

Ruentex Development Co., Ltd. and subsidiaries
Consolidated Financial Statements and Report of
Independent Accountants
2021 and 2020
(Stock Code: 9945)

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Ruentex Development Co., Ltd. and subsidiaries
Consolidated Financial Statements and Report of Independent Accountants of 2021 and
2020
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Ruentex Development Co., Ltd. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, from January 1 to December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare.

Company name: Ruentex Development Co., Ltd.

Responsible Person: Jean, Tsang-Jiunn

March 15, 2022

Accountants' Audit Report

(2022) Cai-Shen-Bao-Zi No.21004684

Ruentex Development Co., Ltd.

The Board of Directors and Shareholders:

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Ruentex Group") for Dec. 31, 2021 and Dec. 31, 2020, the consolidated comprehensive income statements, equity statements and cash flow statements of Ruentex Group for the period from Jan. 1 to Dec. 31, 2021 and the period from Jan. 1 to Dec. 31, 2020, and the notes to the consolidated financial report (including a summary of significant accounting policies).

In our opinion, based on our audits and the report of other independent accountants (please refer to the "other matter" section of our report), the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis of Audit Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the Group's consolidated financial statements for the year ended 2021 are as follows:

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

As of December 31, 2021, Ruentex Group's investments accounted under equity method were NT\$111,113,852 thousand, representing 57.94% of the total consolidated assets. Please refer to Note 4(16) for accounting policies on investments accounted under equity method and Note 6(8) for details.

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

Corresponding Audit Procedures

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

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

Assessment on Recognition of Construction Income - Construction Completion Progress

Description of Key Audit Matters

For the year of 2021, the Group's construction contract revenue was NT\$14,941,688 thousand, representing 54.74% of consolidated operating revenue. Please see Note 4(31) for accounting policies on revenue recognition, Note 5(2) for critical accounting estimates and assumptions and Note 6(27) for details of significant accounts.

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

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

Corresponding Audit Procedures

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

1. We obtained an understanding of the nature of business and industry of the Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating each construction cost and overhead, and the consistency of applying the estimation method.
2. We assessed and tested the internal controls that would affect the recognition of construction contract revenue based on stage of completion, including verifying the evidence of additional or less work and significant constructions.
3. We conducted field survey and interviewed major construction sites not yet in progress at the end of the period.
4. We obtained details of construction profit or loss and performed substantive procedures,

including randomly checking the incurred cost of current period with the appropriate evidence, and additional or less work with the supporting documents, and recalculated the stage of completion to ensure a reasonable recognition of construction revenue.

Accuracy of Time for Recognition of Construction Cost

Description of Key Audit Matters

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

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

Corresponding Audit Procedures

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

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

Other matter - Reference to audits of other independent accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in Ruentex Group's consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2021 and 2020, were NT\$53,240 thousand and NT\$42,619 thousand, respectively, and constituted 0.03% and 0.02% of total consolidated assets. Their total operating income of NT\$43,198 thousand and NT\$45,251 thousand for the period from Jan. 1 to Dec. 31, 2021 and the period from Jan. 1 to Dec. 31, 2020, constituting 0.16% and 0.24% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2021 and 2020 were NT\$2,965,691 thousand and NT\$7,071,122 thousand, respectively, and constituted 1.55% and 3.79% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income were NT\$(586,023) thousand and NT(422,867) thousand for the period from Jan. 1 to Dec. 31, 2021 and the period from Jan. 1 to Dec. 31, 2020, respectively, constituting 9.63% and 1.21% of total consolidated comprehensive income.

Other matter- Parent only financial reports

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

Responsibilities of the Management and Governing Bodies for Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIS Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial

statements that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

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

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

1. We identify and assess the risks of material misstatement of consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ruentex Group's internal control.
3. We evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

4. We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ruentex Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ruentex Group to cease to continue as going concern.
5. We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruentex Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of Ruentex Group, and forming the audit opinion for Ruentex Group.

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

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

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

PwC Taiwan

Chang,Shu-Chiung

Certified Public Accountant

Huang,Chin-Lien

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

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

March 15, 2022

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD in Thousands

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 9,162,752	5	\$ 4,709,372	2
1120	Financial Assets at fair value through other comprehensive income acquired - Current	6(6)	1,303,338	1	-	-
1136	Financial assets measured by amortized cost - current	6(7)	319,000	-	-	-
1140	Contract asset - current	6(27) and 7	3,024,330	1	2,440,546	1
1150	Net bills receivable	6(3)	1,176,984	1	136,917	-
1160	Bills receivable - related parties - net	7	-	-	40,931	-
1170	Net Accounts Receivable	6(3) (31)	1,327,503	1	1,033,849	1
1180	Accounts receivable - related parties - net	7	545	-	4,136	-
1200	Other receivables		19,564	-	23,810	-
1210	Other Receivables - related party	7	13,144	-	12,494	-
1220	Current income tax assets		9,910	-	15,922	-
130X	Inventories	6(4), 7 and 8	28,893,053	15	29,003,884	16
1410	Prepayments		533,359	-	364,976	-
1460	Non-current assets held for sale, net	6(14) and 7	-	-	16,415	-
1470	Other Current Assets	6(1)(5) and 8	1,680,666	1	1,399,347	1
11XX	Total current assets		<u>47,464,148</u>	<u>25</u>	<u>39,202,599</u>	<u>21</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	-	-	37,262	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6), 7, and 8	4,196,121	2	3,578,218	2
1535	Amortized cost financial Assets - non-Current	6(7)	560,000	-	560,000	-
1550	Investments accounted for using equity method	6(8), 7, and 8	111,113,852	58	113,459,105	61
1600	Property, plant, and equipment	6(9)(16), 7, and 8	4,814,387	3	4,831,865	3
1755	Right-of-use assets	6(10), 7 and 8	2,369,824	1	2,567,028	2
1760	Net value of investment properties	6(12) and 8	20,083,439	11	20,981,591	11
1780	Intangible Assets	6(13)(16)	191,469	-	253,971	-
1840	Deferred tax Assets	6(35)	391,703	-	296,146	-
1930	Long-term notes and accounts receivable	6(11)	368,261	-	426,038	-
1990	Other non-current assets - others	6(1)(15) and 8	227,163	-	195,552	-
15XX	Total non-current assets		<u>144,316,219</u>	<u>75</u>	<u>147,186,776</u>	<u>79</u>
1XXX	Total Assets		<u>\$ 191,780,367</u>	<u>100</u>	<u>\$ 186,389,375</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD in Thousands
December 31, 2020

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6(17) and 8	\$ 2,280,000	1	\$ 2,750,000	1
2110	Short-term bills payable	6(18) and 8	5,127,675	3	4,878,621	3
2130	Contract liabilities - current	6(27) and 7	3,400,311	2	2,576,469	1
2150	Notes payable		909,803	1	859,066	-
2160	Notes payable - related party	7	61,199	-	31,199	-
2170	Accounts payable		2,726,242	1	2,306,722	1
2180	Accounts payable - related party	7	14,887	-	17,259	-
2200	Other payables	7	1,267,629	1	1,039,009	1
2230	Income tax liabilities of current period		882,630	-	1,365,523	1
2280	Lease liabilities - current	6 (10) and 7	277,988	-	204,307	-
2310	Advance receipts	6(20)	151,585	-	155,610	-
2320	Long-term liabilities due within one year or one operating cycle	6(19) and 8	6,579,363	3	8,642,512	5
2399	Other current liabilities - other		13,556	-	22,132	-
21XX	Total Current Liabilities		<u>23,692,868</u>	<u>12</u>	<u>24,848,429</u>	<u>13</u>
Non-current liabilities						
2540	Long-term borrowings	6(19) and 8	31,941,834	17	28,106,090	15
2570	Deferred income tax liabilities	6(35)	964,626	1	1,674,293	1
2580	Lease liabilities - non-current	6 (10) and 7	10,190,556	5	10,876,133	6
2670	Other non-current liabilities - others	6 (20) (21)	1,885,931	1	1,919,079	1
25XX	Total Non-Current Liabilities		<u>44,982,947</u>	<u>24</u>	<u>42,575,595</u>	<u>23</u>
2XXX	Total Liabilities		<u>68,675,815</u>	<u>36</u>	<u>67,424,024</u>	<u>36</u>
Equity						
Equity attributed to owners of the parent						
Capital		6(23)				
3110	Share capital		21,068,334	11	15,048,810	8
Capital surplus		6(24)				
3200	Capital surplus		18,160,798	9	18,147,191	9
Retained earnings		6(25)				
3310	Legal reserve		5,318,436	3	4,472,550	3
3320	Special reserve		507,767	-	507,767	-
3350	Undistributed earnings		45,429,787	24	37,360,519	20
Other Equities		6(26)				
3400	Other Equities		26,461,551	14	38,792,132	21
3500	Treasury stock	6(23)	(84,639)	-	(84,639)	-
31XX	Total equity attributable to owners of the parent company		<u>116,862,034</u>	<u>61</u>	<u>114,244,330</u>	<u>61</u>
36XX	Non-controlling Interest	6(36)	<u>6,242,518</u>	<u>3</u>	<u>4,721,021</u>	<u>3</u>
3XXX	Total Equity		<u>123,104,552</u>	<u>64</u>	<u>118,965,351</u>	<u>64</u>
Significant contingent liabilities and unrecognized contractual commitments		9				
Significant subsequent events		11				
3X2X	Total Liabilities and Equity		<u>\$ 191,780,367</u>	<u>100</u>	<u>\$ 186,389,375</u>	<u>100</u>

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

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

Item	Notes	2021		2020		
		Amount	%	Amount	%	
4000	Operation income	6(27) and 7	\$ 27,293,884	100	\$ 19,084,589	100
5000	Operation Cost	6(4)(21)(28)				
		(33)(34) and 7	(21,563,935)	(79)	(15,145,020)	(79)
5900	Gross profit		5,729,949	21	3,939,569	21
	Operating Expenses	6 (21)(33)				
		(34) and 7				
6100	Selling and marketing expenses		(829,242)	(3)	(724,252)	(4)
6200	Administrative expense		(1,232,357)	(5)	(1,068,046)	(6)
6300	R&D expenses		(71,795)	-	(60,690)	-
6450	Expected credit impairment	6(33)				
	gains (losses)		295	-	(1,574)	-
6000	Total Operating Expenses		(2,133,099)	(8)	(1,854,562)	(10)
6900	Operating Profit		3,596,850	13	2,085,007	11
	Non-operating Income and Expenses					
7100	Interest revenue	6(7)(29)and 7	38,796	-	63,045	-
7010	Other income	6(30)	238,511	1	291,527	2
7020	Other gains and losses	6(31)	(271,667)	(1)	(121,739)	-
7050	Financial costs	6 (32) and 7	(613,114)	(2)	(698,112)	(4)
7060	Share of income of associates	6(8)				
	and joint ventures accounted for					
	using the equity method		14,975,298	55	9,158,734	48
7000	Total non-operating income		14,367,824	53	8,693,455	46
	and expenses					
7900	Net profit before tax		17,964,674	66	10,778,462	57
7950	Income tax expense	6(35)	(473,986)	(2)	(1,503,070)	(8)
8200	Net income of current period		\$ 17,490,688	64	\$ 9,275,392	49

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

		Unit: NTD in Thousands (Except earnings per share, which is in NT\$)			
Item	Notes	2021		2020	
		Amount	%	Amount	%
Other comprehensive income (net)					
Items not to be reclassified into profit or loss					
8311	Remeasurements of defined benefit plans	\$ 16,822	-	(\$ 10,014)	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	1,919,919	7	(\$ 63,424)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	238,026	1	(\$ 136,355)	(1)
8349	Income tax relating to non-reclassified items	(78,868)	-	4,586	-
8310	Total of items not to be reclassified into profit or loss	<u>2,095,899</u>	<u>8</u>	<u>(205,207)</u>	<u>(1)</u>
Items may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operations	(146,904)	(1)	(345,896)	(2)
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that may be reclassified subsequently to profit or loss	(13,647,958)	(50)	26,356,310	138
8399	Income tax related to items may be reclassified into profit or loss	<u>295,263</u>	<u>1</u>	<u>(59,134)</u>	<u>-</u>
8360	Total of items may be reclassified subsequently to profit or loss	<u>(13,499,599)</u>	<u>(50)</u>	<u>25,951,280</u>	<u>136</u>
8300	Other comprehensive income (net)	<u>(\$ 11,403,700)</u>	<u>(42)</u>	<u>\$ 25,746,073</u>	<u>135</u>
8500	Total Comprehensive Income Current Period	<u>\$ 6,086,988</u>	<u>22</u>	<u>\$ 35,021,465</u>	<u>184</u>
Profit attributable to:					
8610	Owners of the parent	<u>\$ 16,242,546</u>	<u>59</u>	<u>\$ 8,557,651</u>	<u>45</u>
8620	Non-controlling Interest	<u>\$ 1,248,142</u>	<u>5</u>	<u>\$ 717,741</u>	<u>4</u>
Comprehensive Income attributed to:					
8710	Owners of the parent	<u>\$ 4,105,400</u>	<u>15</u>	<u>\$ 34,343,978</u>	<u>180</u>
8720	Non-controlling Interest	<u>\$ 1,981,588</u>	<u>7</u>	<u>\$ 677,487</u>	<u>4</u>
Earnings per share					
9750	Basic earnings per share	<u>\$</u>	<u>7.98</u>	<u>\$</u>	<u>4.20</u>
9850	Diluted earnings per share	<u>\$</u>	<u>7.97</u>	<u>\$</u>	<u>4.20</u>

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and the Subsidiaries
Consolidated statement of changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: NTD in Thousands

Notes	Equity attributed to owners of the parent							Non-controlling Interest	Total Equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other Equities	Treasury stock			Total
<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	\$ 4,499,463	\$ 85,392,280
Net income of current period	-	-	-	-	8,557,651	-	-	8,557,651	717,741	9,275,392
Other Comprehensive Income	-	-	-	-	(93,002)	25,879,329	-	25,786,327	(40,254)	25,746,073
Total Comprehensive Income Current Period	-	-	-	-	8,464,649	25,879,329	-	34,343,978	677,487	35,021,465
Appropriation and distribution of the earnings for 2019:										
Legal reserve	-	-	656,143	-	(656,143)	-	-	-	-	-
Special reserve	-	-	-	(29,015,899)	29,015,899	-	-	-	-	-
Cash dividends	-	-	-	-	(1,003,254)	-	-	(1,003,254)	-	(1,003,254)
Share dividend	5,016,270	-	-	-	(5,016,270)	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	-	(351)	-	-	-	-	-	(351)	-	(351)
Changes in associates & joint ventures accounted for using equity method	-	11,140	-	-	-	-	-	11,140	-	11,140
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	-	-	-	-	(5,791)	5,791	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(455,929)	(455,929)
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	\$ 4,721,021	\$ 118,965,351
<u>2021</u>										
Balance at January 1, 2021	\$ 15,048,810	\$ 18,147,191	\$ 4,472,550	\$ 507,767	\$ 37,360,519	\$ 38,792,132	(\$ 84,639)	\$ 114,244,330	\$ 4,721,021	\$ 118,965,351
Net income of current period	-	-	-	-	16,242,546	-	-	16,242,546	1,248,142	17,490,688
Other Comprehensive Income	-	-	-	-	80,300	(12,217,446)	-	(12,137,146)	733,446	(11,403,700)
Total Comprehensive Income Current Period	-	-	-	-	16,322,846	(12,217,446)	-	4,105,400	1,981,588	6,086,988
Appropriation and distribution of the earnings for 2020:										
Legal reserve	-	-	845,886	-	(845,886)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,504,881)	-	-	(1,504,881)	-	(1,504,881)
Share dividend	6,019,524	-	-	-	(6,019,524)	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	-	(259)	-	-	-	-	-	(259)	-	(259)
Changes in associates & joint ventures accounted for using equity method	-	3,978	-	-	3,578	-	-	7,556	-	7,556
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	-	-	-	-	113,135	(113,135)	-	-	-	-
Changes in the ownership interests of subsidiaries as recognized	-	9,888	-	-	-	-	-	9,888	169,615	179,503
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(629,706)	(629,706)
Balance on December 31, 2021	\$ 21,068,334	\$ 18,160,798	\$ 5,318,436	\$ 507,767	\$ 45,429,787	\$ 26,461,551	(\$ 84,639)	\$ 116,862,034	\$ 6,242,518	\$ 123,104,552

