

Ruentex Development Co., Ltd.  
Unconsolidated Financial Statements and  
Report of Independent Accountants  
2020 and 2019  
(Stock Code: 9945)

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## RUENTEX DEVELOPMENT CO., LTD.

### Unconsolidated Financial Statements and Report of Independent Accountants of 2020 and 2019

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## Accountants' Audit Report

(2021) Cai-Shen-Bao-Zi No.20004573

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

### **Audit Opinions**

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2020 and 2019 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis of Audit Opinions**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2020. 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, 2020 are stated as follows:

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

#### Description of Key Audit Matters

The investment balance under equity method (including investments under the equity method for the listed liabilities) of the Company as of December 31, 2020 was NT\$121,177,526 thousand, representing 78.63% of total Assets. For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note IV(XIV). For the explanation on the accounts, please refer to Financial Statements Note VI(VIII).

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(14). For the explanation on the accounts,

please refer to Financial Statements Note VI(VIII).

On December 31, 2020, 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 2020 have significant impacts on the financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of REC are respectively described in the following:

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

### Description of Key Audit Matters

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

### Corresponding Audit Procedures

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

1. We conducted understanding and tested on the process adopted by the management in the recognition of construction cost to verify that it had been performed according to the internal control operation of the Company, including that the construction personnel had

performed acceptance according to the construction result and had submitted to the accounting department to perform account entry after the confirmation of the responsible supervisors.

2. We performed the cut-off test on the construction cost incurred for a certain period before and after the end of the financial report period, including the verifying the acceptance record, verifying the accuracy of the calculation of construction pricing, confirming that the construction cost incurred had been recorded at the appropriate period.

## **Accuracy of the Recognition of Construction Revenues**

### Description of Key Audit Matters

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

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

### Corresponding Audit Procedures

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

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

### **Other Matters - Relevant audits by other independent auditors**

For the investee listed in the aforementioned unconsolidated financial statements under equity method, its financial statements was not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned unconsolidated financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2020 and 2019, the investment balances under equity method (including investments under the equity method for the listed liabilities) for the aforementioned companies were NT\$5,036,152 thousand and NT\$12,610,411 thousand respectively, representing 3.27% and 10.64% of the total Assets respectively. For the period of 2020 and



January 1 to December 31, 2019 the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT\$ (499,541) thousand and NT\$ 5,556,550 thousand respectively, representing 1.45% and 10.75% of the compressive income respectively.

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

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

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

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

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

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

As part of an audit in accordance with the auditing standards generally accepted in the

Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidences in order to be used as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made at the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidences for the financial information of individual entity of the Company and provide opinions on its respective unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the audit opinion for the Company.

We communicate with those charged with governance regarding, among other matters,

the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2020 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 and Futures Commission, Ministry of Finance

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

Financial Supervisory Commission

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

March 26, 2021

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheet  
December 31, 2020 and 2019

Unit: New Taiwan Dollars in Thousands

Assets	Notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current Assets</b>						
1100	Cash and cash equivalents	VI(I)	\$ 3,467,615	2	\$ 4,778,248	4
1150	Net bill receivable	VI(II)	-	-	3,589	-
1170	Net Accounts Receivable	VI(II)	9,435	-	5,510	-
1180	Accounts receivable - related parties - net	VII	561	-	1,135	-
1200	Other receivables		5,819	-	3,225	-
1210	Other Receivables - related party	VII	3,352	-	3,513	-
1220	Current income tax assets		12,566	-	12,579	-
130X	Inventories	VI(III) and VIII	23,070,044	15	22,040,418	19
1410	Prepayments		58,661	-	96,365	-
1470	Other Current Assets	VI(IV) and VIII	1,112,104	1	419,208	-
11XX	<b>Total Current Assets</b>		<u>27,740,157</u>	<u>18</u>	<u>27,363,790</u>	<u>23</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	VI(V)	37,262	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI) and VIII	2,008,422	1	2,192,696	2
1535	Amortized cost financial Assets - non-Current	VI(VII)	60,000	-	60,000	-
1550	Investments accounted for using equity method	VI(VIII), VI, and VIII	121,181,202	79	86,617,850	73
1600	Property, plant, and equipment	VI(IX)	136,603	-	45,924	-
1755	Right-of-use assets	VI(X)	691,052	1	21,349	-
1760	Net value of investment properties	VI(XI) and VIII	1,953,200	1	1,981,227	2
1840	Deferred tax Assets	VI (XXIX)	203,882	-	106,430	-
1900	Other non-Current Assets	VI(XXII) and VIII	101,410	-	156,631	-
15XX	<b>Total non-current assets</b>		<u>126,373,033</u>	<u>82</u>	<u>91,182,107</u>	<u>77</u>
1XXX	<b>Total Assets</b>		<u>\$ 154,113,190</u>	<u>100</u>	<u>\$ 118,545,897</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Balance Sheet  
December 31, 2020 and 2019

Unit: New Taiwan Dollars in Thousands

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
<b>Current Liabilities</b>						
2100	Short-term borrowings	VI(XXIII) and VIII	\$ 2,100,000	2	\$ 2,790,000	2
2110	Short-term bills payable	VI(XXIV) and VIII	4,358,912	3	2,228,457	2
2130	Contract liabilities - current	VI(XXI) and VII	1,538,532	1	483,953	1
2150	Notes payable		37,814	-	53,591	-
2160	Notes payable - related party	VII	152,324	-	211,658	-
2170	Accounts payable		79,279	-	132,518	-
2180	Accounts payable - related party	VII	390,462	-	279,639	-
2200	Other payables	VII	338,615	-	316,320	-
2230	Income tax liabilities of current period		1,080,091	1	-	-
2280	Lease liabilities - current	VI(X)	85,931	-	16,233	-
2300	Other Current liabilities	VI(XV) and VIII	6,085,560	4	7,829,981	7
21XX	<b>Total Current Liabilities</b>		<u>16,247,520</u>	<u>11</u>	<u>14,342,350</u>	<u>12</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	VI(XV) and VIII	20,246,911	13	20,689,330	18
2570	Deferred income tax liabilities	VI (XXIX)	1,695,097	1	1,558,069	1
2580	Lease liabilities - non-current	VI(X)	621,853	-	5,247	-
2600	Other non-Current liabilities	VI(VIII)(XVI)	1,057,479	1	1,058,084	1
25XX	<b>Total Non-Current Liabilities</b>		<u>23,621,340</u>	<u>15</u>	<u>23,310,730</u>	<u>20</u>
2XXX	<b>Total Liabilities</b>		<u>39,868,860</u>	<u>26</u>	<u>37,653,080</u>	<u>32</u>
<b>Equity</b>						
Capital		VI(XVII)				
3110	Share capital		15,048,810	10	10,032,540	8
Capital surplus		VI(XVIII)				
3200	Capital surplus		18,147,191	12	18,136,402	16
Retained earnings		VI(XIX)				
3310	Legal reserve		4,472,550	3	3,816,407	3
3320	Special reserve		507,767	-	29,523,666	25
3350	Undistributed earnings		37,360,519	24	6,561,429	5
Other Equities		VI(XX)				
3400	Other Equities		38,792,132	25	12,907,012	11
3500	Treasury stock	VI(VIII)(XXVII)	( 84,639)	-	( 84,639)	-
3XXX	<b>Total Equity</b>		<u>114,244,330</u>	<u>74</u>	<u>80,892,817</u>	<u>68</u>
Significant contingent liabilities and unrecognized contractual commitments		IX				
Significant subsequent events		11				
3X2X	<b>Total liabilities and Equity</b>		<u>\$ 154,113,190</u>	<u>100</u>	<u>\$ 118,545,897</u>	<u>100</u>

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Comprehensive Income  
2020 and 2019 from January 1<sup>st</sup> to December 31<sup>st</sup>

Unit: New Taiwan Dollars in Thousands  
(Except earnings per share, which is in NT\$)

Item	Notes	2020		2019	
		Amount	%	Amount	%
4000	Operation income	\$ 4,745,969	100	\$ 5,507,432	100
5000	Operation Cost				
		( 3,584,972)	( 76)	( 4,246,396)	( 77)
5900	Gross profit	1,160,997	24	1,261,036	23
5910	Unrealized sale gains	( 2,195)	-	( 2,842)	-
5950	Net gross operating profit	1,158,802	24	1,258,194	23
	Operating Expenses				
6100	Selling and marketing expenses	( 593,386)	( 12)	( 588,590)	( 11)
6200	Administrative expense	( 264,758)	( 6)	( 242,107)	( 4)
6450	Expected credit impairment gains	52	-	114	-
6000	Total Operating Expenses	( 858,092)	( 18)	( 830,583)	( 15)
6900	Operating Profit	300,710	6	427,611	8
	Non-operating Income and Expenses				
7100	Interest revenue	34,411	1	71,281	1
7010	Other income	30,016	1	27,377	1
7020	Other gains and losses	( 162,534)	( 4)	( 95,962)	( 2)
7050	Finance costs	( 334,451)	( 7)	( 213,079)	( 4)
7070	Share of other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized using the Equity method	9,836,388	207	9,018,363	164
7000	Total non-operating income and expenses	9,403,830	198	8,807,980	160
7900	<b>Net profit before tax</b>	9,704,540	204	9,235,591	168
7950	Income tax expense	( 1,146,889)	( 24)	( 167,639)	( 3)
8000	<b>Net Profit for the Period of the Continued Business Unit</b>	8,557,651	180	9,067,952	165
8200	<b>Net income of current period</b>	\$ 8,557,651	180	\$ 9,067,952	165

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Statements of Comprehensive Income  
2020 and 2019 from January 1<sup>st</sup> to December 31<sup>st</sup>

Unit: New Taiwan Dollars in Thousands  
(Except earnings per share, which is in NT\$)

Item	Notes	2020		2019		
		Amount	%	Amount	%	
<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(XVI)	( \$ 2,652)	-	\$ 6,244	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	VI(VI)	( 241)	-	( 637,971)	( 12)
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(XIX)	( 138,061)	( 3)	( 49,542)	( 1)
8349	Income tax relating to non-reclassified items	VI(XXIX)	3,028	-	37,457	1
8310	Total of items not to be reclassified into profit or loss		( 137,926)	( 3)	( 643,812)	( 12)
<b>Items may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translating foreign operations		( 349,826)	( 7)	( 165,159)	( 3)
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that may be reclassified to profit or loss	VI(XX)	26,332,679	555	43,756,726	795
8399	Income tax related to items may be reclassified into profit or loss	VI(XX)(XXIX)	( 58,600)	( 1)	( 309,682)	( 6)
8360	Total of items may be reclassified subsequently to profit or loss		25,924,253	547	43,281,885	786
8300	<b>Other comprehensive income (net)</b>		\$ 25,786,327	544	\$ 42,638,073	774
8500	<b>Total comprehensive income for the period</b>		\$ 34,343,978	724	\$ 51,706,025	939
Earnings per share VI(XXX)						
9750	Basic earnings per share		\$ 5.88		\$ 6.23	
9850	Diluted earnings per share		\$ 5.88		\$ 6.23	

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu

Ruentex Development Co., Ltd.  
 Unconsolidated statement of changes in Equity  
 2020 and 2019 from January 1<sup>st</sup> to December 31<sup>st</sup>

Unit: New Taiwan Dollars in Thousands

Notes	Common share capital	Capital reserve	Retained earnings		Undistributed earnings	Other equities	Treasury stock	Total Equity
			Legal reserve	Special reserve				
<u>2019</u>								
Balance on January 1, 2019	\$ 10,032,540	\$ 18,013,510	\$ 4,829,705	\$ 17,450,088	\$ 13,066,788	(\$ 32,411,659 )	(\$ 84,639 )	\$ 30,896,333
Net income of current period	VI(XXIX) -	-	-	-	9,067,952	-	-	9,067,952
Other Comprehensive Income	VI(XXIX)(XX) -	-	-	-	( 44,119 )	42,682,192	-	42,638,073
Total comprehensive income for the period	-	-	-	-	9,023,833	42,682,192	-	51,706,025
Appropriation and distribution of the earnings for 2018:	VI(XXIX)							
Legal reserve	-	-	993,210	-	( 993,210 )	-	-	-
Special reserve	-	-	-	12,073,578	( 12,073,578 )	-	-	-
Cash dividends from the legal reserve	VI(XXIX) -	-	( 2,006,508 )	-	-	-	-	( 2,006,508 )
Dividends unclaimed by shareholders with claim period elapsed	VI(XXVIII) -	3,409	-	-	-	-	-	3,409
Changes in associates & joint ventures accounted for using equity method	VI(XVIII)(XIX)(XX) -	122,482	-	-	184,120	( 10,045 )	-	296,557
Change in ownership interests in subsidiaries	VI(XVIII) -	9,910	-	-	-	-	-	9,910
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	VI(VI)(XIX)(XX) -	-	-	-	( 2,646,524 )	2,646,524	-	-
Changes in the Reorganization	VI(XVIII) -	( 12,909 )	-	-	-	-	-	( 12,909 )
Balance on December 31, 2019	\$ 10,032,540	\$ 18,136,402	\$ 3,816,407	\$ 29,523,666	\$ 6,561,429	\$ 12,907,012	(\$ 84,639 )	\$ 80,892,817
<u>2020</u>								
Balance at January 1, 2020	\$ 10,032,540	\$ 18,136,402	\$ 3,816,407	\$ 29,523,666	\$ 6,561,429	\$ 12,907,012	(\$ 84,639 )	\$ 80,892,817
Net income of current period	VI(XIX) -	-	-	-	8,557,651	-	-	8,557,651
Other Comprehensive Income	VI(XIX)(XX) -	-	-	-	( 93,002 )	25,879,329	-	25,786,327
Total comprehensive income for the period	-	-	-	-	8,464,649	25,879,329	-	34,343,978
Profit reversed as special reserve	VI(XIX) -	-	-	( 29,015,899 )	29,015,899	-	-	-
Appropriation and distribution of the earnings for 2019:	VI(XIX)							
Legal reserve	-	-	656,143	-	( 656,143 )	-	-	-
Cash dividends	-	-	-	-	( 1,003,254 )	-	-	( 1,003,254 )
Share dividend	5,016,270	-	-	-	( 5,016,270 )	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	VI(XVIII) -	( 351 )	-	-	-	-	-	( 351 )
Changes in associates & joint ventures accounted for using equity method	VI(XVIII) -	11,140	-	-	-	-	-	11,140
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	VI(VI)(XIX)(XX) -	-	-	-	( 5,791 )	5,791	-	-
Balance on December 31, 2020	\$ 15,048,810	\$ 18,147,191	\$ 4,472,550	\$ 507,767	\$ 37,360,519	\$ 38,792,132	(\$ 84,639 )	\$ 114,244,330

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Supervisor: Lin, Chin-Szu



Ruentex Development Co., Ltd.  
Unconsolidated Statement of Cash Flow  
2020 and 2019 from January 1<sup>st</sup> to December 31<sup>st</sup>

Unit: New Taiwan Dollars in Thousands  
January 1 to  
December 31,  
2020  
January 1 to  
December 31,  
2019

Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash flows from operating activities</u>		
Profit before Income Tax current period	\$ 9,704,540	\$ 9,235,591
Adjustment item		
Income and expenses		
Unrealized incomes among affiliates	20,194	20,709
Depreciation expense	VI(XXVII) 134,073	57,837
Expected credit impairment gains	VI(XXVII) ( 52 )	( 114 )
Interest Cost	VI(XXVI) 334,451	213,079
Interest revenue	VI(XXIII) ( 34,411 )	( 71,281 )
Dividend income	VI(XXIV) ( 18,504 )	( 13,252 )
Share of profit of associates accounted for using the equity method	VI(VIII) ( 9,836,388 )	( 9,018,363 )
Loss (gain) on disposal of property, plant and equipment	VI(IX)(XXV) 535	( 9 )
Valuation profit on financial assets at fair value through profit or loss	VI(V)(XXV) ( 3,427 )	-
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes Receivable	3,589	( 1,536 )
Accounts Receivable	( 3,873 )	14,935
Accounts Receivable – related Party	574	( 1,135 )
Other Receivable	( 3,732 )	3,512
Other receivables - related Party	161	1,194
Inventories	( 985,943 )	1,491,167
Prepaid Expenses	37,704	( 21,794 )
Other Current Assets	( 608,184 )	( 3,747 )
Net change in liabilities related to operating activities		
Contractual Liabilities - Current	1,054,579	99,673
Notes payable	( 15,778 )	10,946
Notes Payable – related Party	( 59,334 )	205,480
Accounts Payable	( 53,239 )	( 59,674 )
Accounts Payable – related Party	110,823	( 62,862 )
Other Payable	23,393	8,595
Other Current Liabilities	107,067	( 4,974 )
Other non-Current liabilities	( 1,443 )	( 1,260 )
Cash flow generated from (used in) operations	( 92,625 )	2,102,717
Interest received	35,549	71,147
Amount of interest Paid	( 380,034 )	( 418,463 )
Dividend received	1,219,164	1,040,924
Income Taxes Paid	( 83,491 )	( 806,814 )
Cash inflow from operating activities	<u>698,563</u>	<u>1,989,511</u>

(Continued)

Ruentex Development Co., Ltd.  
Unconsolidated Statement of Cash Flow  
2020 and 2019 from January 1<sup>st</sup> to December 31<sup>st</sup>

Unit: New Taiwan Dollars in Thousands  
January 1 to  
December 31,  
2020

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash flows from investing activities</u>			
Share capital returned from liquidation of subsidiaries	VI(VIII)	\$ -	\$ 3,276,244
Investment under the equity method acquired	VI(VIII)	( 87,500 )	( 578,962 )
Return of funds to reduced investment adopting the Equity method	VI(VIII)	-	195,429
Investment in real estate properties, plants, and equipment	VI(IX)	( 106,485 )	( 24,574 )
Proceeds from disposal of real estate, plant and equipment	VI(IX)	42	9
Investment real estate acquired	VI(XI)	-	( 49,905 )
Increase in refundable deposits		( 32,349 )	( 200,649 )
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	VI(VI)	-	( 11,068 )
Disposal of financial Assets at fair value through other comprehensive income acquired - non-Current	VI(VI)	61,530	-
Acquisition of financial assets at fair value through profit or loss - non-current	VI(V)	( 33,835 )	-
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current; consider a dividend returned at initial holding cost	VI(VI)	122,503	-
Other decrease (increase) in non-Current Assets		2,858	( 382 )
Net cash inflow (outflow) from investing activities		( 73,236 )	2,606,142
<u>Cash flows from financing activities</u>			
Net increase (decrease) in short-term borrowings	VI(XXXII)	( 690,000 )	2,080,000
Net increase in short-term bills payable	VI(XXXII)	2,130,000	2,050,000
Amount of long-term borrowings		25,865,000	20,234,993
Repayments of long-term borrowings		( 28,158,000 )	( 21,212,581 )
Decrease (increase) in guarantee deposits received	VI(XXXII)	( 5,490 )	21,537
Principal elements of lease payments	VI(X)(XXXII)	( 74,216 )	( 15,872 )
Cash dividends paid	VI(XIX)	( 1,003,254 )	( 2,006,508 )
Subsidiary equity acquired	VI VIII)	-	( 3,550,274 )
Cash used in financing activities		( 1,935,960 )	( 2,398,705 )
Increase (decrease) in cash and cash equivalents of current period		( 1,310,633 )	2,196,948
Cash and cash equivalents at beginning of year	VI(I)	4,778,248	2,581,300
Cash and cash equivalents at end of year	VI(I)	\$ 3,467,615	\$ 4,778,248

The attached individual financial statement and notes are parts of this individual financial report, please refer to them all together.  
Chairman: Jean, Tsang-Jiunn                      Manager: Lee, Chih-Hung                      Accounting Manager: Lin, Chin-Szu

Ruentex Development Co., Ltd.  
Notes to Unconsolidated Financial Statements  
2020 and 2019

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 26, 2021.

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 2020 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>To be determined by the International Accounting Standards Board (IASB)</u> <u>Effective date of IASB announcement</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
Amendment to IFRS 16 “COVID-19-Related Rent Concessions”	June 1, 2020 (Note)

Note: The FSC allowed for application of the amendment in advance from January 1, 2020 onward.

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows.

<u>New and revised standards, amendments to standards and interpretations</u>	<u>To be determined by the International Accounting Standards Board (IASB) Effective date of IASB announcement</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying of IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

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

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

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

<u>New and revised standards, amendments to standards and interpretations</u>	<u>To be determined by the International Accounting Standards Board (IASB) Effective date of IASB announcement</u>
Amendment to IFRS 3 - "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
2018-2020 annual improvements cycle	January 1, 2022

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.

#### 1. 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.

#### 2. Amendment to IFRS 17 “Insurance Contracts”

The amendments include deferred effective dates, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held - recovery of losses and other amendments that do not change the fundamental principles of the standard.

### IV. Summary of Significant Accounting Policies

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

#### (I) Compliance statement

The unconsolidated financial statements were prepared in accordance with the ‘Regulations Governing the Preparation of Financial Reports by Securities Issuers’.

#### (II) Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
  - (3) 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 profit or loss

1. Financial assets not included as financial assets measured at amortized costs or at fair value through other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Associated transaction costs are accounted in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(VII) Financial assets at fair value through other comprehensive income

1. It refers to an irrevocable choice made during the initial recognition, and the fair value

change of the equity tool investment not held for trading is listed in the other comprehensive income.

2. On a regular way purchase or sale basis, financial Assets at fair value through comprehensive income are recognized and derecognized using settlement date accounting.
3. The Company initially recognized the financial Assets at fair value through profit or loss are initially recognized at fair value, and subsequently, they were measured and stated at fair value:

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

(VIII) Financial Assets at 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.

(IX) Notes and accounts receivable

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

(X) Impairment of financial Assets

The Company assesses the financial Assets at amortized cost at each balance sheet date, and after considering all reasonable and evidentiary information (including prospective information), measure the loss allowance according to the 12-month expected credit loss for the financial Assets without significant increase of credit risk after the initial recognition. For the financial Assets with credit risk already increased significantly after the initial recognition, loss allowance is measured according to the expected credit loss amount during the existence period. For the accounts receivable or contract Assets without material financial composition, the loss allowance is measured according to the expected credit loss during the existence period.



(XI) Derecognition of financial Assets

The Company derecognizes a financial asset when one of the following conditions is met:

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

(XII) Lease transactions of lessor - 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.

(XIII) 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.

(XIV) Investments accounted for using equity method / subsidiaries, associates and joint ventures

1. Subsidiaries are all entities (including structural entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Changes in the Company's ownership interest in a subsidiary that do not result in the Company's losing control (and non-controlling equity transaction) of the subsidiary are equity transactions, and it is also considered as a transaction between owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.

5. When the Company loses its control on a subsidiary, the remaining investment on the former subsidiary is remeasured at fair value and is used as the fair value for the initial recognition of financial Assets or the cost for initial recognition of investment in an associate. The difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period. For all of the amounts related to the subsidiary previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its control on the subsidiary, such profit or loss shall be re-classified as profit or loss from equity.
6. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
7. The Company's share of its associate's post-acquisition profits or losses are recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. 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 an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as the "capital reserve" according to the shareholding percentage.
9. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such transaction has impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. When an associate issues new shares, if the Company does not subscribe or acquire according to such ratio such that there is a change in the investment ratio and still causing significant impact, then "capital reserve" and "investment accounted for using equity method" are adjusted for the increase/decrease of the change of net value of the equity. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.
11. When the Company loses its significant influence on an associate, the remaining

investment on the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period.

12. When the Company disposes an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
13. When the Company disposes an associate, if it loses its significant influence on the associate, the capital reserve related to the associate is recognized as profit or loss. If it shall have significant influence on the associate, then it is recognized as profit or loss according to the disposal ratio.
14. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the Current period and other comprehensive income in the unconsolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the unconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XV) 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	2 years ~ 8 years

Transportation equipment	2 years ~ 6 years
Office equipment	2 years ~ 6 years
Other equipment	2 years ~ 11 years

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date availed to the Company. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.
2. From the starting date of lease, the lease liabilities are recognized at the current values of the unpaid lease payments discounted with the Company's incremental lending rate; the lease payments include the fixed payments deducting the receivable lease incentives, and the variable lease payments depending on certain index or rate. Subsequently, they are measured at the amortized costs based on the interest method, and recognized as the interest expenses during the lease terms. Shall the lease terms or lease payments change due to the non-contractual modifications, the lease liabilities will be measured again, and the re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use assets are recognized as the costs on the starting date of leases. The costs include the original measured amount of the lease liabilities, and the lease payment on or before the starting date, if any. Subsequently, they are measured at the costs; the depreciation expenses are recognized at the end of useful lives, or the expiry of the lease terms, whichever is earlier. Shall the lease liabilities be reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.

(XVII) Investment Real Estate

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

(XVIII) 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.

(XIX) 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.

(XX) 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.

(XXI) Derecognition of financial liabilities

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

(XXII) 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.

(XXIII) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the 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.

(XXIV) Capital

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

the proceeds.

(XXV) Dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends. Cash dividends are recognized as a liability, while stock dividends are recognized as stock dividends to be distributed and transferred to common stock on the record date for issuing the new shares.

(XXVI) 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. Critical Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

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

(I) Critical judgments in applying the Company accounting policies

Investment Real Estate

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

(II) Critical accounting estimates and assumptions

Financial assets at fair value through other comprehensive income - the shares of unlisted companies measured at fair value.

The Company's investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. For explanation of financial tool at fair value, please refer to Note XII(3).

At December 31, 2020, the carrying amount of the Company's investments in securities of other unlisted companies at fair value through other comprehensive income was NT\$582,172.



## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 4,883	\$ 4,982
Checking deposits	83,838	23,124
Demand deposits	176,569	37,109
Time deposits	2,301,156	2,369,098
Cash equivalents - Bonds under repurchase agreements	<u>901,169</u>	<u>2,343,935</u>
	<u>\$ 3,467,615</u>	<u>\$ 4,778,248</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, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ -</u>	<u>\$ 3,589</u>
Accounts receivable	\$ 9,505	\$ 5,680
Less: Allowance for loss	<u>( 70)</u>	<u>( 170)</u>
	<u>\$ 9,435</u>	<u>\$ 5,510</u>

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

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 9,367	\$ -	\$ 5,441	\$ 3,589
Overdue				
91 days and more	<u>138</u>	<u>-</u>	<u>239</u>	<u>-</u>
	<u>\$ 9,505</u>	<u>\$ -</u>	<u>\$ 5,680</u>	<u>\$ 3,589</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 2020 were incurred by the clients' contracts; also as of January 1, 2019, the balances of the notes receivable and receivables were NT\$2,053 and NT\$20,331, respectively.
3. The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$0 and NT\$3,589 for notes

receivable, as of December 31, 2020 and 2019, respectively; the accounts receivable were NT\$9,435 and \$5,510 as of December 31, 2020 and 2019, 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(II).

(III) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Construction business department:		
Real property for sale (including parking space)	\$ 13,490,128	\$ 3,342,404
Property under construction	5,657,622	15,571,198
Construction land	3,045,488	2,341,003
Prepayment for land purchases	1,175,109	1,090,435
Less: Allowance for valuation losses	( 377,245)	( 420,247)
Subtotal	<u>22,991,102</u>	<u>21,924,793</u>
Hypermarket Business Department:		
Merchandise inventory	81,934	118,413
Less: allowance for obsolescence loss	( 2,992)	( 2,788)
Subtotal	<u>78,942</u>	<u>115,625</u>
Total	<u>\$ 23,070,044</u>	<u>\$ 22,040,418</u>

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

	<u>2020</u>	<u>2019</u>
Cost of inventories sold	\$ 3,590,340	\$ 4,204,051
loss on physical inventory	9,221	11,763
Gain from price recovery/Loss from price reduction	( 42,798)	862
	<u>\$ 3,556,763</u>	<u>\$ 4,216,676</u>

The net realizable value of the Company's inventories in the construction business unit in 2020 was realized due to the inventories recognized as allowance of loss were sold in 2020, the inventories generated gains from price recovery. Due to the decrease in the net realizable value of the Wholesale Business Division's inventory of 2020 and 2019, the impairment losses were recognized on inventories for both years.

2. Inventory capitalization amount and interest range:

	<u>2020</u>	<u>2019</u>
Amount of capitalization	<u>\$ 43,683</u>	<u>\$ 199,437</u>
Interest rate collars of capitalization	0.83% ~ 1.10%	1.00% ~ 1.11%

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, 2020</u>	<u>December 31, 2019</u>
Joint construction guarantee deposits	\$ 479,237	\$ 393,983
Restricted bank deposits	559,038	15,295
Guarantee deposits paid	6,249	6,791
Incremental costs of obtaining contracts	<u>67,580</u>	<u>3,139</u>
	<u>\$ 1,112,104</u>	<u>\$ 419,208</u>

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

(V) Financial assets at fair value through profit or loss - non-current

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Convertible bonds	\$ 33,835	\$ -
Adjustments for valuation	<u>3,427</u>	<u>-</u>
	<u>\$ 37,262</u>	<u>\$ -</u>

1. Detail of financial assets at fair value through profit or loss is as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at fair value through profit or loss (mandatory)		
Convertible bonds	<u>\$ 3,427</u>	<u>\$ -</u>

2. The Company subscribed 336,000 shares of convertible bonds III issued by Brogent Technologies Inc., at NT\$100.7 per share for \$33,835 in October 2020.

