current period	<u>\$ 203,799,984</u>	<u>(\$ 2,670,023)</u>

- (4) For the investments accounted for under equity method of the Company with public market price, their fair values are as follows:

	December 31, 2019	December 31, 2018
Ruentex Industries	\$ 4,830,470	\$ 5,165,646
Sunny Friend	6,944,453	6,024,461
	<u>\$ 11,774,923</u>	<u>\$ 11,190,107</u>

- (5) Through the resolution of the board of directors' meeting on November 20, 2017, Concord performed the equity exchange and disposal for its re-invested corporate entities (A-RT Retail Holdings Ltd. and Sun Art Retail Group Ltd.), and Concord performed settlement on December 7, 2017 and January 30, 2018. The aforementioned investment benefits recognized by the Company according to the shareholding percentage on the associates in the fourth quarter of 2017 and the first half of 2018 were NT\$ 8,042,511 and NT\$ 3,000,618 respectively.

- (6) In order to adjust its capital structure and improve return on equity ratio, Ruentex Industries conducted a capital reduction in August 2018 and returned cash capital to its shareholders with a capital reduction ratio of 40%. The total cash refund received by the Company was NT\$438,138.
- (7) In order to improve utilization of funds, Jing-Hong conducted capital reductions in December 2018 with capital reduction ratio of 28.57%. The cash refunds were NT\$108,000.
- (8) Ruen Chen Investment Holding conducted cash capital increase in June and July, 2019, and April, 2017; the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$100,000, NT\$5,000,000, and NT\$87,500, respectively.
- (9) In order to adjust its capital structure and improve return on equity ratio, Shing Yen conducted a capital reduction in July, 2019 and returned cash capital to its shareholders with a capital reduction ratio of 40.75%. The total cash refund received by the Company was NT\$195,429.
- (10) Global Mobile was an investee of the Company with valuation under equity method - Ruentex Industries' investment under equity method. After the assessment of the Company, the Company had significant influence on Global Mobile; therefore, the investment under equity method was adopted to recognize such company. Global Mobile received a letter in March 2015 stating that its application for the extension of wireless broadband reception business was rejected by the competent authority. Global Mobile had filed appeal for its application according to the law, and subsequently, in November 2015, it received a letter informing that its appeal had been rejected by the competent authority such that its service was terminated in December of the same year. Global Mobile had filed appeal and subsequent litigation according to laws. However, based on the conservative and stable business principle of the Company, it had recognized an impairment loss in 2015 as NT\$ 5,247.
- (11) To cope with the reinvestment planning and diverse operational needs, the Company invested in Nan Shan Life Insurance Co., Ltd. (referred to as "Nan Shan Life Insurance") in 2010 through Ruen Chen Investment Holdings. 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. Regarding the aforementioned reinvestment of Ruen Chen Investment Holdings in Nan Shan Life Insurance, in accordance with the request of the competent authority, the Company delivered the Ruen Chen Investment Holdings stocks held to trust. The main provisions of such 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 612,500 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.
- (12) According to the instruction of FSC on June 13, 2016, the Company planned to invest in Nan Shan General Insurance Co., Ltd. (referred to as Nan Shan General Insurance”, original name as AIG Insurance), the Company issued an undertaking, and the commitments were 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 200,000,000 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.
- (13) 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\$ 5,000,000 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\$4,995,758 and NT\$4,242.

- (14) To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 29,670,000 shares of Nan Shan Life Insurance for NT\$474,720, for holding 0.23% of the total shares. As Nan Shan Life Insurance is the investee company accounted for under the equity method of Ruen Chen Investment Holding, 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
8. For the status of collaterals provided for investments under equity method of the Company, please refer to Note VIII.

(VIII) Real estate, plant and equipment

	2019					
	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1						
Cost	\$ 81,950	\$ 32,270	\$ 25,379	\$ 31,160	\$ 177,621	\$ 348,380
Accumulated depreciation	( 66,197)	( 30,105)	( 19,432)	( 29,571)	( 169,419)	( 314,724)
	<u>\$ 15,753</u>	<u>\$ 2,165</u>	<u>\$ 5,947</u>	<u>\$ 1,589</u>	<u>\$ 8,202</u>	<u>\$ 33,656</u>
January 1	\$ 15,753	\$ 2,165	\$ 5,947	\$ 1,589	\$ 8,202	\$ 33,656
Addition	12,707	47	2,733	621	8,466	24,574
Transferred to expenses	-	-	-	( 11)	-	( 11)
Costs of disposal of assets	( 2,701)	-	-	( 1,462)	( 2,209)	( 6,372)
Accumulated depreciation on disposal date	2,701	-	-	1,462	2,209	6,372
Depreciation expense	( 4,913)	( 504)	( 2,398)	( 885)	( 3,595)	( 12,295)
December 31	<u>\$ 23,547</u>	<u>\$ 1,708</u>	<u>\$ 6,282</u>	<u>\$ 1,314</u>	<u>\$ 13,073</u>	<u>\$ 45,924</u>
December 31						
Cost	\$ 91,956	\$ 32,317	\$ 28,112	\$ 30,302	\$ 183,878	\$ 366,565
Accumulated depreciation	( 68,409)	( 30,609)	( 21,830)	( 28,988)	( 170,805)	( 320,641)
	<u>\$ 23,547</u>	<u>\$ 1,708</u>	<u>\$ 6,282</u>	<u>\$ 1,314</u>	<u>\$ 13,073</u>	<u>\$ 45,924</u>

	2018					
	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1						
Cost	\$ 82,964	\$ 32,082	\$ 25,945	\$ 30,122	\$ 176,014	\$ 347,127
Accumulated depreciation	( 64,346)	( 29,629)	( 16,763)	( 28,707)	( 166,298)	( 305,743)
	<u>\$ 18,618</u>	<u>\$ 2,453</u>	<u>\$ 9,182</u>	<u>\$ 1,415</u>	<u>\$ 9,716</u>	<u>\$ 41,384</u>
January 1	\$ 18,618	\$ 2,453	\$ 9,182	\$ 1,415	\$ 9,716	\$ 41,384
Addition	1,001	188	-	1,181	1,799	4,169
Costs of disposal of assets	( 2,015)	-	( 566)	( 143)	( 192)	( 2,916)
Accumulated depreciation on disposal date	2,015	-	566	143	66	2,790
Depreciation expense	( 3,866)	( 476)	( 3,235)	( 1,007)	( 3,187)	( 11,771)
December 31	<u>\$ 15,753</u>	<u>\$ 2,165</u>	<u>\$ 5,947</u>	<u>\$ 1,589</u>	<u>\$ 8,202</u>	<u>\$ 33,656</u>
December 31						
Cost	\$ 81,950	\$ 32,270	\$ 25,379	\$ 31,160	\$ 177,621	\$ 348,380
Accumulated depreciation	( 66,197)	( 30,105)	( 19,432)	( 29,571)	( 169,419)	( 314,724)
	<u>\$ 15,753</u>	<u>\$ 2,165</u>	<u>\$ 5,947</u>	<u>\$ 1,589</u>	<u>\$ 8,202</u>	<u>\$ 33,656</u>

(IX) Lease transactions - lessees

Adoption in Year 2019

1. The underlying asset leased by the Company are the land for hypermarket business and the Zhonglun office building and the term of lease is between 2016 and 2021. The lease contracts are negotiated individually, with different terms and conditions. The leased assets are neither to be used as collaterals for loans, nor the rights to be transferred to others in the form of business transfer or merge, among other forms.

2. The information of the right-of-use assets are as the following:

	<u>2019</u>
	<u>Buildings – rent</u>
January 1	\$ -
The effects applied for the first adoption	<u>37,297</u>
January 1, Restated balance	37,297
Newly added lease contracts	55
Depreciation expense	<u>(16,003)</u>
December 31	<u>\$ 21,349</u>
December 31	
Cost	\$ 37,352
Accumulated depreciation	<u>(16,003)</u>
	<u>\$ 21,349</u>

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

	<u>December 31, 2019</u>
Total amount of lease liabilities	\$ 21,480
Less: Due within one year (listed as lease liabilities - current)	<u>(16,233)</u>
	<u>\$ 5,247</u>

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

	<u>2019</u>
<u>Items affects the income of the current period</u>	
Interest expenses of lease liabilities	<u>\$ 351</u>
Expenses of short-term lease contracts	<u>89,871</u>
	<u>\$ 90,222</u>

5. The Company's total cash out flows of lease between January 1 to December 31, 2019 was NT\$106,094, including the expenses of short-term lease contracts for NT\$89,871, interest expenses of lease liabilities for NT\$351 and repayments to lease principals for NT\$15,872.



(X) Investment Real Estate

	2019		
	Land	Buildings	Total
January 1			
Cost	\$ 1,008,724	\$ 1,315,773	\$ 2,324,497
Accumulated depreciation	-	( 363,636)	( 363,636)
	<u>\$ 1,008,724</u>	<u>\$ 952,137</u>	<u>\$ 1,960,861</u>
January 1	\$ 1,008,724	\$ 952,137	\$ 1,960,861
Addition	-	49,905	49,905
Depreciation expense	-	( 29,539)	( 29,539)
December 31	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>
December 31			
Cost	\$ 1,008,724	\$ 1,365,678	\$ 2,374,402
Accumulated depreciation	-	( 393,175)	( 393,175)
	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>
	2018		
	Land	Buildings	Total
January 1			
Cost	\$ 388,673	\$ 847,885	\$ 1,236,558
Accumulated depreciation	-	( 339,384)	( 339,384)
	<u>\$ 388,673</u>	<u>\$ 508,501</u>	<u>\$ 897,174</u>
January 1	\$ 388,673	\$ 508,501	\$ 897,174
Addition	-	4,490	4,490
Transfer (Note)	620,051	463,398	1,083,449
Depreciation expense	-	( 24,252)	( 24,252)
December 31	<u>\$ 1,008,724</u>	<u>\$ 952,137</u>	<u>\$ 1,960,861</u>
December 31			
Cost	\$ 1,008,724	\$ 1,315,773	\$ 2,324,497
Accumulated depreciation	-	( 363,636)	( 363,636)
	<u>\$ 1,008,724</u>	<u>\$ 952,137</u>	<u>\$ 1,960,861</u>

Note: Recognized from inventories.

1. Rent income from the lease of the investment real estate and direct operating expenses:

	<u>2019</u>	<u>2018</u>
Rental income from investment real estate	<u>\$ 36,781</u>	<u>\$ 35,012</u>
The direct operating expenses of the investment real estate not incurred during the current period	<u>\$ 29,720</u>	<u>\$ 24,426</u>

2. The fair value of the investment real estate held by the Company as at December 31, 2019 and 2018 was NT\$ 2,803,391 and NT\$2,846,171 respectively, which was categorized within Level 3 in the fair value hierarchy. The aforementioned fair value was obtained according to the assessment on market transaction price of relevant similar real estate in the neighboring areas.

3. For the status of the collaterals provided for investment real estate held by the Company, please refer to Note VIII.

(XI) Other non-Current Assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other financial assets	\$ 150,672	\$ 5,098,542
Others	<u>5,959</u>	<u>5,577</u>
	<u>\$ 156,631</u>	<u>\$ 5,104,119</u>

Other financial asset was the a letter of undertaking for the increase of investment in Nan Shan Life Insurance and agreed to transfer cash of NT\$5,000,000 for trust in Mega International Commercial Bank Trust Department; also the capital increase in cash to Nan Shan Life Insurance was made in June 2019 through Ruen Chen Investment Holdings, the payment was made in the aforementioned deposited cash NT\$4,995,758. Please find Note VI(7) 7(13) for details.

(XII) Short-term borrowings

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Credit bank loan	\$ 1,990,000	\$ 710,000
Secured bank loan	<u>800,000</u>	<u>-</u>
	<u>\$ 2,790,000</u>	<u>\$ 710,000</u>
Interest rate collars	1.00% ~ 1.22%	1.00% ~ 1.22%

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Guarantee notes	<u>\$ 7,135,000</u>	<u>\$ 8,260,800</u>

(XIII) Short-term notes and bills payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Commercial papers payable	\$ 2,230,000	\$ 180,000
Less: Unamortized discount	( 1,543)	( 42)
	<u>\$ 2,228,457</u>	<u>\$ 179,958</u>
Interest rate collars	0.48% ~ 1.03%	0.50% ~ 0.75%

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Guarantee notes	<u>\$ 6,420,000</u>	<u>\$ 5,019,000</u>

(XIV) Long-term borrowings

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Secured bank loan	\$ 10,576,000	\$ 9,460,090
Credit bank loan	<u>16,262,000</u>	<u>18,600,000</u>
	26,838,000	28,060,090
Less: Arrangement fees for leading banks of syndicated loan	( 2,647)	( 9,000)
	26,835,353	28,051,090
Face value of long term commercial paper	1,670,000	1,425,000
Less: Unamortized discount	( 2,023)	( 1,525)
	28,503,330	29,474,565
Less: Due within one year (listed as other current liabilities)	( 1,838,000)	( 838,000)
Due within one operating cycle (listed as other current liabilities)	( 5,976,000)	( 5,976,000)
	<u>\$ 20,689,330</u>	<u>\$ 22,660,565</u>
Interest rate collars	0.55% ~ 2.22%	0.50% ~ 2.22%

1. The Company signed a syndicated loan agreement with a bank group including Land Bank of Taiwan in July 2010 to provide the financing for the construction of the Company. The term of loan was from July 2014 to July 2021, the total loan amount was NT\$ 4,600,000. Up to the date of December 31, 2019, the Company has drawn the credit amount of the contract performance guarantee letter at an amount of NT\$ 194,036. The main commitments of the Company are as follows:

(1) The Company shall use the loan amount obtained under this agreement in the

purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.