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Supervisor: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit: NTD in Thousands

	Notes	2021	2020
Cash flows from operating activities			
Profit before Income Tax current period	\$	17,964,674	\$ 10,778,462
Adjustment item			
Income and expenses			
Depreciation expense	6(33)	1,064,793	985,441
Amortization expense	6(33)	12,615	12,248
Expected credit impairment (incomes) losses	6(33) (	295)	1,574
Interest Cost	6(32)	613,114	698,112
Interest revenue	6(29) (	38,796)	(63,045)
Dividend income	6(30) (	48,967)	(128,297)
Share of profit of associates accounted for using the equity method	6(8) (	14,975,298)	(9,158,734)
Real estate properties, plants and equipment reclassified as expenses	6(9)(38)	-	76
Intangible assets reclassified as expense	6(13)(38)	-	543
Loss (gain) on disposal of property, plant and equipment	6(31)	3,979 (	19,303)
Gain on disposal of non-current assets held for sale	6(31) (	18,315)	(27,584)
Valuation profit on financial assets at fair value through profit or loss	6(2)(31) (	12,018)	(3,564)
Gains on reversal of financial assets impairment loss	6(2)(31)	-	(1,105)
Gains on lease modifications	6(10)(31)	-	(23)
Loss on liquidation of subsidiary	6(31)	24,618	-
Impairment loss on property, plant and equipment	6(31)	66,151	-
Impairment loss on intangible assets	6(31)	73,212	-
Impairment loss on use-of-right assets	6(31)	216	1,543
Impairment loss on investment properties	6(31)	717	1,656
Employee stock option expenses	6(22)(34)	37,079	-
Other income	(	34,514)	(16,102)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contractual assets - Current	(	583,784)	(1,164,822)
Notes receivable	(	1,040,067)	120,956
Bills receivable - related parties	(	40,931)	(31,911)
Accounts Receivable	(	293,359)	36,367
Accounts Receivable – related Party	(	3,591)	(2,302)
Other receivables	(	3,211)	(2,029)
Other receivables - related Party	(	1,450)	189
Inventories	(	211,900)	(1,999,884)
Prepayments	(	168,383)	(122,851)
Other Current Assets	(	17,346)	(86,972)
Long-term notes and accounts receivable	(	57,777)	34,916
Other non-current Assets	(	5,538)	16,742
Net change in liabilities related to operating activities			
Contractual Liabilities - Current	(	823,842)	1,403,532
Notes payable	(	50,737)	178,022
Notes Payable – related Party	(	30,000)	14,623
Accounts payable	(	419,520)	364,207
Accounts Payable – related Party	(	2,372)	(391)
Other payables	(	229,341)	54,461
Other Current Liabilities	(	5,222)	145,561
Other non-Current liabilities	(	7,882)	24,423
Cash flow in from operating		4,492,388	2,044,735
Interest received		37,948	64,845
Amount of interest Paid	(	712,263)	(795,124)
Dividends received		3,790,669	735,100
Income tax refunded		12,772	68
Income tax paid	(	1,553,069)	(290,533)
Cash inflow from operating activities		6,068,445	1,759,091

(Continued)

Ruentex Development Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit: NTD in Thousands

	Notes	2021	2020
<u>Cash flows from investing activities</u>			
Costs returned for financial assets at fair value through profit or loss	6(2)	\$ -	\$ 1,105
Acquisition of financial assets at fair value through profit or loss	6(2)	-	(33,835)
Proceeds from disposal of financial assets at fair value through profit or loss		-	38,373
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	6(38)	(197,943)	-
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current; consider a dividend returned at initial holding cost	6(6)	-	122,503
Proceeds from disposal of financial Assets at fair value through other comprehensive income acquired - non-current	6(6)	124,320	61,530
Acquisition of financial assets measured at amortized costs - current	6(7)	(319,000)	(8,521)
Disposal of financial assets measured at amortized costs - current		-	34,083
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income - non-current	6(6)	127,438	-
Investment accounted for under the equity method	6(8)	(90,000)	(87,500)
Return of funds to reduced investment adopting the Equity method	6(8)	99,000	-
Investment in real estate properties, plants, and equipment	6(9)	(326,122)	(644,390)
Disposal the payment of real estate, plants, and equipment		2,516	39,033
Investment real estate acquired	6(12)	(1,638)	-
Acquisition of intangible assets	6(38)	(23,325)	(22,372)
Increase in other financial assets		(292,078)	(532,258)
Proceeds from disposal of non-current assets held for sale		34,645	70,610
Interior design subsidy acquired listed as a deduction of unfinished construction		2,396	-
Increase in prepayments for equipment		(73,767)	(88,272)
Cash used in investing activities		(933,558)	(1,049,911)
<u>Cash flows from financing activities</u>			
Net decrease in short-term borrowings	6(39)	(470,000)	(573,000)
Net increase in short-term bills payable	6(39)	250,000	1,840,000
Amount of long-term borrowings	6(39)	49,493,000	27,275,000
Repayments of long-term borrowings	6(39)	(47,723,000)	(30,028,000)
Decrease in guarantee deposits received	6(39)	(8,444)	(4,742)
Cash dividends paid	6(25)	(1,504,881)	(1,003,254)
Principal elements of lease payments	6(10)(39)	(227,666)	(200,261)
Changes in non-controlling interest	6(36)	(486,645)	(455,929)
Cash used in financing activities		(677,636)	(3,150,186)
Effects of exchange rate change on cash		(3,871)	2,677
Net increase (decrease) in cash and cash equivalents		4,453,380	(2,438,329)
Cash and cash equivalents at the beginning of the period		4,709,372	7,147,701
Cash and cash equivalents at the end of year		\$ 9,162,752	\$ 4,709,372

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Tzu

Ruentex Development Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
2021 and 2020

Unit: NTD in Thousands
(Unless Stated Otherwise)

1. 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.” On July 2, 2002, the Company changed its name to “Ruentex Development Co., Ltd.” under the approval of the competent authority. The Company was authorized to trade its stocks on the Taiwan Stock Exchange since April 30, 1992. The Company and its subsidiaries (collectively referred herein as “the Group” or “Group”) are primarily engaged in construction of residential buildings through subcontracting; lease and sales of commercial buildings; trading of construction materials; sales of related merchandise; operation of supermarkets and shopping malls; undertaking of construction and civil engineering; import/export, manufacturing, and planning of precast constructional components, such as beams, columns, walls, and relevant electrical and mechanical work.

2. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were authorized for issuance by the Company’s board of directors on March 15, 2022.

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

(1) 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 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
Amendment to IFRS 16 - “COVID-19-Related Rent Concessions After June 30, 2021”	April 1, 2021 (Note)

Note: The FSC allowed for the application of the amendment in advance from January 1, 2021 onward.

Except for the following, the above standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

Amendment to IFRS 16 - “COVID-19-Related Rent Concessions After June 30, 2021”

This amendment has allowed the lessee to choose the COVID-19-related rent concessions as a practical expedient, it shall meet all the specified criteria for lease payment reduction. It only affect the expiration dates before June 30, 2021. The extension only affects the payments originally due before June 30, 2022. Please refer to 6(10) for details.

(2) 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 2022 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>
Amendment to IFRS 3 - "Reference to the Conceptual Framework"	January 1, 2022
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

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

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

New standards, interpretations and amendments issued by the International Accounting Standard Board 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)</u>
	<u>Effective date of IASB announcement</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
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 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

1. Except the following material items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(3) Basis of consolidation

1. Basis for preparation of consolidated financial statements

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if

these results in the non-controlling interests having a deficit balance.

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

2. Subsidiaries included in the consolidated financial statements:

<u>The Investee Company</u> <u>Name</u>	<u>Subsidiaries Name</u>	<u>Business nature</u>	<u>Percentage of shareholding (%)</u>		<u>Description</u>
			<u>2021 Dec.31</u>	<u>2020 Dec.31</u>	
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd. (Ruentex Construction)	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	100.00	100.00	(Notes 8 & 13)
Ruentex Development Co., Ltd.	Ruentex Construction International BVI Co., Ltd. (Ruentex B.V.I.)	General Investment	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Property Management and Maintenance Co., Ltd. (Ruentex Property)	Property Management and Maintenance Services	100.00	100.00	
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp. (Ruen Fu)	Senior Citizen's housing and buildings general affairs administration	60.00	60.00	(Notes 1 & 5)
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd. (Ruentex Security)	Ruentex Security Co., Ltd.	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Syu Jan Co., Ltd. (Ruentex Syu Jan)	Mall Operations and Commercial Property Leasing	80.00	80.00	

<u>The Investee Company</u>			<u>Percentage of shareholding (%)</u>		<u>Description</u>
			<u>2021 Dec.31</u>	<u>2020 Dec.31</u>	
<u>Name</u>	<u>Subsidiaries Name</u>	<u>Business nature</u>			
Ruentex Development Co., Ltd.	Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi)	Mall Operations and Commercial Property Leasing	35.00	100.00	(Notes 6 & 12)
Ruentex Development Co., Ltd.	Ruentex Precision Engineering Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	39.14	39.14	(Note 2)
Ruentex Development Co., Ltd.	Ruentex Material Co., Ltd. (Ruentex Material)	Production and distribution of building materials	10.49	10.49	(Note 2)
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Design)	Design and Construction of Interior Decoration, Gardens, and Greenery	5.45	-	(Notes 9 & 11)
Ruentex Development Co., Ltd.	Ruentex Development Company (Ruentex Development)	Commissioning Constructor to Build Collective Housing and Sales	70.00	70.00	
Ruentex Construction International Co., Ltd. (Ruentex Construction)	Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi)	Mall Operations and Commercial Property Leasing	65.00	-	(Notes 7 & 12)
Ruentex Construction International (B.V.I.) Ltd.	Ruentex Construction International Ltd. (Ruentex Construction)	General Investment	100.00	100.00	(Note 1)
Ruentex Security Co., Ltd.	Ruentex Precision Engineering Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	0.72	0.72	Note 2

<u>The Investee Company</u> <u>Name</u>	<u>SubsidiariesName</u>	<u>Business nature</u>	<u>Percentage of shareholding (%)</u>		<u>Description</u> (Note 2)
			<u>2021 Dec.31</u>	<u>2020 Dec.31</u>	
Ruentex Property Management and Maintenance Co., Ltd.	Ruentex Precision Engineering Co., Ltd. (Ruentex Engineering)	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	0.20	0.20	(Note 2)
Ruentex Precision Engineering Co., Ltd.	Ruentex Material Co., Ltd. (Ruentex Material)	Production and distribution of building materials	39.15	39.15	(Note 2)
Ruentex Precision Engineering Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Design)	Design and Construction of Interior Decoration, Gardens, and Greenery	20.34	-	(Notes 9 & 10)
Ruentex Precision Engineering Co., Ltd.	Ruen Yang Construction Co., Ltd. (Ruentex Construction)	Civil Engineering Projects	100.00	100.00	
Ruentex Precision Engineering Co., Ltd.	Runzhu Architecture and Engineering (Shanghai) Co., Ltd. (Runzhu)	Technical Consulting and service of construction engineering	-	100.00	(Note 3)
Ruentex Material Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Design)	Design and Construction of Interior Decoration, Gardens, and Greenery	38.89	100.00	(Notes 4 & 9)

Note 1: Audited by other independent accountants for the years ended December 31, 2021 and 2020.

Note 2: Though the Company does not own more than 50% of the voting rights directly or indirectly, but meets the requirement of controlling capability, and thus it is included in the consolidated entity.

Note 3: The shareholders' meeting of the Newzone Fashion Ltd. had resolved to cease the operating activities on June 30, 2020 and the liquidation and deregistration was completed on September 14, 2021. As of December 31, 2021, the capital repatriated and liquidation margin totaled NT\$169,064.

Note 4: On March 26, 2021, the board of directors of Ruentex Material resolved that for the purposes of the future development of Ruentex Design's operations, attracting and retaining professionals, consolidating resources to improve operational performance and planning for the application of listing (over-the-counter) to diversify its shareholding, Ruentex Material intends that if Ruentex Design issues new shares in one or more capital increases in cash prior to the IPO (over-the-counter), it may waive all or part of its rights to subscribe for such cash capital increase, and that all of the rights will be subscribed by Ruentex Material's shareholders in

proportion to their shareholdings as recorded in Ruentex Material's shareholders' register on the date of distribution of such rights.

Note 5: In order to improve financial structure and strengthen the operating capital, Ruen Fu conducted a capital reduction for making-up losses in June 2021, followed by a subsequent cash capital increase by issuing 1,999,995 new shares based on the plan, the Company paid NT\$12,000 for the new issue in proportion to its shareholding.

Note 6: To develop the business and integrate resources, the Board of Directors of Ruentex Baiyi, in July 2021, approved to conduct a capital increase in cash by issuing 362,142,857 shares. On August 12, 2021, the Company's Board of Directors unanimously approved to give up the rights to subscribe the shares issued by Ruentex Baiyi for the capital increase in cash. After the capital increase, the Company's direct shareholding decreased to 35%, but the combined direct and indirect shareholding remained at 100%.

Note 7: The Board of Directors of Ruentex Construction approved, in August 2021, to subscribe for all 362,142,857 shares issued in the cash capital increase by Ruentex Construction, amounting to NT\$3,621,429. After the capital increase, Ruentex Construction's shareholding in Ruentex Baiyi was 65%.

Note 8: To develop the business and integrate resources, the Board of Directors of Ruentex Construction, in July 2021, approved to conduct a capital increase in cash by issuing 362,142,857 shares. The Company's Board of Directors approved, on August 12, 2021, to subscribe in full in proportion to its shareholding.

Note 9: The Board of Directors of Ruentex Design, in August 2021, approved to conduct a capital increase in cash by issuing 8,250,000 shares a price of NT\$30 per share. The record date of subscription was August 31, 2021. The Board of Directors of Ruentex Material, on August 12, 2021, approved to give up the right to subscribe for the shares issued in the cash capital increase by Ruentex Design. After the capital increase, Ruentex Material's shareholding in Ruentex Design decreased from 100% to 38.89%.

Note 10: Ruentex Engineering & Construction subscribed for 2,745,483 shares issued in the cash capital increase by Ruentex Design in September 2021, in a total amount of NT\$82,365. After the capital increase, Ruentex Engineering & Construction's shareholding in Ruentex Design was 20.34%.

Note 11: The Company subscribed for 735,862 shares issued in the cash capital increase by Ruentex Design in September 2021, in a total amount of NT\$22,076 with a direct shareholding of 5.45%. Because the Company's combined direct and indirect shareholding in Ruentex Design decreased from 26.17% to 23.78% and recognized NT\$9,888 in capital surplus - changes in the ownership interests of subsidiaries recognized (including income tax effect of NT\$637).