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

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Equity Instrument		
Shares of the TPEX listed companies	\$ 612,934	\$ 180,934
Shares of the TPEX-listed companies	12,388	-
Privately offered shares of TWSE listed companies	-	71,208
Privately offered shares of TPEX listed companies	-	432,000
Shares of non-TWSE/TPEX listed companies	<u>265,503</u>	<u>400,394</u>
	890,825	1,084,536
Adjustments for valuation		
- Shares of the TPEX listed companies	726,152	1,022,844
- Shares of the TPEX-listed companies	74,776	-
- Privately offered shares of TWSE listed companies	-	( 3,095)
- Privately offered shares of TPEX listed companies	-	( 54,907)
- Shares of non-TWSE/TPEX listed companies	<u>316,669</u>	<u>143,318</u>
	<u>1,117,597</u>	<u>1,108,160</u>
Total	<u>\$ 2,008,422</u>	<u>\$ 2,192,696</u>

1. The Company elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$1,339,086 and NT\$1,203,778 as of December 31, 2020 and 2019, respectively.
2. The Company elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$87,164 and NT\$0 as of December 31, 2020 and 2019, respectively.
3. The Company elected to classify the strategic investments in privately offered shares of TWSE listed companies as financial assets at fair value through other comprehensive income, amounting to NT\$0 and NT\$68,113 as of December 31, 2020 and 2019, respectively.
4. The Company elected to classify the strategic investments in privately offered shares of TWSE listed companies as financial assets at fair value through other comprehensive income, amounting to NT\$0 and NT\$377,093 as of December 31, 2020 and 2019, respectively.
5. The Company elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive income, amounting NT\$582,172 and NT\$543,712 as of December 31, 2020 and 2019, respectively.
6. 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\$2,008,422 and NT\$2,192,696 as of December 31, 2019 and 2018, respectively.

7. TPEX-listed company, OBI Pharma, Inc. had increased its capital in cash in June 2019, and the Group subscribed for NT\$11,068.
8. 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.
9. TPEX-listed company, Brogent Technologies Inc applied for a public offering on July 13, 2018, and the application took effect on July 24 of the same year. Therefore, the Company reclassified the holding of the shares from stocks of listed companies via private placement to stocks of listed companies, and the adjustments to the cost and valuation losses are NT\$432,000 and NT\$54,907, respectively.
10. Evergreen Steel Corporation was listed on TPEX on January 13, 2020. Therefore, the Company reclassified the stock from non-listed stock to the TWSE and TPEX stock. The adjustments to the cost and valuation gains are NT\$12,388 and NT\$35,990, respectively.
11. The Company's board of directors approved the disposal of 5,308,868 shares of private placement shares of ORIENT SEMICONDUCTOR ELECTRONICS LTD., a public listed company, at \$11.59 per share on November 5, 2020 for \$61,530, which offset the original investment cost of \$71,208 and the cumulative unrealized valuation adjustment-loss of \$9,678. The transaction was completed in December 2020.
12. The Company holds the stock of RT-MART International Co., Ltd. This non-listed company issued cash dividends of NT\$122,503 from the original capital surplus contributed to by shareholders in November 2020. This was regarded as a reduction of the Company's original cost of the holding.
13. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

<u>Item</u>	<u>2020</u>	<u>2019</u>
Changes in fair value recognized as other comprehensive income	(\$ 241)	(\$ 637,971)
Dividend incomes recognized in profit and loss	\$ 18,504	\$ 13,252
Unrealized valuation losses on financial assets transferred to retained earnings due to disposal	\$ 9,678	\$ -
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	\$ -	\$ 73,590

14. 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.

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

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</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>2020</u>	<u>2019</u>
Interest revenue	<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, 2020 and 2019 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(II).

(VIII) Investment accounted for under the equity method

1. Details are as follows:

<u>The investee company</u>	<u>Carrying amount</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The listed asset accounts:		
<u>Subsidiaries</u>		
Ruentex Construction International (B.V.I.) Ltd.(Ruentex)	\$ 2,056,276	\$ 2,076,616
Ruentex Construction International Co., Ltd. (Ruentex Construction) (Previous named City-Link Development Co., Ltd.)	648,331	636,204
Ruentex Baiyi Co., Ltd. (Ruentex Baiyi)	2,256,298	2,223,657
Ruentex Xuzhan Co. Ltd. (Ruentex Xuzhan)	1,983,506	1,964,730
Ruentex Materials Co., Ltd. (Ruentex Material)	189,737	184,807
Ruentex Security Co., Ltd. (Ruentex Security)	73,325	65,693
Ruentex Property Management & Maintenance Co., Ltd. (Ruentex Property)	40,585	36,931
Ruen Fu Newlife Corp. (Ruen Fu)	-	2,633
Ruentex Precision Engineering Co., Ltd. (Ruentex Engineering)	984,538	901,207
Ruentex Innovative Development Co., Ltd. (Ruentex Development)	1,876,871	1,917,011
Less: Treasury stock	( 3,190)	( 3,190)
Subtotal	<u>10,106,277</u>	<u>10,006,299</u>
<u>Associates</u>		
Shing Yen Construction & Development Co., Ltd. (Shing Yen)	\$ 295,475	\$ 287,995
Ruentex Industries Ltd. (Ruentex Industries)	9,886,552	7,043,385
Gin-Hong Investment Co., Ltd. (Gin-Hong)	690,904	680,697
Concord Greater China Ltd.(Concord)	4,348,924	4,883,696
Sunny Friend Environmental Technology Co., Ltd.(Sunny Friend)	865,560	831,113
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	93,873,325	62,089,194
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	1,114,185	795,471
Global Mobile Corp. (Global Mobile)	-	-
Subtotal	<u>111,074,925</u>	<u>76,611,551</u>
Total	<u>\$ 121,181,202</u>	<u>\$ 86,617,850</u>

<u>The investee company</u>	<u>Carrying amount</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The listed liability accounts (listed other liabilities - non current):		
<u>Subsidiaries</u>		
Ruen Fu Newlife Corp. (Ruen Fu)	<u>(\$ 3,676)</u>	<u>\$ -</u>

2. The investment shareholder percentage is as follows:

<u>The investee company</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Subsidiaries</u>		
Ruentex	100.00%	100.00%
Ruentex Construction (Previous named City-Link Development Co., Ltd.)	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%	39.14%
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%	0.23%
Global Mobile	9.46%	9.46%

3. As of December 31, 2020 and 2019, the stocks of the Company held by the subsidiaries of the Company were treated as treasury stocks, and its detail is as follows:

<u>Company name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</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:

The investee company	2020	2019
<u>Subsidiary</u>		
Ruentex	\$ 20,302	\$ 53,774
Resource Integration	-	206,804
Ruentex Construction (Previous named (City-Link Development Co., Ltd.)	56,931)	( 233,406)
Ruentex Pai Yi Co., Ltd.	165,241	146,209
Ruentex Syu Jan	237,976	243,022
Ruentex Material	12,866	9,741
Ruentex Security	7,662	( 163)
Ruentex Property	8,455	6,212
Ruen Fu	( 6,430)	( 2,266)
Ruentex Engineering & Construction Co., Ltd.	347,193	88,756
Ruentex Development	( 19,945)	( 19,102)
Subtotal	<u>716,389</u>	<u>499,581</u>
<u>Associates</u>		
Shing Yen	7,972	42,713
Ruentex Industries	682,025	776,292
Gin-Hong	42,296	46,422
Concord	58,518	153,596
Sunny Friend	264,589	264,336
Ruen Chen	7,981,947	7,208,238
Nan Shan Life Insurance	82,652	27,185
Global Mobile	-	-
Subtotal	<u>9,119,999</u>	<u>8,518,782</u>
Total	<u>\$ 9,836,388</u>	<u>\$ 9,018,363</u>

5. For investments under the equity method as of December 31, 2020, Jing Hong, Concord and Ruen Fu are valued based on the audited financial statements by other accountants; for investments under the equity method as of December 31, 2019, Ruentex Industries, Jing Hong, Concord and Ruen Fu are valued based on the audited financial statements by other accountants.

6. Subsidiaries

- (1) Please refer to Note IV(III) in the consolidated financial statements for the year ended December 31, 2020 for more information on the Company's subsidiaries.
- (2) 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).

- (3) 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 39.14%.
- (4) In order to improve the financial structure and to increase the operating capital, Ruentex Development conducted a capital increase in June 2019 by issuing 73,000,000 new shares. The Company subscribed for NT\$511,000 based on the ownership percentage.
- (5) 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, 2020</u>	<u>December 31, 2019</u>		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	11.63%	11.63%	Diversification	Equity method

- (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, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 281,185,274	\$ 381,881,349
Non-Current Assets	4,879,285,008	4,465,055,062
Current Liabilities	( 33,539,725)	( 27,566,044)
Non-Current Liabilities	( 4,701,209,668)	( 4,535,150,709)
Total net assets (Note)	\$ 425,720,889	\$ 284,219,658
Portion of the net assets of associates	\$ 93,873,325	\$ 62,089,194

Note: Included in non-controlling interests in Ruen Chen Investment Holdings as of December 31, 2020 and 2019 were \$50,227,590 and \$35,862,882, respectively.

	<u>Ruentex Industries</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 21,844,276	\$ 23,777,248
Non-Current Assets	131,827,773	94,838,373
Current Liabilities	( 8,583,534)	( 3,264,172)
Non-Current Liabilities	( 29,482,021)	( 31,025,833)
Total net assets (Note)	<u>\$ 115,606,494</u>	<u>\$ 84,325,616</u>
Portion of the net assets of associates	<u>\$ 9,886,552</u>	<u>\$ 7,043,385</u>

Note: The difference from the carrying amount mainly represents the difference between non-controlling interests and mutual shareholdings.

#### Statement of Comprehensive Income

	<u>Ruen Chen</u>	
	<u>2020</u>	<u>2019</u>
Income	<u>\$ 579,075,147</u>	<u>\$ 622,318,319</u>
Current Net Profit (Note 1)	\$ 35,695,200	\$ 32,004,408
Other comprehensive income (Net after tax)	<u>104,899,215</u>	<u>173,096,475</u>
Total Comprehensive Income Current Period (Note 2)	<u>\$ 140,594,415</u>	<u>\$ 205,100,883</u>

Note 1: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for the year ended December 31 2020 and 2019, in the amount of NT\$3,767,410 and NT\$3,171,535, respectively.

Note 2: Included the net combined comprehensive Income attributable to non-controlling interests in Ruen Chen Investment Holdings for the year ended 2020 and 2019, in the amount of NT\$13,807,892 and NT\$16,616,067, respectively.

	<u>Ruentex Industries</u>	
	<u>2020</u>	<u>2019</u>
Income	<u>\$ 2,736,394</u>	<u>\$ 3,486,392</u>
Net income of current period	\$ 8,091,349	\$ 9,186,640
Other comprehensive income (Net after tax)	<u>25,971,071</u>	<u>45,887,322</u>
Total Comprehensive Income of current period	<u>\$ 34,062,420</u>	<u>\$ 55,073,962</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, 2020 and 2019, the total of the carrying amount of individual insignificant associate of the Company were NT\$ 7,315,048 and NT\$ 7,478,972 respectively.

	<u>2020</u>	<u>2019</u>
Net income of current period	\$ 37,008,366	\$ 33,772,330
Other comprehensive income (Net after tax)	<u>101,076,286</u>	<u>170,027,654</u>
Total Comprehensive Income of current period	<u>\$ 138,084,652</u>	<u>\$ 203,799,984</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ruentex Industries	\$ 4,580,732	\$ 4,830,470
Sunny Friend	<u>6,914,775</u>	<u>6,944,453</u>
	<u>\$ 11,495,507</u>	<u>\$ 11,774,923</u>

- (5) Ruen Chen Investment Holding conducted cash capital increase in July, 2020, and June and July, 2019; the Company subscribed the new issued shares in proportion to its shareholding amounting to NT\$87,500, NT\$100,000, and NT\$5,000,000, respectively.
- (6) 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.
- (7) 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.
- (8) 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.

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

A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according to the laws and FSC's commitment.

B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 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.

- (10) 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.
  - (11) 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 the subsidiary 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. The Company holds 11.63% of Ruentex Industries as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Industries' business decision-making. There are nine seats on the board of directors of Ruentex Development, the Company does not hold any seat, showing that the Company has no actual ability to lead Ruentex Industries activities. Therefore, it is judged that the Company has no control over it and only has significant influence.
  9. The Company holds 26.62% of Sunny Friend as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Sunny Friend's business decision-making. There are seven seats on the board of directors of Ruentex Development, only two of which are occupied by the Company, showing that the Company has no actual ability to lead Sunny Friend activities. Therefore, it is judged that the Company has no control over it and only has significant influence.
  10. For the status of collaterals provided for investments under equity method of the Company, please refer to Note VIII.

(IX) Property, plant, and equipment

2020

	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1							
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>\$ -</u>	<u>\$ 45,924</u>
January 1	\$ 23,547	\$ 1,708	\$ 6,282	\$ 1,314	\$ 13,073	\$ -	\$ 45,924
Addition	4,419	2,940	-	2,555	1,779	94,792	106,485
Costs of disposal of assets	( 6,623)	( 945)	-	( 883)	( 8,425)	-	( 16,876)
Accumulated depreciation on disposal date	6,623	730	-	883	8,063	-	16,299
Depreciation expense	( 5,839)	( 626)	( 3,923)	( 945)	( 3,896)	-	( 15,229)
December 31	<u>\$ 22,127</u>	<u>\$ 3,807</u>	<u>\$ 2,359</u>	<u>\$ 2,924</u>	<u>\$ 10,594</u>	<u>\$ 94,792</u>	<u>\$ 136,603</u>
December 31							
Cost	\$ 89,752	\$ 34,312	\$ 28,112	\$ 31,974	\$ 177,232	\$ 94,792	\$ 456,174
Accumulated depreciation	( 67,625)	( 30,505)	( 25,753)	( 29,050)	( 166,638)	-	( 319,571)
	<u>\$ 22,127</u>	<u>\$ 3,807</u>	<u>\$ 2,359</u>	<u>\$ 2,924</u>	<u>\$ 10,594</u>	<u>\$ 94,792</u>	<u>\$ 136,603</u>

	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>



(X) Lease transactions - lessees

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 2030. 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>2020</u>	<u>2019</u>
	<u>Buildings - rent</u>	<u>Buildings - rent</u>
January 1		
- Cost	\$ 37,352	\$ -
- Accumulated depreciation	( 16,003)	-
	<u>\$ 21,349</u>	<u>\$ -</u>
January 1	\$ 21,349	\$ -
The effects applied for the first adoption	-	37,297
Balance at 1 January, as restated	21,349	37,297
Newly added lease contracts	760,520	55
Depreciation expense	( 90,817)	( 16,003)
December 31	<u>\$ 691,052</u>	<u>\$ 21,349</u>
December 31		
- Cost	\$ 797,872	\$ 37,352
- Accumulated depreciation	( 106,820)	( 16,003)
	<u>\$ 691,052</u>	<u>\$ 21,349</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total amount of lease liabilities	\$ 707,784	\$ 21,480
Less: Due within one year (listed as "Lease liabilities - Current")	( 85,931)	( 16,233)
	<u>\$ 621,853</u>	<u>\$ 5,247</u>

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

<u>Items affects the income of the current period</u>	<u>2020</u>	<u>2019</u>
Interest expenses of lease liabilities	\$ 9,117	\$ 351
Expenses of short-term lease contracts	<u>5,663</u>	<u>89,871</u>
	<u>\$ 14,780</u>	<u>\$ 90,222</u>

5. The Company's total lease cash outflows were \$88,996 and \$106,094 in 2020 and 2019, respectively, which consisted of \$5,663 and \$89,871 for short-term lease contracts; \$9,117 and \$351 for interest expense on lease liabilities; and \$74,216 and \$15,872 for lease principal repayments.