- (2) The Company shall provide the consolidated financial report audited by independent director as well as audited consolidated and unconsolidated financial reports within 60 days and 120 days after the first half and the end of each fiscal year respectively.
  - (3) Before obtaining the prior consents of all members of the syndicated loan banks, the Company shall not merger with others or demerger the Company according to the Company Act. However, where the Company is a survival company (after merger) and the merger result has no adverse impacts on its ability to perform obligations under this agreement, then such restriction shall not be applied.
2. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in November 2012 to provide the financing for the construction of the Company. The term of the loan was from November 2012 to March 2021, the total loan amount was NT\$ 7,576,000. Up to the date of December 31, 2019, the Company has drawn down the credit amount of NT\$ 5,976,000.
  3. The Company signed a long-term loan agreement with Mega Holdings in April 2018 to provide the operational financing necessary for the Company. The term of the loan was from April 2018 to May 2020, the total loan amount was NT\$ 7,500,000. Up to the date of December 31, 2019, the Company has drawn down the credit amount of NT\$ 7,500,000.
  4. The Company signed a syndicated loan agreement with the financial institution group including Mega Bills in December 2018 to provide the operational financing necessary for the Company. The term of the loan was from December 2018 to December 2021, the total loan amount was NT\$ 2,450,000. Up to the date of December 31, 2019, the Company has drawn down the credit amount of NT\$ 1,470,000. The main commitments of the Company are as follows:
    - (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
    - (2) The Company shall provide consolidated and unconsolidated financial reports audited by independent auditor within 120 days after the end of each fiscal year.
    - (3) The Company shall maintain the interest protection multiples above 3 times and the tangible net worth above NT\$ 18,000,000. The aforementioned ratio and standard shall be based on the annual consolidated financial report audited by independent auditor. If the Company fails to comply with the aforementioned financial ratio or restrictive terms, starting from the date of violation, the Company shall pay compensation fee calculated at 0.1% of the outstanding balance for each loan bank

until the date when the Company has been examined to completely improve the financial commitments such that the compensation fee is then stopped without further calculation.

5. Except for the loans mentioned above, the term of the remaining loan of the Company was from January 2016 to February 2022.
6. In addition to the collateral provided for the long-term loan as described in Note VIII, the Company also issued the guarantee notes of the amount as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Guarantee notes	<u>\$ 29,715,600</u>	<u>\$ 31,093,700</u>

7. Detail of the long-term loan credit not yet drawn down by the Company is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Due within one year	\$ 200,000	\$ 700,000
Due longer than one year	<u>9,592,505</u>	<u>8,275,000</u>
	<u>\$ 9,792,505</u>	<u>\$ 8,975,000</u>

#### (XV) 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, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligation	(\$ 123,507)	(\$ 128,157)
Fair value of plan assets	<u>65,798</u>	<u>62,943</u>
Defined benefit liability (listed as other non-current liabilities)	<u>(\$ 57,709)</u>	<u>(\$ 65,214)</u>

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

	<u>2019</u>		
	<u>Defined benefit obligation</u>	<u>plan assets</u>	<u>Net affirmed</u>
	<u>current value</u>	<u>Fair value</u>	<u>Benefit liabilities</u>
Balance, January 1	(\$ 128,157)	\$ 62,943	(\$ 65,214)
Current service cost	( 677)	-	( 677)
Interest (expense) revenue	( 922)	440	( 482)
	<u>( 129,756)</u>	<u>63,383</u>	<u>( 66,373)</u>
Re-measurements:			
Returns on plan assets (the amounts included in the interest incomes or expenses are excluded)	-	2,456	2,456
Effects of changes in demographic assumptions	( 200)	-	( 200)
Effects of changes in economic assumptions	( 541)	-	( 541)
Experience adjustments	<u>4,529</u>	<u>-</u>	<u>4,529</u>
	<u>3,788</u>	<u>2,456</u>	<u>6,244</u>
Contribution to pension fund	-	2,420	2,420
Payment of pension benefits	<u>2,461</u>	<u>( 2,461)</u>	<u>-</u>
Balance, December 31	<u>(\$ 123,507)</u>	<u>\$ 65,798</u>	<u>(\$ 57,709)</u>

	2018		
	<u>Defined benefit</u>		
	<u>obligation</u>	<u>plan assets</u>	<u>Net affirmed</u>
	<u>current value</u>	<u>Fair value</u>	<u>Benefit liabilities</u>
Balance, January 1	(\$ 130,649)	\$ 60,985	(\$ 69,664)
Current service cost	( 946)	-	( 946)
Interest (expense) revenue	( 1,255)	568	( 687)
	<u>( 132,850)</u>	<u>61,553</u>	<u>( 71,297)</u>
Re-measurements:			
Returns on plan assets (the amounts included in the interest incomes or expenses are excluded)	-	1,941	1,941
Effects of changes in demographic assumptions	( 518)	-	( 518)
Effects of changes in economic assumptions	( 2,882)	-	( 2,882)
Experience adjustments	<u>5,304</u>	<u>-</u>	<u>5,304</u>
	<u>1,904</u>	<u>1,941</u>	<u>3,845</u>
Contribution to pension fund	-	2,238	2,238
Payment of pension benefits	<u>2,789</u>	<u>( 2,789)</u>	<u>-</u>
Balance, December 31	<u>(\$ 128,157)</u>	<u>\$ 62,943</u>	<u>(\$ 65,214)</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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2019	2018
Discount rate	0.70%	0.75%
Future salary increase in percent	2.00%	2.00%

Future mortality rate was estimated based on the 5th 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, 2019				
The impact on the present value of defined benefit obligations	(\$ 2,678)	\$ 2,768	\$ 2,726	(\$ 2,651)
December 31, 2018				
The impact on the present value of defined benefit obligations	(\$ 2,901)	\$ 3,004	\$ 2,960	(\$ 2,873)

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, 2019 amounts to \$1,835.

(7) As of December 31, 2019, the weighted average duration of that retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	\$ 3,267
1-2 years	4,186
2-5 years	32,614
More than 5 years	90,300
	<u>\$ 130,367</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) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were NT\$8,795 and NT\$8,555 respectively.

**(XVI) Capital**

1. As of December 31, 2019, the Company's authorized capital was NT\$ 20,000,000, and the paid-in capital was NT\$ 10,032,540 (including share capital of convertible corporate bonds of NT\$ 384,539) with a par value of NT\$ 10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (in thousand shares) are as follows:

	2019	2018
January 1	\$ 1,003,254	\$ 1,672,090
Cash Reduction	-	( 668,836)
December 31	<u>\$ 1,003,254</u>	<u>1,003,254</u>

2. To adjust the capital structure and to increase the shareholders' return on equity, through the resolution of the shareholders' meeting on June 14, 2018, the Company executed the cash capital reduction with the return of share capital to shareholders, and the capital reduction percentage was 40%, the number of shares canceled was 668,836 thousand shares, and the paid-in capital after capital reduction was NT\$ 10,032,540. The date of August 17, 2018 was the target date for capital reduction, and the shares alternation registration had been completed on August 28, 2018, and the share capital had been returned to shareholders on October 12, 2018.
3. To adjust the capital structure and to increase the shareholders' return on equity, the associate of the Company, Ruentex Industries executed capital reduction in August 2018, and the Company recognized the treasury stock changes for Ruentex Industries according to the shareholding percentage.
4. The treasury shares Ruentex Engineering & Construction accounted for by the Company refer to the subsidiary of the Company - Ruentex Engineering & Construction holding 3,426 thousand shares of the Company for the purpose of protecting the interests of the shareholders and the treasury shares for the associate of the Company - Ruentex Industries. The information on their respective amounts is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Ruentex Engineering & Construction Co., Ltd.	\$ 19,984	\$ 19,984
Amount accounted for using equity method	<u>64,655</u>	<u>64,655</u>
	<u>\$ 84,639</u>	<u>\$ 84,639</u>

(XVII) 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. According to the regulation specified in Jing-Shang-Zi No.10202420460 Letter of MOEA dated July 15, 2013, under the financial statements prepared by corporates according to IFRSs, when the change of ownership equity of the parent on the subsidiary causes it to lose the control power, for the capital surplus generated due to the difference between the equity price and carrying value, the regulation of Paragraph 1 of Article 241 of the Company Act specifying the income derived from the issuance of new shares at a premium may be applicable. In addition, according to Jing-Shang-Zi No. 10300532520 of MOEA dated March 31, 2014, for the capital surplus actually acquired as recorded or the difference between the disposal of subsidiary's equity and carrying value, Article 241 of the Company Act may be applicable in order to use it for issuance of new shares or cash.
3. Change of capital surplus is as follows:

2019							
	<u>Issued at premium</u>	<u>Treasury Stock Transaction</u>	<u>Overdue shareholders Unclaimed Dividends</u>	<u>Associates net worth of equity Changes</u>	<u>Actually acquisition or Disposal of subsidiaries Price of equity and Difference of carrying amounts</u>	<u>Recognition of ownership of subsidiaries Changes of equity</u>	<u>Total</u>
January 1	\$ 17,296,568	\$ 136,626	\$ 9,205	\$ 420,294	\$ 1,535	\$ 149,282	\$ 18,013,510
Others	-	-	3,409	147,544	-	10,543	161,496
Income tax effect	-	-	-	( 25,062)	-	( 633)	( 25,695)
Reorganization	( 12,909)	-	-	-	-	-	( 12,909)
December 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,614</u>	<u>\$ 542,776</u>	<u>\$ 1,535</u>	<u>\$ 159,192</u>	<u>\$ 18,136,402</u>

	Issued at premium	Treasury Stock Transaction	Overdue shareholders Unclaimed Dividends	Associates net worth of equity Changes	Actually acquisition or Disposal of subsidiaries Price of equity and Difference of carrying amounts	Recognition of ownership of subsidiaries Changes of equity	Total
January 1	\$ 17,296,568	\$ 136,626	\$ -	\$ 402,493	\$ 1,535	\$ 149,282	\$ 17,986,504
Others	-	-	9,205	17,048	-	-	26,253
Income tax effect	-	-	-	( 1,023)	-	-	( 1,023)
Effects of the change in tax rates	-	-	-	1,776	-	-	1,776
December 31	<u>\$ 17,296,568</u>	<u>\$ 136,626</u>	<u>\$ 9,205</u>	<u>\$ 420,294</u>	<u>\$ 1,535</u>	<u>\$ 149,282</u>	<u>\$ 18,013,510</u>

### (XVIII) 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 Company's earning distribution plans for the year ended December 31, 2018 and 2017, approved by the shareholders' meeting on June 5, 2019 and June 14, 2018, respectively, are as follows:

	2019		2018	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Provision of statutory reserves	\$ 993,210		\$ 1,110,442	
Provision of special reserves	12,073,578		2,954	
Cash dividends	-	\$ -	3,344,180	\$ 2.00
Total	<u>\$ 13,066,788</u>		<u>\$ 4,457,576</u>	

- (2) Approved by the shareholders' meeting on June 5, 2019, the Company would distributed \$2 per share in cash using its legal reserve, totaling \$2,006,508.
- (3) The appropriation of earnings for 2019 had been proposed by Company's board of directors on March 30, 2020 as follows:

	2019	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Provision of statutory reserves	\$ 656,143	
Reversal of special reserve	( 29,015,899)	
Cash dividends	1,003,254	\$ 1.00
Stock dividends	5,016,270	5.00
Total	<u>(\$ 22,340,232)</u>	

5. Change of retained earnings is as follows:

	<u>2019</u>
January 1 to December 31,	\$ 13,066,788
Appropriation and distribution of retained earnings of 2018:	
- Legal reserve	( 993,210)
- Special reserve	( 12,073,578)
Accumulating losses due to derecognizing and transferring retained earnings	( 73,590)
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	( 2,572,934)
Changes in associates & joint ventures accounted for using equity method	184,120
Net income of current period	9,067,952
Remeasurements of defined benefit plans with actuarial valuation	6,244
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	( 49,542)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	( 1,194)
- Tax related to the associates	373
December 31, 2019	<u>\$ 6,561,429</u>
	<u>2018</u>
January 1, 2018	\$ 11,104,418
Effects of retrospective application and retrospective restatement	( 193,654)
Balance at 1 January, as restated	10,910,764
Appropriation and distribution of retained earnings of 2017:	
- Legal reserve	( 1,110,442)
- Special reserve	( 2,954)
- Cash dividend	( 3,344,180)
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	( 3,237,996)
Net income of current period	9,932,094
Remeasurements of defined benefit plans with actuarial valuation	3,845
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	( 89,813)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	6,725
- Tax related to the associates	( 2,248)
- Effects of changes in tax rates	993
December 31, 2018	<u>\$ 13,066,788</u>

(XIX) Other equity items

	<u>Unrealized</u> <u>valuation income</u> <u>and loss</u>	<u>Foreign currency</u> <u>translation</u>	<u>Hedging</u> <u>reserve</u>	<u>By the overlay</u> <u>approach</u> <u>Reclassification</u>	<u>Total</u>
January 1 to December 31,	(\$ 13,789,819)	(\$ 6,625)	\$ 404	(\$ 18,615,619)	(\$ 32,411,659)
Unrealized valuation profit or loss of financial assets:					
- The Company	( 637,971)	-	-	-	( 637,971)
- Tax related to the Company	38,278	-	-	-	38,278
- Subsidiaries and associates (Note 1)	24,486,182	-	-	-	24,486,182
- Subsidiaries and associates	( 222,750)	-	-	-	( 222,750)
- Accumulating losses due to derecognizing and transferring (Note 2)	73,590	-	-	-	73,590
- Changes of disposing associates (Note 1)	2,572,934	-	-	-	2,572,934
- Associates not Shareholding percentage Reclassification	( 10,045 )	-	-	-	( 10,045 )
Foreign currency traslation differences:					
- The Company	- ( 165,159)	-	-	-	( 165,159)
- Tax related to the Company	- 33,033	-	-	-	33,033
- Subsidiaries and associates	- ( 44,104)	-	-	-	( 44,104)
- Tax related to Subsidiaries and associates	- 2,612	-	-	-	2,612
Cash flow hedge:					
- Associate	-	- ( 329)	-	-	( 329)
Reclassification by the overlay approach:					
- Associates (Note 1)	-	-	-	19,314,977	19,314,977
- Tax related to the associates	-	-	-	( 122,577)	( 122,577)
December 31, 2019	<u>\$ 12,510,399</u>	<u>(\$ 180,243)</u>	<u>\$ 75</u>	<u>\$ 576,781</u>	<u>\$ 12,907,012</u>