Note 12: To develop the Company's business and improve the use of the funds, the extraordinary shareholders' meeting of Ruentex Baiyi, in October 2021, passed a resolution to conduct a cash capital reduction and return the capital in the amount of NT\$3,571,429. The record date of the capital reduction was November 1, 2021.

Note 13: To improve the financial structure to compensate the deficit and to cooperate with the Company's business and improvement to the use of the funds, the Board of Directors of Ruentex Construction, on October 22, 2021, approved to conduct a capital reduction to compensate a deficit of NT\$763,418 and refund part of the share payments of NT\$1,956,755. The record date of the capital reduction is November 2, 2021.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustments for subsidiaries with different balance sheet dates.

None.

5. Significant restrictions.

None.

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

The Group's non-controlling interests accounted NT\$6,242,518 and NT\$4,721,021 as of December 31, 2021 and 2020, respectively, and the following are non-controlling interests that are material to the Group:

<u>Subsidiaries Name</u>	<u>Main business</u> <u>Place of Business</u>	<u>Non-controlling Interest</u>			
		<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>Percentage shareholding</u>	<u>Amount</u>	<u>Percentage shareholding</u>
Ruentex Engineering & Construction Co., Ltd.	Taiwan	\$4,781,754	59.94%	\$3,405,840	59.94%

Summary of subsidiaries' financial information:

Balance Sheet

	<u>Ruentex Engineering & Construction Co., Ltd.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 9,167,034	\$ 5,601,484
Non-current assets	8,243,355	6,446,789
Current Liabilities	(6,262,317)	(4,373,090)
Non-current liabilities	(2,935,835)	(1,970,089)
Total net assets	<u>\$ 8,212,237</u>	<u>\$ 5,705,094</u>

Statements of Comprehensive Income

	<u>Ruentex Engineering & Construction Co., Ltd.</u>	
	<u>2021</u>	<u>2020</u>
Income	\$ 21,337,098	\$ 14,468,066
Net profit before tax	2,224,903	1,339,720
Income tax expense	(439,752)	(250,262)
Net income of current period	1,785,151	1,089,458
Other comprehensive income (Net after tax)	1,467,558	(12,539)
Total Comprehensive Income Current Period	<u>\$ 3,252,709</u>	<u>\$ 1,076,919</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 36,560)</u>	<u>\$ 78,185</u>
Dividends paid to non-controlling interest	<u>\$ 8,212,237</u>	<u>\$ 5,705,094</u>

Statements of Cash Flows

	<u>Ruentex Engineering & Construction Co., Ltd.</u>	
	<u>2021</u>	<u>2020</u>
Cash inflow from operating activities	\$ 1,384,162	\$ 1,023,509
Cash used in investing activities	(928,074)	(435,542)
Cash flow generated from (used in) financing activities	330,455	(1,024,581)
Effects of exchange rate change on cash	(3,291)	4,278
Net increase (decrease) in cash and cash equivalents	783,252	(432,336)
Cash and cash equivalents at the beginning of the period	<u>883,686</u>	<u>1,316,022</u>
Cash and cash equivalents at the end of year	<u>\$ 1,666,938</u>	<u>\$ 883,686</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan dollars", which is the 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 group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing

exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. When the Group still retains partial interest in the former associate or joint arrangements after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in those foreign operations.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. When the Group still retains partial interest in the former subsidiary after losing significant influence over the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of Current and non-Current items

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

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

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

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

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Liabilities that are to be settled within 12 months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

(6) Cash equivalents

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

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

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

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

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.
2. On regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. These financial assets are initially recognized at fair value plus transaction costs and subsequently remeasured and stated at fair value:
The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be listed under the retained earnings. When the right to receive dividend is established, inflow of economic effects of dividend becomes probable, and the dividend amount can be reliably measured, the Group recognizes the dividend income in profit or loss.

(9) 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 regular way purchase or sale basis, financial assets measured at amortized cost are recognized and derecognized using trade date accounting.
3. These financial assets are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using effective interest rate method, less provision for impairment. Interest income is recognized during the circulation. When derecognizing these financial assets, gains or losses of disposal are recognized in profit or loss.
4. The Group holds time deposits that do not meet the definition of cash equivalents. With the short-term nature, the effect of discounting is not significant, so they are measured as an investment.

(10) Notes and accounts receivable

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

(11) Impairment of financial Assets

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

(12) Derecognition of financial Assets

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

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

(13) 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.

(14) Inventories

The Group uses the perpetual inventory system, and initially recognizes at the amount equal to acquisition cost. Subsequently, interests related to the construction in progress over the construction period are capitalized. Costs are recognized using the weighted average method where the costs of finished products and work-in-progress include the raw materials, direct labor, other direct costs and expenses related to the production. 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.

(15) Non-current assets held for sale

When the carrying amount of a non-current asset is to be recovered principally through a sale transaction rather than through continuing use, and it is more likely that the asset will be sold, then that asset is classified as held for sale and is measured at whichever is the lesser of the carrying amount or the fair value, less the costs to sell.

(16) Investments/associates accounted for under equity method

1. An associate is an entity over which the Group has significant influence but not control. Generally, it is an entity in which the Group directly or indirectly holds more than 20% of its voting shares. The Group recognizes the investments in associates using the equity method at acquisition cost initially.
2. Subsequent profit or loss for the investments in associates are recognized in profit or loss after the acquisition; other comprehensive income after the acquisition is recognized in other comprehensive income.
 - (1) Among them, for “other comprehensive income recognized by share - reclassification using overlay approach”, the overlay approach may only be designated for financial assets that meet the criteria below:
 - (a) The financial asset at fair value through profit or loss under IFRS 9, but if the International Accounting Standards 39 (IAS 39) (Financial Instruments: Recognition and Measurement) applies, it will not be measured at fair value through profit or loss as a whole; and
 - (b) The financial asset is not held for an activity not connected to a contract within the scope of IFRS 4.
 - (2) Investees using the equity method may (but are not required to) apply the overlay approach to a designated financial asset. The overlay approach is accounting treatment of a reclassified amount between profit or loss and other comprehensive income; such that the gain or loss on the designated financial asset at the end of the reporting period is the same as that on the designated financial asset with IAS 39 applied. Accordingly, the reclassified amount is the difference between:
 - (a) the amount recognized in profit or loss when IFRS 9 applies to the designated financial asset; and
 - (b) The amount recognized in profit or loss if IAS 39 applies to the designated financial asset.

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

3. When there is a change in equity of an associate that is not related to profit or loss and other comprehensive income and does not impact the Group's shareholding in the associate, the equity change attributable to the Group's interests in the associate is recognized as “Capital Surplus” in proportion to the Group's shareholding in the associate.
4. The unrealized gains and losses resulted from transactions between the Group and associates are eliminated to the extent of the Group's interest in each associate. Unless impairment on the assets transferred is indicated with clear evidence, the unrealized losses are eliminated. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When an associate issues new shares and the Group does not subscribe or acquire in proportion to its shareholding resulting in a change of the Group's investment percentage in the associate but where the Group still retain significant influence over the associate, the change in the net equity value is recognized in “Capital Surplus” or “Investments Recognized under Equity Method”. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant

Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.

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

(17) Property, plant, and equipment

1. Property, plant and equipment are recorded at acquisition cost, and the interest is capitalized over the acquisition and construction period.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other 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 balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 years ~ 66 years
Machinery and equipment	2 years ~ 25 years
Warehouse equipment	2 years ~ 8 years
Transportation equipment	2 years ~ 7 years
Office equipment	2 years ~ 8 years
Other equipment	2 years ~ 11 years

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

1. The lease assets are recognized as the right-of-use assets and lease liabilities on the date

availed to the Group. If the lease contracts are short-term lease or low-value underlying asset lease, the lease payments are recognized as expenses during the lease terms with the straight line method.

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

(19) Investment Real Estate

Investment property is initially recognized at acquisition cost and subsequently measured applying cost model. Interests incurred during construction period are capitalized. Except Land, property, plant and equipment are depreciated on a straight line basis with useful lives from 3 to 66 years.

(20) Intangible Assets

1. Trademark, patent rights and service concession
Trademark, patent rights and service concession are stated as acquisition cost and amortized on a straight line basis with useful lives of 3~20 years.
2. Computer software
Computer software is stated at acquisition cost and amortized on a straight line basis with useful lives of 3~5 years.
3. Mineral rights
Based on expected number of units the mineral resource should produce, depreciation is calculated using the unit of production method. If there is any change to the expected production units, the depreciation per unit is recalculated using the assets' carrying amount, and the depreciation recognized in the prior years is not restated.
4. Intangible assets generated internally - expenses of R&D
 - (1) R&D expenses are recognized as the expenses of the current term when occur.
 - (2) The R&D expenses disqualified from the following criteria are recognized as the expenses of the current term; the R&D expenses qualified with the following criteria are recognized as intangible assets:
 - A. The technical feasibility of being intangible assets has been achieved, so that the intangible asset may be used or sold;
 - B. Intention to complete the intangible assets for use or sale;
 - C. Capability to use or sell the intangible assets;
 - D. The likely perspective economic benefits of the concerned intangible assets may be proved;

- E. Sufficient technical, financial, and other resources to complete the developments are in place, to use or sell the intangible assets;
 - F. The expenses attributed to the intangible assets during the development may be measured reliably.
- (3) The intangible assets generated internally - the grouting materials for offshore wind power generation - are amortized on a straight-line basis over their estimated useful lives of 5 years after they have reached the state of use.

5. Goodwill

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

(21) Impairment of non-financial Assets

1. The group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should be not more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. Periodic estimate of recoverable amounts of goodwill, and intangible assets not available for use shall be estimated regularly. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the recoverable amount. Impairment loss for goodwill is not reversible.
3. To test for impairment, goodwill must be allocated to each cash-generating units. The allocation is based on operation units, and goodwill is allocated to each cash-generating units or groups of cash-generating units that are expected to be benefited by the business combination.

(22) Loans

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

(23) Notes and accounts payable

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

(24) 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.

(25) Provisions

Provisions for warranty liability are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation

can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

(26) 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.

3. Termination benefits

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

4. Employees' compensation and directors' remuneration

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

(27) Employee share-based payment

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

(28) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or 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. Tax credits resulting from research and development expenditures are treated with accounting for income tax credits.

(29) 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.

(30) 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.

(31) Income

1. Land development and sale

- (1) The Group conducts its business in land development and sale of residential buildings, revenue is recognized when the control of the property has been transferred to the customer. For a signed residential contract, due to restrictive terms set out in the contract, the Group retains no continuing involvement of the associated property. Only if the legal ownership of property has been transferred to the customer, the Group will have the right to the contract consideration. Thus, revenue is recognized when the legal ownership has been 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. In rare cases, the Group and the customer agree to defer the payments for a period less than 12 months that doesn't involve a significant financing component, so the contract consideration is not adjusted.

2. Sale of goods

- (1) The Group manufactures and sells cement, building materials and related merchandises, as well as operates supermarkets and shopping malls. Revenue arising from sales of goods is recognized when the control of products has been transferred to the customer, that is when products are delivered to the customer and there is no unsatisfied performance obligation by the Group that may affect the customer acceptance of the product. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proving that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
- (2) The Group offers loyalty program to retail customers by giving out reward points for purchases, and customers may use the reward points in exchange for discounts or free products. 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 are recognized when products are delivered to customers. Since the Group has the absolute right for the contract consideration after the point of the time of delivery, and may collect such consideration from customers after such point of time.
- (4) Financial component
For the contracts that the Group signs with customers, the time between product or

service delivery and customer payment does not exceed one year, so the price is not adjusted for the time value of money.

3. Construction contract revenue

- (1) The Group sub-contracts construction projects. As the performance of construction contracts creates or enhances one asset, and the concerned asset becomes under control of the client or does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date, the Group recognizes revenue over time as it satisfies the performance obligation.
- (2) The Group's recognition of construction contract revenue is based on the stage of completion of a contract using the percentage of completion method of accounting during the duration of a contraction. The contract costs are recognized as expenses in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. If the total contract costs are probable to exceed total contract revenue, the estimated loss is recognized as expenses immediately. When the result of a construction contract cannot be reasonably estimated, revenue is recognized only to the extent of contract costs incurred.
- (3) The Group's estimations for revenue, costs and stage of completion are adjusted accordingly. Any variation of estimated revenue or costs arising from change of estimations is reflected in profit or loss in the period when the condition for change of estimation is made known to the management.
- (4) The variable consideration arising from performance bonuses, penalties or claims that could result in variation of total contract price is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future.
- (5) Retention money mandated in the construction contract should be paid after acceptance of construction by the customers. The retention money receivable is a form of protection for its customers in the event that the counter-party does not perform parts or all obligations properly, and thus does not contain any significant financing component.
- (6) The excess of receivables from customers on construction contracts, that is, the cumulative costs incurred plus, recognized profits (less recognized losses) over the progress billings on each construction contract is presented as a contract asset. While the excess of the progress billings over the cumulative costs incurred plus, recognized profits (less recognized losses) on each construction contract is presented as a contract liability.

4. Services revenue

The Group manages apartment buildings and provides security services. Services revenue is recognized when service is provided to customers within the reporting period. Revenue from fixed-price contracts is recognized in proportion to the service rendered up to the balance sheet date. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability.

5. Rental income

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

6. 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 incurred (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.

(32) Government grants

Government grants are recognized at fair value when there is reasonable assurance that an enterprise will comply with the conditions attached to the government grants and will receive the grant. If the nature of the government grants is to compensate the expenses incurred by the Group, such grants shall be recognized as the current profit or loss on a systematic basis during the period in which such expenses are incurred (listed as a deduction of R&D expenses).

(33) Operating segments

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

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

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

(1) Critical judgments in applying the Group's accounting policies

Investment Real Estate

The properties that the Group holds for the purposes of earning rent or capital appreciation are classified as investment property.

(2) Critical accounting estimates and assumptions

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

The Group's investments in securities of other unlisted companies at fair value through other comprehensive income, the fair values are measured with reference to the valuation of comparable companies, company technology development, market condition, and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. Please refer to Note XII (4) for the details of fair value of financial instruments.

On December 31, 2021, the carrying amount of the Group's investments in securities of other unlisted companies at fair value through other comprehensive income was NT\$1,388,515.

2. Revenue recognition

Construction revenue should be recognized by reference to the stage of completion in the contract period using the percentage of completion method. Contract costs are recognized in the incurred period. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 11,283	\$ 11,134
Checking deposits	844,812	298,501
Demand deposits	949,308	754,556
Time deposits	6,045,681	2,326,071
Cash equivalents - Bonds under repurchase agreements	<u>1,311,668</u>	<u>1,319,110</u>
	<u>\$ 9,162,752</u>	<u>\$ 4,709,372</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group's restricted cash and cash equivalents on December 31, 2021 and 2020 due to advance receipt trust for construction projects, project performance bond, contracted business, and warranty were NT\$1,030,030 and NT\$709,109, respectively, of which NT\$997,348 and NT\$676,698 were classified as other current assets - other financial assets, and NT\$32,682 and NT\$32,441 were classified as other non-current assets - other financial assets.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Convertible bonds	\$ -	\$ 33,835
Adjustments for valuation	-	3,427
	<u>\$ -</u>	<u>\$ 37,262</u>

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

	<u>2021</u>	<u>2020</u>
Financial assets at fair value through profit or loss (mandatory)		
Structured wealth management products	\$ -	\$ 137
Convertible bonds	<u>12,018</u>	<u>3,427</u>
	<u>\$ 12,018</u>	<u>\$ 3,564</u>

2. For the years 2021 and 2020, the reversal of impairment profit due to return of share capital was NT\$0 and NT\$1,105.
3. The privately offered fund (Chih Long No. 2) invested by the Group completed the dissolution in September 2020, and the Group wrote off the recognized investment costs, and cumulatively recognized unrealized adjustment for valuation - both were losses of NT\$41,478.