(XI) Investment Real Estate

	<u>2020</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 1,008,724	\$ 1,365,678	\$ 2,374,402
Accumulated depreciation	<u>-</u>	<u>( 393,175)</u>	<u>( 393,175)</u>
	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>
January 1			
Depreciation expense	<u>-</u>	<u>( 28,027)</u>	<u>( 28,027)</u>
December 31	<u>\$ 1,008,724</u>	<u>\$ 944,476</u>	<u>\$ 1,953,200</u>
December 31			
Cost	\$ 1,008,724	\$ 1,365,678	\$ 2,374,402
Accumulated depreciation	<u>-</u>	<u>( 421,202)</u>	<u>( 421,202)</u>
	<u>\$ 1,008,724</u>	<u>\$ 944,476</u>	<u>\$ 1,953,200</u>

	2019		
	Land	Buildings	Total
January 1			
Cost	\$ 1,008,724	\$ 1,315,773	\$ 2,324,497
Accumulated depreciation	<u>-</u>	<u>( 363,636)</u>	<u>( 363,636)</u>
	<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	<u>-</u>	<u>( 29,539)</u>	<u>( 29,539)</u>
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	<u>-</u>	<u>( 393,175)</u>	<u>( 393,175)</u>
	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>

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

	2020	2019
Rental income from investment real estate	<u>\$ 38,020</u>	<u>\$ 36,781</u>
The direct operating expenses of the investment properties not incurred during the current period	<u>\$ 28,209</u>	<u>\$ 29,720</u>

2. The fair value of the investment real estate held by the Company as at December 31, 2020 and 2019 was NT\$ 2,935,084 and NT\$ 2,803,391 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.

(XII) Other non-Current Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial assets	\$ 98,309	\$ 150,672
Others	<u>3,101</u>	<u>5,959</u>
	<u>\$ 101,410</u>	<u>\$ 156,631</u>

(XIII) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit bank loan	\$ 1,800,000	\$ 1,990,000
Secured bank loan	<u>300,000</u>	<u>800,000</u>
	<u>\$ 2,100,000</u>	<u>\$ 2,790,000</u>
Interest rate collars	0.87% ~ 1.03%	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, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 7,485,000</u>	<u>\$ 7,135,000</u>

(XIV) Short-term bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial papers payable	\$ 4,360,000	\$ 2,230,000
Less: Unamortized discount	<u>( 1,088)</u>	<u>( 1,543)</u>
	<u>\$ 4,358,912</u>	<u>\$ 2,228,457</u>
Interest rate collars		0.48% ~ 1.03%

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, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 8,350,000</u>	<u>\$ 6,420,000</u>

(XV) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loan	\$ 9,354,000	\$ 10,576,000
Credit bank loan	<u>15,146,000</u>	<u>16,262,000</u>
	24,500,000	26,838,000
Less: Arrangement fees for leading banks of syndicated loan	<u>( 3,089)</u>	<u>( 2,647)</u>
	24,496,911	26,835,353
Face value of long term commercial paper	1,715,000	1,670,000
Less: Unamortized discount	<u>( 2,488)</u>	<u>( 2,023)</u>
	26,209,423	28,503,330
Less: Due within one year		
(listed as other current liabilities)	<u>( 5,912,512)</u>	<u>( 1,838,000)</u>
Due within one operating cycle		
(listed as other current liabilities)	<u>( 50,000)</u>	<u>( 5,976,000)</u>
	<u>\$ 20,246,911</u>	<u>\$ 20,689,330</u>
Interest rate collars	0.25% ~ 1.50%	0.55% ~ 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, 2020, 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. The above loans were fully repaid in July 2020.

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 2022, the total loan amount was NT\$ 7,500,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 5,910,000.
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, 2020, the Company has drawn down the credit amount of NT\$ 1,715,000. 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. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in July 2020 to provide the financing for the construction of the Company. The term of the loan was from July 2020 to July 2023, the total loan amount was NT\$ 4,900,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 3,750,000.
6. Except for the loans mentioned above, the term of the remaining loan of the Company was from February 2016 to December 2027.

7. 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, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	\$ 34,075,600	\$ 29,715,600

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Due within one year	\$ 735,000	\$ 200,000
Due longer than one year	<u>13,616,856</u>	<u>9,592,505</u>
	<u>\$ 14,351,856</u>	<u>\$ 9,792,505</u>

(XVI) 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, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	(\$ 124,969)	(\$ 123,507)
Fair value of plan assets	<u>66,050</u>	<u>65,798</u>
Defined benefit liability (listed as other non-current liabilities)	<u>(\$ 58,919)</u>	<u>(\$ 57,709)</u>

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

	2020		
	<u>Defined benefit</u>		<u>Net affirmed</u>
	<u>obligation</u> <u>current value</u>	<u>Plan assets</u> <u>Fair value</u>	<u>Benefit</u> <u>liabilities</u>
Balance, January 1	(\$ 123,507)	\$ 65,798	(\$ 57,709)
Current service cost	( 567)	-	( 567)
Interest (expense) revenue	( 853)	456	( 397)
	<u>( 124,927)</u>	<u>66,254</u>	<u>( 58,673)</u>
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	2,190	2,190
Effects of changes in demographic assumptions	( 112)	-	( 112)
Effects of changes in economic assumptions	( 4,084)	-	( 4,084)
Experience adjustments	( 646)	-	( 646)
	<u>( 4,842)</u>	<u>2,190</u>	<u>( 2,652)</u>
Contribution to pension fund	-	2,406	2,406
Payment of pension benefits	4,800	( 4,800)	-
Balance, December 31	<u>(\$ 124,969)</u>	<u>\$ 66,050</u>	<u>(\$ 58,919)</u>



	2019		
	<u>Defined benefit</u>		<u>Net affirmed</u>
	<u>obligation current</u>	<u>Plan assets</u>	<u>Benefit</u>
	<u>value</u>	<u>Fair value</u>	<u>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>
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	2,456	2,456
Effects of changes in demographic assumptions	( 200)	-	( 200)
Effects of changes in economic assumptions	( 541)	-	( 541)
Experience adjustments	4,529	-	4,529
	<u>3,788</u>	<u>2,456</u>	<u>6,244</u>
Contribution to pension fund	-	2,420	2,420
Payment of pension benefits	2,461	( 2,461)	-
Balance, December 31	<u>(\$ 123,507)</u>	<u>\$ 65,798</u>	<u>(\$ 57,709)</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, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2020</u>	<u>2019</u>
Discount rate	0.30%	0.70%
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</u> <u>0.25%</u>	<u>Decrease</u> <u>0.25%</u>	<u>Increase</u> <u>0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2020				
Effects on the present value of a defined benefit obligation	<u>(\$ 2,581)</u>	<u>\$ 2,665</u>	<u>\$ 2,614</u>	<u>(\$ 2,545)</u>
December 31, 2019				
Effects on the present value of a defined benefit obligation	<u>(\$ 2,678)</u>	<u>\$ 2,768</u>	<u>\$ 2,726</u>	<u>(\$ 2,651)</u>

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

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

(6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amounts to \$1,771.

(7) As of December 31, 2020, 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	\$	3,369
1-2 years		5,425
2-5 years		31,142
More than 5 years		<u>87,403</u>
	<u>\$</u>	<u>127,339</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, 2020 and 2019 were NT\$8,839 and NT\$8,795 respectively.

(XVII) Capital

1. As of December 31, 2020, the Company’s authorized capital was NT\$ 20,000,000, and the paid-in capital was NT\$ 15,048,810 (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:

	<u>2020</u>	<u>2019</u>
January 1	\$ 1,003,254	\$ 1,003,254
Capitalization From Earnings	<u>501,627</u>	<u>-</u>
December 31	<u>\$ 1,504,881</u>	<u>\$ 1,003,254</u>

2. In order to adjust the capital structure of the Company and to improve the return on shareholders' equity, on June 9, 2020, through the resolution of shareholders’ meeting, the Company executed capital increase for issuance of new shares based on the undistributed earnings NT\$5,016,270, and was approved by the competent authority, following which the alternation registration was completed on September 15, 2020.
3. The treasury shares Ruentex Engineering & Construction accounted for by the Company refer to the subsidiary of the Company - Ruentex Engineering & Construction holding 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. as of December 31, 2020 and 2019, Ruentex Engineering & Construction held 5,139 thousand shares and 3,426 thousand shares, respectively. The information on their respective amounts is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</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>

(XVIII) 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:

2020							
	<u>Issued at premium</u>	<u>Treasury Stock Transaction</u>	<u>Overdue shareholder 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	\$ 17,283,659	\$ 136,626	\$ 12,614	\$ 542,776	\$ 1,535	\$ 159,192	\$ 18,136,402
Others	-	-	( 351)	11,851	-	-	11,500
Income tax effect	-	-	-	( 711)	-	-	( 711)
December 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,263</u>	<u>\$ 553,916</u>	<u>\$ 1,535</u>	<u>\$ 159,192</u>	<u>\$ 18,147,191</u>

  

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>

#### (XIX) 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 appropriation of 2019 earnings had been proposed on June 9, 2020 and the appropriation of 2018 earnings had been resolved at the shareholders' meeting on June 5, 2019. Details are summarized 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	\$ 656,143		\$ 993,210	
Provision of special reserves	-		12,073,578	
Cash dividends	1,003,254	\$ 1.00	-	\$ -
Stock dividends	<u>5,016,270</u>	5.00	<u>-</u>	-
Total	<u>\$ 6,675,667</u>		<u>\$13,066,788</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 2020 had been proposed by Company's board of directors on March 26, 2021 as follows:

	2020	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Profit set aside as legal reserve	\$ 845,886	
Cash dividends	1,504,881	\$ 1.00
Stock dividends	<u>6,019,524</u>	4.00
Total	<u>\$ 8,370,291</u>	

5. Change of undistributed earnings is as follows:

	<u>2020</u>
January 1 to December 31,	\$ 6,561,429
Profit reversed as special reserve	29,015,899
Appropriation and distribution of retained earnings of 2019:	
- Legal reserve	( 656,143)
- Share dividend	( 5,016,270)
- Cash dividend	( 1,003,254)
Unrealized valuation losses on financial assets transferred to retained earnings due to disposal	( 9,678)
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	3,887
Net income of current period	8,557,651
Remeasurements of defined benefit plans with actuarial valuation	( 2,652)
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	( 91,662)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	633
- Tax related to the associates	679
December 31, 2020	<u>\$ 37,360,519</u>

	<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)
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	( 73,590)
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	( 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>



(XX) Other equity items

	<u>Unrealized valuation income and loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>By the overlay approach Reclassification</u>	<u>Total</u>
Six months ended	\$ 12,510,399	(\$ 180,243)	\$ 75	\$ 576,781	\$ 12,907,012
Unrealized valuation profit or loss of financial assets:					
- The Company	( 241)	-	-	-	( 241)
- Tax related to the Company	( 567)	-	-	-	( 567)
- Subsidiaries and associates (Note 1)	14,944,204	-	-	-	14,944,204
- Tax related to the subsidiaries and associates	( 48,480)	-	-	-	( 48,480)
- Unrealized valuation losses on financial assets transferred to retained earnings due to disposal (Note 2)	9,678	-	-	-	9,678
- Changes in disposal of associates (Note 1)	( 3,887)	-	-	-	( 3,887)
Foreign currency translation differences:					
- The Company	-	( 349,826)	-	-	( 349,826)
- Tax related to the Company	-	69,965	-	-	69,965
- Subsidiaries and associates	-	( 43,024)	-	-	( 43,024)
- Tax related to the subsidiaries and associates	-	2,479	-	-	2,479
Cash flow hedge:					
- Associate	-	-	( 69)	-	( 69)
Reclassification by the overlay approach:					
- Associates (Note 1)	-	-	-	11,385,169	11,385,169
- Tax related to the associates	-	-	-	( 80,281)	( 80,281)
December 31, 2020	<u>\$ 27,411,106</u>	<u>(\$ 500,649)</u>	<u>\$ 6</u>	<u>\$ 11,881,669</u>	<u>\$ 38,792,132</u>

	<u>Unrealized valuation income and loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>By the overlay approach 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
- Tax related to the subsidiaries and associates	( 222,750)	-	-	-	( 222,750)
- Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition (Note 2)	73,590	-	-	-	73,590
- Changes in disposal of associates (Note 1)	2,572,934	-	-	-	2,572,934
- Associates not classified according to the shareholding percentage	( 10,045)	-	-	-	( 10,045)
Foreign currency translation 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 the 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>

Note 1: the changes in unrealized gains or losses from valuation and reclassification using overlay method were due to the affiliates Sinopac and Nan Shan Life Insurance's effect of changes in the fair value of financial assets through profit or loss or through other comprehensive income or disposal of such financial assets.