	<u>Unrealized</u> <u>valuation income</u> <u>and loss</u>	<u>Foreign currency</u> <u>translation</u>	<u>Hedging</u> <u>reserve</u>	<u>By the overlay</u> <u>approach</u> <u>Reclassification</u>	<u>Total</u>
January 1, 2018	(\$ 18,182,620)	(\$ 214,253)	\$ 615	\$ -	(\$ 18,396,258)
Impacts on retrospective application and retrospective restatement	20,072,870	-	-	( 703,295)	19,369,575
Balance at 1 January, as restated	1,890,250	( 214,253)	615	( 703,295)	973,317
Effects of changes in tax rates	11,185	( 9,483)	-	-	1,702
Unrealized valuation profit or loss of financial assets:					
- The Company	( 337,490)	-	-	-	( 337,490)
- Tax related to the Company	12,232	-	-	-	12,232
- Subsidiaries and associates (Note 1)	( 18,566,472)	-	-	-	( 18,566,472)
- Subsidiaries and associates	( 37,520)	-	-	-	( 37,520)
- Changes of disposing associates (Note 1)	3,237,996				3,237,996
Foreign currency translation differences:					
- The Company	-	218,071	-	-	218,071
- Tax related to the Company	-	( 43,614)	-	-	( 43,614)
- Subsidiaries and associates	-	45,921	-	-	45,921
- Tax related to Subsidiaries and associates	-	( 3,267)	-	-	( 3,267)
Cash flow hedge:					
- Associate	-	-	( 211)	-	( 211)
Reclassification by the overlay approach:					
- Associates (Note 1)	-	-	-	( 18,023,619)	( 18,023,619)
- Tax related to the associates	-	-	-	111,295	111,295
December 31, 2018	<u>(\$ 13,789,819)</u>	<u>(\$ 6,625)</u>	<u>\$ 404</u>	<u>(\$ 18,615,619)</u>	<u>(\$ 32,411,659)</u>

Note1: the changes in unrealized gains or losses from valuation and reclassification using overlay method were due to the Ruen Chen Investment Holding's recognition of Nan Shan Life Insurance's effect of changes in the fair value of financial assets through profit or loss or through other comprehensive income/available for-sale financial assets or disposal of such financial assets.

Note 2: Please refer to Note VI (5) for details.

(XX) Operating Revenue

	<u>2019</u>	<u>2018</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	\$ 4,257,772	\$ 4,425,022
Revenue from sales of goods	1,212,879	1,374,734
Rent income	<u>36,781</u>	<u>35,012</u>
	<u>\$ 5,507,432</u>	<u>\$ 5,834,768</u>

1. Detail of customer contract income

The income of the Company comes from the real estate and goods transferred at a certain time point, and the income detail can be classified into the following main product lines and geographical area:

	<u>Taiwan</u>		
<u>2019</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	\$ 4,257,772	\$ 1,212,879	\$ 5,470,651
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 4,257,772</u>	<u>\$ 1,212,879</u>	<u>\$ 5,470,651</u>
	<u>Taiwan</u>		
<u>2018</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	\$ 4,425,022	\$ 1,374,734	\$ 5,799,756
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 4,425,022</u>	<u>\$ 1,374,734</u>	<u>\$ 5,799,756</u>

2. Contract liabilities

Contract liabilities related to customer contract income recognized by the Company are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Contract liability:		
Contract liability - Sales contract for real estate	\$ 482,424	\$ 382,727
Contract liability - Sales contract for goods	<u>1,529</u>	<u>1,553</u>
Total	<u>\$ 483,953</u>	<u>\$ 384,280</u>



(XXI) Operating Costs

	2019	2018
Cost of sales of real estate	\$ 3,279,548	\$ 3,222,911
Cost of sales of goods	937,128	1,085,685
Rental cost	29,720	24,426
	<u>\$ 4,246,396</u>	<u>\$ 4,333,022</u>

(XXII) Other income

	2019	2018
Interest income	\$ 71,281	\$ 159,087
Dividend income	13,252	11,671
Other income	14,125	28,672
	<u>\$ 98,658</u>	<u>\$ 199,430</u>

(XXIII) Other gains and losses

	2019	2018
Gains on disposals of real estate, plant and equipment	\$ 9	\$ 11
Foreign exchange net (loss) gain	( 58,889)	312,352
Others	( 37,082)	( 54,184)
	<u>(\$ 95,962)</u>	<u>\$ 258,179</u>

(XXIV) Finance costs

	2019	2018
Interest expense:		
Bank loan and short-term notes and bills	\$ 412,165	\$ 381,320
Lease liabilities	351	-
	<u>412,516</u>	<u>381,320</u>
Less: Assets eligible for capitalization	( 199,437)	( 185,252)
Finance costs	<u>\$ 213,079</u>	<u>\$ 196,068</u>

(XXV) Additional information of expenses by nature

	2019	2018
Changes in merchandise inventory	\$ 4,216,676	\$ 4,308,596
Employee benefit expense	355,026	331,316
Depreciation expenses for real estate properties, plants, equipment	12,295	11,771
Depreciation expenses for investment properties	29,539	24,252
Depreciation expenses for right-of-use assets	16,003	-
Rent expense	89,871	110,863
Tax expense	60,364	89,824
Advertisement expense	131,512	121,509
Expected credit impairment (incomes) losses	( 114)	262
Other expense	165,807	163,161
Operating costs and expenses	<u>\$ 5,076,979</u>	<u>\$ 5,161,554</u>

(XXVI) Employee benefit expense

	2019	2018
Wages and salaries	\$ 271,181	\$ 251,128
Labor and Health Insurance costs	19,913	18,906
Pension expense	9,954	10,188
Directors' Remuneration	44,943	41,676
Other employment fees	9,035	9,418
	<u>\$ 355,026</u>	<u>\$ 331,316</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 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 employees' compensation described in the preceding paragraph shall be in shares or cash, and the subjects for receiving the shares or cash may include employees of affiliates satisfying certain criteria.
2. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at NT\$20,248 and NT\$34,519, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 0.3% of distributable profit of Current year for the year ended December 31, 2019. The employees' compensation resolved by the board of directors was NT\$20,248, which will be distributed in the form of cash.

Employees' compensation of 2018 as resolved by the board of directors was in agreement with the amount of NT\$34,519 recognized in the 2018 financial statements. The aforementioned employees' compensation was distributed in the form of 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.

(XXVII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2019	2018
Current income tax:		
Income tax occurred in the current period	\$ -	\$ 13,097
Land value increment tax	144,480	148,822
Income tax imposed on undistributed earnings	-	649,131
Overestimation on income tax for prior years	( 2,488)	( 14,288)
Total income tax for current period	141,992	796,762
Deferred income tax:		
Origination and reversal of temporary differences	25,647	652,329
Investment tax credits	-	15,554
Effects of the change in tax rates	-	74,986
Total deferred income tax	25,647	742,869
Income tax expense	\$ 167,639	\$ 1,539,631

(2) The income tax direct (debit) credit relating to components of other comprehensive income is as follows:

	2019	2018
Changes in unrealized valuation profit or loss	\$ 38,278	\$ 12,232
Differences on translation of foreign operations	33,033	( 43,614)
Portion of other comprehensive income from the subsidiaries and associates	( 342,715)	70,508
Remeasurements of defined benefit obligation	( 821)	4,477
Effects of the change in tax rates	-	2,695
	(\$ 272,225)	\$ 46,298

(3) The income tax direct (debit) credit equity is as follows:

	2019	2018
Capital surplus	(\$ 25,695)	(\$ 1,023)
Effects of the change in tax rates	-	1,776
	<u>(\$ 25,695)</u>	<u>\$ 753</u>

2. Reconciliation between income tax expense and accounting profit

	2019	2018
Imputed income taxes on pretax income at statutory tax rate	\$ 1,847,118	\$ 2,294,345
Expenses to be excluded as stipulated in the tax law	14,246	22,720
Income with exemption from tax as stipulated in the tax law	( 1,915,496)	( 1,641,654)
Tax loss on unrealizable deferred income tax assets	91,770	-
Temporary differences on unrealized deferred income tax assets (liabilities)	( 160)	119
Realizability evaluation on deferred income tax assets	( 11,831)	( 10,104)
Income tax imposed on undistributed earnings	-	649,131
Income tax effects of investment tax credits	-	15,554
Land value increment tax	144,480	148,822
Overestimation on income tax for prior years	( 2,488)	( 14,288)
Income tax effects of amendments to the tax law	-	74,986
Income tax expense	<u>\$ 167,639</u>	<u>\$ 1,539,631</u>

3. Amounts of deferred tax Assets or liabilities as a result of temporary difference are as follows:

	2019				
	<u>January 1</u>	<u>Recognition in</u> <u>Income (Loss)</u>	<u>Recognized in other</u> <u>comprehensive</u> <u>income</u>	<u>Recognition in</u> <u>Equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 10,210	\$ 225	\$ -	\$ -	\$ 10,435
Pension exceeding the limits	10,089	( 251)	-	-	9,838
Deferred promotion expenses	19,633	( 8,348)	-	-	11,285
Valuation loss	315	-	-	-	315
Domestic investment loss	54,330	8,794	-	-	63,124
Unrealized incomes among affiliates	-	569	-	-	569
IFRS 16 book-tax difference	-	26	-	-	26
Differences on translation of foreign operations	-	-	7,476	-	7,476
Portion of other comprehensive income from the subsidiaries and the associates	114,619	-	( 114,619)	-	-
Remeasurements of defined benefit obligation	4,183	-	( 821)	-	3,362
Subtotal	<u>213,379</u>	<u>1,015</u>	<u>( 107,964)</u>	<u>-</u>	<u>106,430</u>
- Deferred income tax liabilities:					
Foreign investment gain	( 1,187,598)	( 41,374)	-	-	( 1,228,972)
Unrealized foreign exchange gains	( 14,839)	14,712	-	-	( 127)
Allowance for bad debt exceeding the limits	( 10)	-	-	-	( 10)
Changes in unrealized valuation profit or loss	( 100,353)	-	38,278	-	( 62,075)
Differences on translation of foreign operations	( 25,557)	-	25,557	-	-
Portion of other comprehensive income from the subsidiaries from the associates	-	-	( 228,096)	-	( 228,096)
Capital surplus	( 13,094)	-	-	( 25,695)	( 38,789)
Subtotal	<u>( 1,341,451)</u>	<u>( 26,662)</u>	<u>( 164,261)</u>	<u>( 25,695)</u>	<u>( 1,558,069)</u>
Total	<u>(\$ 1,128,072)</u>	<u>(\$ 25,647)</u>	<u>(\$ 272,225)</u>	<u>(\$ 25,695)</u>	<u>(\$ 1,451,639)</u>

2018								
	<u>January 1</u>	<u>Recognition in</u> <u>Income (Loss)</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>income</u>	<u>Recognition in</u> <u>Equity</u>	<u>Effects of</u> <u>changes in tax</u> <u>rates</u>	<u>IFRS 9</u> <u>adjustment</u>	<u>December 31</u>	
Temporary differences:								
- Deferred income tax assets:								
Loss for market price decline and obsolete and slow-moving inventories	\$ 8,920	(\$ 283)	\$ -	\$ -	\$ 1,573	\$ -	\$ 10,210	
Pension exceeding the limits	8,679	( 122)	-	-	1,532	-	10,089	
Deferred promotion expenses	11,134	6,534	-	-	1,965	-	19,633	
Allowance for bad debt exceeding the limits	5	( 6)	-	-	1	-	-	
Valuation loss	5,237	-	-	-	-	( 4,922)	315	
Domestic investment loss	44,053	10,277	-	-	-	-	54,330	
Unrealized foreign exchange losses	13,234	( 15,570)	-	-	2,336	-	-	
Differences on translation of foreign operations	15,349	-	( 18,057)	-	2,708	-	-	
Portion of other comprehensive income from the subsidiaries and associates	45,117	-	70,508	-	( 1,006)	-	114,619	
Re-measurements of defined benefit obligation	-	-	4,183	-	-	-	4,183	
Investment tax credits	15,554	( 15,554)	-	-	-	-	-	
Subtotal	167,282	( 14,724)	56,634	-	9,109	( 4,922)	213,379	
- Deferred income tax liabilities:								
Foreign investment gain	( 466,895)	( 638,310)	-	-	( 82,393)	-	( 1,187,598)	
Unrealized foreign exchange gains	-	( 14,839)	-	-	-	-	( 14,839)	
Allowance for bad debt exceeding the limits	-	( 10)	-	-	-	-	( 10)	
Changes in unrealized valuation profit or loss	( 109,706)	-	12,232	-	-	( 2,879)	( 100,353)	
Differences on translation of foreign operations	-	-	( 25,557)	-	-	-	( 25,557)	
Re-measurements of defined benefit obligation	( 1,287)	-	294	-	993	-	-	
Capital surplus	( 13,847)	-	-	( 1,023)	1,776	-	( 13,094)	
Subtotal	( 591,735)	( 653,159)	( 13,031)	( 1,023)	( 79,624)	( 2,879)	( 1,341,451)	
Total	<u>(\$ 424,453)</u>	<u>(\$ 667,883)</u>	<u>\$ 43,603</u>	<u>(\$ 1,023)</u>	<u>(\$ 70,515)</u>	<u>(\$ 7,801)</u>	<u>(\$ 1,128,072)</u>	

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

December 31, 2019				
<u>Year of occurrence</u>	<u>Reports</u>	<u>Amount not deducted</u>	<u>Unrecognized deferred tax asset amounts</u>	<u>The final year in which the tax deduction is applied</u>
2019	<u>\$ 458,849</u>	<u>\$ 458,849</u>	<u>\$ -</u>	2029

5. Accumulated deductible temporary difference of unrecognized deferred tax assets (liabilities):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deductible temporary differences	<u>(\$ 800)</u>	<u>\$ 598</u>

6. The Company's income tax returns through 2017 have been assessed as approved by the Tax Authority.
7. Since the amendment of the Income Tax Act became effective on February 7, 2018, the tax rate of the profit-seeking enterprise income tax was increased from 17% to 20%, and such amendment had been applied since 2018. The Company has assessed relevant income tax impacts of such change of tax rate.