4. The Group 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.
 5. The Group converted the 336,000 shares of convertible corporate bonds invested in Brogent Technologies Inc. into 320,000 ordinary shares in November 2021. Therefore, the initially recognized investment cost of NT\$33,835 and the cumulative value adjustment recognized in the amount of NT\$15,445 were reclassified to financial assets at fair value through other comprehensive income - non-current.
- (3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	<u>\$ 1,176,984</u>	<u>\$ 136,917</u>
Accounts receivable (Note)	\$ 177,777	\$ 129,654
Construction payment receivable	<u>1,153,850</u>	<u>912,707</u>
	1,331,627	1,042,361
Less: Allowance for loss	<u>(4,124)</u>	<u>(8,512)</u>
	<u>\$ 1,327,503</u>	<u>\$ 1,033,849</u>

Note: the amounts due within a year of the long-term rent receivables included; please refer to Note 6 (11) for details.

1. Ruentex Material, the sub-subsidiary of the Company, issues the invoice and bill of lading when taking the customer's order, debits accounts receivable and credits advance sales receipt (the "contract liability-current" account). When it receives notes issued by the customer, the amount is then transferred to notes receivable from accounts receivable. Based on demand quantity, the customer picks up the cement in batches, and the actual sales amount is then transferred from advance sales receipt to revenue. To prevent inflated assets and liabilities, the notes and accounts receivable and advance sales receipt related to undelivered cement are offset with each other and presented in the net values. As of December 31, 2021 and 2020, the amounts were NT\$169,888 and NT\$209,962.
2. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not overdue	\$1,321,220	\$1,176,984	\$1,024,824	\$ 136,917
Overdue				
Within 30 days	3,561	-	3,595	-
31-60 days	993	-	53	-
61-90 days	966	-	5,323	-
91 days and more	<u>4,887</u>	<u>-</u>	<u>8,566</u>	<u>-</u>
	<u>\$ 1,331,627</u>	<u>\$1,176,984</u>	<u>\$ 1,042,361</u>	<u>\$ 136,917</u>

The aging analysis was based on past due date.

3. The balances of the receivables and notes receivable as of December 31, 2021 and 2020 were incurred by the clients' contracts; also as of January 1, 2020, the balances of the notes

receivable and receivables were NT\$257,873 and NT\$1,071,790, respectively.

4. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$1,176,984 and NT\$136,917 for notes receivable, as of December 31, 2021 and 2020, respectively; the accounts receivable were NT\$1,327,503 and NT\$1,033,849 as of December 31, 2021 and 2020, respectively.
5. The Group did not hold any collateral as security.
6. Please refer to Note 12 (3) for information of credit risk for accounts receivable and notes receivable.

(4) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Construction business department:		
Real property for sale (including parking space)	\$ 10,066,624	\$ 13,346,341
Property under construction	13,427,738	11,254,310
Construction land	3,662,527	3,045,488
Prepaid construction payments	268	-
Prepayment for land purchases	1,408,337	1,182,377
Materials and supplies	422,206	306,684
Work in progress and finished goods	158,599	119,860
Less: Allowance for valuation losses	<u>(384,244)</u>	<u>(378,951)</u>
Subtotal	<u>28,762,055</u>	<u>28,876,109</u>
Hypermarket and Franchise Business Department:		
Merchandise inventory	132,650	130,767
Less: allowance for obsolescence loss	<u>(1,652)</u>	<u>(2,992)</u>
Subtotal	<u>130,998</u>	<u>127,775</u>
Total	<u>\$ 28,893,053</u>	<u>\$ 29,003,884</u>

1. Inventory and construction costs recognized as expense in the current period.

	<u>2021</u>	<u>2020</u>
Cost of inventories sold and construction costs	\$ 20,381,365	\$ 14,007,322
loss on physical inventory	8,653	9,221
Unallocated manufacturing costs	6,840	6,840
Revenue from sales of scraps	(20,831)	(13,191)
(Gain from price recovery) Loss from price reduction	<u>3,953</u>	<u>(42,951)</u>
	<u>\$ 20,379,980</u>	<u>\$ 13,967,241</u>

The net realizable value of the Group's inventories in 2020 was realized due to the inventories recognized as allowance of loss were sold in 2021, the inventories generated gains from price recovery.

2. Inventory capitalization amount and interest range:

	<u>2021</u>	<u>2020</u>
Amount of capitalization	\$ 101,069	\$ 92,674
Interest rate collars of capitalization	0.22%~2.00%	0.83~2.00%

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 8.

(5) Other Current Assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Joint construction guarantee deposits	\$ 526,304	\$ 581,036
Restricted bank deposits	997,348	676,698
Guarantee deposits paid	6,249	8,194
Incremental costs of obtaining contracts	125,130	115,458
Others	25,635	17,961
	<u>\$ 1,680,666</u>	<u>\$ 1,399,347</u>

Details of the Group's other financial assets pledged to others as collateral are provided in Note 8.

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

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items		
Equity Instrument		
Shares of non-TWSE/TPEX listed companies	\$ 128,717	\$ -
Adjustments for valuation	1,174,621	-
Total	<u>\$ 1,303,338</u>	<u>\$ -</u>
Non-current items		
Equity Instrument		
Shares of TWSE listed companies	\$ 1,162,301	\$ 958,501
Shares of the TPEX listed companies	738,465	689,185
Shares of the TPEX-listed companies	-	12,388
Shares of non-TWSE/TPEX listed companies	289,125	551,827
	<u>2,189,891</u>	<u>2,211,901</u>

Adjustments for valuation

- Shares of TWSE listed companies	1,679,993	494,517
- Shares of the TPEX listed companies	530,185	697,124
- Shares of the TPEX-listed companies	-	74,776
- Shares of non-TWSE/TPEX listed companies	(203,948)	99,900
	<u>2,006,230</u>	<u>1,366,317</u>
Total	<u>\$ 4,196,121</u>	<u>\$ 3,578,218</u>

1. The Group elected to classify the TWSE listed securities for stable dividends as financial assets at fair value through other comprehensive income; such investments amounting NT\$2,842,294 and NT\$1,453,018 as of December 31, 2021 and 2020, respectively.
2. The Group elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$1,268,650 and NT\$1,386,309 as of December 31, 2021 and 2020, respectively.
3. The Group elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$0 and NT\$87,164 as of December 31, 2021 and 2020, respectively.
4. The Group elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive income, amounting to NT\$1,388,515 and NT\$651,727 as of December 31, 2021 and 2020, respectively.
5. The Group's maximum exposure to credit risk for financial assets at fair value through other comprehensive income, before consideration of associated collateral held and other credit enhancements was NT\$5,499,459 and NT\$3,578,218 as of December 31, 2021 and 2020, respectively.
6. Evergreen Steel Corporation was listed on Taiwan Stock Exchange (TWSE) on January 13, 2020. Therefore, the Group 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. Evergreen Steel Corporation was approved to be listed on TWSE on October 27, 2020 and its stock began to be traded on April 23, 2021. Therefore, the Group reclassified the stock from TPEX-listed stock to TWSE-listed one. The adjustments to the cost and valuation gains are NT\$12,388 and NT\$102,573, respectively. The Group successively disposed of all 1,884,613 shares of Evergreen Steel Corporation it held in June and July 2021, and the disposal amount was NT\$124,320. The Group wrote off the initially recognized investment cost of NT\$12,388 and the cumulative unrealized valuation adjustment- gains recognized of NT\$111,932
7. The later application for a public offering by Brogent Technologies Inc., a company listed on TPEX, took effect. Therefore, the Group, in the first quarter of 2020, 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.
8. Pacific Resources Corporation, an unlisted company, conducted a capital reduction to compensate the deficit in October 2021 with a capital reduction percentage of 77.5%. The Group's shares held decreased by 835,000 shares in proportion to the shareholding. Therefore, the initial cost of the holding and relevant value losses written off by the Group were both NT\$6,547.

9. The Group's board of directors approved the disposal of 5,308,868 shares of private placement shares of ORIENT SEMICONDUCTOR ELECTRONICS LTD., a TWSE-listed company, at NT\$11.59 per share on November 5, 2020 for NT\$61,530, and the Group offset the initial investment cost of NT\$71,208 and the cumulative unrealized valuation adjustment-loss of NT\$9,678. The transaction was completed in December 2020.
10. RT-MART International Co., Ltd. (hereinafter referred to as "RT-MART"), a non-publicly listed company, distributed cash dividends of NT\$122,503 from the capita surplus contributed by shareholders in November 2020, which was regarded as a decrease in the cost of the Group's initial holding. In addition, RT-Mart's shareholders' meeting, to adjust its capital structure and improve the return on shareholders' equity, approved to reduce the capital by 75.73% with a par value of NT10 per share on July 27, 2021. The capital returned to the Group for the capital reduction totaled NT\$127,438
11. The Group's board of directors approved the disposal of all 4,085,139 shares of RT-Mart held by the Group on October 22, 2021 with the proceeds of NT\$1,303,338. As of March 15, 2022, the equity transfer had not been completed. The Group's initial holding cost and relevant valuation gains were NT\$128,717 and NT\$1,174,621, respectively, and were reclassified, based on their liquidity, to financial assets at fair value through other comprehensive income - current.
12. Please refer to Note 6(2) for the description of the conversion of the Group's convertible corporate bonds issued by Brogent Technologies Inc. into ordinary shares in November 2021.
13. The Group purchased 2,051,000 shares issued by TWSE-listed companies in the open market in the amount of NT\$203,800 in the fourth quarter of 2021.
14. The details of financial assets at fair value through other comprehensive income recognized in comprehensive income (loss) and retained earnings are as follows:

Item	2021	2020
Changes in fair value recognized as other comprehensive income	<u>\$ 1,919,919</u>	<u>(\$ 63,424)</u>
Unrealized valuation (gains) losses on financial assets transferred to retained earnings due to disposal	<u>(\$ 111,932)</u>	<u>\$ 9,678</u>
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition	<u>\$ 6,547</u>	<u>\$ -</u>
Dividend incomes recognized in profit and loss		
Held at the end of the current period	\$ 48,967	\$ 127,501
Derecognized within the current period	<u>-</u>	<u>796</u>
	<u>\$ 48,967</u>	<u>\$ 128,297</u>

15. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

(7) Financial Assets at amortized cost

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Demand deposit with original maturity date for more than three months	<u>\$ 319,000</u>	<u>\$ -</u>
Non-current items:		
Subordinated corporate bonds	<u>\$ 560,000</u>	<u>\$ 560,000</u>

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

	<u>2021</u>	<u>2020</u>
Interest revenue	<u>\$ 20,299</u>	<u>\$ 19,730</u>

2. The Group's maximum exposure to credit risk for financial assets measured at amortized costs, before consideration of associated collateral held and other credit enhancements was NT\$879,000 and NT\$560,000 as of December 31, 2021 and 2020, respectively.

3. The Group did not pledge financial assets measured at amortized costs to others as collateral.

4. Please refer to Note 12(3) for credit risk information.

(8) Investments accounted for using equity method

1. Details are as follows:

<u>Name of the associate</u>	<u>Carrying amount</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shing Yen Construction Development Co., Ltd. (Shing Yen)	<u>\$ 294,800</u>	<u>\$ 295,444</u>
Ruentex Industries Ltd. (Ruentex Industries)	10,264,479	10,239,469
Gin-Hong Investment Co., Ltd. (Gin-Hong)	1,090,494	690,904
Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend)	869,113	865,560
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	95,598,228	93,873,325
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	1,121,541	1,114,185
Global Mobile Corp. (Global Mobile)	-	-
Concord Greater China Ltd.(Concord)	854,718	4,348,924
Sinopac Global Investment Ltd.(Sinopac)	<u>1,020,479</u>	<u>2,031,294</u>
	<u>\$ 111,113,852</u>	<u>\$ 113,459,105</u>

2. The investment shareholder percentage is as follows:

<u>Name of the associate</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shing Yen	45.45%	45.45%
Ruentex Industries	11.95%	11.95%
Gin-Hong	30.00%	30.00%
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%
Concord	25.46%	25.46%
Sinopac	49.06%	49.06%

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

<u>Name of associate</u>	<u>2021</u>	<u>2020</u>
Shing Yen	(\$ 1,170)	\$ 7,972
Ruentex Industries	1,408,137	700,943
Gin-Hong	16,824	42,296
Sunny Friend	251,536	264,589
Ruen Chen	13,131,701	7,981,947
Nan Shan Life Insurance	135,971	82,652
Concord	24,884	58,518
Sinopac	7,415	19,817
	<u>\$ 14,975,298</u>	<u>\$ 9,158,734</u>

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

Company name	Principal Place of Business	Shareholding percentage		Nature of relationship	Measurement method
		<u>December 31, 2021</u>	<u>December 31, 2020</u>		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	11.95%	11.95%	Diversification	Equity method

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

Balance Sheet

	<u>Ruen Chen</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 239,909,703	\$ 281,185,274
Non-current assets	5,039,698,374	4,879,285,008
Current Liabilities	(20,344,978)	(33,539,725)
Non-current liabilities	<u>(4,826,311,038)</u>	<u>(4,701,209,668)</u>
Total net assets (Note)	<u>\$ 432,952,061</u>	<u>\$ 425,720,889</u>
Portion of the net assets of associates	<u>\$ 95,598,228</u>	<u>\$ 93,873,325</u>

Note: Included in non-controlling interests in Ruen Chen Investment Holdings as of December 31, 2021 and 2020 were NT\$50,559,148 and NT\$50,227,590, respectively.

	<u>Ruentex Industries</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 15,005,645	\$ 21,844,276
Non-current assets	133,268,236	131,827,773
Current Liabilities	(6,435,307)	(8,583,534)
Non-current liabilities	<u>(31,851,997)</u>	<u>(29,482,021)</u>
Total net assets (Note)	<u>\$ 109,986,577</u>	<u>\$ 115,606,494</u>
Portion of the net assets of associates	<u>\$ 10,264,479</u>	<u>\$ 10,239,469</u>

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

Statements of Comprehensive Income

	<u>Ruen Chen</u>	
	<u>2021</u>	<u>2020</u>
Income	<u>\$ 570,159,159</u>	<u>\$ 579,075,147</u>
Current Net Profit (Note 1)	58,697,320	35,695,200
Other comprehensive income (Net of tax)	<u>(51,367,996)</u>	<u>104,899,215</u>
Total Comprehensive Income Current Period (Note 2)	<u>\$ 7,329,324</u>	<u>\$ 140,594,415</u>

Note 1: Included the net combined income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2021 and 2020, in the amount of NT\$6,170,517 and NT\$3,767,410, respectively.

Note 2: Included the net combined comprehensive Income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2021 and 2020, in the amount of NT\$802,473 and NT\$13,807,892, respectively.

	<u>Ruentex Industries</u>	
	<u>2021</u>	<u>2020</u>
Income	\$ 2,695,981	\$ 2,736,394
Net income of current period	15,640,631	8,091,349
Other comprehensive income (Net of tax)	(14,917,997)	25,971,071
Total Comprehensive Income Current Period	<u>\$ 722,634</u>	<u>\$ 34,062,420</u>
Dividends received from associates	<u>\$ 131,441</u>	<u>\$ 328,603</u>

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

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to NT\$5,251,145 and NT\$9,346,311, respectively.