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

(XXI) Operation income

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	\$ 3,653,384	\$ 4,257,772
Revenue from sales of goods	1,054,565	1,212,879
Rent income	<u>38,020</u>	<u>36,781</u>
	<u>\$ 4,745,969</u>	<u>\$ 5,507,432</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>2020</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	<u>\$ 3,653,384</u>	<u>\$ 1,054,565</u>	<u>\$ 4,707,949</u>
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 3,653,384</u>	<u>\$ 1,054,565</u>	<u>\$ 4,707,949</u>
	<u>Taiwan</u>		
<u>2019</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	<u>\$ 4,257,772</u>	<u>\$ 1,212,879</u>	<u>\$ 5,470,651</u>
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>

2. Contract liabilities

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract liability:		
Contract liability – Sales contract for real estate	\$ 1,536,339	\$ 482,424
Contract liability – Sales contract for goods	<u>2,193</u>	<u>1,529</u>
Total	<u>\$ 1,538,532</u>	<u>\$ 483,953</u>

(XXII) Operation Cost

	<u>2020</u>	<u>2019</u>
Cost of sales of real estate	\$ 2,766,817	\$ 3,279,548
Cost of sales of goods	789,946	937,128
Rental cost	<u>28,209</u>	<u>29,720</u>
	<u>\$ 3,584,972</u>	<u>\$ 4,246,396</u>

(XXIII) Interest revenue

	<u>2020</u>	<u>2019</u>
Interest on cash in banks	\$ 32,264	\$ 69,061
Imputed interest for deposit	46	43
Interest income from the financial assets measured at amortized costs	2,100	2,100
Other interest income	<u>1</u>	<u>77</u>
	<u>\$ 34,411</u>	<u>\$ 71,281</u>

(XXIV) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 18,504	\$ 13,252
Other income	<u>11,512</u>	<u>14,125</u>
	<u>\$ 30,016</u>	<u>\$ 27,377</u>

(XXV) Other gains and losses

	<u>2020</u>	<u>2019</u>
Net gain on financial assets measured at fair value through profit or loss	\$ 3,427	\$ -
Gain (loss) on disposal of property, plant and equipment	( 535)	9
Net foreign exchange loss	( 120,488)	( 58,889)
Others	<u>( 44,938)</u>	<u>( 37,082)</u>
	<u>(\$ 162,534)</u>	<u>(\$ 95,962)</u>

(XXVI) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 369,017	\$ 412,165
Lease liabilities	<u>9,117</u>	<u>351</u>
	378,134	412,516
Less: Assets eligible for capitalization	<u>(43,683)</u>	<u>(199,437)</u>
Finance costs	<u>\$ 334,451</u>	<u>\$ 213,079</u>

(XXVII) Additional information of expenses by nature

	<u>2020</u>	<u>2019</u>
Changes in merchandise inventory	\$ 3,556,763	\$ 4,216,676
Employee benefit expense	370,208	355,026
Depreciation expenses for real estate properties, plants, equipment	15,229	12,295
Depreciation expenses for investment properties	28,027	29,539
Depreciation expenses for right-of-use assets	90,817	16,003
Rent expense	5,663	89,871
Tax expense	50,269	60,364
Advertisement expense	138,295	131,512
Expected credit impairment gains	( 52)	( 114)
Other expense	<u>187,845</u>	<u>165,807</u>
Operating costs and expenses	<u>\$ 4,443,064</u>	<u>\$ 5,076,979</u>

(XXVIII) Employee benefit expense

	<u>2020</u>	<u>2019</u>
Wages and salaries	\$ 287,367	\$ 271,181
Labor and Health Insurance costs	19,481	19,913
Pension expense	9,803	9,954
Directors' Remuneration	43,457	44,943
Other employment fees	<u>10,100</u>	<u>9,035</u>
	<u>\$ 370,208</u>	<u>\$ 355,026</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 remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
2. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$29,201 and \$20,248, 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, 2020. The employees' compensation resolved by the board of directors was NT\$29,201, which will be distributed in the form of cash.

Employees' compensation of 2019 as resolved by the board of directors was in agreement with the amount of NT\$ 20,248 recognized in the 2019 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.

(XXIX) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax occurred in the current period	\$ -	\$ -
Land value increment tax	80,096	144,480
Income tax imposed on undistributed earnings	1,083,486	-
Underestimate (Overestimate) of income tax for prior years	<u>14</u>	<u>( 2,488)</u>
Total income tax for current period	<u>1,163,596</u>	<u>141,992</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>( 16,707)</u>	<u>25,647</u>
Total deferred income tax	<u>( 16,707)</u>	<u>25,647</u>
Income tax expense	<u>\$ 1,146,889</u>	<u>\$ 167,639</u>

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

	<u>2020</u>	<u>2019</u>
Changes in unrealized valuation profit or loss	(\$ 567)	\$ 38,278
Portion of other comprehensive income from the subsidiaries and associates	( 126,282)	( 342,715)
Differences on translation of foreign operations	69,965	33,033
Remeasurements of defined benefit obligation	<u>1,312</u>	<u>( 821)</u>
	<u>(\$ 55,572)</u>	<u>(\$ 272,225)</u>

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

	<u>2020</u>	<u>2019</u>
Capital surplus	<u>(\$ 711)</u>	<u>(\$ 25,695)</u>

## 2. Reconciliation between income tax expense and accounting profit

	<u>2020</u>	<u>2019</u>
Imputed income taxes on pretax income at statutory tax rate	\$ 1,940,908	\$ 1,847,118
Expenses to be excluded as stipulated in the tax law	35,196	14,246
Income with exemption from tax as stipulated in the tax law	( 2,052,608)	( 1,915,496)
Tax loss on unrealizable deferred income tax assets	81,277	91,770
Temporary differences on unrealized deferred income tax assets (liabilities)	232	( 160)
Realizability evaluation on deferred income tax assets	( 21,712)	( 11,831)
Income tax imposed on undistributed earnings	1,083,486	-
Land value increment tax	80,096	144,480
Underestimate (Overestimate) of income tax for prior years	<u>14</u>	<u>( 2,488)</u>
Income tax expense	<u>\$ 1,146,889</u>	<u>\$ 167,639</u>

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

	2020				
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 10,435	(\$ 8,611)	\$ -	\$ -	\$ 1,824
Pension exceeding the limits	9,838	-	-	-	9,838
Deferred promotion expenses	11,285	20,260	-	-	31,545
Valuation loss	315	-	-	-	315
Domestic investment loss	63,124	5,535	-	-	68,659
Unrealized incomes among affiliates	569	7,612	-	-	8,181
IFRS 16 book-tax difference	26	( 26)	-	-	-
Unrealized foreign exchange losses	-	1,405	-	-	1,405
Differences on translation of foreign operations	7,476	-	69,965	-	77,441
Remeasurements of defined benefit obligation	3,362	-	1,312	-	4,674
Subtotal	<u>106,430</u>	<u>26,175</u>	<u>71,277</u>	<u>-</u>	<u>203,882</u>
- Deferred income tax liabilities:					
Foreign investment gain	( 1,228,972)	( 9,605)	-	-	( 1,238,577)
Unrealized foreign exchange gains	( 127)	127	-	-	-
Allowance for bad debt exceeding the limits	( 10)	10	-	-	-
Changes in unrealized valuation profit or loss	( 62,075)	-	( 567)	-	( 62,642)
Portion of other comprehensive income from the subsidiaries and associates	( 228,096)	-	( 126,282)	-	( 354,378)
Capital surplus	( 38,789)	-	-	( 711)	( 39,500)
Subtotal	<u>( 1,558,069)</u>	<u>( 9,468)</u>	<u>( 126,849)</u>	<u>( 711)</u>	<u>( 1,695,097)</u>
Total	<u>(\$ 1,451,639)</u>	<u>\$ 16,707</u>	<u>(\$ 55,572)</u>	<u>(\$ 711)</u>	<u>(\$ 1,491,215)</u>



	2019				
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 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 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 and 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>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 1,160</u>	<u>(\$ 800)</u>

5. The Company's income tax returns through 2018 have been assessed as approved by the Tax Authority.

(XXX) Earnings per share

	<u>2020</u>		
	<u>After-tax</u>	<u>Weighted average</u>	<u>Earnings per share</u>
	<u>amount</u>	<u>number of shares</u>	<u>(NTD)</u>
		<u>outstanding</u>	
		<u>(thousand shares)</u>	
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$8,557,651</u>	<u>1,454,762</u>	<u>\$ 5.88</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	\$8,557,651	1,454,762	
Impact of potential diluted common shares			
Remuneration to employee	-	<u>852</u>	
Effects of the net income attributable to ordinary shareholders plus potential ordinary shares	<u>\$8,557,651</u>	<u>1,455,614</u>	<u>\$ 5.88</u>

	<u>2019</u>		
	<u>After-tax</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>amount</u>	<u>number of shares</u>	<u>share (NTD)</u>
		<u>outstanding</u>	
		<u>(thousand shares)</u>	
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders	<u>\$9,067,952</u>	<u>1,454,762</u>	<u>\$ 6.23</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders	\$9,067,952	1,454,762	
Dilutive potential ordinary shares effecting employee compensation	-	<u>724</u>	
Effects of the net income attributable to ordinary shareholders plus potential ordinary shares	<u>\$9,067,952</u>	<u>1,455,486</u>	<u>\$ 6.23</u>

The above retroactive adjustments to the number of shares outstanding in 2019 have been retroactively adjusted in proportion to the capitalization of retained earnings in 2020.

(XXXI) Cash flow supplementary information

Investing activities not affecting cash flow:

	<u>2020</u>	<u>2019</u>
Real estate, plant and equipment transferred to expenses	<u>\$ -</u>	<u>\$ 11</u>
Other non-current assets transferred to investment accounted for under the equity method	<u>\$ -</u>	<u>\$ 4,995,758</u>

(XXXII) Changes of liabilities from financing activities

	2020					
	<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 one operating cycle)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total liabilities from financing activities</u>
January 1 (the effects applied for the first adoption included)	\$ 2,790,000	\$ 2,228,457	\$ 1,000,374	\$ 28,503,330	\$ 21,480	\$ 34,543,641
Changes of the financing cash flows	( 690,000)	2,130,000	( 5,490)	( 2,293,000)	( 74,216)	( 932,706)
Other non-cash changes	-	455	-	( 907)	760,520	760,068
December 31	<u>\$ 2,100,000</u>	<u>\$ 4,358,912</u>	<u>\$ 994,884</u>	<u>\$ 26,209,423</u>	<u>\$ 707,784</u>	<u>\$ 34,371,003</u>
	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 withing 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>

## 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
Ruentex Construction 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 under the equity method method)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method method)
Nan Shan General Insurance Co., Ltd. (Nan Shan General Insurance)	Associate (the investee company accounted for under the equity method subsidiary of the Company)
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

Chen, Yung-Fang	representative of the juridical person director of the Company)
Lin, Yu-Sheng	Other related party (spouse of the Company's key management personnel)
Wu, Jia-Ru	Other related party (the Company's subsidiary's key management personnel)
Lai, Ke-You	Other related party (the Company's subsidiary's key management personnel)
Liang, Tien-Yi	Other related party (the Company's key management personnel's management personnel)
Chang, Hsiu-Yen	Other related party (the Company's key management personnel)
Jean, Tsang-Jiunn	The Company's key management personnel
Lee, Chih-Hung	The Company's key management personnel

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 51,176	\$ 54,194
Other related parties	<u>324</u>	<u>102,522</u>
	<u>\$ 51,500</u>	<u>\$ 156,716</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, 2020</u>		<u>December 31, 2019</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>\$ 61,980</u>	<u>\$ 8,470</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2.Purchases</u>	<u>2020</u>	<u>2019</u>
Ruentex Engineering & Construction	\$ 1,533,727	\$ 1,159,465
Subsidiary	150,526	350,824
Other related party	<u>313,321</u>	<u>219,180</u>
	<u>\$ 1,997,574</u>	<u>\$ 1,729,469</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, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount</u> <u>(Tax excluded)</u>	<u>Amount paid</u>	<u>Total contract amount</u> <u>(Tax excluded)</u>	<u>Amount paid</u>
Ruentex Engineering & Construction Co., Ltd.	\$ 16,563,057	\$ 3,708,354	\$ 3,410,330	\$ 2,157,349
Subsidiary	578,191	503,472	498,274	359,799
Other related parties	<u>18,114</u>	<u>3,351</u>	<u>18,114</u>	<u>3,351</u>
	<u>\$ 17,159,362</u>	<u>\$ 4,215,177</u>	<u>\$ 3,926,718</u>	<u>\$ 2,520,499</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>2020</u>	<u>2019</u>
Associates (Note)	<u>\$ 2,100</u>	<u>\$ 2,100</u>

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

4. Receivables from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Subsidiary	<u>\$ 561</u>	<u>\$ 1,135</u>
Other receivables (Note):		
RT-Mart	\$ 2,243	\$ 2,396
Associates	1,096	1,097
Subsidiary	<u>13</u>	<u>20</u>
	<u>\$ 3,352</u>	<u>\$ 3,513</u>

Note: mainly refer to certificates receivable and interest receivable.

5. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable:		
Ruentex Engineering & Construction Co., Ltd.	\$ 83,298	\$ 137,987
Ruentex Design	36,968	54,878
RT-Mart	29,248	15,961
Associates	1,597	355
Subsidiaries	1,213	2,416
Other related parties	-	45
Key management personnel	<u>-</u>	<u>16</u>
	<u>\$ 152,324</u>	<u>\$ 211,658</u>



Accounts payable:

Ruentex Engineering & Construction Co., Ltd.	\$	341,547	\$	237,718
Ruentex Interior Design Inc.		29,611		16,525
Other related parties		15,648		16,132
Subsidiary		3,652		9,153
Associates (Note)		4		111
	\$	<u>390,462</u>	\$	<u>279,639</u>

Note: mainly refer to computer maintenance fee payable.

6. Property transactions

(1) Acquisition of financial Assets

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

(2) On July 28, 2020, the Company's board of directors approved the purchase of land in Jianguo Section, Xinzhuang District, New Taipei City from RT-Mart for a total contract price of \$1,720,000, for which full payment has been received as of December 31, 2020. The registration of the transfer was completed on September 26, 2020 and is recognized under Inventory - Construction Land.

(3) On December 23, 2020, the Company's board of directors approved the purchase of land in Zhongshan Section, Banqiao District, New Taipei City from other related parties for a total contract price of \$2,604. As of December 31, 2020, \$1,302 has been paid and is recognized under Inventory - Prepaid Land.

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) The parties have entered into an agreement in December 2019 to extend the term of the original contract and to amend the remuneration, which is summarized as follows:
- A. Contract Duration: Both parties have agreed to extend for ten years; and the agreement was entered in December 2019 for extension up to December 2024.
  - B. Remuneration for procurement and management services: The management service fee, remuneration for procurement services and management service fee for the operation of the food court under the original contract are calculated based on 1% of the total monthly revenue before tax of the Zhonglun Store (excluding the food court).
- (3) The premium expenses (including the earning compensation), for the year ended December 31, 2020 and 2019 were NT\$10,331 and NT\$500, respectively. As of December 31, 2020 and 2019; the royalties payable (including the earning compensation) (recognized under the notes payable - related parties) were \$783 and \$42 for the years ended December 31, 2020 and 2019, respectively.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries	<u>\$ 4,080,000</u>	<u>\$ 4,080,000</u>

9. Endorsements or Guarantees made by related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
key management personnel	<u>\$ 47,020,191</u>	<u>\$ 43,314,292</u>

(III) Key management compensation information

	<u>2020</u>	<u>2019</u>
Wages and salaries and other short-term employee benefits	\$ 117,194	\$ 101,678
Post-employment benefits	<u>1,506</u>	<u>1,318</u>
Total	<u>\$ 118,700</u>	<u>\$ 102,996</u>

### VIII. Pledged Assets

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

<u>Asset items</u>	<u>Book value</u>		<u>Guarantee purposes</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Inventories	\$ 19,368,600	\$ 17,155,836	Long-term/Short-term borrowings and issuance of commercial paper
Other financial assets - current (Listed as other current assets)	1,038,275	409,278	Joint construction guarantee deposits and real estate trust receipts in advance
Financial Assets measured at fair value through other comprehensive income or loss - non-current	525,008	446,576	Short-term borrowings and Issuance of Commercial Paper
Investment accounted for under the equity method	22,373,137	7,755,023	Long-term/short-term borrowings and Issuance of Commercial Paper
Other financial assets - non current (listed as other non-current assets)	50,111	116,782	Money Lodged at Courts and Performance Bonds
Investment Real Estate	155,379	157,890	Guarantee for advance rent receipts
	<u>\$ 43,510,510</u>	<u>\$ 26,041,385</u>	

### IX. Significant Contingent Liabilities and Unrecognized Commitments

#### (I) Contingencies

Jing-Guan Construction ("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 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 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 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, 2020 and 2019, in addition to the content described in Note VI(VIII), (X), (XV) and VII, other significant commitments are as follows:

1. As of December 31, 2020 and 2019, 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\$ \$479,237 and NT\$ \$393,983 respectively.
2. The Company signed the MRT Wenhua Line Neihu station “Jiao 11” joint development contract with Taipei City Government to build the building complex with shopping mall and residential, that will consist of 15 stories above and 3 stories below, totaling 274 households in September, 2008; the Company also entered into the MRT Xinzhuang Line Sanchong Station Jia 6 office building joint development contract with Taipei City Government in December 2008. Total performance bond amounted \$220,179 was paid with the guarantee bond certificate issued by the domestic bank that is 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(XIX) and (XXVIII).