(XXVIII) Earnings Per Share

	2019		
	<u>After-tax amount</u>	<u>Weighted average outstanding Number of shares (thousand shares)</u>	<u>Earnings Per Share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$ 9,067,952</u>	<u>969,841</u>	<u>\$ 9.35</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$ 9,067,952</u>	<u>969,841</u>	
Impact of potential diluted common shares			
Remuneration to employee	<u>-</u>	<u>724</u>	
Net income attributable to ordinary shareholders plus the effects on the common shares	<u>\$ 9,067,952</u>	<u>970,565</u>	<u>\$ 9.34</u>



	2018		
		<u>Weighted average outstanding Number of shares (thousand shares)</u>	<u>Earnings Per Share (NTD)</u>
<u>Basic earnings per share</u>	<u>After-tax amount</u>		
Net income attributable to ordinary shareholders	<u>\$ 9,932,094</u>	<u>1,374,811</u>	<u>\$ 7.22</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	\$ 9,932,094	1,374,811	
Impact of potential diluted common shares			
Remuneration to employee	-	1,133	
Net income attributable to ordinary shareholders plus the effects on the common shares	<u>\$ 9,932,094</u>	<u>1,375,944</u>	<u>\$ 7.22</u>
(XXIX) <u>Operating lease</u>			
<u>Lessee</u>			

#### Adoption in Year 2018

The Company has leased the land for hypermarket business and the Zhonglun office building under operating lease, and the term of lease is between 2012 and 2021. For 2018, the rental expense of NT\$105,314 was recognized as the Current profit or loss. The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	<u>December 31, 2018</u>
Less than one years	\$ 112,783
More than one year but less than five years	<u>22,687</u>
	<u>\$ 135,470</u>

#### (XXX) Cash flow supplementary information

Investing activities not affecting cash flow:

	<u>2019</u>	<u>2018</u>
Inventories reclassified to Investment real estate	<u>\$ -</u>	<u>\$ 1,083,449</u>
Real estate, plant and equipment transferred to expenses	<u>\$ 11</u>	<u>\$ -</u>
Other non-current assets transferred to investment accounted for under the equity method	<u>\$ 4,995,758</u>	<u>\$ -</u>

(XXXI) Changes of liabilities from financing activities

2019						
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (Including due within one year and due within the operating cycles)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total amount of liabilities from financing activities</u>
January 1 (the effects applied for the first adoption included)	\$ 710,000	\$ 179,958	\$ 978,837	\$ 29,474,565	\$ 37,297	\$ 31,380,657
Changes of the financing cash flows	2,080,000	2,050,000	21,537	( 977,588)	( 15,872)	3,158,077
Other non-cash changes	-	( 1,501)	-	6,353	55	4,907
December 31	<u>\$ 2,790,000</u>	<u>\$ 2,228,457</u>	<u>\$ 1,000,374</u>	<u>\$ 28,503,330</u>	<u>\$ 21,480</u>	<u>\$ 34,543,641</u>
2018						
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (Including due within one year and due within the operating cycles)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total amount of liabilities from financing activities</u>
January 1	\$ 12,640,000	\$ 5,475,975	\$ 958,291	\$ 12,258,338	\$ -	\$ 31,332,604
Changes of the financing cash flows	( 11,930,000)	( 5,299,000)	20,546	17,219,802	-	11,348
Other non-cash changes	-	2,983	-	( 3,575)	-	( 592)
December 31	<u>\$ 710,000</u>	<u>\$ 179,958</u>	<u>\$ 978,837</u>	<u>\$ 29,474,565</u>	<u>\$ -</u>	<u>\$ 31,343,360</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>
Ruentex Baiyi Co., Ltd.	Subsidiary of the Company
Ruentex Xuzhan Co., Ltd.	Subsidiary of the Company
Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.)	Subsidiary of the Company
Ruen Fu Newlife Corp.	Subsidiary of the Company
Ruentex Development Company (Ruentex Development)	Subsidiary of the Company
Ruentex Property Management and Maintenance Co., Ltd.	Subsidiary of the Company
Ruentex Security Co., Ltd.	Subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Subsidiary of the Company
Ruenyang Construction & Engineering Co., Ltd.	Sub-subsidiary of the Company
Ruentex Interior Design Inc. (Ruentex Design)	Sub-sub-subsidiary of the Company
Ruentex Industries Ltd.	Associate (the investment company which accounts for the Company using the equity method)
Shing Yen Construction & Development Co., Ltd.	Associate (the investee company accounted for using the equity method method)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for using the equity method method)
OBI Pharma, Inc.	Other related party (supervisor of the Company's subsidiary is a juridical person director of the company)
RT-Mart International Co., Ltd. (RT-Mart)	Other related party (the Company is a juridical person supervisor of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (juridical person director of the Company's associates)
Ruentex Construction Co., Ltd.	Other related party (the Company's key management personnel is the director of that concerned company)
Huihong Investment Co., Ltd.	Other related party (the Company's key management personnel is the juridical person director of the concerned company)
Samuel Yen-Liang Yin	Other related party (spouse of the representative of the juridical person director of the Company)
Yung-Fang Chen	Other related party (spouse of the Company's key management personnel)
Chieh-An Jean	Other related party (immediate family of the Company's key management personnel)

Xiu-Yan Chang

Tsang-Jiunn Jean

Chih-Hung Lee

Hui-Sheng Chiu

Other related party (supervisor of the  
Company's subsidiary)

The Company's key management personnel

The Company's key management personnel

Key management personnel of the  
sub-subsidiary of the Company

(II) Significant related party transactions and balances

1. Operating revenue

	2019	2018
Other related parties	\$ 102,522	\$ 25,390
Subsidiary	54,194	41,160
Key management personnel	-	43,411
	<u>\$ 156,716</u>	<u>\$ 109,961</u>

- (1) The Company sold houses and lands to related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties. The transaction terms had no major difference from general non-related parties. The aforementioned transactions had been completed and the ownership of houses had been transferred. In addition, payments were collected according to the contract schedule signed by both parties.
- (2) The Company signed consultation service agreements with related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties.
- (3) The Company pre-sells premises to related parties, and the total sales and advance sale receipt (recognized in contract liabilities-current) are as follows:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Total contract amount</u>	<u>Advance real estate receipts</u>	<u>Total contract amount</u>	<u>Advance real estate receipts</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,250</u>	<u>\$ 12,150</u>

2. Purchases

	2019	2018
Ruentex Engineering & Construction Co., Ltd.	\$ 1,159,465	\$ 1,266,474
Subsidiary	350,824	114,062
Other related parties	219,180	84,396
	<u>\$ 1,729,469</u>	<u>\$ 1,464,932</u>

- (1) The Company had issued checks matured within 1~2 months for payments to related parties.
- (2) The construction price for the project contracted out by the Company to related parties were determined based on the price negotiation between both parties.
- (3) For the decoration works contracted out by the Company to related parties, contracts were established according to additional percentages on top of the costs, and the costs were determined after considering the decoration area and the materials used.

- (4) Regarding the construction and decoration project contracts accumulated and already signed by the Company and related parties, the unfinished construction contracts in progress and the payment amounts were as follows:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	Total contract amount (Tax excluded)	Amount paid	Total contract amount (Tax excluded)	Amount paid
Ruentex Engineering & Construction Co., Ltd.	\$ 3,410,330	\$ 2,157,349	\$ 3,305,332	\$ 2,126,249
Subsidiary	498,274	359,799	452,136	38,086
Other related parties	18,114	3,351	18,114	3,351
	<u>\$ 3,926,718</u>	<u>\$ 2,520,499</u>	<u>\$ 3,775,582</u>	<u>\$ 2,167,686</u>

- (5) Regarding the entrusted purchase agreement signed by the Company and related parties, the purchase prices were calculated based on the purchase prices of related parties, and such purchase amounts were paid to the related parties based on monthly billing within 1~2 months after the payment notices were serviced to the related parties.

3. Non-operating income and expenses - other income

	<u>2019</u>	<u>2018</u>
Subsidiary (Note 1)	\$ -	\$ 17,867
Associates (Note 2)	2,100	2,100
	<u>\$ 2,100</u>	<u>\$ 19,967</u>

Note 1: When a subsidiary requests the Company to act as the joint guarantor for a long-term syndicated loan, the guarantee handling charge is 0.7% of the annuity, and it is collected according to the drawdown amount of such syndicated loan and according to the number of actual days of guarantee occurred.

Note 2: the interest incomes from the financial assets measured at amortized costs.

4. Receivables from related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable:		
Subsidiary	<u>\$ 1,135</u>	<u>\$ -</u>
Other receivables (Note):		
RT-Mart	\$ 2,396	\$ 2,987
Associates	1,097	1,096
Subsidiary	20	624
	<u>\$ 3,513</u>	<u>\$ 4,707</u>

Note: mainly refer to certificates receivable and interest receivable.

## 5. Payables to related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes payable:		
Ruentex Engineering & Construction Co., Ltd.	\$ 137,987	\$ 53
Subsidiary	57,294	3,485
Other related parties	16,006	2,636
Associates	355	4
Key management personnel	16	-
	<u>\$ 211,658</u>	<u>\$ 6,178</u>
Accounts payable:		
Ruentex Engineering & Construction Co., Ltd.	\$ 237,718	\$ 309,095
Ruentex Interior Design Inc.	16,525	28,081
Other related parties	16,132	2,130
Subsidiary	9,153	3,078
Associates (Note)	111	117
	<u>\$ 279,639</u>	<u>\$ 342,501</u>

Note: mainly refer to computer maintenance fee payable.

## 6. Property transactions

Acquisition of financial Assets

Please refer to the description of Note VI(5)3 and Note VI (7) 7.

## 7. Authorized operation contracts of Hypermarket Business Department

(1) The Company and other related party signed an authorized operation contract and an entrusted management and purchase agreement for the Zhonglun Hypermarket in August 2004 in order to allow other related party to provide relevant services for the establishment, operation and maintenance of the hypermarket, and the contract contents are summarized in the following:

A. Term of contract: Original contract was from August 2004 to December 2009, and both parties had agreed to extend for 10 years.

B. Purchase and management service remuneration: According to the following calculation method, for the retail store earnings of the sales location remuneration (excluding the financial income amount and the remuneration payable), the earnings remuneration payable was calculated:

a. If the sales location operating result generates a profit, then 50% of the earnings of the store and the food court shall be paid to the other party as earnings remuneration respectively. However, if the sales location operating result indicates a loss, the other party is not obligated to bear any loss.

b. In addition, a fixed service fee of NT\$ 500 is paid annually.

C. Restrictive clauses:

During the term of the contract, where the Company plans to sell, lease or dispose the asset or operation of the hypermarket in other method, it shall be sold, leased or transferred to the other party in written proposal according to the price agreed in

priority. If the other party fails to inform the Company its willingness to accept the offer within 60 days after the receipt of the proposal, then the Company may then lease, sell or dispose the asset or operation of the store in other methods to a third party.

- (2) Both parties have agreed to extend for ten years; and the agreement was entered in December 2019 for extension up to December 2024.
- (3) The premium expenses (including the earning compensation), for the year ended December 31, 2018 and 2017 were both NT\$500. As of December 31, 2018 and 2017, the royalties payable (including the earning compensation), recognized under other payables, were both NT\$42.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiary	<u>\$ 4,080,000</u>	<u>\$ 4,080,000</u>

9. Endorsements or Guarantees made by related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Key management personnel	<u>\$ 43,314,292</u>	<u>\$ 39,339,523</u>

(III) Key management compensation information

	<u>2019</u>	<u>2018</u>
Wages and salaries and other short-term employee benefits	<u>\$ 101,678</u>	<u>\$ 93,123</u>
Post-employment benefits	<u>1,318</u>	<u>1,343</u>
Total	<u>\$ 102,996</u>	<u>\$ 94,466</u>



### VIII. Pledged Assets

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

Asset items	Carrying amount		For guarantee purpose
	December 31, 2019	December 31, 2018	
Inventories	\$ 17,155,836	\$ 15,709,773	Long-term/short-term borrowings and Issuance of Commercial Paper
Current other financial assets (listed as other current assets)	409,278	254,448	Joint construction guarantee deposits and real estate trust receipts in advance
Financial Assets measured at fair value through other comprehensive income - non-current	446,576	414,656	Short-term borrowings and Issuance of Commercial Paper
Investment accounted for under the equity method	7,755,023	3,239,894	Long-term/short-term borrowings and Issuance of Commercial Paper and investment guarantee for invested company (Note)
Non-current other financial assets (listed as other non-current assets)	116,782	5,061,569	Money Lodged at Courts, performance bond and Investment guarantee for invested company (Note)
Investment Real Estate	157,890	161,029	Guarantee for advance rent receipts
	<u>\$ 26,041,385</u>	<u>\$ 24,841,369</u>	

Note: For the stock investment trust submitted by the Company for Ruen Chen Investment Holdings's investment in Nan Shan Life Insurance Co., Ltd., please refer to Note VI(7) for details.

### IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

#### (I) Contingencies

Jing-Guan Construction Co., Ltd, ("Jing-Guan") entered the agreement for transferring rights of joint-construction with the Company on December 6, 1996, to transfer the joint construction at 63 pieces of lands at the Sub-section 2 of Muja Section, Wenshan District, Taipei City. Under the agreement, when certain conditions were met, the Company should pay the transfer premium one by one, for total NT\$31,000. In addition, on the same day, the Company signed a real estate sales contract with Jing-Guan and its legal representative, to buy several properties under the legal representative, and under the agreement, when certain conditions were met, the Company should pay the considerations one by one. Jing-Guan Construction Co., Ltd. believed that the Company had the actions to make the agreed payment conditions of the agreement for transferring rights of joint-construction and the real estate

sales contract fail to be met, and thus sued the Company to claim the unpaid transfer premiums and the interests from the delay. The legal representative of Jing-Guan also sued the Company to claim the unpaid considerations and the interests from the delay. The Company claimed that Jing-Guan Construction Co., Ltd. and its legal representative both firstly breached the obligations to be performed in the agreement for transferring rights of joint-construction and the real estate sales contract, and the payment conditions were not met. The right of claim was eliminated due to time. Pursuant to the contracts, the Company has not obliged to pay transfer premiums and considerations. For the above mentioned suit, the Taipei District Court, Taiwan has rejected the allegation of Jing-Guan Construction Co., Ltd. on April 24, 2019. Jing-Guan disagreed with the judgement, and has appealed to Taiwan High Court before the due date. Up to the date of the report, there was no further information.

## (II) Commitments

As of December 31, 2019 and 2018, in addition to the content described in Note VI(7), (14), (29) and VII, other significant commitments are as follows:

1. As of December 31, 2019 and 2018, the joint construction contracts signed by the Company and land owners included the construction projects of Banqiao Jiangcui etc., and the joint construction guarantee bonds provided were NT\$ \$393,983 and \$239,760, respectively.
2. The Company signed the MRT system Neihu Line Neihu Station Joint Jiao 11 Development Construction Shopping Center, a building with 15 storages and 3 basement floors for a total of 274 household units, residential complex building and Xinzhuang Sanchong Station Jia 6 Commercial Building Site Joint Development Project with the Taipei City Government in September and December 2008. The performance bond of NT\$ 220,179 was paid with the performance bond guarantee issued by R.O.C. bank registered with the Ministry of Finance. For the Neihu Station Jiao 11 Joint Development Project, the Company has signed the equity distribution agreement with the Taipei City Government in September 2017, Presently, parts of the public facilities have not been inspected and delivered.

## X. Significant Disaster Loss

None.

## XI. Significant Subsequent Events

Please refer to the description of Note VI(18) and (26).

## 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 strategy in 2019 of the Company was maintained the same as the strategy in 2018. As of December 31, 2019 and 2018, the debt to total Assets ratio was as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total borrowings	\$ 33,521,787	\$ 30,364,523
Less: Cash and cash equivalents	( 4,778,248)	( 2,581,300)
Net debt	28,743,539	27,783,223
Total equity	<u>80,892,817</u>	<u>30,896,333</u>
Total capital	<u>\$ 109,636,356</u>	<u>\$ 58,679,556</u>
Debt-to-total-capital ratio	26.22%	47.35%

(II) Financial instruments

1. Type of financial instruments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income and loss - non-current	\$ 2,192,696	\$ 2,819,599
Financial Assets at amortized cost /loans and receivables		
Cash and cash equivalents	4,778,248	2,581,300
Notes receivable	3,589	2,053
Accounts receivable (including related parties)	6,645	20,331
Other receivables (including related parties)	6,738	11,299
Investments in debt instrument with no active market-		
Non-current financial assets measured at amortized cost	60,000	60,000
Other financial assets (listed as other current and other non-current assets)	<u>566,741</u>	<u>5,361,242</u>
	<u>\$ 7,614,657</u>	<u>\$ 10,855,824</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liability</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,790,000	\$ 710,000
Short-term notes and bills payable	2,228,457	179,958
Notes payable (including related parties)	265,249	48,823
Accounts payable (including related parties)	412,157	534,693
Other payables	316,320	325,108
Long-term borrowings (including loans due within a year or a business cycle)	28,503,330	29,474,565
Guarantee deposits received (listed as other non-current liabilities)	1,000,374	978,837
	<u>\$ 35,515,887</u>	<u>\$ 32,251,984</u>
Lease liabilities - current and non-current	<u>\$ 21,480</u>	<u>\$ -</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:

	December 31, 2019						
	<u>Foreign currency</u> <u>(in thousands of</u> <u>NTD)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Sensitivity analysis</u>			<u>Effects other</u> <u>comprehensive</u> <u>Income</u>
				<u>Changes</u> <u>scope</u>	<u>Effects Income</u> <u>(Loss)</u>		
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$ 79,032	29.98	\$ 2,369,379	1%	\$ 23,694	\$ -	
<u>Non-monetary Items</u>							
USD:NTD	232,165	29.98	6,960,312	1%	-	69,603	

December 31, 2018							
	<u>Foreign currency</u> <u>(in thousands of</u> <u>NTD)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying amount</u> <u>(NT\$)</u>	<u>Sensitivity analysis</u>			
				<u>Changes</u> <u>scope</u>	<u>Effects Income</u> <u>(Loss)</u>	<u>Effects other</u> <u>comprehensive</u> <u>Income</u>	
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$ 77,291	30.72	\$ 2,374,380	1%	\$ 23,744	\$ -	
<u>Non-monetary Items</u>							
USD:NTD	214,801	30.72	6,598,693	1%	-	65,987	

B. Foreign exchange risk has significant impact on the Group, and the foreign exchange gains or losses (including realized and unrealized) on monetary items recognized were losses of NT\$58,889 and income NT\$312,352, for the years ended December 31, 2019 and 2018, respectively.

#### Price risk

- A. The Company's equity instruments exposed to price risk were the financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, 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, 2019 and 2018 would have increased/decreased by NT\$12,038 and NT\$19,116

### Cash flow and fair value interest rate risk

- A. The interest rate risk of the Company comes from total borrowings such that the Company is exposed to cash flow interest rate risk. For 2019 and 2018, the borrowing of the Company at floating interest rate was mainly denominated in NTD.
- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.
- C. If interest rates on borrowings had been 0.125% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2019 and 2018 would have increased/decreased NT\$33,522 and NT\$30,365, respectively, due to change of interest expenses of borrowings at variable interest rate.

### (2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and it is classified as the contract cash flow at amortized cost.
- B. The Company established management of credit risk from the company's perspective. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit rating of at least Class "A". 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 to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.

When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.

- E. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.
- F. The Company incorporates the future prospective consideration described in the economic forecast of Taiwan Institute of Economics Research for adjusting the loss rate established according to the specific period history and Current information, in order to estimate the allowance loss for accounts receivable. The loss rate method as of December 31, 2019 and 2018 was as follows:

	Each	Group A	Total
<u>December 31, 2019</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 239	\$ 5,441	\$ 5,680
Allowance for losses	170	-	170
<u>December 31, 2018</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 511	\$ 20,104	\$ 20,615
Allowance for losses	284	-	284

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

	2019	2018
	Accounts receivable	Accounts receivable
January 1	\$ 284	\$ 22
Provision of impairment loss	-	262
Reversal of impairment loss	( 114)	-
December 31	\$ 170	\$ 284

### (3) Liquidity risk

- A. The cash flow forecast of the Company is executed by the operating entity and summarized by the financial department. The financial department monitors rolling forecasts of the Company'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, as described in Note VI(14), in order to prevent the Company 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. For the remaining cash held by the operating entity of the Company, when it exceeds the management needs of operating capital, the financial department invests the remaining capital in the saving deposit with interest, time deposit and repurchase agreements etc. The instruments selected have appropriate maturity date or sufficient liquidity in order to cope with the aforementioned forecasts and to provide sufficient movement level. As of December 31, 2019 and 2018, the Company's position held in money market were NT\$4,750,142 and NT\$2,481,320.

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

Non-derivative financial liabilities:

December 31, 2019

	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 2,820,969	\$ -	\$ -
Short-term notes and bills payable (Note 1)	2,230,000	-	-
Notes payable (including related parties)	265,249	-	-
Accounts payable (including related parties)	412,157	-	-
Other payables	316,320	-	-
Lease liabilities (Note 1)	16,233	5,247	-
Long-term borrowings (including loans due within a year or a business cycle)	1,862,997	28,115,923	-
Other financial liabilities (Note 2)	-	1,000,374	-

Non-derivative financial liabilities:

December 31, 2018

	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 717,881	\$ -	\$ -
Short-term notes and bills payable (Note 1)	180,000	-	-
Notes payable (including related parties)	48,823	-	-
Accounts payable (including related parties)	534,693	-	-
Other payables	325,108	-	-
Long-term borrowings (including loans due within a year or a business cycle)	847,302	30,194,394	-
Other financial liabilities (Note 2)	-	978,837	-

Note 1: The amount includes the expected interest to be paid in the future.

Note 2: Refers to the bond deposited, and other non-Current liabilities is listed.

D. 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.

(III) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The private equities of TWSE/TPEX companies invested by the Company and investment in equity instruments without active market are included in Level 3.

2. For the fair value information of investment real estate at cost of the Company, please refer to Note VI(10) for details.
3. The carrying amount of financial instruments not at fair value of the Company (including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial Assets (listed as other Current Assets and other non-Current Assets), short-term borrowing, short-term bills payable, notes payable, accounts payable, other accounts payable, long-term borrowing and other financial liabilities (listed as other non-Current liabilities)) refers to the reasonably close value of fair value.
4. 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, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial Assets				
measured at fair value				
through other				
comprehensive				
income				
Equity securities	<u>\$ 1,203,778</u>	<u>\$ -</u>	<u>\$ 988,918</u>	<u>\$ 2,192,696</u>

December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial Assets				
measured at fair value				
through other				
comprehensive				
income				
Equity securities	<u>\$ 1,911,599</u>	<u>\$ -</u>	<u>\$ 908,000</u>	<u>\$ 2,819,599</u>

5. The methods and assumptions the Company used to measure fair value are as follows:

- (1) For the investments on OTC stocks by the Company used market quoted prices as their fair values (i.e. Level 1), the market 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 balance sheet date (such as the reference yield curve of TPEx, Reuters commercial paper interest rate average price).
- (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. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

7. The following table shows the change of Level 3 for the years ended December 31, 2019 and 2018.

	2019
	<u>Non-derivative Equity</u>
	<u>Instrument</u>
January 1	\$ 908,000
Gains recognized as other comprehensive income (Note 2)	80,918
December 31	<u>\$ 988,918</u>
	2018
	<u>Non-derivative Equity</u>
	<u>Instrument</u>
January 1	\$ 443,468
Transferring into the Level 3 (Note 1)	607,623
Losses recognized as other comprehensive income (Note 2)	( 143,091)
December 31	<u>\$ 908,000</u>

Note 1: Refers to adjustments with the application of IFRS 9 classification requirements.

Note 2: Unrealized valuation profit or loss accrued.

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.

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:

	<u>December 31, 2019</u>	<u>Valuation</u>	<u>Significant unobservable</u>		<u>Inputs and Fair value</u>
	<u>Fair value</u>	<u>techniques</u>	<u>Inputs</u>	<u>Discount rate</u>	<u>relationship</u>
Non-derivative Equity Instrument:					
Privately offered shares (TWSE listed companies)	\$ 68,113	Binomial options pricing model	Discount for lack of marketability	13.60%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEX listed companies)	377,093	Binomial options pricing model	Discount for lack of marketability	13.18%	The higher the marketability discount, the lower the fair value.
Shares of on-TWSE/TPEX listed companies	494,434	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.67%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	48,378	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	18.65%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	N/A	N/A	N/A

	<u>December 31, 2019</u>	<u>Valuation</u>	<u>Significant unobservable</u>		<u>Inputs and Fair value</u>
	<u>Fair value</u>	<u>techniques</u>	<u>Inputs</u>	<u>Discount rate</u>	<u>relationship</u>
Non-derivative Equity Instrument:					
Privately offered shares (TWSE listed companies)	\$ 49,161	Binomial options pricing model	Discount for lack of marketability	21.53%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEX listed companies)	351,147	Binomial options pricing model	Discount for lack of marketability	20.57%	The higher the marketability discount, the lower the fair value.
Shares of on-TWSE/TPEX listed companies	459,093	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.69%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	47,699	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	18.48%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	N/A	N/A	N/A

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 change in the valuation parameters, then the impact on other comprehensive income is as follows:

			<u>December 31, 2019</u>	
			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument	Lack of marketability discount	±1%	<u>\$ 9,889</u>	<u>( \$ 9,889 )</u>
			<u>December 31, 2018</u>	
			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument	Lack of marketability discount	±1%	<u>\$ 9,080</u>	<u>( \$ 9,080 )</u>

### XIII. Separately Disclosed Items

#### (I) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$ 300 million or 20% of the Company's paid-in capital: Please refer to Table 3.
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables from related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table 5.
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 6.

#### (II) Information on Investees

Names, locations and other information of investees (not including investees in Mainland China): Please refer to Table 7.

#### (III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions, either directly or indirectly through a third area, with investees in the Mainland Area: None.

### XIV. Information on Departments

Not applicable.