	<u>2021</u>	<u>2020</u>
Net income of current period	\$ 59,754,652	\$ 37,048,759
Other comprehensive income (Net of tax)	(57,488,385)	101,206,681
Total Comprehensive Income Current Period	<u>\$ 2,266,267</u>	<u>\$ 138,255,440</u>

7. As of December 31, 2021 and 2020, among the investments accounted under equity method, the amounts for Jing-Hong, Concord, and Sinopac were measured based on the financial reports audited by other independent accountants.
8. The fair value of the Group's investments accounted under equity method with quoted market prices is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ruentex Industries	\$ 8,561,148	\$ 4,707,787
Sunny Friend	5,920,591	6,914,775
	<u>\$ 14,481,739</u>	<u>\$ 11,622,562</u>

9. Ruen Chen Investment Holding conducted cash capital increase in July 2021 and July 2020 and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$90,000 and NT\$87,500.
10. Global Mobile was an investee of the Company with valuation under equity method - Ruentex Industries' investment under equity method. After the assessment of the Company, the Company had significant influence on Global Mobile; therefore, the investment under equity method was adopted to recognize such company. Global Mobile received a letter in March 2015 stating that its application for the extension of wireless broadband reception business was rejected by the competent authority. Global Mobile had filed appeal for its application according to the law, and subsequently, in November 2015, it received a letter informing that its appeal had been rejected by the competent authority such that its service was terminated in December of the same year. Global Mobile had filed appeal and subsequent litigation according to laws. However, based on the conservative and stable business principle of the Company, it had recognized an impairment loss in 2015 as NT\$ 5,247.
11. (1) For the purposes of investments and diversifying operations, the Company invested in 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. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred portion of shares of Ruen Chen Investment Holdings for trust, the major terms and conditions of the trust are as follows:

- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 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.
 - D. As stated above, at the request of the competent authority, the Company delivered part of the shares of Ruen Chen Investment Holdings to a trust. However, as the trust period ended in September 2021, the trust property was already returned to the Company as per the trust deed.
- (2) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Co., Ltd. (Referred

herein as “Nan Shan General Insurance”; originally named as Chartis Taiwan Insurance Co., Ltd.), and the undertaking is as follows:

- A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according to the laws and FSC's commitment.
 - B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 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.
- (3) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT\$ 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.
12. To meet the demands for reinvestment and diversify the operations, the Company invested in Nan Shan Life Insurance with a shareholding of 0.23%. 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.
 13. The Group holds 11.95% 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 eight seats on the board of directors of Ruentex Development, the Group does not hold any seat, showing that the Group 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.
 14. The Group 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 Group, showing that the Group 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.

15. In order to improve the use of funds, Jing-Hong conducted capital reductions in June 2021 and returned the capital to shareholders with a capital reduction percentage of 36.67%. The capital refunded to the Company in proportion to the shareholding was NT\$99,000.
16. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note VIII.

(9) Property, plant, and equipment

	2021								
	Land	Buildings and structures	Machinery and equipment	Warehouse equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	\$1,534,147	\$1,686,642	\$1,942,967	\$ 34,312	\$ 58,646	\$ 172,636	\$1,239,983	\$ 613,684	\$7,283,017
Accumulated depreciation	-	(581,025)	(1,156,371)	(30,505)	(49,975)	(115,552)	(517,724)	-	(2,451,152)
	<u>\$1,534,147</u>	<u>\$1,105,617</u>	<u>\$ 786,596</u>	<u>\$ 3,807</u>	<u>\$ 8,671</u>	<u>\$ 57,084</u>	<u>\$ 722,259</u>	<u>\$ 613,684</u>	<u>\$4,831,865</u>
January 1	\$1,534,147	\$1,105,617	\$ 786,596	\$ 3,807	\$ 8,671	\$ 57,084	\$ 722,259	\$ 613,684	\$4,831,865
Addition	-	2,360	72,110	972	8,600	18,349	74,761	148,970	326,122
Transfer (Note 1)	6,589	324,956	326,898	16,202	-	-	96,156	(706,078)	64,723
Costs of disposal of assets	-	-	(15,260)	(23,628)	-	(15,425)	(123,669)	-	(177,982)
Accumulated depreciation on disposal date	-	-	14,006	22,982	-	11,027	123,472	-	171,487
Capitalization of interest	-	-	-	-	-	-	-	1,536	1,536
Depreciation expense	-	(64,910)	(138,489)	(2,939)	(4,362)	(20,310)	(103,807)	-	(334,817)
Impairment loss	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
Others (Note 2)	-	-	-	-	-	-	-	(2,396)	(2,396)
December 31	<u>\$1,540,736</u>	<u>\$1,357,692</u>	<u>\$ 990,420</u>	<u>\$ 17,396</u>	<u>\$ 12,909</u>	<u>\$ 50,725</u>	<u>\$ 788,793</u>	<u>\$ 55,716</u>	<u>\$4,814,387</u>
December 31									
Cost	\$1,540,736	\$2,013,958	\$2,326,715	\$ 27,858	\$ 67,246	\$ 175,560	\$1,287,231	\$ 55,716	\$7,495,020
Accumulated depreciation	-	(645,935)	(1,280,854)	(10,462)	(54,337)	(124,835)	(498,059)	-	(2,614,482)
Accumulated impairment	-	(10,331)	(55,441)	-	-	-	(379)	-	(66,151)
	<u>\$1,540,736</u>	<u>\$1,357,692</u>	<u>\$ 990,420</u>	<u>\$ 17,396</u>	<u>\$ 12,909</u>	<u>\$ 50,725</u>	<u>\$ 788,793</u>	<u>\$ 55,716</u>	<u>\$4,814,387</u>

Note1: The amount of NT\$64,723 is reclassified from prepayments for business facilities.

Note 2: It is the amount of NT\$2,396 received as an interior design subsidy, recognized as a deduction of unfinished construction.

2020

	Land	Buildings and structures	Machinery and equipment	Warehouse equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	\$1,533,249	\$1,627,274	\$1,837,943	\$ 32,317	\$ 63,754	\$ 142,902	\$1,090,037	\$ 376,402	\$6,703,878
Accumulated depreciation	-	(538,356)	(1,092,953)	(30,609)	(50,687)	(103,151)	(457,590)	-	(2,273,346)
	<u>\$1,533,249</u>	<u>\$1,088,918</u>	<u>\$ 744,990</u>	<u>\$ 1,708</u>	<u>\$ 13,067</u>	<u>\$ 39,751</u>	<u>\$ 632,447</u>	<u>\$ 376,402</u>	<u>\$4,430,532</u>
January 1	\$1,533,249	\$1,088,918	\$ 744,990	\$ 1,708	\$ 13,067	\$ 39,751	\$ 632,447	\$ 376,402	\$4,430,532
Addition	898	325	70,235	2,940	2,961	26,271	99,566	441,194	644,390
Transfer (Note)	-	151,464	92,371	-	-	7,493	60,069	(207,419)	103,978
Reclassification of non-current assets held Assets	-	(60,303)	-	-	-	-	-	-	(60,303)
Costs of disposal of assets	-	(20,727)	(57,579)	(945)	(8,061)	(4,021)	(9,587)	-	(100,920)
Accumulated depreciation on disposal date	-	3,575	57,176	730	7,413	3,897	8,399	-	81,190
Capitalization of interest	-	-	-	-	-	-	-	3,507	3,507
Depreciation expense	-	(58,607)	(120,596)	(626)	(6,706)	(16,307)	(68,635)	-	(271,477)
Net exchange differences	-	972	(1)	-	(3)	-	-	-	968
December 31	<u>\$1,534,147</u>	<u>\$1,105,617</u>	<u>\$ 786,596</u>	<u>\$ 3,807</u>	<u>\$ 8,671</u>	<u>\$ 57,084</u>	<u>\$ 722,259</u>	<u>\$ 613,684</u>	<u>\$4,831,865</u>
December 31									
Cost	\$1,534,147	\$1,686,642	\$1,942,967	\$ 34,312	\$ 58,646	\$ 172,636	\$1,239,983	\$ 613,684	\$7,283,017
Accumulated depreciation	-	(581,025)	(1,156,371)	(30,505)	(49,975)	(115,552)	(517,724)	-	(2,451,152)
	<u>\$1,534,147</u>	<u>\$1,105,617</u>	<u>\$ 786,596</u>	<u>\$ 3,807</u>	<u>\$ 8,671</u>	<u>\$ 57,084</u>	<u>\$ 722,259</u>	<u>\$ 613,684</u>	<u>\$4,831,865</u>

Note: It represents a transfer of \$103,957 for prepaid equipment, \$97 for prepaid construction and a transfer of \$76 to expenses.

1. Details of the Group's property, plant and equipment pledged to others as collateral are provided in Note 8.
2. Due to legal restrictions, part of the land of the Company's Sub-subsidiary, Ruentex Material, is held in the name of another person and a mortgage is created to Ruentex Material. Please refer to Note 7 for details.
3. Capitalized amount of borrowing costs for property, plant and equipment and interest rate range:

	<u>2021</u>	<u>2020</u>
Amount of capitalization	<u>\$ 1,536</u>	<u>\$ 3,507</u>
Interest rate collars of capitalization	0.90%~0.97%	0.88%~1.07%

4. In 2021 the Company's sub-subsidiary, Ruentex Material, recognized NT\$66,151 for the property, plant and equipment of its quarry cableway in impairment. Please refer to Notes 6(13) and (16) for details.

(10) Lease transactions - lessees

1. The underlying assets of the Group to be leased include the land for operation, operating offices, Zhonglun Building office, company vehicles and mines from others in the form of operating lease, and the lease period is from 2012 to 2084. 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>2021</u>				
	<u>Land – rent</u>	<u>Buildings – rent</u>	<u>Land – premiums</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1					
- Cost	\$ 200,199	\$ 1,089,273	\$ 1,812,568	\$ 6,745	\$ 3,108,785
- Accumulated depreciation	(63,539)	(226,394)	(63,632)	(1,147)	(354,712)
- Accumulated impairment	-	-	(187,045)	-	(187,045)
	<u>\$ 136,660</u>	<u>\$ 862,879</u>	<u>\$ 1,561,891</u>	<u>\$ 5,598</u>	<u>\$ 2,567,028</u>
January 1	\$ 136,660	\$ 862,879	\$ 1,561,891	\$ 5,598	\$ 2,567,028
Addition-Newly added lease contracts	50	380,008	-	-	380,058
Modifications to leases	658	-	-	-	658
Reclassification - costs	(39,580)	-	(400,481)	-	(440,061)
Reclassification - accumulated depreciation (Note)	1,626	-	13,149	-	14,775
Reclassification - accumulated amortization (Note)	-	-	97,480	-	97,480
Cost of derecognition	(23)	(183,401)	-	-	(183,424)
Accumulated depreciation, derecognized	23	183,401	-	-	183,424
Depreciation expense	(34,065)	(184,031)	(29,552)	(2,250)	(249,898)
Impairment loss	-	-	(216)	-	(216)
December 31	<u>\$ 65,349</u>	<u>\$ 1,058,856</u>	<u>\$ 1,242,271</u>	<u>\$ 3,348</u>	<u>\$ 2,369,824</u>

December 31					
- Cost	\$ 161,304	\$ 1,285,880	\$ 1,412,087	\$ 6,745	\$ 2,866,016
- Accumulated depreciation (	95,955)	(227,024)	(80,035)	(3,397)	(406,411)
- Accumulated impairment	<u>-</u>	<u>-</u>	<u>(89,781)</u>	<u>-</u>	<u>(89,781)</u>
	<u>\$ 65,349</u>	<u>\$ 1,058,856</u>	<u>\$ 1,242,271</u>	<u>\$ 3,348</u>	<u>\$ 2,369,824</u>

Note: Reclassification to investment properties of NT\$327,806.

	2020				
	<u>Land - rent</u>	<u>Buildings - rent</u>	<u>Land - premiums</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1					
- Cost	\$ 195,821	\$ 327,440	\$ 1,812,568	\$ -	\$ 2,335,829
- Accumulated depreciation(	33,130)	(77,826)	(32,511)	-	(143,467)
- Accumulated impairment	<u>-</u>	<u>-</u>	<u>(185,502)</u>	<u>-</u>	<u>(185,502)</u>
	<u>\$ 162,691</u>	<u>\$ 249,614</u>	<u>\$ 1,594,555</u>	<u>\$ -</u>	<u>\$ 2,006,860</u>
January 1	\$ 162,691	\$ 249,614	\$ 1,594,555	\$ -	\$ 2,006,860
Addition-Newly added lease contracts	7,216	771,679	-	6,745	785,640
Modifications to leases	(154)	(2,722)	-	-	(2,876)
Cost of derecognition	(2,684)	(3,216)	-	-	(5,900)
Accumulated depreciation, derecognized	2,684	3,216	-	-	5,900
Depreciation expense	(33,093)	(155,689)	(31,121)	(1,147)	(221,050)
Impairment loss	-	-	(1,543)	-	(1,543)
Net exchange differences	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
December 31	<u>\$ 136,660</u>	<u>\$ 862,879</u>	<u>\$ 1,561,891</u>	<u>\$ 5,598</u>	<u>\$ 2,567,028</u>
December 31					
- Cost	\$ 200,199	\$ 1,089,273	\$ 1,812,568	\$ 6,745	\$ 3,108,785
- Accumulated depreciation(	63,539)	(226,394)	(63,632)	(1,147)	(354,712)
- Accumulated impairment	<u>-</u>	<u>-</u>	<u>(187,045)</u>	<u>-</u>	<u>(187,045)</u>
	<u>\$ 136,660</u>	<u>\$ 862,879</u>	<u>\$ 1,561,891</u>	<u>\$ 5,598</u>	<u>\$ 2,567,028</u>

3. Rents and premiums to lands are as follows:

- (1) In January 2014, Ruentex Construction signed the land superficies rights contracts with Northern Region Branch, National Property Administration, MOF for the two lands located at Land No. 265, sub-section 6, Baoqing Section, Songshan District, Taipei City with a contract period of 70 years. The total royalty amounted NT\$1,711,112 was paid in full up on the signing of contract. In addition to the royalty, monthly rent equal to 3.5% of the publicly announced land value should be paid monthly. The premium was paid in full in January 2014, and the registration for the superficies right was completed on January 15, 2014.
- (2) Citylink Nangang signed the construction contraction and operation contract for Nangang Railway Station building with the Taiwan Railway Administrations in December 2006; Citylink Songshan signed the private participation in construction and

operation contract for Songshan Railway Station building and parking tower with the Taiwan Railway Administrations in May 2007. Details of the contracts are as follows:

A. Construction and operation contract for Taiwan Railway Nangang Railway Station Building:

a. Period of development and operation:

A total of 52 years since the signing date of superficies right contract. Citylink Nangang signed the superficies right contract on September 27, 2012. Taiwan Railway Administrations handed over the associated land and building to Citylink Nangang, and Citylink Nangang confirmed and accepted on October 19, 2012. The registration for setting the superficies right was completed on October 25, 2012, and a guarantee note amounting NT\$250,000 was pledged as collateral on the same date.

b. Development premium:

Citylink Nangang should pay a total of NT\$80 million development premium in 5 installments from the year of contract signing. The former development premium was paid in full.

c. Operation premium:

Within the approximate 52 years, from the date that the building and equipment associated to the Nangang Railway Station Building project were confirmed and handed over to Citylink Nangang to the end of the operation period, Citylink Nangang should pay certain amounts of premium each year, totaling NT\$6.82548 billion. As of December 31, 2021 and 2020, the cumulative premiums paid were NT\$704,244 and NT\$629,379, respectively.