## 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 2020 of the Company was maintained the same as the strategy in 2019. As of December 31, 2020 and 2019, the debt to total Assets ratio was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings	\$ 32,668,335	\$ 33,521,787
Less: Cash and cash equivalents	( 3,467,615)	( 4,778,248)
Net debt	29,200,720	28,743,539
Total equity	<u>114,244,330</u>	<u>80,892,817</u>
Total capital	<u>\$ 143,445,050</u>	<u>\$ 109,636,356</u>
Debt-to-total-capital ratio	20.36%	26.22%

(II) Financial instruments

1. Type of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - non-current	\$ 37,262	\$ -
Financial Assets at fair value through other comprehensive income acquired - non-Current	2,008,422	2,192,696
Financial assets at amortized cost/loans and receivables		
Cash and cash equivalents	3,467,615	4,778,248
Notes receivable	-	3,589
Accounts receivable (including related parties)	9,996	6,645
Other receivables (including related parties)	9,171	6,738
Investments in debt instrument with no active market-		
Non-current financial assets at amortized cost	60,000	60,000
Other financial assets (listed as other current assets and other non-current assets)	1,142,833	566,741
	<u>\$ 6,735,299</u>	<u>\$ 7,614,657</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liability</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,100,000	\$ 2,790,000
Short-term notes and bills payable	4,358,912	2,228,457
Notes payable (including related parties)	190,138	265,249
Accounts payable (including related parties)	469,741	412,157
Other payables	338,615	316,320
Long-term borrowings (including due within one year or one operating cycle)	26,209,423	28,503,330
Guarantee deposits received (listed as other non-current liabilities)	994,884	1,000,374
	<u>\$ 34,661,713</u>	<u>\$ 35,515,887</u>
Lease liabilities - current and non-current	<u>\$ 707,784</u>	<u>\$ 21,480</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, 2020						
<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>			
			<u>Range of variation</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensive income</u>	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 80,854	28.48	\$ 2,302,722	1%	\$ 23,027	\$ -
<u>Non-monetary Items</u>						
USD:NTD	224,902	28.48	\$ 6,405,200	1%	-	64,052

December 31, 2019						
<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>			
			<u>Range of variation</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensive income</u>	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 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

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 NT\$120,488 and NT\$58,889, for the years ended December 31, 2020 and 2019, 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, 2020 and



2019 would have increased/decreased by NT\$20,084 and NT\$21,927.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises from total borrowings with floating interest rates that expose the Company to cash flow interest rate risk. For 2020 and 2019, the borrowing of the Company at floating interest rate was mainly calculated 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, 2020 and 2019 would have increased/decreased NT\$32,668 and NT\$33,522, 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 contractual cash flows from investments in debt instruments classified as measured at amortized cost and at fair value through profit or loss.
- 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.
- (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
  - (B) Investments in bonds traded in the Over-the-Counter (OTC) with an external rating agency rated as investment grade at the balance sheet date, the asset will be regarded as having low credit risk.
- E. The indicators for determining the impairment of the debt instrument investment used by the Company is as the following:
- (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
  - (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
  - (C) An issuer delay or fail to repay the interests or principals;
  - (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

G. 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, 2020 and 2019 was as follows:

	<u>Each</u>	<u>Group A</u>	<u>Total</u>
<u>December 31, 2020</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 138	\$ 9,367	\$ 9,505
Allowance for losses	70	-	70
<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

Group A: Customers who do not have overdue payments

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

	<u>2020</u>	<u>2019</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 170	\$ 284
Write-off of bad debts for the period	( 48)	-
Reversal of impairment loss	( 52)	( 114)
December 31	<u>\$ 70</u>	<u>\$ 170</u>

### (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(XV), 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, 2020 and 2019, the Company's position held in money market were NT\$3,378,894 and NT\$4,750,142.
- 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, 2020	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 2,119,950	\$ -	\$ -
Short-term notes and bills payable (Note 1)	4,360,000	-	-
Notes payable (including related parties)	190,138	-	-
Accounts payable (including related parties)	469,741	-	-
Other payables	338,615	-	-
Lease liabilities (Note 1)	85,931	322,751	338,855
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	5,964,246	21,007,303	-
Other financial liabilities (Note 2)	-	994,884	-

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	5,411	-
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	1,862,997	28,115,923	-
Other financial liabilities (Note 2)	-	1,000,374	-

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

Note II: 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. It is included in the fair value of the Company's investments in over-the-counter and TPEX listed stocks and domestic convertible bonds.

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

Level 3: Unobservable inputs for the asset or liability. 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(XI) 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, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
Domestic convertible bonds	\$ 37,262	\$ -	\$ -	\$ 37,262
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,426,250</u>	<u>-</u>	<u>582,172</u>	<u>2,008,422</u>
Total	<u>\$ 1,463,512</u>	<u>\$ -</u>	<u>\$ 582,172</u>	<u>\$ 2,045,684</u>

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 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>

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), which are listed below according to the characteristics of the instruments:

	<u>Shares of the TPEX listed companies</u>	<u>Shares of the TPEX-listed companies</u>	<u>Convertible bonds</u>
Quoted market price	Closing market prices	The last sales price	Closing market price

- (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(III)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, 2020 and 2019, 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, 2020 and 2019.

	<u>2020</u>
	<u>Non-derivative Equity</u>
	<u>Instrument</u>
January 1	\$ 988,918
Gains recognized as other comprehensive income (Note 1)	206,000
Transfer to the level 1	( 428,713)
Sales for current period	( 61,530)
Others (Note 2)	( 122,503)
December 31	<u>\$ 582,172</u>

  

	<u>2019</u>
	<u>Non-derivative Equity</u>
	<u>Instrument</u>
January 1	\$ 908,000
Losses recognized as other comprehensive income (Note 1)	80,918
December 31	<u>\$ 988,918</u>

Note 1: Unrealized valuation profit or loss accrued.

Note 2: Cash dividends received from the original paid-in capital are treated as a reduction of the original cost of ownership.

8. Please refer to Notes VI(VI)VIII and VI(VI)IX for details of the transfers from Level 3 in 2020.
9. 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.
10. 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, 2020</u> <u>Fair value</u>	<u>Valuation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable Inputs</u>	<u>Discount</u> <u>rate</u>	<u>Inputs and Fair value</u> <u>relationship</u>
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 581,272	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.68%	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, 2020</u> <u>Fair value</u>	<u>Valuation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable Inputs</u>	<u>Discount</u> <u>rate</u>	<u>Inputs and Fair value</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 non-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

11. 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, 2020</u>		
		<u>Recognized as other</u>		
		<u>comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument	Lack of marketability Marketability discount	±1%	\$ <u>5,822</u>	(\$ <u>5,822</u> )

		<u>December 31, 2019</u>		
		<u>Recognized as other</u>		
		<u>comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument	Lack of marketability Marketability discount	±1%	\$ <u>9,889</u>	(\$ <u>9,889</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. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 3.
6. Disposal of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 4.
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 5.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.

9. Trading in derivative instruments undertaken during the reporting periods: None.

10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 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.

(IV) Information on main investors

Information on main investors: Please refer to Table 9.

XIV. Segment information

Not applicable.

Ruentex Development Co., Ltd.  
Statement of cash and cash equivalents  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand		\$ 2,173
Petty cash		2,710
Bank deposits		
- Checking deposits		83,838
- Demand deposits	Including USD 55 thousand, an exchange rate of 28.48 NTD to USD	176,569
- Time deposits	Including USD 80,799 thousand, an exchange rate of 28.48 NTD to USD, Period of October 10, 2020~March 29, 2021	2,301,156
Cash equivalents (Bonds under repurchase agreements)	Interest rate of 0.180-0.207%, period of December 30, 2020~January 15, 2021	<u>901,169</u>
		<u>\$ 3,467,615</u>

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Ruentex Development Co., Ltd.  
Statement of Inventories  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Cost</u>	<u>Fair value</u>	
Construction Business Department				
Real property for sale (including parking space)		\$13,490,128	\$17,849,169	1. Net realizable value.
Property under construction		5,657,622	6,096,676	2. Please refer to the "Note 8, Pledged assets for construction land" for more details.
		3,045,488	2,879,000	
Prepayment for land purchases		1,175,109	1,181,577	
Less: Allowance for valuation losses		( 377,245)	-	
Subtotal		<u>22,991,102</u>	<u>28,006,422</u>	
Hypermarket Business Department				
Merchandise inventory		81,934	107,118	
Less: Allowance for obsolescence loss		( 2,992)	-	
		<u>78,942</u>	<u>107,118</u>	
Total inventories		<u>\$ 23,070,044</u>	<u>\$ 28,113,540</u>	

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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, 2020

Unit: New Taiwan Dollars in Thousands

<u>Name</u>	<u>Beginning Balance</u>		<u>Increased in the current period</u>		<u>Decreased in the current period</u>		<u>Valuation adjustment</u>	<u>Ending balance</u>		<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Amount</u>	<u>Number of shares (1,000 Shares)</u>	<u>Amount</u>		
Third unsecured convertible bonds issued by Brogent Technologies Inc.	-	\$ -	336	\$33,835	-	\$ -	\$ 3,427	336	\$ 37,262	No	Note

Note: The increase was due to the investment of 336,000 shares for \$33,835 in the third unsecured domestic convertible bond of Brogent Technologies Inc.

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, 2020

Unit: New Taiwan Dollars in Thousands

<u>Name</u>	<u>Beginning balance</u>		<u>Increased in the current period (Note 1)</u>		<u>Decreased in the current period (Note 2)</u>		<u>Ending balance</u>			<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (1,000 Shares)</u>	<u>Shareholding percentage</u>	<u>Amount</u>		
Brogent Technologies Inc.	2,489	\$ 377,093	-	\$ -	-	(\$ 95,830)	2,489	4.46%	\$ 281,263	No	
Orient Semiconductor Electronics	5,309	68,113	-	-	( 5,309)	( 68,113)	-	-	-	-	
OBI Pharma, Inc.	1,344	177,359	-	9,406	-	-	1,344	0.67%	186,765	No	
TaiMed Biologics, Inc.	10,357	1,026,419	-	-	-	( 155,361)	10,357	4.11%	871,058	Please refer to the "Notes VIII	
RT-Mart International Co., Ltd.	16,829	494,434	-	209,341	-	( 122,503)	16,829	10.80%	581,272	"	
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	48,378	-	38,786	-	-	1,885	0.47%	87,164	"	
		<u>\$2,192,696</u>		<u>\$ 257,533</u>		<u>(\$ 441,807)</u>			<u>\$2,008,422</u>		

Note 1: Changes in the fair value measurement of \$257,533.

Note 2: Changes in fair value measurement of \$257,774, the cash dividends returned as original holding cost of \$122,503 and the disposal of \$61,530.

Ruentex Development Co., Ltd.  
Statement of financial Assets at amortized cost - non-Current  
January 1 to December 31, 2020

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, 2020**

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.	28,415	\$ 287,995	-	\$ 7,972	-	(\$ 492)	28,415	45.45%	\$ 295,475	\$ 10.44	\$ 296,717	No	
Ruentex Industries Ltd.	65,720	7,043,385	-	3,247,345	-	( 404,178)	65,720	11.63%	9,886,552	69.70	4,580,732	Please refer to the "Notes VIII, Pledged Asset" for more details	
Ruentex Construction International (B.V.I.) Ltd.	25,000	2,076,616	-	84,270	-	( 104,610)	25,000	100.00%	2,056,276	82.23	2,055,765	No	
Jing Hong Investment Co., Ltd.	27,000	680,697	-	42,296	-	( 32,089)	27,000	30.00%	690,904	25.61	691,508	"	
Concord Greater China Ltd.	10,593	4,883,696	-	58,518	-	( 593,290)	10,593	25.46%	4,348,924	410.46	4,348,022	"	
Ruentex Construction International Co., Ltd.	109,874	636,204	-	70,925	-	( 58,798)	109,874	100.00%	648,331	5.89	646,805	"	
Ruentex Baiyi Co., Ltd.	195,000	2,223,657	-	165,241	-	( 132,600)	195,000	100.00%	2,256,298	11.57	2,256,298	"	

**RUENTEX DEVELOPMENT CO., LTD.**  
**Statement of changes in investments accounted for using the equity method**  
**January 1 to December 31, 2020**

Unit: New Taiwan Dollars in Thousands

Ruentex Xuzhan Co. Ltd.	160,000	1,964,730	-	237,976	-	( 219,200)	160,000	80.00%	1,983,506	12.40	1,983,387	No
Sunny Friend Environmental Technology Co., Ltd.	29,677	831,113	-	272,678	-	( 238,231)	29,677	26.62%	865,560	233.00	6,914,775	Please refer to the "Notes VIII, Pledged Asset" for more details
Ruentex Material Co., Ltd.	15,740	184,807	-	12,866	-	( 7,936)	15,740	10.49%	189,737	37.40	588,690	No
Ruen Chen Investment Holding Co., Ltd.	4,414,750	62,089,194	461,000	31,865,376	-	( 81,245)	4,875,750	25.00%	93,873,325	19.25	93,873,325	"
Ruentex Security Co., Ltd.	6,900	65,693	-	7,677	-	( 45)	6,900	100.00%	73,325	10.63	73,325	"
Ruentex Property Management & Maintenance Co., Ltd.	2,829	36,931	-	9,324	-	( 5,670)	2,829	100.00%	40,585	14.35	40,585	"
Ruen Fu Newlife Corp.	900	2,633	-	121	-	( 6,430)	900	60.00%	( 3,676)	( 4.08)	( 3,676)	"
Ruentex Engineering & Construction Co., Ltd.	52,845	901,207	-	348,065	-	( 264,734)	52,845	39.14%	984,538	65.30	3,450,769	"

**RUENTEX DEVELOPMENT CO., LTD.**  
**Statement of changes in investments accounted for using the equity method**  
**January 1 to December 31, 2020**