Ruentex Development Co., Ltd.  
Statement of Inventories  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand		\$ 2,02
Petty cash		2,680
Bank deposits		
- Checking deposits		23,124
- Demand deposits	Including USD 9 thousand, an exchange rate of 29.98 NTD to USD	37,109
- Time deposits	Including USD 79,023 thousand, an exchange rate of 29.98 NTD to USD Period of December 11, 2019~March 26, 2020	2,369,098
Cash equivalents (Bonds under repurchase agreements)	Interest rate of 0.288-0.342%, period of December 20, 2019~January 17, 2020	2,343,935
		<u>\$ 4,778,248</u>

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Ruentex Development Co., Ltd.  
Statement of Inventories  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Summary	Amount		Remark
		Cost	Fair value	
<u>Construction Business</u>				
<u>Department</u>				
Real property for sale (including parking space)		\$3,342,404	\$7,479,785	1. Net realizable value.
Reconstruction land		15,571,198	16,204,559	2. Please refer to the "Notes VIII, Pledged Asset" for more details
Construction land		2,341,003	2,141,985	
Prepayment for land purchases		1,090,435	1,090,435	
Less: Allowance for valuation losses		(420,247)	-	
Subtotal		21,924,793	26,916,764	
<u>Hypermarket</u>				
<u>Business</u>				
<u>Department</u>				
Merchandise inventory		118,413	150,371	
Less: Allowance for obsolescence loss		(2,788)	-	
		115,625	150,371	
Total inventories		\$22,040,418	\$27,067,135	

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Ruentex Development Co., Ltd.  
Statement of changes in financial Assets measured at fair value through profit or loss - non-Current  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Name	Beginning of Period		Increased in the current period (Note 1)		Decreased in the current period (Note 2)		End of Period			Provided as a guarantee or hedge	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding percentage	Amount		
	(1,000 Shares)		(1,000 Shares)		(1,000 Shares)		(1,000 Shares)				
Brogent Technologies Inc.	2,370	\$ 351,147	119	\$ 25,946	-	\$ -	2,489	4.46%	\$ 377,093	No	
OrientSemiconductor Electronics	5,309	49,161	-	18,952	-	-	5,309	0.96%	68,113	”	
OBI Pharma, Inc.	1,262	197,448	82	11,068	-	( 31,157)	1,344	0.71%	177,359	”	
TaiMed Biologics, Inc.	10,357	1,714,151	-	-	-	( 687,732)	10,357	4.11%	1,026,419	”	
RT-MART International Co., Ltd.	16,829	459,093	-	35,341	-	-	16,829	10.80%	494,434	Please refer to the "Notes VIII, Pledged Asset" for more details	
Gloria Solar International Holding Inc.	669	-	-	-	( 669)	-	-	-	-	No	Note 3
Pacific Resources Corporation	1,078	-	-	-	-	-	1,078	1.05%	-	”	
Asia Pacific Federation of Industry and Commerce	21	900	-	-	-	-	21	0.03%	900	”	
Evergreen Steel Corp.	1,885	47,699	-	679	-	-	1,885	0.47%	48,378	”	
		\$ 2,819,599		\$ 91,986		(\$ 718,889)			\$ 2,192,696		

Note 1: Changes in the fair value measurement, stock dividends, and capital increase

Note 2: Changes in the fair value measurement.

Note 3: Gloria solar International Holding Inc., was approved by the government of Cayman Islands to be dissolved, and the certificate issued by the oversea embassy status-quo was obtained on September 3, 2019. Please refer to VI (V) for details.

Ruentex Development Co., Ltd.  
Statement of financial Assets at amortized cost - non-Current  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

<u>Name</u>	<u>Beginning of Period</u>		<u>Increased in the current period</u>		<u>Decreased in the current period</u>		<u>End of Period</u>		<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
	<u>Number of shares</u>	<u>Carrying amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Carrying amount</u>		
Subordinated corporate bonds	60	<u>\$ 60,000</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	60	<u>\$ 60,000</u>	No	

Ruentex Development Co., Ltd.  
Statement of changes in investments accounted for using the equity method  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Name	Balance at the beginning of the period		Increase in the current period		Decrease in the current period		Balance at the end of the period			Market price or net value of equity		Provided as a guarantee or hedge	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding percentage	Amount	Unit price (NTD)	Total amount		
Shing Yen Construction Development Co., Ltd.	47,958	\$ 450,901	-	\$ 42,713	( 19,543)	(\$ 205,619)	28,415	45.45%	\$ 287,995	\$ 10.45	\$ 297,031	No	
Ruentex Industries Ltd.	65,720	2,409,311	-	5,253,876	-	( 619,802)	65,720	11.63%	7,043,385	73.50	4,830,470	Please refer to the Notes VIII for more details	
Ruentex Construction International (B.V.I.) Ltd.	25,000	2,069,368	-	58,702	-	( 51,454)	25,000	100.00%	2,076,616	83.04	2,076,105	No	
Jing Hong Investment Co., Ltd.	27,000	677,343	-	46,422	-	( 43,068)	27,000	30.00%	680,697	25.23	681,302	"	
Concord Greater China Ltd.	10,593	4,529,325	-	468,077	-	( 113,706)	10,593	25.46%	4,883,696	460.95	4,882,840	"	
Ruentex Resources Integration Co., Ltd.	11,804	890,684	-	2,560,626	( 11,804)	( 3,451,310)	-	-	-	-	-	"	Note
Ruentex Construction International Co., Ltd.	109,874	752,581	-	124,194	-	( 240,571)	109,874	100.00%	636,204	5.78	634,659	"	
Ruentex Baiyi Co., Ltd.	195,000	2,258,798	-	146,209	-	( 181,350)	195,000	100.00%	2,223,657	11.40	2,223,657	"	
Ruentex Xuzhan Co. Ltd.	160,000	1,984,108	-	243,022	-	( 262,400)	160,000	80.00%	1,964,730	12.28	1,964,611	"	
Sunny Friend Environmental Technology Co., Ltd.	29,677	777,408	-	264,948	-	( 211,243)	29,677	26.62%	831,113	234.00	6,944,453	Please refer to the "Notes VIII, Pledged Asset" for more details	
Ruentex Materials Co., Ltd.	15,740	186,730	-	9,741	-	( 11,664)	15,740	10.49%	184,807	44.20	695,725	No	
Ruen Chen Investment Holding Co., Ltd.	3,701,250	10,578,234	713,500	53,779,688	-	( 2,268,728)	4,414,750	25.00%	62,089,194	14.06	62,089,194	"	
Ruentex Security Co., Ltd.	6,900	66,304	-	885	-	( 1,496)	6,900	100.00%	65,693	9.52	65,693	"	

(Countined)

Ruentex Development Co., Ltd.  
Statement of changes in investments accounted for using the equity method  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Ruentex Property Management & Maintenance Co., Ltd.	2,829	34,988	-	6,272	-	( 4,329)	2,829	100.00%	36,931	13.05	36,931	”
Ruen Fu Newlife Corp.		4,806	-	93		( 2,266)	900	60.00%	2,633	2.93	2,633	”
	900				-							
Ruentex Engineering & Construction Co., Ltd.		19,757	51,832	888,802		( 7,352)	52,845	39.14%	901,207	16.74	884,623	”
Global Mobile Corp.	1,013	-	-	-		-	26,082	9.46%	-	-	-	”
	26,082				-							
Ruentex Development Co., Ltd.		1,445,822	51,100	511,000		( 39,811)	198,800	70.00%	1,917,011	9.75	1,937,720	”
	147,700				-							
Nan Shan Life Insurance Co., Ltd.		-	29,670	806,510		( 11,039)	29,670	0.23%	795,471	26.81	795,471	”
	-				-							
Less: Treasury stock		( 3,190)		-		-			( 3,190)		-	
Total		<u>\$ 29,133,278</u>		<u>\$65,211,780</u>		<u>(\$ 7,727,208)</u>			<u>\$ 86,617,850</u>		<u>\$91,043,118</u>	

Note: A proposal to dissolve Resources Integration was submitted by the board of directors on January 14, 2019, and approved by the extraordinary shareholders' meeting on January 30, 2019. The dissolution was filed to the competent authorities and approved on February 13, 2019, and the settlement was completed on November 4, 2019.

Ruentex Development Co., Ltd.  
Statement of changes in real estate, plant and equipment  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Balance at the beginning of the period	Increased amount of the current period	Decreased amount of the current period	Transferred amount of the current period	Balance at the end of the period	Status of pledged	Note
Machinery and equipment	\$ 81,950	\$ 12,707	(\$ 2,701)	\$ -	\$ 91,956	No	
Warehouse equipment	32,270	47	-	-	32,317	No	
Transportation equipment	25,379	2,733	-	-	28,112	No	
Office equipment	31,160	621	( 1,462)	( 17)	30,302	No	
Other equipment	<u>177,621</u>	<u>8,466</u>	<u>( 2,209)</u>	<u>-</u>	<u>183,878</u>	No	
	<u>\$ 348,380</u>	<u>\$ 24,574</u>	<u>(\$ 6,372)</u>	<u>(\$ 17)</u>	<u>\$ 366,565</u>		

Explanation: For more details in depreciation method and years of useful life for real estate, plant and equipment please refer to Note IV (14).

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Ruentex Development Co., Ltd.  
Statement of changes in accumulated depreciation of real estate, plant and equipment  
January 1 to December 31, 2018

Unit: New Taiwan Dollars in Thousands

Item	Balance at the beginning of the period	Increased amount of the current period	Decreased amount of the current period	Transferred amount of the current period	Balance at the end of the period	Status of pledged	Remark
Machinery and equipment	\$ 66,197	\$ 4,913	(\$ 2,701)	\$ -	\$ 68,409	No	
Warehouse equipment	30,105	504	-	-	30,609	No	
Transportation equipment	19,432	2,398	-	-	21,830	No	
Office equipment	29,571	885	( 1,462)	( 6)	28,988	No	
Other equipment	<u>169,419</u>	<u>3,595</u>	<u>( 2,209)</u>	<u>-</u>	<u>170,805</u>	No	
	<u>\$ 314,724</u>	<u>\$ 12,295</u>	<u>(\$ 6,372)</u>	<u>(\$ 6)</u>	<u>\$ 320,641</u>		

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Ruentex Development Co., Ltd.  
Detailed changes of right-of-use assets,  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Balance at the beginning of the period (the effects applied for the first adoption included)	Increased amount of the current period	Decreased amount of the current period	Transferred amount for current period	Balance at the end of the period	Status of pledged	Remark
Cost							
-Buildings	\$ 37,297	\$ 55	\$ -	\$ -	\$ 37,352	No	
Accumulated depreciation							
-Buildings	-	( 16,003)	-	-	( 16,003)		
Carrying amount	\$ 37,297	(\$ 15,948)	\$ -	\$ -	\$ 21,349		

For the method of deprecation and useful years of right-of-use assets, please refer to Note IV (15).

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Ruentex Development Co., Ltd.  
Statement of changes in investment real estate  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Balance at the beginning of the period	Increased amount of the current period	Decreased amount of the current period	Transferred amount for current period	Balance at the end of the period	Status of pledged	Remark
Cost:							
-Land	\$ 1,008,724	\$ -	\$ -	\$ -	\$ 1,008,724		Please refer to the Notes VIII for more details.
-Buildings	<u>1,315,773</u>	<u>49,905</u>	<u>-</u>	<u>-</u>	<u>2,374,402</u>		
Accumulated depreciation:							
-Buildings	<u>(363,636)</u>	<u>(29,539)</u>	<u>-</u>	<u>-</u>	<u>393,175</u>		
Carrying amount	<u>\$ 1,960,861</u>	<u>(\$ 20,366)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1,981,227</u>		

Explanation: For the method of deprecation and useful years of the investment real estate, please refer to Note IV (16).

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Ruentex Development Co., Ltd.  
Statement of short-term borrowings  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Types of borrowing	Creditor	Balance at the end of the period	Time-limit for contract	Interest rate collars	Loan limit	Mortgage or guarantee	Remark
Secured loan	Bank SinoPac	\$ 500,000	December 18, 2019 to February 18, 2020	1.00%~1.22%	\$ 500,000	Properties for sale and guarantee notes NTD 500,000	
	Bank of Taiwan	<u>300,000</u>	December 16, 2019 to March 10, 2020	"	<u>300,000</u>	Shares and guarantee notes NTD 300,000	
		<u>800,000</u>			<u>800,000</u>		
Credit Loan	Land Bank Of Taiwan	\$230,000	November 19, 2019 to February 17, 2020	1.00%~1.22%	\$300,000	Guarantee notes NTD 300,000	
	Mitsui Sumitomo Bank	400,000	November 5, 2019 to February 5, 2020	"	450,000	Guarantee notes NTD 435,000	
	Bank of Taiwan	300,000	December 27, 2019 to March 26, 2020	"	300,000	Guarantee notes NTD 300,000	
	Taishin Bank	100,000	December 30, 2019 to January 31, 2020	"	200,000	Guarantee notes NTD200,000	
	E-Sun Bank	350,000	December 26, 2019 to March 24, 2020	"	500,000	Guarantee notes NTD 500,000	
	Taiwan Cooperative Bank	10,000	November 13, 2019 to January 13, 2020	"	400,000	Guarantee notes NTD 400,000	
	Shin Kong Bank	100,000	December 4, 2019 to January 3, 2020	"	200,000	Guarantee notes NTD200,000	
	National Agricultural Treasury	<u>500,000</u>	August 30, 2019 to February 26, 2020	"	<u>500,000</u>	Guarantee notes NTD 500,000	
		<u>1,990,000</u>			<u>2,850,000</u>		
		<u>\$2,790,000</u>			<u>\$3,650,000</u>		

Ruentex Development Co., Ltd.  
Statement of short-term bills payable  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Amount								
Item	Guarantee or acceptance institution	Time-limit for contract	Interest rate collars	Issuing amount	Unwithdrawn discount	Carrying amount	Mortgage or guarantee	Remark
Commercial papers payable	China Bills Finance	December 16, 2019 to February 20, 2020	0.18%~1.03%	\$860,000	(\$600)	\$859,400	Properties and securities for sale and guarantee notes NTD 1,000,000	
	Mega Bills Finance Corporation	December 4, 2019 to January 7, 2020		240,000	(569)	239,431	Construction lands, securities for sale and guarantee notes NTD 820,000	
	KGI Bank	December 13, 2019 to January 17, 2020		600,000	(115)	599,885	Guarantee notes \$600,000	
	Taiwan Finance Corporation	December 5, 2019 to February 3, 2020		280,000	(200)	279,800	Shares and guarantee notes NTD 300,000	
	International Bills Finance Corporation	December 4, 2019 to January 3, 2020		100,000	(30)	99,970	Shares and guarantee notes NTD 350,000	
	Dah Chung Bills Finance Corporation	December 20, 2019 to January 17, 2020		50,000	(18)	49,982	Guarantee notes NTD 50,000	
	Grand Bills Finance Corporation	December 4, 2019 to January 3, 2020		<u>100,000</u>	(11)	<u>99,989</u>	Shares and guarantee notes NTD 200,000	
				<u>\$2,230,000</u>	<u>(\$1,543)</u>	<u>\$2,228,457</u>		