D. Performance bond:

Citylink Nangang should pay the performance bond of NT\$20 million before signing the operation contract for Nangang Railway Station Building, and another performance bond of NT\$180 million before the first transfer of operation area (the OT part). The aforementioned bond was paid with NT\$100 million guarantee bond certificate issued by the domestic bank that is registered with the Ministry of Finance and NT\$100 million refundable deposit. After one year of operation, as specified in the contract, the Taiwan Railway Administrations should return NT\$100 million of performance bond. In the event of default by Citylink Nangang resulting in termination of contract by the Taiwan Railway Administrations, the Taiwan Railway Administrations can forfeit the performance bond without proceeding any lawsuit or arbitration procedures, and Citylink Nangang may not object. The performance bond above was collected in January 2017.

e. Land rent:

During the construction period, the land rent is calculated as 1% of the total announced land value; during the operation period, the land rent is calculated as 1%~3% of the total announced land value. In addition, Citylink Nangang reached an agreement with Taiwan Railway Administrations to waive land rent for 2016, and the land rent amount of NT\$39,764 paid in 2016 will be debited to the land rent payable across the following 4 years. The debit amount was NT\$9,764 for the first year, and NT\$10,000 for the remaining 3 years. As of December 31, 2021 and 2020, the effect of the initially applying IFRS 16 to the above amounts is \$20,000, which is recognized in "Investment Property" Land - Rent.

f. Return and transfer of operating assets:

At the end of the permitted period, Citylink Nangang should unconditionally return the operating assets owned by the Taiwan Railway Administrations and the existing operating assets acquired due to construction and operation of this project.

g. Other agreed matters:

Citylink Nangang should donate 30% of its net operating income from the parking spaces located within the contracted operating area to Taiwan Railway Administrations for the maintenance of the first-floor atrium and surrounding gardens and facilities at Nangang Railway Station. The preceding net operating income is the operating income net operating costs and administration expenses. The net operating loss from the parking spaces is presented below:

	2021	2020
Operation income	\$ 21,123	\$ 21,128
Operation Cost	(77,707)	(74,202)
Net operating losses	(\$ 56,584)	(\$ 53,074)

B. Private participation in construction and operation contract for the Songshan Railway Station building and parking tower:

a. Period of development and operation:

A total of 55 years since the next day of the signing date of superficies right contract, including construction and operation period. Citylink Songshan signed the superficies right contract with Taiwan Railway Administrations on August 30, 2012. Taiwan Railway Administrations handed over the associated land and building to Citylink Songshan, and Citylink Songshan confirmed and accepted on in September 2012. Citylink Songshan completed the registration for setting the superficies right on October 22, 2012.

b. Development premium:

Citylink Songshan should pay a total of NT\$120 million development premium in 4 installments from the year of contract signing. The former development premium was paid in full.

c. Operation premium:

Citylink Songshan should pay the operation premium amount by method as specified in the operation premium quotation annually. During official operation, the annual operation premium amount is calculated by using the actual net operating income multiplying by the “ratio of operation premium to net operating income,” and if the result is less than the “agreed minimum payment of operation premium,” the “agreed minimum payment of operation premium” amount should be paid.

d. Performance bond:

Citylink Songshan should pay the performance bond of NT\$20 million before signing the contract, and another performance bond of NT\$80 million before date for the transfer date of land and building assigned by Taiwan Railway Administration. The aforementioned bond was paid with guarantee bond certificate issued by the domestic bank that is registered with the Ministry of Finance. Upon completion of construction and receipt of use permit, as specified in the contract, the Taiwan Railway Administrations should return NT\$50 million of performance bond. Citylink Songshan took back the certificate in May 2015. In the event of default by Citylink Songshan resulting in termination of

contract by the Taiwan Railway Administrations, the Taiwan Railway Administrations can forfeit the performance bond.

e. Land rent:

During the construction period, the land rent is calculated as 1% of the total announced land value; during the operation period, the land rent is calculated as 1%~3% of the total announced land value.

f. Return and transfer of operating assets:

At the end of the permitted period, Citylink Songshan should unconditionally return the operating assets owned by the Taiwan Railway Administrations and the existing operating assets acquired due to construction and operation of this project.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total amount of lease liabilities	\$ 10,468,544	\$ 11,080,440
Less: Due within one year (listed as lease liabilities - current)	(277,988)	(204,307)
	<u>\$ 10,190,556</u>	<u>\$ 10,876,133</u>

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

	<u>2021</u>	<u>2020</u>
<u>Items affects the income of the current period</u>		
Interest expenses of lease liabilities	\$ 257,569	\$ 258,185
Expenses of short-term lease contracts	73,295	48,469
Variable lease payments	<u>727</u>	<u>445</u>
	<u>\$ 331,591</u>	<u>\$ 307,099</u>
Gains on lease modifications	<u>\$ -</u>	<u>\$ 23</u>

6. The Group's total lease cash outflows were NT\$553,822 and NT\$507,360 in 2021 and 2020, respectively, which consisted of NT\$73,295 and NT\$48,469 for short-term lease contracts; NT\$727 and NT\$445 for variable lease payments; NT\$252,134 and NT\$258,185 for interest expense on lease liabilities; and NT\$227,666 and NT\$200,261 for lease principal repayments.

7. Influences to the lease liabilities from variable leases

(1) The subsidiary of the Company, Ruentex Bai Yi, has an underlying lease subject to the variable lease payment terms in the lease contract, which is the rent revenues from the proprietary booths which were the Service Center included to OT mall. To the underlying lease in the scope, the premium is calculated based on "50% of the net revenues from proprietary booths" or "the minimum payment of the committed operation premium," whichever is higher. For the rent revenues of the proprietary booths related to the sales amount variation, shall 50% of the net value exceed "the minimum payment of the committed operation premium," such variable lease payments were recognized as expenses during the contract term.

The costs of premium for 2021 and 2020 were calculated as the following:

	<u>2021</u>	<u>2020</u>
Revenues from proprietary booths	<u>\$ 8,504</u>	<u>\$ 7,801</u>
Costs of premiums	<u>\$ 4,252</u>	<u>\$ 3,901</u>

(2) In a lease contract of Ruentex Material, the Company's sub-subsidiary, the subject matter of the variable lease payment clause is the Taipei Port cement powder warehouse and storage and transfer system, and the rent is based on the monthly scheduled receipt or the minimum guaranteed quantity of 15,000 tons per month, whichever is higher. The variable lease payment related to scheduled receipt is recognized as an expense in the period in which these payment terms are triggered.

8. The Company's sub-subsidiary, Ruentex Material, originally leased one parcel of state-owned mining land (land lot No. 0026-0001) and three parcels of state-owned mining land (land lot No. 0026-0002) in the Ke-Bao-Shan Section of Xiulin Township, Hualien County. As the limestone mines in the above-mentioned mining area almost ran out and Ruentex Material did not apply for the renewal of the lease agreement to the National Property Administration, Ministry of Finance, the lease relationship has been terminated. The above-mentioned land parcels were already returned to by the administration on May 7, 2021. The security deposits of NT\$367 and NT\$2,487 paid by Ruentex Material were fully returned on October 8, 2021.

9. Yilan Luodong Business Area No. 70, 71, 73-75, 80, 82-85 and Nan'ao Business Area No. 27 and 28 were leased by Ruentex Material for mineral field use, as the said leases expired on June 18, 2020, Ruentex Material has applied to the competent authorities for the renewal of the leases. As of December 31, 2021, the Luodong District Office of the Forestry Bureau of the Council of Agriculture, Executive Yuan, will conduct a review to comply with the Article 13 of the Regulations for Conservation Forest Managements.

10. Please refer to Note 8 for the descriptions of the information of these collaterals provides with the right-of-use assets.

11. The Group adopted the practical expedient method on "COVID-19 related rental concessions" and recognized gains of NT\$47,846 and NT\$24,506 (listed under "Other

income") for the years ended December 31, 2021 and 2020 for the change in lease payments resulting from the rent concessions, and a total of NT\$90,094 and NT\$63,129 for the years ended December 31, 2021 and 2020 for the Group's rent concessions for shopping malls and hotels.

12. Ruentex Xu-zhan, a subsidiary of the Company, received a notice from the Taiwan Railway on July 22, 2021. As per Article 2 of the Measures for Rent and Fixed Royalty Reduction in Response to the COVID-19 Pandemic of Taiwan Railways Administration, Ministry of Transportation and Communications, 50% of the total amount of royalties payable from May 15, 2021 to August 31, 2021, totaling NT\$25,132 (tax included), was reduced, of which NT\$24,267 was deducted from the payable in the third quarter, and the remaining NT\$865 would be returned in the form of sales returns.
13. Ruentex Bai-yi, a subsidiary of the Company, received a notice from the Taiwan Railway on July 27, 2021. As per Article 2 of the Measures for Rent and Fixed Royalty Reduction in Response to the COVID-19 Pandemic of Taiwan Railways Administration, Ministry of Transportation and Communications, 50% of the total amount of rents and royalties payable from May 15, 2021 to August 31, 2021, totaling NT\$17,772 (tax included), was reduced. However, Ruentex Bai-yi has paid the relevant rents and royalties for 2021 at the beginning of the period, so Taiwan Railway would return the relevant payment back to Ruentex Bai-yi in the form of sales returns. As per the practical expedients of "COVID-19-related rent concessions, Ruentex Bai-yi recognized the payment in gain on changes in lease payments arising from rent concessions within a reasonable period after receiving it.
14. Ruentex Bai-yi, a subsidiary of the Company, received a notice from the Taiwan Railway on November 16, 2021 that from the year 2022 onwards, it shall pay land rents calculated as per Article 2 of the Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects, and in 2021, its right-of-use assets decreased by NT\$2,982, investment property by NT\$746,447, and lease liabilities by NT\$749,429.
15. Please refer to Note 6(12) for the details of impairment of right-to-use assets.

(11) Lease transactions - lessor

1. The Group's underlying assets to be leased include the Songshan Station Building, Nangang Station Building, Songshan Baoqing Building "Ruentex Daikanyama," the parking lot in Neihu shopping malls, Ruenfu Newlife and some of the Company's projects. The terms of the leases are between 2015 to 2043. 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. Please refer to Note 6 (20) for the information related to Songshan Baoqing Building.
2. For the year ended December 31, 2021 and 2020, the Group recognized rental income of NT\$1,302,078 and NT\$1,263,507 in 2021 and 2020, respectively, based on operating lease contracts. ; the aforementioned lease income, in addition to lease income specified in the contract, includes the long-term lease receivable, arising from the amortization of total lease amount using straight-line method over the lease period, recognized as income of the period, amounting (NT\$42,611) and (NT\$47,662).

3. As of December 31, 2021 and 2020, the Group's long-term lease receivable recognized as amortization for the total lease income using the straight-line method over the lease period is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term notes and accounts receivable	\$ 417,236	\$ 459,847
Less: Due within one year (listed as other accounts receivable)	<u>(48,975)</u>	<u>(33,809)</u>
	<u>\$ 368,261</u>	<u>\$ 426,038</u>

4. Analysis to the due dates of lease payments under operating leases received by the Group is as the following:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
2022	\$ 1,359,250	2021	\$ 1,328,844	
2023	1,368,935	2022	1,331,579	
2024	1,348,468	2023	1,342,129	
2025	1,265,141	2024	1,324,530	
2026 and after	<u>4,049,724</u>	2025 and after	<u>5,257,197</u>	
	<u>\$ 9,391,518</u>		<u>\$ 10,584,279</u>	

(12) Investment Real Estate

2021

	<u>Land</u>	<u>Land - rent</u>	<u>Land - premiums</u>	<u>Operation premiums</u>	<u>Buildings</u>	<u>Total</u>
January 1						
- Cost	\$ 1,008,724	\$ 4,054,883	\$ 976,457	\$ 4,416,229	\$ 12,971,216	\$ 23,427,509
- Accumulated depreciation	-	(168,345)	(27,065)	(185,751)	(1,864,923)	(2,246,084)
- Accumulated impairment	-	-	(199,834)	-	-	(199,834)
	<u>\$ 1,008,724</u>	<u>\$ 3,886,538</u>	<u>\$ 749,558</u>	<u>\$ 4,230,478</u>	<u>\$ 11,106,293</u>	<u>\$ 20,981,591</u>
January 1	\$ 1,008,724	\$ 3,886,538	\$ 749,558	\$ 4,230,478	\$ 11,106,293	\$ 20,981,591
Addition	-	-	-	-	1,638	1,638
Modifications to leases	-	(746,447)	-	-	-	(746,447)
Reclassification - costs (Note)	-	39,580	400,481	-	-	440,061
Reclassification - accumulated depreciation (Note)	-	(1,626)	(13,149)	-	-	(14,775)
Reclassification - accumulated amortization (Note)	-	-	(97,480)	-	-	(97,480)
Depreciation expense	-	(84,616)	(14,314)	(92,876)	(288,272)	(480,078)
Impairment loss	-	-	(717)	-	-	(717)
Net exchange differences	-	-	-	-	(354)	(354)
December 31	<u>\$ 1,008,724</u>	<u>\$ 3,093,429</u>	<u>\$ 1,024,379</u>	<u>\$ 4,137,602</u>	<u>\$ 10,819,305</u>	<u>\$ 20,083,439</u>
December 31						
- Cost	\$ 1,008,724	\$ 3,348,016	\$ 1,376,938	\$ 4,416,229	\$ 12,972,369	\$ 23,122,276
- Accumulated depreciation	-	(254,587)	(54,528)	(278,627)	(2,153,064)	(2,740,806)
- Accumulated impairment	-	-	(298,031)	-	-	(298,031)
	<u>\$ 1,008,724</u>	<u>\$ 3,093,429</u>	<u>\$ 1,024,379</u>	<u>\$ 4,137,602</u>	<u>\$ 10,819,305</u>	<u>\$ 20,083,439</u>

Note: It is the reclassification of right-of-use assets in the amount of NT\$327,806.

2020

	<u>Land</u>	<u>Land - rent</u>	<u>Land - premiums</u>	<u>Operation premiums</u>	<u>Buildings</u>	<u>Total</u>
January 1						
- Cost	\$ 1,008,724	\$ 3,996,347	\$ 976,457	\$ 4,416,229	\$ 12,972,125	\$ 23,369,882
- Accumulated depreciation	-	(83,166)	(14,274)	(92,875)	(1,563,095)	(1,753,410)
- Accumulated impairment	-	-	(198,178)	-	-	(198,178)
	<u>\$ 1,008,724</u>	<u>\$ 3,913,181</u>	<u>\$ 764,005</u>	<u>\$ 4,323,354</u>	<u>\$ 11,409,030</u>	<u>\$ 21,418,294</u>
January 1	\$ 1,008,724	\$ 3,913,181	\$ 764,005	\$ 4,323,354	\$ 11,409,030	\$ 21,418,294
Modifications to leases	-	58,536	-	-	-	58,536
Depreciation expense	-	(85,179)	(12,791)	(92,876)	(302,068)	(492,914)
Impairment loss	-	-	(1,656)	-	-	(1,656)
Net exchange differences	-	-	-	-	(669)	(669)
December 31	<u>\$ 1,008,724</u>	<u>\$ 3,886,538</u>	<u>\$ 749,558</u>	<u>\$ 4,230,478</u>	<u>\$ 11,106,293</u>	<u>\$ 20,981,591</u>
December 31						
- Cost	\$ 1,008,724	\$ 4,054,883	\$ 976,457	\$ 4,416,229	\$ 12,971,216	\$ 23,427,509
- Accumulated depreciation	-	(168,345)	(27,065)	(185,751)	(1,864,923)	(2,246,084)
- Accumulated impairment	-	-	(199,834)	-	-	(199,834)
	<u>\$ 1,008,724</u>	<u>\$ 3,886,538</u>	<u>\$ 749,558</u>	<u>\$ 4,230,478</u>	<u>\$ 11,106,293</u>	<u>\$ 20,981,591</u>

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

	<u>2021</u>	<u>2020</u>
Rental income from investment properties (Note 1)	<u>\$ 1,302,078</u>	<u>\$ 1,263,507</u>
The direct operating expenses of the investment property incurred during the current period (Note 2)	<u>\$ 741,655</u>	<u>\$ 722,162</u>
The direct operating expenses of the investment property not incurred during the current period (Note 2)	<u>\$ 1,088</u>	<u>\$ 369</u>

Note 1: The rent revenues from the investment properties in 2021 include the lease revenue - real estate properties for NT\$1,274,905 and lease revenue - proprietary booths for NT\$27,173; the rent revenues from the investment properties in 2020 include the lease revenue - real estate properties for NT\$1,228,405 and lease revenue - proprietary booths for NT\$35,102.