										Unit: New Taiwan Dollars in Thousands			
Global Mobile Corp.	26,082	-	-	-	-	-	26,082	9.46%	-	-	-	No	
Ruentex Development Co., Ltd.	198,800	1,917,011	-	-	( 40,140)	198,800	70.00%	1,876,871	9.65	1,917,774	"		
Nan Shan Life Insurance Co., Ltd.	29,670	795,471	2,378	319,556	( 842)	32,048	0.23%	1,114,185	34.77	1,114,185	"		
Less: Treasury stock		<u>( 3,190)</u>		<u>-</u>	<u>-</u>			<u>( 3,190)</u>		<u>-</u>			
Total		<u>\$ 86,617,850</u>		<u>\$ 36,750,206</u>	<u>(\$ 2,190,530)</u>			<u>\$121,177,526</u>		<u>\$124,828,986</u>			

Ruentex Development Co., Ltd.  
Statement of changes in real estate, plant and equipment  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Balance at the beginning</u>		<u>Decrease in the current</u>	<u>Transfer amount for</u>	<u>Balance at the end of</u>	<u>Provided</u>	<u>Remarks</u>
	<u>of the period</u>	<u>Increase in the current period</u>	<u>period</u>	<u>current period</u>	<u>the period</u>	<u>as a</u>	
						<u>guarantee</u>	
						<u>or hedge</u>	
Machinery and equipment	\$ 91,956	\$ 4,419	(\$ 6,623)	\$ -	\$ 89,752	No	
Warehouse equipment	32,317	2,940	( 945)	-	34,312	"	
Transportation equipment	28,112	-	-	-	28,112	"	
Office equipment	30,302	2,555	( 883)	-	31,974	"	
Other equipment	183,878	1,779	( 8,425)	-	177,232	"	
Unfinished construction and equipment pending for inspection	-	94,792	-	-	94,792	"	
	<u>\$ 366,565</u>	<u>\$ 106,485</u>	<u>(\$ 16,876)</u>	<u>\$ -</u>	<u>\$ 456,174</u>		

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

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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, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Beginning balance</u>	<u>Increased in the current period</u>	<u>Decreased in the current period</u>	<u>Transferred in the current period</u>	<u>Ending balance</u>	<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
Machinery and equipment	\$ 68,409	\$ 5,839	(\$ 6,623)	\$ -	\$ 67,625	No	
Warehouse equipment	30,609	626	( 730)	-	30,505	"	
Transportation equipment	21,830	3,923	-	-	25,753	"	
Office equipment	28,988	945	( 883)	-	29,050	"	
Other equipment	170,805	3,896	( 8,063)	-	166,638	"	
	<u>\$ 320,641</u>	<u>\$ 15,229</u>	<u>(\$ 16,299)</u>	<u>\$ -</u>	<u>\$ 319,571</u>		

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Ruentex Development Co., Ltd.  
Detailed changes of right-of-use assets,  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Beginning balance</u>	<u>Increased in the current period</u>	<u>Decreased in the current period</u>	<u>Transferred in the current period</u>	<u>Ending balance</u>	<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
Cost:							
Buildings	\$ 37,352	\$ 760,520	\$ -	\$ -	\$ 797,872	No	
Accumulated depreciation:							
Buildings	( 16,003)	( 90,817)	-	-	( 106,820)		
Carrying amount	<u>\$ 21,349</u>	<u>\$ 669,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,052</u>		

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

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Ruentex Development Co., Ltd.  
Statement of changes in investment real estate  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Beginning balance</u>	<u>Increased in the current period</u>	<u>Decreased in the current period</u>	<u>Transferred in the current period</u>	<u>Ending balance</u>	<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
Cost:							
Land	\$ 1,008,724	\$ -	\$ -	\$ -	\$ 1,008,724		Please refer to the description of "Note VIII Pledged Assets"
Buildings	1,365,678	-	-	-	1,365,678		
	2,374,402	-	-	-	2,374,402		
Accumulated depreciation:							
Buildings	( 393,175)	( 28,027)	-	-	( 421,202)		
Carrying amount	<u>\$ 1,981,227</u>	<u>(\$ 28,027)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,953,200</u>		

Explanation: For more details in investment real estate please refer to Note IV (XVII).

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Ruentex Development Co., Ltd.  
Statement of short-term borrowings  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Types of borrowing</u>	<u>Creditor</u>	<u>Balance at the end of the period</u>	<u>Time-limit for contract</u>	<u>Interest rate collars</u>	<u>Loan limit</u>	<u>Mortgage or guarantee</u>	<u>Remarks</u>
Secured loan	Bank of Taiwan	\$ 300,000	December 24, 2020 to March 10, 2021	0.87%~1.03%	\$ 300,000	Shares and guarantee notes NTD 300,000	
		<u>300,000</u>			<u>300,000</u>		
Credit Loan	Land Bank Of Taiwan	\$ 300,000	December 21, 2020 to March 19, 2021	0.87%~1.03%	\$ 300,000	Guarantee notes NTD 300,000	
	Bank of Taiwan	300,000	December 1, 2020 to February 26, 2021	"	300,000	Guarantee notes NTD 300,000	
	E-Sun Bank	300,000	December 16, 2020 to February 2, 2021	"	500,000	Guarantee notes NTD 500,000	
	Taiwan Cooperative Bank	400,000	September 30, 2020 to September 30, 2021	"	400,000	Guarantee notes NTD 400,000	
	National Agricultural Treasury	<u>500,000</u>	August 24, 2020 to February 9, 2021	"	<u>500,000</u>	Guarantee notes NTD 500,000	
		<u>1,800,000</u>			<u>2,000,000</u>		
		<u>\$ 2,100,000</u>			<u>\$ 2,300,000</u>		



Ruentex Development Co., Ltd.  
Statement of short-term bills payable  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Guarantee or acceptance institution</u>	<u>Time-limit for contract</u>	<u>Interest rate collars</u>	<u>Amount</u>			<u>Mortgage or guarantee</u>	<u>Remark</u>
				<u>Issuing amount</u>	<u>Unamortized bond discount</u>	<u>Carrying amount</u>		
Commercial papers payable	China Bills Finance	December 7, 2020 to March 4, 2021	0.25%~0.76%	\$ 560,000	(\$ 218)	\$ 559,782	Properties and securities for sale and guarantee notes NTD 1,300,000	
	KGI Commercial Bank	December 22, 2020 to January 22, 2021	"	870,000	( 162)	869,838	Shares and guarantee notes NTD 890,000	
	The Shanghai Commercial & Savings Bank	April 24, 2020 to April 23, 2021	"	500,000	( 267)	499,733	Guarantee notes \$600,000	
	Taiwan Cooperative Bills Finance Corporation	December 7, 2020 to January 14, 2021	"	120,000	( 32)	119,968	Shares and guarantee notes NTD 250,000	
	International Bills Finance Corporation	November 13, 2020 to January 19, 2021	"	860,000	( 113)	859,887	Shares and guarantee notes NTD 1,100,000	
	Dah Chung Bills Finance Corporation	December 4, 2020 to January 22, 2021	"	50,000	( 21)	49,979	Guarantee notes NTD 50,000	
	Ta Ching Bills Finance Corporation	November 20, 2020 to January 14, 2021	"	100,000	( 26)	99,974	Shares and guarantee notes NTD 300,000	
	Grand Bills Finance Corporation	November 17, 2020 to February 1, 2021	"	1,300,000	( 249)	1,299,751	Shares and guarantee notes NTD 1,300,000	
				<u>\$ 4,360,000</u>	<u>(\$ 1,088)</u>	<u>\$ 4,358,912</u>		

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Ruentex Development Co., Ltd.  
Statement of other Current liabilities  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Long term liabilities due within one year or one operating cycle		\$ 5,962,512	
Other unearned revenue		112,289	
Advance rent receipts		<u>10,759</u>	
		<u>\$ 6,085,560</u>	

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Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Creditor</u>	<u>Summary</u>	<u>Amount borrowed</u>	<u>Time-limit for contract</u>	<u>Interest Rate</u>	<u>Mortgage or guarantee</u>	<u>Remarks</u>
Bank of Taiwan	Secured loan	\$ 100,000	July 27, 2020 to July 27, 2022	0.25%~1.50%	Shares and guarantee notes NTD 300,000	One-off payment upon maturity
Mega Financial Holding	"	2,364,000	March 12, 2020 to May 31, 2022	"	Shares and guarantee notes NTD 3,000,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	50,000	September 30, 2020 to September 30, 2025	"	Property under construction	One-off payment upon maturity
KGI Commercial Bank	"	1,410,000	October 12, 2020 to December 10, 2027	"	Prepaid land and securities for sale and guarantee notes NTD 1,410,000	One-off payment upon maturity
DBS Bank	"	200,000	September 23, 2020 to September 30, 2023	"	Properties for sale and guarantee notes NTD 1,250,000	One-off payment upon maturity
Taishin International Bank	"	1,480,000	June 30, 2020 to June 30, 2022	"	Shares and guarantee notes NTD 1,500,000	One-off payment upon maturity
Chang Hwa Commercial Bank	"	<u>3,750,000</u>	July 3, 2020 to July 3, 2023	"	Building and land held for sale	One-off payment upon maturity
		<u>9,354,000</u>				
Mizuho Bank	Credit Loan	850,000	February 3, 2020 to February 3, 2022	0.25%~1.50%	Issuing guarantee notes NTD 9,000,000	One-off payment upon maturity
Bank of China	"	1,000,000	March 20, 2020 to March 19, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Taishin International Bank	"	1,000,000	August 13, 2020 to August 13, 2023	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
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
Bank of Taiwan	"	2,000,000	September 10, 2019 to September 9, 2022	"	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Mega Financial Holding	"	3,546,000	March 12, 2020 to May 31, 2022	"	Issuing guarantee notes NTD 4,500,000	One-off payment upon maturity
Bank of East Asia	"	600,000	March 11, 2020 to March 11, 2022	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
DBS Bank	"	1,000,000	September 30, 2020 to September 30, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Kaohsiung Bank	"	300,000	June 4, 2020 to June 4, 2022	"	Issuing guarantee notes NTD 3,000,000	One-off payment upon maturity
First Bank	"	500,000	June 8, 2020 to June 8, 2022	"	Issuing guarantee notes NTD 6,600,000	One-off payment upon maturity
KGI Commercial Bank	"	200,000	December 22, 2020 to December 22, 2022	"	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
Hwatai Bank	"	100,000	July 31, 2020 to July 31, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
National Agricultural Treasury	"	200,000	February 22, 2016 to February 22, 2022	"	No	One-off payment upon maturity
Chang Hwa Commercial Bank	"	<u>850,000</u>	May 31, 2018 to May 31, 2022	"	No	Evenly amortized on a semi-annual basis from the second year
		<u>15,146,000</u>				

Ruentex Development Co., Ltd.  
Statement of long-term borrowings  
December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Creditor</u>	<u>Summary</u>	<u>Amount borrowed</u>	<u>Time-limit for contract</u>	<u>Interest Rate</u>	<u>Mortgage or guarantee</u>	<u>Remarks</u>
Mega bills syndicated loan	"	\$ <u>1,715,000</u>	December 5, 2018 to December 4, 2021	"	Issuing guarantee notes NTD 2,450,000	Long-term commercial paper, one-off payment upon maturity
		<u>1,715,000</u>				
		26,215,000				
Less: Arrangement fees for leading banks of syndicated loan		( 3,089)				
Due within one year		( 5,912,512)				
Due within one operating cycle		( 50,000)				
Discount on commercial papers		( <u>2,488</u> )				
Total		<u>\$ 20,246,911</u>				

Ruentex Development Co., Ltd.  
Statement of operating revenue  
January 1 to December 31, 2020

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		\$ 1,049,329		
- Revenue from food street		21,496	\$ 1,070,825	
Rent income			38,020	
Revenue from contracts with customers -				
Revenue from sales of real property				
Revenue from sales of house, land and parking spaces		3,601,929		
Sales of house agency, consultancy and others		53,759	3,655,688	
Subtotal			4,764,533	
Less: Sales returns			( 16,260)	
Sales discounts			( 2,304)	
			\$ 4,745,969	

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Ruentex Development Co., Ltd.  
Statement of operating costs  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

Item	Amount	
	Subtotal	Total
<b>Cost of sales</b>		
Beginning inventory	\$ 118,413	
Add: Purchases for current period	753,263	
Less: Loss on physical inventory	( 9,221)	
Ending inventory	( 81,934)	\$ 780,521
Loss on market value decline of inventory		204
Loss on physical inventory		9,221
		<u>789,946</u>
<b>Rental cost</b>		
Depreciation expense	28,027	
Other expense	182	28,209
<b>Construction cost</b>		
<u>Prepayment for land purchases</u>		
Beginning prepayments of land	1,090,435	
Add: Purchases for current period	77,287	
Capitalization of interest	7,387	
Less: Ending prepayments of land	( 1,175,109)	-
<u>Construction land</u>		
Beginning construction land	2,341,003	
Add: Purchases for current period	1,721,382	
Capitalization of interest	384	
Less: Transferred to properties under construction	( 932,146)	
Construction lands at the end of the period	( 3,045,488)	85,135
Gain from the price recovery of inventory declines		( 43,002)
		42,133
<u>Property under construction</u>		
Beginning property under construction	15,571,198	
Add: Purchases for current period	1,459,940	
Capitalization of interest	35,912	
Transferred from construction land	932,146	
Less: Reclassified to house for sale	( 12,341,574)	
Ending property under construction	( 5,657,622)	-
<u>Real property for sale (including parking space)</u>		
Beginning house for sale	3,342,404	
Add: Purchases for current period	587,636	
Reclassified from property under construction	12,341,574	
Less: Decrease in progress payments	( 56,802)	
Ending house for sale	( 13,490,128)	2,724,684
<b>Total operating costs</b>		<u>\$ 3,584,972</u>

Ruentex Development Co., Ltd.  
Statement of selling expenses  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Wages and salaries		\$ 150,744	
Advertisement expense		138,227	
Depreciation		84,885	
Taxes		48,251	
Cleaning administrative expense		31,304	
Utilities expense		24,071	
Insurance expenses		15,077	
Maintenance expenses		11,210	
Pensions		5,030	
Other expense		<u>84,587</u>	
		<u>\$ 593,386</u>	

Ruentex Development Co., Ltd.  
Statement of administrative and general affairs expenses  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Wages and salaries		\$ 136,623	
Depreciation		21,161	
Services expenses		14,786	
Insurance expenses		12,079	
Maintenance expenses		6,370	
Pensions		4,773	
Other expense		<u>68,966</u>	
		<u>\$ 264,758</u>	



RUENTEX DEVELOPMENT CO., LTD.

Statement of aggregate current-period employee benefits and depreciation expenses by function (continued)

January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <span style="position: absolute; top: 5px; right: 5px;">Function</span> <span style="position: absolute; bottom: 5px; left: 5px;">Nature</span> </div>	2020			2019		
	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>Total</u>	<u>Belong to operating costs</u>	<u>Belong to operating expenses</u>	<u>Total</u>
Nature						
Employee benefit expenses						
Wages and salaries	\$ -	\$ 287,367	\$ 287,367	\$ -	\$ 271,181	\$ 271,181
Labor and Health Insurance costs	-	19,481	19,481	-	19,913	19,913
Pension expense	-	9,803	9,803	-	9,954	9,954
Directors' Remuneration	-	43,457	43,457	-	44,943	44,943
Other employee benefit expense	-	10,100	10,100	-	9,035	9,035
Depreciation expense	28,027	106,046	134,073	29,539	28,298	7,837

Notes:

1. The employees of the current year and the previous year are 329 and 344, 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\$ 1,012 (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\$ 917 (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\$ 890 (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\$ 802 (Total of salary expenses of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).