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Ruentex Development Co., Ltd.  
Statement of other Current liabilities  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Summary	Amount	Remark
Long term liabilities due within one year or one operating cycle		\$7,814,000	
Advance rent receipts		<u>15,981</u>	
		<u>\$7,829,981</u>	

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Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Creditor	Summary	Amount borrowed	Time-limit for contract	Interest Rate	Mortgage or guarantee	Remarks
Bank of Taiwan	Secured loan	\$ 100,000	August 1, 2018 to August 1, 2020	0.55%~2.22%	Shares and guarantee notes NTD 300,000	One-off payment upon maturity
Chang Hwa Commercial Bank	"	5,976,000	November 29, 2012 to March 31, 2021	"	Property under construction	One-off payment upon maturity
Mega Financial Holding	"	3,000,000	April 27, 2018 to May 31, 2021	"	Shares and guarantee notes NTD 3,000,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	500,000	July 27, 2018 to August 30, 2021	"	Stock	One-off payment upon maturity
	"					Evenly amortized on a quarterly basis from the third year
Bank SinoPac		<u>1,000,000</u> <u>\$ 10,576,000</u>	August 13, 2018 to August 13, 2021	"	Properties for sale and guarantee notes NTD 1,000,000	
Bank of Taiwan	Credit Loan	2,000,000	August 13, 2018 to September 10, 2022	0.55%~2.22%	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Chang Hwa Commercial Bank	"	1,200,000	May 31, 2018 to May 31, 2021	"	No	Evenly amortized on a semi-annual basis from the second year
Chang Hwa Commercial Bank	"	600,000	May 31, 2019 to May 31, 2022	"	No	Evenly amortized on a semi-annual basis from the second year
KGI Commercial Bank	"	500,000	December 28, 2017 to December 13, 2021	"	Issuing guarantee notes NTD 500,000	One-off payment upon maturity
National Agricultural Treasury	"	200,000	February 22, 2016 to February 22, 2022	"	No	One-off payment upon maturity
Mega Financial Holding	"	4,500,000	April 27, 2018 to May 31, 2021	"	Issuing guarantee notes NTD 4,500,000	One-off payment upon maturity
Taishin Bank	"	1,500,000	October 9, 2018 to October 8, 2021	"	Issuing guarantee notes NTD 1,500,000	One-off payment upon maturity

(Continued)

Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Huatai Bank	"	100,000	January 22, 2016 to July 23, 2020	"	Issuing guarantee notes NTD 100,000	One-off payment upon maturity
DBS Bank	"	430,000	October 31, 2018 to October 31, 2021	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Mizuho Bank	"	300,000	December 20, 2018 to December 20, 2021	"	Issuing guarantee notes NTD 300,000	One-off payment upon maturity
Mizuho Bank	"	600,000	January 23, 2018 to January 22, 2021	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	1,000,000	October 9, 2018 to October 8, 2021	"	No	Evenly amortized on a quarterly basis from the third year
Kaohsiung Bank	"	100,000	June 11, 2018 to May 27, 2021	"	Issuing guarantee notes NTD 200,000	One-off payment upon maturity
CTBC Bank	"	462,000	October 9, 2018 to October 8, 2021	"	Issuing guarantee notes NTD 700,000	Evenly amortized on a semi-annual basis from the withdrawal date
Taiwan SME Bank	"	2,000,000	October 9, 2018 to October 8, 2021	"	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
O-Bank	"	300,000	March 8, 2017 to February 18, 2021	"	Issuing guarantee notes NTD 300,000	One-off payment upon maturity
First Bank	"	<u>470,000</u> <u>16,262,000</u>	May 15, 2019 to May 15, 2021	"	Issuing guarantee notes NTD 660,000	One-off payment upon maturity
Mega bills syndicated loan	"	1,470,000	December 5, 2018 to December 4, 2021	0.55%~2.22%	Issuing guarantee notes NTD 2,450,000	Long-term commercial paper, one-off payment upon maturity
Taishin Bank	"	<u>200,000</u> <u>1,670,000</u>	March 30, 2018 to March 30, 2020	"	Issuing guarantee notes NTD 200,000	Long-term commercial paper, one-off payment upon maturity
		<u>28,508,000</u>	(Continued)			

Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2019

Unit: New Taiwan Dollars in Thousands

Less: Arrangement fees for	(	2,647)
leading banks of		
syndicated loan		
Due within one year	(	1,838,000)
Due within one	(	5,976,000)
operating cycle		
Discount on		
commercial papers	(	2,023)
Total	\$	<u>20,689,330</u>



Ruentex Development Co., Ltd.  
Statement of operating revenue  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Summary	Amount		Remarks
		Subtotal	Total	
Revenue from contracts with customers - Revenue from sales of goods				
Chung Lun hypermarket				
-Revenue from hypermarket		\$ 1,206,933		
- Revenue from food street		<u>25,405</u>	\$ 1,232,338	
Rent income			36,781	
Revenue from contracts with customers - Revenue from sales of real property				
Revenue from sales of house, land and parking spaces		4,238,587		
Sales of house agency, consultancy and others		<u>45,396</u>	<u>4,283,983</u>	
Subtotal			5,553,102	
Less: Sales returns			( 19,459)	
Sales discounts			<u>( 26,211)</u>	
			<u>\$ 5,507,432</u>	

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Ruentex Development Co., Ltd.  
Statement of operating costs  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Item	Amount	
	Subtotal	Total
Cost of sales		
Beginning inventory	\$ 111,435	
Add: Purchases for current period	943,244	
Less: Loss on physical inventory	( 11,763)	
Ending inventory	( 118,413)	\$ 924,503
Gain from price recovery of inventory		862
loss on physical inventory		11,763
		937,128
Rental cost		
Depreciation expense	29,539	
Other expense	181	29,720
Construction cost		
<u>Prepayment for land purchases</u>		
Beginning prepayments of land	2,227,682	
Add: Purchases for current period	135,370	
Capitalization of interest	7,956	
Transferred from properties for sale	31,206	
Less: Reclassified to construction land	( 1,247)	
Transferred to properties under construction	( 1,310,532)	
Ending prepayments of land	( 1,090,435)	-
<u>Construction land</u>		
Beginning construction land	2,354,557	
Add: Purchases for current period	96	
Capitalization of interest	417	
Reclassified from prepayments of land	1,247	
Less: other (not)	( 15,314)	
Construction lands at the end of the period	( 2,341,003)	-
<u>Property under construction</u>		
Beginning property under construction	12,500,229	
Add: Purchases for current period	1,569,373	
Capitalization of interest	191,064	
Reclassified from prepayments of land	1,310,532	
Less: construction lands at the end of the period	( 15,571,198)	-
<u>Real property for sale (including parking space)</u>		
Beginning house for sale	6,560,418	
Add: Purchases for current period	93,040	
Less: Decrease in progress payments	( 300)	
Transferred to prepayments of land	( 31,206)	
Ending house for sale	( 3,342,404)	3,279,548
Total operating costs		\$ 4,246,396

Ruentex Development Co., Ltd.  
Statement of selling expenses  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Wages and salaries		\$ 151,280	
Advertisement expense		131,455	
Rent expense		88,497	
Taxes		60,139	
Cleaning administrative expense		31,916	
Utilities expense		24,849	
Maintenance expenses		14,104	
Insurance expenses		13,630	
Depreciation		8,847	
Pensions		5,322	
Other expense		<u>58,551</u>	
		<u>\$ 588,590</u>	

Ruentex Development Co., Ltd.  
Statement of administrative and general affairs expenses  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Wages and salaries		\$ 119,901	
Depreciation		19,451	
Services expenses		14,078	
Insurance expenses		10,287	
Maintenance expenses		6,444	
Pensions		4,632	
Rent expense		1,374	
Other expense		<u>65,940</u>	
		<u>\$ 242,107</u>	

Ruentex Development Co., Ltd.  
Summary statement of current period employee benefits and depreciation expenses by function  
January 1 to December 31, 2019

Unit: New Taiwan Dollars in Thousands

Nature \ Function	2019			2018		
	Belong to operating costs	Belong to operating expenses	Total	Belong to operating costs	Belong to operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ -	\$ 271,181	\$ 271,181	\$ -	\$ 251,128	\$ 251,128
Labor and Health Insurance costs	-	19,913	19,913	-	18,906	18,906
Pension expense	-	9,954	9,954	-	10,188	10,188
Directors' Remuneration	-	44,943	44,943	-	41,676	41,676
Other employee benefit expense	-	9,035	9,035	-	9,418	9,418
Depreciation expense	29,539	28,298	57,837	24,252	11,771	36,023

Notes:

1. The employees of the current year and the previous year are 344 and 364, respectively, and the directors not concurring employees are six.
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\$ 917 (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\$ 809 (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\$ 802 (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\$ 701 (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 14.41 (Average salary expenses of the year - average salary expenses of the previous year/ average salary expenses of the previous year).

Ruentex Development Co., Ltd.  
Endorsements and Guarantees for Others  
January 1, 2019 to December 31, 2019

Attached Table I

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

No. (Note 1)	Endorsement guarantor Company name	Entity for which the endorsement/guarantee is made		To single entity Limit of the endorsement guarantee	Maximum of the period Balance of the endorsement guarantee	Balance of the endorsement guarantee at the end of period	Actual drawn amount Amount	Amount of endorsement guarantee Amount	Cumulative amount of endorsements/guarantees as a percentage of the net worth as stated in the latest financial statement	Maximum limit of endorsement guarantee	Belong to endorsement guarantee provided by the parent company to subsidiary	Belong to endorsement guarantee provided by a subsidiary to subsidiary	Belong to endorsement guarantee to Mainland China	Remark
		Company name	Relationship (Note 2)											
0	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	2	\$ 72,803,535	\$ 4,080,000	\$ 4,080,000	\$ 2,680,000	\$ -	5.04	\$ 80,892,817	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	675,000	31,254	31,254	31,254	-	0.81	1,350,000	Y	N	N	Note 4

Note 1: The column of No. is described as follows:

- (1). Please fill in 0 for the issuers.
- (2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the invested companies according to the company type.

Note 2: There are seven types of the relationship between the company making an endorsement/guarantee and the entity for which the endorsement/guarantee as follows. Please indicate the type only:

- (1). A company with which the Company does business.
- (2). A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3). A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4). A company in which the Company holds, directly or indirectly, 90%, or more of the voting shares.
- (5). A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6). A company in which all capital contributing shareholders make endorsements/guarantees for their jointly invested in proportion to their shareholding percentages.
- (7). Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The maximum amount of endorsements/guarantees made by the Company shall not exceed 100% or more of the net worth of the Company and the amount of endorsements/guarantees made by the Company for any single entity shall not exceed 90% or more of the net worth of the Company.

Note 4: The maximum amount of endorsements/guarantees made by the subsidiary shall not exceed 100% or more of the paid-in capital of the Company and the amount of endorsements/guarantees made by the subsidiary for any single entity shall not exceed 50% or more of the paid-in capital of the Company.

Ruentex Development Co., Ltd.

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

December 31, 2019

Attached Table II

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>Company holding the securities</u>	<u>Type and name of the securities</u> (Note 1)	<u>Relationship with the issuer of securities</u> (Note 2)	<u>Account recognized</u>	<u>End of the period</u>			<u>Remark</u>
				<u>Number of shares</u>	<u>Carrying amount</u> (Note 3)	<u>Shareholding percentage</u>	<u>Fair value</u> (Note 4)
Ruentex Development Co., Ltd.	Shares of Orient Semiconductor Electronics	-	Financial Assets at fair value through other comprehensive income - non-Current	5,308,868	\$ 68,113	0.96	\$ 68,113
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	"	10,357,408	1,026,419	4.11	1,026,419
	Shares of OBI Pharma, Inc.	Supervisors of the subsidiaries and associates of the Company is a juridical person director of the company.	"	1,343,630	177,359	0.71	177,359
	Shares of Brogent Technologies Inc.	Supervisors of the subsidiaries and associates of the Company is a juridical person director of the company.	"	2,489,060	377,093	4.46	377,093
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	"	16,828,936	494,434	10.80	494,434
	Shares of Pacific Resources Corporation	-	"	1,078,437	-	1.05	-
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900
	Shares of Evergreen Steel Corp.	-	"	1,884,613	48,378	0.47	48,378
	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	-	60,000	-	-

(Continued)

Ruentex Construction International Co., Ltd. (Previously named City-Link Development Co., Ltd.)	IP Cathay Fund	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 8
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The company	Financial Assets at fair value through other comprehensive income - non-Current	3,426,264	154,867	0.34	154,867	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	”	20,151,803	1,481,158	3.57	1,481,158	
	Shares of OBI Pharma, Inc.	Supervisors of the subsidiaries and associates of the Company is a juridical person director of the company.	”	234,295	30,928	0.13	30,928	
	Shares of Save & Safe Corporation	-	”	4,267,233	55,900	2.51	55,900	
	Shares of Powertec Electrical Chemicals Corp. (Shares of previous Powertec Energy Corp.	-	”	19,737,629	-	1.50	-	Note 9
	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	-	500,000	-	-	
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial Assets at fair value through other comprehensive income - non-Current	37,874	2,783	-	2,783	
	Shares of OBI Pharma, Inc.	Supervisors of the subsidiaries and associates of the Company is a juridical person director of the company.	”	105,433	13,917	0.06	13,917	
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	”	657,045	48,293	0.12	48,293	

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 15,200 thousand shares, a total of NT\$446,576 thousand was pledged to financial institutions for financing loans.

Note 6: the base date of capital increase of Brogent Technologies Inc. was July 26, 2019

Note 7: Evergreen Steel Corp. wrote-off the treasury stocks, and thus the shareholding percentage of the Company increase from 0.46% to 0.47%.

Note 8: Ruentex Construction was previously named City-Link Development Co., Ltd., and was approved by Department of Commerce, MOEA on August 16, 2019.

Note 9: Powertec Electrical Chemicals Corp was previously named Powertec Energy Corp., and was approved by Department of Commerce, MOEA on August 14, 2019.



Ruentex Development Co., Ltd.