Note 2: The direct operating expenses of the investment properties incurred in 2021 include the lease costs - real estate properties for NT\$722,455 and lease costs - proprietary booths for NT\$20,288; the direct operating expenses of the investment properties incurred in 2020 include the lease costs - real estate properties for NT\$701,143 and the lease costs - proprietary booths for NT\$21,388.

2. The carrying value of certain investment properties held by the Group as of December 31, 2021 and 2020 were NT\$1,938,537 and NT\$1,966,252, respectively. The fair values of these properties were assessed to be NT\$3,148,910 and NT\$2,988,769, respectively, based on the transaction price of similar properties in the relevant neighboring areas, which are classified as Level 3 fair values. For the other investment properties with carrying values of NT\$18,144,902 and NT\$19,015,339, plus the right-to-use assets - land and property, plant and equipment for the land at Baoqing section, the fair values of which totaled NT\$27,642,578 and NT\$27,922,259, respectively, are also classified as Level 3 fair values.

The aforementioned fair values were resulted from the independent appraisers, by applying the income approach, with the following major assumptions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Growth rate	1.20%~2.00%	1.40%~2.00%
Discount rate	2.47%~3.13%	2.48%~3.13%

Based on the aforementioned appraisal results, it is shown that there were impairment to the investment properties - premiums and right-of-use assets - land - premiums. An impairment loss - investment property - land - royalties of NT\$717 and NT\$1,656 and an impairment loss - right-of-use assets - land - royalties of NT\$216 and NT\$1,543 were recorded at December 31, 2021 and 2020, respectively.

3. Details of the Group's investments property pledged to others as collateral are provided in Note 8.

(13) Intangible Assets

	2021					
	<u>Mineral source</u>	<u>Trademarks ,patents</u>	<u>Computer</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
		<u>and franchise</u>	<u>software</u>			
January 1						
- Cost	\$234,076	\$ 57,040	\$ 81,386	\$ 2,553	\$ 56,371	\$431,426
- Accumulated amortization	(60,416)	(33,876)	(76,323)	-	(6,840)	(177,455)
	<u>\$173,660</u>	<u>\$ 23,164</u>	<u>\$ 5,063</u>	<u>\$ 2,553</u>	<u>\$ 49,531</u>	<u>\$253,971</u>
January 1	\$173,660	\$ 23,164	\$ 5,063	\$ 2,553	\$ 49,531	\$253,971
Addition	-	5,111	7,933	-	10,281	23,325
Cost of asset derecognition	-	-	(71)	-	-	(71)
Balance of accumulated amortization on the derecognition date	-	-	71	-	-	71
Amortization expense	-	(2,750)	(3,026)	-	(6,839)	(12,615)
Impairment loss	(61,972)	-	-	-	(11,240)	(73,212)
December 31	<u>\$111,688</u>	<u>\$ 25,525</u>	<u>\$ 9,970</u>	<u>\$ 2,553</u>	<u>\$ 41,733</u>	<u>\$191,469</u>
December 31						
- Cost	\$234,076	\$ 62,151	\$ 89,248	\$ 2,553	\$ 66,652	\$454,680
- Accumulated amortization	(60,416)	(36,626)	(79,278)	-	(13,679)	(189,999)
- Accumulated impairment	(61,972)	-	-	-	(11,240)	(73,212)
	<u>\$111,688</u>	<u>\$ 25,525</u>	<u>\$ 9,970</u>	<u>\$ 2,553</u>	<u>\$ 41,733</u>	<u>\$191,469</u>

	2020					
	<u>Mineral source</u>	<u>Trademark, patent</u>	<u>Computer</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
		<u>and franchise</u>	<u>software</u>			
January 1						
- Cost	\$234,076	\$ 52,012	\$ 79,955	\$ 2,553	\$ 41,727	\$410,323
- Accumulated amortization	(60,416)	(31,401)	(74,082)	-	-	(165,899)
	<u>\$173,660</u>	<u>\$ 20,611</u>	<u>\$ 5,873</u>	<u>\$ 2,553</u>	<u>\$ 41,727</u>	<u>\$244,424</u>
January 1	\$173,660	\$ 20,611	\$ 5,873	\$ 2,553	\$ 41,727	\$244,424
Addition	-	5,571	2,124	-	14,644	22,339
Transferred expenses	-	(543)	-	-	-	(543)
Cost of asset derecognition	-	-	(704)	-	-	(704)
Balance of accumulated amortization on the derecognition date	-	-	704	-	-	704
Amortization expense	-	(2,475)	(2,933)	-	(6,840)	(12,248)
Net exchange differences	-	-	(1)	-	-	(1)
December 31	<u>\$173,660</u>	<u>\$ 23,164</u>	<u>\$ 5,063</u>	<u>\$ 2,553</u>	<u>\$ 49,531</u>	<u>\$253,971</u>
December 31						
- Cost	\$234,076	\$ 57,040	\$ 81,386	\$ 2,553	\$ 56,371	\$431,426
- Accumulated amortization	(60,416)	(33,876)	(76,323)	-	(6,840)	(177,455)
	<u>\$173,660</u>	<u>\$ 23,164</u>	<u>\$ 5,063</u>	<u>\$ 2,553</u>	<u>\$ 49,531</u>	<u>\$253,971</u>

1. The Group's sub-subsidiary, Ruentex Material, owns the mine operation rights at Yilan Lankan Mine (Tai-Ji-Chai-Zi No. 5569 mine operation right) and Hualien Huahsin Mine (Tai-Ji-Chai-Zi No. 5345 Marble mine operation right) which will expire on June 18, 2032 and July 1, 2025, respectively. At present, the limestone quarrying in the original mining area has nearly been exhausted and an application has been made to the Bureau of Mines, Ministry of Economic Affairs, in accordance with Article 43 of the Mining Act for an extension of the mining area within the original mine operation rights (Expansion).

On September 15, 2020, the above-mentioned application for the Yilan Lankan Mine Expansion received the Administrative Disposition Jin Shou Chuan Zi No. 10920107100 from the Ministry of Economic Affairs, which stated, "Because the public land authority (i.e. the Luodong District Office of the Forestry Bureau of the Council of Agriculture, Executive Yuan) has indicated that the approval of mineral land is denied because it does not meet the requirements of No. 13 of the Regulations for Conservation Forest Managements; therefore, the application is rejected in accordance with Article 43 of the Mining Act." Ruentex Material filed a petition in accordance with the law on October 6, 2020 due to dissatisfaction with the administrative sanction imposed by the authority; however, the petition was rejected by the Executive Yuan, referenced Yuan-Tai-Su No. 1100178798 dated July 8, 2021. The material changes from the adverse impact on the Company's assets due to administrative authorities' finding of fact and the application of laws had led to signs of impairment of the Company's assets in accordance with the IAS 36. The property, plant and equipment of NT\$66,151 and intangible assets of NT\$73,212 related to the Yilan Lankan Mine, totaling NT\$139,363, were recognized in impairment losses. Please refer to Note 6(16) for details.

However, to ensure the rights and interests of the Company's assets and its right to use, if the Company can expand the mine for the mining resources held in accordance with the law and continue to mine, it will make a reasonable contribution to the Company's future profits. An administrative lawsuit regarding the Yilan Lankan Mine expansion was filed to a high administrative court on September 9, 2021. As of the reporting date, the lawsuit is still ongoing.

The mining and transportation method for the Hualien Huahsin Mine expansion application was to borrow another entity's road. However, because the consent to pass through the adjacent mines was not obtained, Ruentex Material took the initiative to withdraw the application and will file another application after re-planning. As of the reporting date, the relevant planning is still in progress and the application procedure has not yet been completed.

2. The Group did not pledge intangible assets to others as collateral.
3. Details of amortization of intangible assets are as follows:

	<u>2021</u>	<u>2020</u>
Operation Cost	\$ 7,978	\$ 7,974
Selling and marketing expenses	66	124
Administrative expense	<u>4,571</u>	<u>4,150</u>
	<u>\$ 12,615</u>	<u>\$ 12,248</u>

(14) Non-current assets held for sale, net

The Company's sub-subsidiary, Newzone Fashion Ltd., discontinued the business operations on June 30, 2020 as resolved by its shareholders' meeting in June 2020. On August 10, 2020, the Board of Directors resolved to sell the real estate - housing, and therefore, the related real estate was transferred to non-current assets held for sale.

The contracts for the sale of the aforementioned real estate properties were signed in October and November 2020, respectively, and the transfer of ownership of the buildings in Chaoyang District, Beijing and Minhang District, Shanghai was completed before December 31, 2020 for a contract price (including tax) of \$71,625 (approximately RMB16,729 thousand) with a gain on disposal of \$27,584 (approximately RMB6,442 thousand), all of which have been collected.

The transfer of ownership of another building located in Minhang District, Shanghai was completed on February 9, 2021. The contract price (including tax) was NT\$35,411 (approximately RMB8,150 thousand) and the gain on disposal was \$18,315 (approximately RMB4,215 thousand); the aforementioned amount was fully collected.

As of December 31, 2021 and 2020, the balance of non-current assets held for sale was as follows:

1. Non-current assets held for sale

	<u>Buildings and structures</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cost	\$ -	\$ 20,018
Accumulated depreciation	-	(3,603)
	<u>\$ -</u>	<u>\$ 16,415</u>

2. The non-current asset held for sale is remeasured at the lesser of the carrying amount and the fair value less costs to sell. The above-mentioned fair values are based on the real estate sale and purchase agreements between the parties.

(15) Other non-current Assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted bank deposits	\$ 32,682	\$ 32,441
Guarantee deposits paid	164,937	137,073
Others	<u>29,544</u>	<u>26,038</u>
	<u>\$ 227,163</u>	<u>\$ 195,552</u>

Details of the Group's other non-current assets pledged to others as collateral are provided in Note 8.

(16) Impairment of non-financial Assets

1. The details of impairment losses recognized by the Group in 2021, totaling NT\$140,296, are as follows:

	<u>2021</u>	
	<u>Recognized in current profit or loss</u>	
Impairment loss - property, plant and equipment		
Buildings and structures	\$	10,331
Machinery and equipment		55,441
Other equipment		379
Subtotal		<u>66,151</u>
Impairment loss - right-of-use assets		
Land - premiums		<u>216</u>
Impairment loss - investment property		
Land - premiums		<u>717</u>
Impairment loss - intangible assets		
Mineral source		61,972
Other intangible assets		<u>11,240</u>
Subtotal		<u>73,212</u>
Total	\$	<u><u>140,296</u></u>

2. The details of the above impairment losses disclosed by segment are as follows:

	<u>2021</u>	
	<u>Recognized in current profit or loss</u>	
Commercial Real Estate	\$	717
Construction Business Department		216
Building Materials Division		<u>139,363</u>
	\$	<u><u>140,296</u></u>

3. Please refer to Note 6(9), (10), (12), and (13) for the description of the above impairment losses.

(17) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loan	\$ 300,000	\$ 300,000
Credit bank loan	<u>1,980,000</u>	<u>2,450,000</u>
	<u>\$ 2,280,000</u>	<u>\$ 2,750,000</u>
Interest rate collars	0.91% ~ 1.10%	0.87% ~ 1.12%

In addition to the pledged assets for short-term borrowings provided in Note 8, the Group also issued guarantee notes as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee notes	<u>\$ 12,375,000</u>	<u>\$ 11,115,000</u>

(18) Short-term bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial papers payable	\$ 5,130,000	\$ 4,880,000
Less: Unamortized discount	(2,325)	(1,379)
	<u>\$ 5,127,675</u>	<u>\$ 4,878,621</u>
Interest rate collars	0.28% ~ 1.08%	0.25% ~ 1.45%

In addition to the pledged assets for short-term notes payable provided in Note 8, the Group also issued guarantee notes as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee notes	<u>\$ 9,210,000</u>	<u>\$ 10,950,000</u>

(19) Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loan	\$ 17,024,000	\$ 18,928,000
Credit bank loan	<u>14,060,000</u>	<u>16,116,000</u>
	31,084,000	35,044,000
Less: Arrangement fees for leading banks of syndicated loan	(2,002)	(4,529)
	31,081,998	35,039,471
Face value of long term commercial paper	7,445,000	1,715,000
Less: Unamortized discount	(2,843)	(2,488)
Deferred expenses - transaction costs	(2,958)	(3,381)
	38,521,197	36,748,602
Less: Due within one year	(3,849,822)	(8,592,512)
Due within one operating cycle	(2,729,541)	(50,000)
	<u>\$ 31,941,834</u>	<u>\$ 28,106,090</u>
Interest rate collars	0.22% ~ 1.80%	0.25% ~ 2.00%

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 2026, the total loan amount was

NT\$ 4,600,000. Up to the date of December 31, 2021, 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 borrowing contract with Mega International Commercial Bank in April 2018 for its operating funds, and the loan period is from April 2018 to May 2022 with a credit line of NT\$7,500,000. As of December 31, 2021, the facility drawn was NT\$4,900,000.
 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 original term of the loan was from December 2018 to December 2021, and the Company extended the term to December 2023 in October 2021. The total loan amount was NT\$2,450,000. Up to the date of December 31, 2021, 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 should maintain its time interest earned above 3 times and tangible net worth above \$18,000,000, and preceding ratio and standard should be based on the audited annual consolidated financial statements. If the financial ratio or agreed items cannot be satisfied, since the date of default, the Company should pay 0.1% of the outstanding principal at each lending bank as compensation on each check date until the financial ratio is met.
 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, 2021, the Company has drawn NT\$1,270,000.
 6. The Company signed a long-term loan agreement with Bank of Taiwan in September 2021 to provide the operational financing necessary for the Company. The term of the loan was from September 2021 to September 2024; the total loan amount was

NT\$5,000,000. Up to the date of December 31, 2021, the Company has drawn NT\$1,500,000.