RUENTEX DEVELOPMENT CO., LTD.

Statement of aggregate current-period employee benefits and depreciation expenses by function (continued)

January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

- (3) The average adjustment to employees' salary expenses was 10.97% (Average salary expenses of the year - average salary expenses of the previous year / average salary expenses of the previous year).
- (4) The Company did not have any supervisors in 2020 and 2019; therefore, there is no remuneration payable to supervisors.
- (5) Please describe the company's remuneration policy (including for directors, managers and employees).

A. Remuneration for Employees

In accordance with Article 33 of the Company's Articles of Incorporation, the Company shall contribute 0.3% to 5% of the net profit before tax in each fiscal year prior to deduction of the remuneration for employees.

The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.

B. Remuneration for managerial officers

In accordance with Article 31 of the Articles of Incorporation of the Company, the remuneration for the managerial officers shall be in accordance with the provisions of Article 29 of the Company Act.

C. Remuneration for directors

In accordance with Article 30 of the Articles of Incorporation of the Company, the Board of Directors is authorized to determine the remuneration for each director based on the extent of his/her involvement in and value of his/her contribution to the operations of the Company.

Regardless of whether the Company has profits or losses, the compensation may be paid at the general level of standards of the industry.

The remuneration of the managerial officers and the directors shall be proposed by the Remuneration Committee and submitted to the Board of Directors for discussion and approval before being presented to the Shareholders' Meeting in accordance with the rules.

For information on the remuneration for employees and directors adopted by the Board of Directors, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

Ruentex Development Co., Ltd.  
Endorsements and Guarantees for Others  
January 1, 2020 to December 31, 2020

Unit: New Taiwan Dollars in  
Thousands

Attached Table I

Entity for which the  
endorsement/guarantee is made

(Unless Stated Otherwise)

No. (Note 1)	Name of the company making an endorsement/ guarantee	Company name	Relationship (Note 2)	Maximum amount of endorsements/guarantees permitted to any single entity	Maximum balance of endorsements/ guarantees for the current period	Balance of endorsements/guarantees at the end of the period	Actual amount drawn	Amount of endorsements /guarantees secured by property	Cumulative amount of endorsements/guarantees as a percentage of the net worth as stated in the latest financial statement	Maximum amount of endorsements /guarantees	Endorsements/ guarantees made by the parent for its subsidiaries	Endorsements/ guarantees made by the subsidiary company for its parent	Endorsements	Remark
													made for the entities in mainland China	
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	2	\$ 102,819,897	\$ 4,080,000	\$4,080,000	\$ 2,900,000	\$ -	3.58	\$102,819,897	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	675,000	31,254	31,254	31,254	-	0.74	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, 2020

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>Shareholding percentage</u>	<u>Fair value</u> (Note 4)	<u>Remark</u>
				<u>Number of shares</u>	<u>Carrying amount (Note 3)</u>			
Ruentex Development Co., Ltd.	Convertible bonds of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	Financial assets designated at fair value through profit or loss - non-current	-	\$ 37,262	-	\$ 37,262	
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	Financial assets at fair value through other comprehensive income - non-current	10,357,408	871,058	4.11	871,058	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	1,343,630	186,765	0.67	186,765	
	Shares of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	2,489,060	281,263	4.46	281,263	
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	"	16,828,936	581,272	10.80	581,272	Note5
	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	87,164	0.47	87,164	
	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	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The company	Financial Assets at fair value through other comprehensive income - non-Current	5,139,396	210,201	0.34	210,201	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	20,151,803	1,404,582	3.57	1,404,582	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	234,295	32,567	0.13	32,567	
	Shares of Save & Safe Corporation	-	"	4,267,233	69,555	2.51	69,555	
	Shares of Powertec Electrical Chemicals Corp. (Shares of previous Powertec Energy Corp.	-	"	19,737,629	-	1.39	-	

	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	2,640	-	2,640
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	105,433	14,655	0.06	14,655
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	657,045	45,797	0.12	45,797

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 NTD 525,008 thousand was pledged to financial institutions for financing loans.

Ruentex Development Co., Ltd.

Acquisition of real estate at costs of at least \$300 million or 20% of the paid-in capital

January 1, 2020 to December 31, 2020

Attached Table III

Unit: New Taiwan Dollars in Thousands

<u>The company acquiring the real estate</u>	<u>Name of property</u>	<u>Date of occurrence</u>	<u>Transaction amount</u>	<u>Amount paid</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Owner</u>	<u>For related parties, the relationship between the previous transfer information and the issuer</u>	<u>Date of transfer</u>	<u>Amount</u>	<u>Reference basis for price decision</u>	<u>Purpose of acquisition and conditions of use</u>	<u>Other provisions</u>
Ruentex Development Co., Ltd.	10 lots of land including Lot No. 239 in Jianguo Section, Xinzhuang District, New Taipei City	July 28, 2020	\$ 1,720,000	\$ 1,720,000	RT-Mart International Co., Ltd.	Other related parties	Core Pacific Development Corporation	N/A	October 31, 2003	\$ 601,927	Appraisal amounts provided by a professional appraisal agency	Construction land	-
Ruentex Engineering & Construction Co., Ltd.	Right-of-use assets - land	May, 2020	\$ 675,660	\$ -	Ruentex Industries Ltd.	For those entities using the equity method for the Company	N/A	N/A	N/A	N/A	Appraisal amounts provided by a professional appraisal agency	For use in the production area at the factory	-
Ruentex Engineering & Construction Co., Ltd.	The construction of the Pingtung Ligang Factory	12.26.2019	\$ 499,160	\$ 441,015	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	N/A	N/A	N/A	N/A	Negotiated price	Self-use	-

Note 1: When an appraisal is required to be made for the acquisition of assets according to the regulation, the results of the appraisal should be indicated in the column of “reference basis for price decision.”

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Ruentex Development Co., Ltd.

Disposal of real estate at costs of at least \$300 million or 20% of the paid-in capital

January 1, 2020 to December 31, 2020

Unit: New Taiwan Dollars in  
Thousands

Attached Table IV

<u>The company disposing the real estate</u>	<u>Name of property</u>	<u>Date of occurrence</u>	<u>Original acquisition date</u>	<u>Carrying amount</u>	<u>Transaction amount</u>	<u>Amount received</u>	<u>Gain(loss) on disposal</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Purpose of disposition</u>	<u>Reference basis for price decision</u>	<u>Other provisions</u>
Ruentex Development Co., Ltd.	One unit of house and land on the 7th floor and a total of 6 parking spaces on the ground floor and the 2nd basement floor at No. 223, Bo'ai Rd., Zhongzheng Dist., Taipei City	May 12, 2020	November 20, 2008 and October 4, 2013	\$ 245,765	\$ 489,145	Received in full	\$ 243,380	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	One unit of house and land on the 23rd floor and a total of 3 parking spaces on the ground floor at No. 39-3, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	August 11, 2020	November 28, 2012 and January 2, 2020	\$ 312,392	\$ 345,000	Received in full	\$ 32,608	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land and a total of 4 parking spaces on the ground floor at No. 39-2 and 39-3, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	September 29, 2020	November 28, 2012 and January 2, 2020	\$ 384,257	\$ 426,085	Received in full	\$ 41,828	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land and a total of 5 parking spaces on the ground floor at No. 39 and 39-1, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	October 19, 2020	November 28, 2012 and January 2, 2020	\$ 355,253	\$ 394,286	Received in full	\$ 39,033	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision".

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Ruentex 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, 2020 to December 31, 2020

Attached Table V

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>The company making the purchase (sale) of goods</u>	Name of counterparty	Relationship	Transaction conditions		As a percentage of total purchases (sales) of goods		Difference between the terms and conditions of transaction and the general type of transaction and the reason for any such difference (Note 1)		Notes receivable/payable and accounts receivable/payable		Remark (Note 2)
			<u>Purchase (sale) of goods</u>	<u>Amount</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	\$ 1,533,727	33.35	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	(\$ 84,823)	12.85	
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Third-tier subsidiary	Purchase of goods	109,376	2.38	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	( 39,279)	5.95	
Ruentex Development Co., Ltd.	RT-MART International Co., Ltd.	The Company is a juridical person supervisor of the company	Purchase of goods	313,321	6.81	Amount paid according to the prescribed period of the procurement contract.	-	Amount paid according to the prescribed period of the procurement contract.	( 44,896)	6.80	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The company	Sale of goods	1,532,467	13.29	Amount paid according to the prescribed period of the construction contract	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	84,823	12.61	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	Subsidiary	Sale of goods	557,929	4.84	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	42,134	6.27	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Subsidiary	Sale of goods	259,316	2.25	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	2,203	0.33	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Subsidiaries	Purchase of goods	146,273	1.79	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	26,767	1.37	



Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	The company	Sale of goods	121,415	14.40	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	39,279	28.28
Ruentex Interior Design Inc.	Ruentex Construction Co., Ltd.	Other related parties	Sale of goods	162,559	19.29	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	43,469	31.30
Ruentex Material Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Sale of goods	151,918	6.18	The amount shall be collected in accordance with the term of the construction contract.	Negotiated price	The amount shall be collected in accordance with the term of the construction contract.	25,427	5.44

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.

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

January 1, 2020 to December 31, 2020

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			
				Account	Amount	Terms and conditions of transaction	As a percentage of the consolidated total operating revenue or total assets (Note 3)
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	1	Construction income	22,048	Note 5	0.12
		Ruentex Construction International Co., Ltd.	1	Rental income	18,316	Note 5	0.10
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	121,415	Note 4	0.64
		"	2	Receivable	39,279	Note 4	0.02
		"	2	Contract asset	21,554	Note 4	0.01
		Ruentex Construction International Co., Ltd.	3	Construction income	42,666	Note 4	0.22
		Ruentex Development Co., Ltd.	3	Construction income	71,764	Note 4	0.38
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	1,532,467	Note 4	8.03
		"	2	Receivable	84,823	Note 4	0.05
		"	2	Contract asset	156,855	Note 4	0.08
		Ruentex Development Co., Ltd.	3	Construction income	557,929	Note 4	2.92
		"	3	Receivable	42,134	Note 4	0.02
		"	3	Contract asset	51,438	Note 4	0.03
		Ruentex Material Co., Ltd.	1	Construction income	248,516	Note 4	1.30
		"	1	Service revenue	10,800	Note 5	0.06
		"	1	Contract asset	48,493	Note 4	0.03
3	Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	128,708	Note 5	0.67
		"	2	Receivable	22,912	Note 5	0.01
		"	2	Construction income	23,196	Note 4	0.12
4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	61,191	Note 5	0.32
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	39,236	Note 5	0.21
		Ruentex Development Co., Ltd.	2	Service revenue	15,504	Note 5	0.08
		Ruentex Construction International Co., Ltd.	3	Service revenue	11,449	Note 5	0.06
5	Ruentex Security Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	15,648	Note 5	0.08
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	13,167	Note 5	0.07
		Ruentex Development Co., Ltd.	2	Service revenue	14,000	Note 5	0.07
6	Ruentex Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	47,874	Note 4	0.25
7	Ruentex Construction International Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Receivable	12,799	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: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

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, 2020 to December 31, 2020

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			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.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 2,056,276	\$ 20,302	\$ 20,302	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	40,585	8,455	8,455	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	( 3,676)	( 10,716)	( 6,430)	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	73,325	7,662	7,662	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	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	648,331	( 56,931)	( 56,931)	Subsidiary of the Company
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	1,983,506	297,470	237,976	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	2,256,298	165,241	165,241	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale development and investment management consultant	1,988,000	1,988,000	198,800,000	70.00	1,876,871	( 28,493)	( 19,945)	Subsidiary of the Company

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Gains and losses on		Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount	Current profit and loss of investment recognized for the the investee company	current period	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	52,844,859	39.14	984,538	1,009,976	\$ 347,193	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	189,737	130,619	12,866	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	690,904	140,986	42,296	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Taiwan	General Investment	19,125,000	19,037,500	4,875,750,000	25.00	93,873,325	31,927,790	7,981,947	The investee company accounted for under the equity method (Note 3)
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	409,489	409,489	10,593,334	25.46	4,348,924	229,844	58,518	The investee company accounted for under the equity method
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	284,147	28,414,684	45.45	295,475	391	7,972	The investee company accounted for under 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	865,560	993,948	264,589	The investee company accounted for under 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 under 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	9,886,552	5,865,832	682,025	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	474,720	32,047,620	0.23	1,114,185	35,647,210	82,652	The investee company accounted for under 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	21,655	790	790	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	2,031,294	40,394	19,817	The investee company accounted for under 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 Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	876,995	130,619	51,137	Sub-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	9,871	561	561	Sub-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	196,682	85,884	85,884	Sub-sub-subsidiary of the Company
Ruentex Construction International Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	131,158	131,158	1,822,888	0.32	352,917	5,865,832	18,918	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	57,233	1,009,976	7,302	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	264,000	0.20	15,482	1,009,976	2,020	Subsidiary of the Company

Note 1: The provision of 29,677 thousand shares, a total of NTD 865,560 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 64,607 thousand shares, a total of NTD 9,718,801 thousand was pledged to financial institutions for financing loans.

Note 3: The provision of 612,404 thousand shares, a total of NTD 11,788,776 thousand was pledged to financial institutions for financing loans.

Ruentex Development Co., Ltd.

Information of investments in mainland China-Basic information

January 1, 2020 to December 31, 2020

Attached Table VIII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

Name of the invested companies in mainland China	Major Operating Items	Paid-in capital	Investment method	The accumulated amount remitted from Taiwan to invest in mainland China at the beginning of the current period		The investment amount remitted out or back for the current period		The accumulated amount remitted from Taiwan at the end of the current period	Current profit and loss of the investee company	Shareholding percentage of direct or indirect investment by the Company	Gains and losses on investment recognized for the current period	Carrying amount of investments at the end for the period	Investment income remitted back by the end of the current period	Remark
				Remit out	Remit back	Remit out	Remit back							
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	Technical Consulting and service of construction engineering	\$ 148,096	Note 1	\$ 148,096	\$ -	\$ -	\$ 148,096	\$ 18,585	40.07	\$ 7,447	\$ 64,508	\$ -	Note 2 (II) 3 Note 3	

Note 1: The investment method is the 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.

Company name	The accumulated amount remitted from Taiwan to invest in mainland China at the end of the current period	The investment amount approved by the Investment Board, Ministry of Economic Affairs	The investment limit approved by the Investment Board, Ministry of Economic Affairs

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.

Ruentex Development Co., Ltd.

Information on main investors

December 31, 2020

Attached Table IX

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding percentage
Ruentex Industries Ltd.	386,766,036	25.70
Huei Hong Investment Co., Ltd.	111,382,245	7.40