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

January 1, 2019 to December 31, 2019

Attached Table III

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

Buying/selling	Type of the securities and	Account	Counterparty	Relationship	Beginning of the period		Buying (Note 3)		Selling (Note 4)				End of the period	
company	Name (Note 1)	recognized	(Note 2)	(Note 2)	Shares	Amount	Shares	Amount	Shares	Price	Book cost	Gain on disposal	Shares	Amount
Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	Investment accounted for using the equity method	Cash Capitalization	Subsidiary	147,700,000	\$ 1,445,822	51,100,000	\$ 511,000	-	\$ -	(\$ 39,811)	\$ -	198,800,000	\$ 1,917,011
Ruentex Resources Integration Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Investment accounted for using the equity method	Note 5	Subsidiary	72,881,000	1,459,882	-	( 214,529)	(72,881,000)	( 4,255,345)	( 1,245,353)	3,009,992	-	-
								(註 4)				(註 6)		
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Investment accounted for using the equity method	Note 5	Subsidiary	1,012,500	19,757	51,832,359	3,039,274	-	-	( 2,157,824)	-	52,844,859	901,207
											(註 7)			
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Investment accounted for using the equity method	Cash Capitalization	Associates	3,701,250,000	10,578,234	713,500,000	5,100,000	-	-	46,410,960	-	4,414,750,000	62,089,194
								(註 8)						
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Investment accounted for using the equity method	Cash Capitalization	Associates	-	-	29,670,000	474,720	-	-	320,751	-	29,670,000	795,471

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

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

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

Note 4: The income/loss of investments, and the equity changes are recognized based on the shareholding percentage.

Note 5: Ruentex Resources Integration Co., Ltd. sold its shares of Ruentex Engineering & Construction Co., Ltd. to each shareholders by shareholding proportion in the TWSE market in the form of continuous trading with significant amount

Note 6: A reorganization; the difference between the sales price and the book cost was used to adjusted the capital reserve of Ruentex Resources Integration Co., Ltd.

Note 7: A reorganization; the difference between the sales price and the book cost was used to adjusted the capital reserve of Ruentex Development Co., Ltd.

Note 8: Including stock dividends 203,500,000 shares.

Ruentex Development Co., Ltd.

Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital

January 1, 2019 to December 31, 2019

Attached Table IV

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>The company making the purchase (sale) of goods</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Transaction conditions</u>				<u>Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1)</u>		<u>Notes receivable/payable and accounts receivable/payable</u>		<u>Remark (Note 2)</u>
			<u>Purchase (sale) of goods</u>	<u>Amount</u>	<u>As a percentage of total purchases (sales) of goods</u>	<u>Credit period</u>	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>	<u>As a percentage of notes receivable/payable and accounts receivable/payable</u>	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiary	Purchase of goods	\$ 1,159,465	42.30	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	(\$ 161,280)	23.81	
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Third-tier subsidiary	Purchase of goods	319,014	11.64	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	( 54,897)	8.10	
Ruentex Development Co., Ltd.	RT-MART International Co., Ltd.	The Company is a juridical person supervisor of the company	Purchase of goods	219,180	8.00	Amount paid according to the prescribed period of the procurement contract.	-	Amount paid according to the prescribed period of the procurement contract.	( 32,093)	4.74	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiary	Purchase of goods	182,715	55.04	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	( 36,925)	49.38	

(Continued)

Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The Company	Sale of goods	1,249,878	14.25	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	161,280	16.90
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	Subsidiary	Sale of goods	399,337	4.55	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	36,925	3.87
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Subsidiary	Sale of goods	240,494	2.74	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	1,819	0.19
Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	The company	Sale of goods	293,041	37.97	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	54,897	53.01

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 Development Co., Ltd.

Accounts receivable due from related parties amounting to at least \$100 million or 20% of the paid-in capital

December 31, 2019

Attached Table V

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>The company recognized as</u>			<u>Balance of accounts</u>		<u>Overdue accounts receivable due from</u>		<u>Recovered amount in subsequent</u>		<u>Provision for allowance for</u>			
<u>receivables</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>receivable due from related</u>	<u>parties</u>	<u>Turnover</u>	<u>Amount</u>	<u>Approach to handling</u>	<u>periods for accounts receivable due</u>	<u>from related parties</u>	<u>bad debts</u>		
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The company	\$	161,280	8.06	\$	-	-	\$	161,231	\$	-

Note 1: Please fill in the value separately according the accounts receivable, notes receivable and other receivables.

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.

Ruentex Development Co., Ltd.

Business relationships and significant intercompany transactions and amount between a parent and its subsidiary company, or between its subsidiaries

January 1, 2019 to December 31, 2019

Attached Table VI

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

No. (Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			As a percentage of the consolidated total operating revenue or total assets (Note 3)
				Account	Amount	Terms and conditions of transaction	
0	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	1	Construction income	22,048	Note 5	0.13
		Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.) (Note 8)	1	Rent income	18,316	"	0.11
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	293,041	Note 4	1.70
		"	2	Receivable	54,897	"	0.04
		"	2	Contract asset	16,505	"	0.01
		Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.) (Note 8)	3	Construction income	55,372	"	0.32
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	1,249,878	"	7.24
		"	2	Receivable	161,280	"	0.11
		"	2	Contract asset	134,642	"	0.09
		Ruentex Development Co., Ltd.	3	Construction income	399,337	"	2.31
		"	3	Receivable	36,925	"	0.02
		"	3	Contract asset	23,675	"	0.02
		Ruentex Materials Co., Ltd.	1	Construction income	230,534	"	1.34
		"	1	Contract asset	52,138	"	0.03
3	Ruentex Materials Co., Ltd.	Ruentex Precast Engineering and Technology (Shanghai) Ltd.	1	Service revenue	14,717	Note 5	0.09
		Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	52,785	Note 5	0.31
		"	2	Construction income	21,795	Note 4	0.13

(Continued)

4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	47,903	Note 5	0.28
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	40,555	"	0.23
		Ruentex Development Co., Ltd.	2	Service revenue	15,667	"	0.09
		Ruentex Construction International Co., Ltd.	3	Service revenue	10,027	"	0.06
		(Previous named City-Link Development Co., Ltd.) (Note 8)					
5	Ruentex Security Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	14,758	"	0.09
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	12,407	"	0.07
		Ruentex Development Co., Ltd.	2	Service revenue	15,290	"	0.09
6	Ruentex Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	27,861	Note 4	0.16
7	Ruentex Construction International Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Receivable	10,167	Note 5	0.01

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, and the amount shall be collected according to the prescribed period of the construction contract.

Note 5: The price shall be set according to negotiations between the two parties.

Note 6: Dividends receivable.

Note 7: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Note 8: Ruentex Construction was previously named City-Link Development Co., Ltd., and was approved by Department of Commerce, MOEA on August 16, 2019.

Ruentex Development Co., Ltd.

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

January 1, 2019 to December 31, 2019

Attached Table VII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period		Carrying amount	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	Ratio				
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 2,076,616	\$ 53,774	\$ 53,774	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	36,931	6,212	6,212	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Retirement Home and General Property Management and Maintenance Services	9,000	9,000	900,000	60.00	2,633	( 3,776)	( 2,266)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Ruentex Security Co., Ltd.	49,000	49,000	6,900,000	100.00	65,693	( 163)	( 163)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.) (Note 3)	Taiwan	Mall Operations, Proprietary Booths, Commercial Property Leasing, Housing and Building Development, Leasing and Sales, and Business Management Consulting	1,097,665	1,097,665	109,874,391	100.00	636,204	( 233,406)	( 233,406)	Subsidiary of the Company (Note 3)
Ruentex Development Co., Ltd.	Ruentex Resources Integration Co., Ltd.	Taiwan	Installation of cables, elevators and fire safety equipment	-	9,934	-	-	-	285,185	206,804	Note 4

			Original investment amount			Holding at the end of period					
<u>Name of the investing company</u>	<u>Name of the investee company</u>	<u>Location</u>	<u>Major Operating Items</u>	<u>End of the current period</u>	<u>End of last year</u>	<u>Shares</u>	<u>Ratio</u>	<u>Carrying amount</u>	<u>Current profit and loss of the investee company</u>	<u>Gains and losses on investment recognized for the current period</u>	<u>Remark</u>
Ruentex Development Co., Ltd.	Ruentex Xuzhan Co. Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,600,000	1,600,000	160,000,000	80.00	1,964,730	303,778	243,022	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,950,000	1,950,000	195,000,000	100.00	2,223,657	146,209	146,209	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Innovative Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale development and investment management consultant	1,988,000	1,477,000	198,800,000	70.00	1,917,011	( 41,582)	( 19,102)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,214	12,940	52,844,859	39.14	901,207	679,710	88,756	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	184,807	87,797	9,741	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Jing Hong Investment Co., Ltd.	Taiwan	General Investment	270,000	270,000	27,000,000	30.00	680,697	154,740	46,422	The investee company accounted for using the equity method
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Taiwan	General Investment	19,037,500	13,937,500	4,414,750,000	25.00	62,089,194	28,832,953	7,208,238	The investee company accounted for using the equity method
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	\$ 409,489	\$ 409,489	10,593,334	25.46	\$ 4,883,696	\$ 603,283	\$ 153,596	The investee company accounted for using the equity method



Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Development Co., Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	284,147	479,576	28,414,684	45.45	287,995	1,807	42,713	The investee company accounted for using the equity method
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment manufacturing	331,147	331,147	29,677,148	26.62	831,113	992,998	264,336	The investee company accounted for using the equity method (Note 1)
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and Communication Engineering Industry	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for using the equity method
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	2,537,808	2,537,808	65,720,683	11.63	7,043,385	6,675,452	776,292	The investment company which accounts for the Company using the equity method (Note 2)
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	474,720	-	29,670,000	0.23	795,471	32,019,503	27,185	The investee company accounted for using the equity method
Ruentex Construction International BVI Co., Ltd.	Ruentex Construction International Ltd.	Hong Kong	General Investment	32,860	32,860	7,800,000	100.00	22,180	569	569	Sub-subsidiary of the Company
Ruentex Construction International BVI Co., Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	640,770	640,770	19,500,000	49.06	2,050,838	108,579	53,266	The investee company accounted for using the equity method

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Resources Integration Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	-	893,521	-	-	-	679,710	284,936	Note 4
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	877,879	87,797	34,376	Sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Construction Co., Ltd.	Taiwan	Civil Engineering Projects	5,408	5,408	600,000	100.00	9,910	472	472	Sub-subsidiary of the Company
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	140,571	140,571	3,000,000	100.00	183,724	78,336	78,336	Sub-sub-subsidiary of the Company
Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.) (Note 3)	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	131,158	131,158	1,822,888	0.32	274,056	6,675,452	-	The investment company which accounts for the Company using the equity method
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	976,000	0.72	54,404	679,710	-	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd. Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	264,000	0.20	14,672	679,710	-	Subsidiary of the Company

Note 1: The provision of 29,677 thousand shares, a total of NTD 831,112 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 64,607 thousand shares, a total of NTD 6,923,911 thousand was pledged to financial institutions for financing loans.

Note 3: Ruentex Construction was previously named City-Link Development Co., Ltd., and was approved by Department of Commerce, MOEA on August 16, 2019.

Note 4: Resource Integration was proposed for dissolution of the subsidiary Resource Integration was submitted by the board of directors on January 14, 2019, and approved by the extraordinary shareholders' meeting on January 30, 2019. Also on February 13, 2019, the competent authority was filed to and approved the dissolution. The settlement was completed on November 4, 2019.

Ruentex Development Co., Ltd.

Information of investments in mainland China-Basic information

January 1, 2019 to December 31, 2019

Attached Table VIII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>Name of the invested companies in mainland China</u>	<u>Major Operating Items</u>	<u>Paid-in capital</u>	<u>Investment method</u>	<u>The accumulated amount remitted from Taiwan to invest in mainland China at the beginning of the current period</u>	<u>The investment amount remitted out or back for the current period</u>		<u>The accumulated amount remitted from Taiwan at the end of the current period</u>	<u>Current profit and loss of the investee company</u>	<u>Shareholding percentage of direct or indirect investment by the Company</u>	<u>Gains and losses on investment recognized for the current period</u>	<u>Carrying amount of investments at the end for the period</u>	<u>Investment income remitted back by the end of the current period</u>	<u>Remark</u>
					<u>Remit out</u>	<u>Remit back</u>							
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	Technical Consulting and service of construction engineering	\$ 155,896	Note 1	\$ 155,896	\$ -	\$ -	\$ 155,896	\$ 2,808	40.07	\$ 1,125	\$ 55,947	\$ -	Note 2 (II) 2 Note 3

Note 1: The investment method is the sub-subsidiary directly entering into mainland China to make an investment.

Note 2: The figures related to the Table shall be expressed in New Taiwan dollars.

(I) In the case of preparation where no gain or loss on investment has occurred, please specify.

(II) 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 and certified by an international accounting firm having a business cooperation relationship with an ROC accounting firm.
2. The financial reports audited and certified by a certified public accountant of the parent in Taiwan.
3. Others.

Note 3: The consolidated shareholding percentage of the Company and its subsidiaries.

Note 4: 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.

(Continued)

<u>Company name</u>	<u>The accumulated amount remitted from Taiwan to invest in mainland China at the end of the current period</u>	<u>The approved amount by the Investment Commission, MOEA</u>	<u>The investment limit approved by the Investment Board, Ministry of Economic Affairs</u>
Ruentex Engineering & Construction Co., Ltd.	\$ 155,896	\$ 155,896	\$ 3,168,239

Note 1: The total amount of the original currency remitted from Taiwan to invest in mainland China at the end of the current period is as follows:

Ruentex Engineering & Construction Co., Ltd.: USD 5,200 thousand

Note 2: The investment amount approved by the Investment Board, Ministry of Economic Affairs is as follows:

Ruentex Engineering & Construction Co., Ltd.: USD 5,200 thousand

Note 3: According to the limits set out in the "Principles for the review of investment or technical cooperation in the mainland China" of the Investment Board, Ministry of Economic Affairs, the current limit is 60% of the net worth of the company.

Note 4: 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.