7. Ruentex Development and financial institutions, including KGI Bank, entered into a syndicated loan contract in June 2021 for the fund needed to purchase land and build residential and commercial buildings on the land. The loan period is from July 2021 to July 2026 with a credit line of NT\$6,200,000. As of December 31, 2021, the facility drawn was NT\$2,680,000. The major agreed matters made by Ruentex Development are provided below:
 - (1) Ruentex Development and its joint guarantor (the Company) should provide the audited financial statements within 150 days after the end of each fiscal year.
 - (2) Without the written consent from the majority of the lending financial institutions, Ruentex Development shall not merge with another entity nor be demerged in accordance with the relevant laws and regulations. However, where it 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 apply.
 - (3) Without the prior written consent of the majority of the lending financial institutions, no major changes may be made to the scope or nature of business or shareholder structure. However, the change in equity as required by competent authorities and relevant laws and regulations is not subject to this provision.
 - (4) The funds drawn from this loan project shall be used to pay for the expenses specified in the purpose as agreed in the contract of this loan, and an accounting book shall be set up and the accounting records and receipts shall be kept to ensure accurate and complete details of this loan case.
8. Ruentex Development has signed a long term loan agreement with Hua Nan Bank in July 2018, for financing the operations of Ruentex Development. The loan period is five years from the date of the first drawing, with a credit line of NT\$1,400,000. The above loan has been fully repaid in April 2021.
9. Ruentex Development and financial institutions, including KGI Bank, entered into a contract for syndicated borrowing in October 2017 for the fund needed to purchase land and land for road. The loan period is from November 2017 to November 2021 with a credit line of NT\$2,680,000. The above loan has been fully repaid in July 2021.
10. Citylink Nangang has entered a long-term loan agreement with Bank of Taiwan in December 2018, to repay the outstanding balance of Ruentex Xu-zhan's syndicated loan related to the construction of the Nangang Railway Station Building for total credit line of NT\$3,822,000. The Class A and Class B of the loan period is from March 2019 to March 2029, and Class C is from December 2018 to December 2020. The contract was renewed upon maturity for the loan period from December 2020 to December 2022. As of December 31, 2021, the Class A facility drawn was NT\$2,320,000; Class B for NT\$100,000 performance bond certificate, and borrowing from Class C for NT\$300,000.
11. Citylink Songshan signed a credit facility contract with the Land Bank of Taiwan in January 2012 for the direct or indirect costs and expenses needed for the construction of Songshan Railway Station Building. The loan period is 12 years starting from the first drawdown date. After 5 years from the first drawdown date, an installment should be paid semi-annually, totaling 15 installments. The total credit line is NT\$3,600,000. As of December 31, 2021, Class E facility drawn was \$1,494,000, drawn from Class C for NT\$50,000, and Class D drawn for performance bond was \$50,000. The major

agreed matters made by Citylink Songshan are provided below:

- (1) Within the duration of the facility contract, without the bank's advance written consent, the collateral for the contract cannot be pledged to a third party.
- (2) Starting from the fifth year after the first draw down date and within duration of the contract, the it should maintain the financial ratio set out below:
 - a. Current ratio: should be maintained at 100%, however, starting from the effective date of the fourth supplement contract (May 29, 2018), the current ratio requirement was waived.
 - b. Times of interest earned: should be above 2 times (inclusive).

The above financial ratios and restrictions are calculated based on the borrowers' audited non-consolidated financial statements of the year as approved by the credit management bank. If the borrower does not meet any of the financial ratios above, it does not constitute a default event; However, monthly compensations, calculated using 0.1% annual interest rate multiplying the outstanding principal, should be paid from May 1 of the year to the end of month when the financial ratios or restrictions are met; for days less than one month, one month payment should be made; the compensation should be paid to the credit management bank on the first business day of the following month. Assessment of improvement of financial ratio above should be based on the audited or reviewed non-consolidated financial statements.

- (3) Collateral:
 - a. The associated superficies right obtained in accordance with the construction and operation contract and relevant contracts should be pledged to the collateral management bank with an mortgage amount of 1.2 times of total credit facility and a maximum amount of first-priority mortgage right as collateral for the loan. The pledge period cannot exceed the permitted period.
 - b. Once permitted by laws, the associated buildings and facilities should be included as collateral within three months after completion. The mortgage amount should be set at 1.2 times of the total credit line and pledged to the collateral management bank with a maximum amount of first-priority mortgage right, and the pledge period cannot exceed the permitted period.

12. Ruentex Development signed a long-term borrowing contract with Taishin International Bank in July 2017 to finance the Group's construction project, and the loan period is from July 2017 to July 2024 with a credit line of NT\$1,200,000. As of December 31, 2021, the facility drawn was NT\$800,000. The major agreements made by Ruentex Construction are described below:

- (1) Starting from 2018 and within duration of the contract, the it should maintain the financial ratio set out below:
 - a. debt to equity ratio: should not exceed 200%.
 - b. Times of interest earned: should be above 1.5 times (inclusive).

The above financial ratios and restrictions are calculated based on the borrowers' audited non-consolidated financial statements of the year as approved by the credit management bank.

- (2) Collateral:
 - a. The associated superficies right obtained in accordance with the construction and operation contract and relevant contracts should be pledged to the collateral management bank with an mortgage amount of 1.2 times of total credit facility and a maximum amount of first-priority mortgage right as collateral for the

loan. The pledge period cannot exceed the permitted period.

- b. Once permitted by laws, the associated buildings and facilities should be included as collateral within three months after completion. The mortgage amount should be set at 1.2 times of the total credit line and pledged to the collateral management bank with a maximum amount of first-priority mortgage right, and the pledge period cannot exceed the permitted period.
13. Ruentex Development signed a long-term borrowing contract with Taishin International Bank in November 2020 to finance the Group's construction project, and the loan period is 3 years from the date of initial use of the loan with a credit line of NT\$388,000. As at December 31, 2021, the loan has not been drawn down.
14. Except items described above, the loan period for the remaining borrowings is from January 2016 to December 2027.
15. In addition to the pledged assets for long-term borrowings provided in Note 8, the Group also issued guarantee notes as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee notes	\$ 62,283,550	\$ 49,878,600

16. The Group's undrawn long-term facilities are listed below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Due within one year	\$ 1,900,000	\$ 3,439,627
Due longer than one year	<u>26,239,606</u>	<u>17,414,856</u>
	<u>\$ 28,139,606</u>	<u>\$ 20,854,483</u>

(20) Other non-current liabilities - other

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposits received	\$ 1,294,056	\$ 1,302,500
Accrued pension liabilities	184,058	217,463
Other non-Current liabilities	290,803	299,766
Warranty provision	<u>117,014</u>	<u>99,350</u>
	<u>\$ 1,885,931</u>	<u>\$ 1,919,079</u>

1. As of December 31, 2021 and 2020, the major part of the deposited bonds are the deposits paid by the tenants of the Company's subsidiary, Ruen Fu, for NT\$971,142 and NT\$988,902, respectively; others are the deposits for warranty and proprietary booths deposits.
2. In 2018, the Company's subsidiary, Ruentex Construction, introduced the superficies right-based house lease - Ruentex Daikanyama with a lease period of 25 years, and the lease is stated as advance lease receipt that is amortized and recognized as income monthly using the straight-line method during the lease period. In addition, as of December 31, 2021 and 2020, the advance rent receipt due within one year were NT\$18,565 and NT\$18,571, respectively, and were accounted for under "advance receipts", and the advance rent receipt due more than one year were NT\$262,144 and NT\$274,144 was accounted for under "other non-current liabilities".

(21) Pensions

1. (1) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to cover the deficit by next March.
- (2) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	(\$ 404,717)	(\$ 442,525)
Fair value of plan assets	<u>220,659</u>	<u>225,062</u>
Defined benefit liability (listed as other non-current liabilities)	<u>(\$ 184,058)</u>	<u>(\$ 217,463)</u>

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

	<u>Defined benefit obligation current value</u>	<u>plan assets Fair value</u>	<u>Net affirmed Benefit liabilities</u>
2021			
Balance, January 1	(\$ 442,525)	\$ 225,062	(\$ 217,463)
Current service cost	(2,479)	-	(2,479)
Interest (expense) revenue	<u>(1,205)</u>	<u>633</u>	<u>(572)</u>
	<u>(446,209)</u>	<u>225,695</u>	<u>(220,514)</u>
Re-measurements:			
Returns on plan assets (other than the amounts included in interest income or expense)	-	3,391	3,391
Effects of changes in demographic assumptions	(1,074)	-	(1,074)
Effects of changes in economic assumptions	11,181	-	11,181
Experience adjustments	<u>3,324</u>	<u>-</u>	<u>3,324</u>
	<u>13,431</u>	<u>3,391</u>	<u>16,822</u>
Contribution to pension fund	-	4,651	4,651
Payment of pension benefits	<u>28,061</u>	<u>(13,078)</u>	<u>14,983</u>
Balance, December 31	<u>(\$ 404,717)</u>	<u>\$ 220,659</u>	<u>(\$ 184,058)</u>

	<u>Defined benefit obligation current value</u>	<u>plan assets Fair value</u>	<u>Net affirmed Benefit liabilities</u>
2020			
Balance, January 1	(\$ 431,306)	\$ 223,963	(\$ 207,343)
Current service cost	(2,921)	-	(2,921)
Interest (expense) revenue	<u>(2,830)</u>	<u>1,535</u>	<u>(1,295)</u>
	<u>(437,057)</u>	<u>225,498</u>	<u>(211,559)</u>
Re-measurements:			
Returns on plan assets (other than the amounts included in interest income or expense)	-	7,076	7,076
Effects of changes in demographic assumptions	(140)	-	(140)
Effects of changes in economic assumptions	(14,113)	-	(14,113)
Experience adjustments	<u>(2,837)</u>	<u>-</u>	<u>(2,837)</u>
	<u>(17,090)</u>	<u>7,076</u>	<u>(10,014)</u>
Contribution to pension fund	-	4,110	4,110
Payment of pension benefits	<u>11,622</u>	<u>(11,622)</u>	<u>-</u>
Balance, December 31	<u>(\$ 442,525)</u>	<u>\$ 225,062</u>	<u>(\$ 217,463)</u>

- (4) The Bank of Taiwan was commissioned to manage the Fund of the Group's 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.), and the performance of fund utilization is supervised by the Labor Funds Supervisory Committee. 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 Group has no right to participate in managing and operating that fund and hence the Group 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, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (5) The principal actuarial assumptions used were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	0.50% ~ 0.70%	0.20% ~ 0.38%
Future salary increase in percent	2.00% ~ 3.00%	2.00% ~ 3.00%

The future mortality rates in 2021 and 2020 were estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021				
The impact on				
the present value of				
defined benefit				
obligations	<u>(\$ 7,829)</u>	<u>\$ 8,082</u>	<u>\$ 7,901</u>	<u>(\$ 7,695)</u>
December 31, 2020				
The impact on				
the present value of				
defined benefit				
obligations	<u>(\$ 8,813)</u>	<u>\$ 9,105</u>	<u>\$ 8,870</u>	<u>(\$ 8,633)</u>

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

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

- (6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amounts to NT\$6,204.
- (7) As of December 31, 2021, the weighted average duration of that retirement plan is 5–9 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	\$	32,369
1-2 years		28,362
2-5 years		69,832
More than 5 years		<u>273,368</u>
	<u>\$</u>	<u>403,931</u>

2. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined pension plan under the Labor Pension Act covering all regular employees with R.O.C. nationality. Under the defined contribution pension plan in compliance with the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) The Group's sub-subsidiary Newzone Fashion Ltd. contributes a monthly amount equal to a fixed percentage of the local employees' monthly salaries and wages as a pension fund in accordance with the pension regulations in the People's Republic of China. The government administrates the pension fund, and other than the monthly contributions, the Group has no further obligations.
- (3) For the years ended December 31, 2021 and 2020, pension expenses were NT\$81,574 and NT\$72,841, respectively.

(22) Share-based payment

1. The share-based payment agreement of third-tier subsidiary Ruentex Interior Design in 2021 is as follows:

Type of agreement	Grant date	Quantity (shares)	Contract period	Vesting conditions
Shares retained from cash capital increase for employee subscription	2021.08.10	1,237,500	NA	Immediate vesting

In the above-mentioned share-based payment agreement, the settlement is based on equity.

2. Details of the above share-based payment agreement are as follows:

	2021	
	Number of stock options (shares)	Strike price (NTD)
Outstanding stock options on January 1	-	\$ -
Stock options granted in this period	1,237,500	30
Stock options exercised in this period	(1,146,500)	30
Stock options that expired in the current period	(91,000)	30
Outstanding stock options on December 31	<u>-</u>	-

3. For third-tier subsidiary Ruentex Interior Design's share-based payment transaction on the grant date, the Black-Scholes model was adopted to estimate the fair value of the stock options. The relevant information is as follows:

Type of agreement	Grant date	Fair value per share of options (NTD)	Expected price volatility	Expected duration (years)	Expected dividend rate	Strike price (NTD)	Risk-free rate	Fair value per share (NTD)
Shares retained from cash capital increase for employee subscription	2021.08.10	\$ 59.96	34.47%	0.08	0.00%	\$ 30	0.12%	\$ 29.9630

4. Details of the above share-based payment agreement are as follows:

5.

Equity settled	2021
	<u>\$ 37,079</u>

(23) Capital

1. As of December 31, 2021, the Company's authorized capital was NT\$30,000,000, and the paid-in capital was NT\$21,068,334 (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:

	2021	2020
January 1	1,504,881	1,003,254
Capitalization From Earnings	<u>601,952</u>	<u>501,627</u>
December 31	<u>2,106,833</u>	<u>1,504,881</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 Company's shareholders' meeting reached the resolution threshold through electronic voting on June 12, 2021 and resolved on, July 23, 2021, to conduct capitalization of the undistributed earnings of NT\$6,019,524 by issuing new shares. It was reported to and approved by the competent authority, and the change registration was completed on October 13, 2021.
4. 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, 2021 and 2020, Ruentex Engineering & Construction held 7,195 thousand shares and 5,139 thousand shares, respectively. The information on their respective amounts is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</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>

(24)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. In accordance with Jin-Shang-Zi No.10202420460 of the Ministry of Economic Affairs on July 15, 2013, upon the adoption of IFRSs, if the change in parent's ownership in a subsidiary does not result in the loss of control, the capital surplus arising from the excess of share price over book value can be deemed as the income derived from the issuance of new shares at a premium as specified in Paragraph 1, Article 241 of the Company Act. 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:

2021							
	Issued at premium	Treasury share transactions	Dividends unclaimed by shareholders with claim period elapsed	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1	\$17,283,659	\$ 136,626	\$ 12,263	\$553,916	\$ 1,535	\$ 159,192	\$ 18,147,191
Others	-	-	(259)	4,225	-	10,525	14,491
Income tax effect	-	-	-	(247)	-	(637)	(884)
December 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,004</u>	<u>\$557,894</u>	<u>\$ 1,535</u>	<u>\$ 169,080</u>	<u>\$ 18,160,798</u>
2020							
	Issued at premium	Treasury share transactions	Dividends unclaimed by shareholders with claim period elapsed	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
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>

(25) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.

4. (1) The Company's shareholders' meeting reached the resolution threshold through electronic voting on June 12, 2021 and resolved on, July 23, 2021, to distribute 2020 earnings. The shareholders' meeting passed the 2020 earnings distribution proposal on June 9, 2020. The details are as follows:

	2020		2019	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 845,886		\$ 656,143	
Special reserve	-		(29,015,899)	
Cash dividends	1,504,881	\$ 1.00	1,003,254	\$ 1.00
Share dividend	<u>6,019,524</u>	4.00	<u>5,016,270</u>	5.00
Total	<u>\$8,370,291</u>		<u>(\$ 22,340,232)</u>	

5. Change of undistributed earnings is as follows:

	<u>2021</u>
January 1, 2021	\$ 37,360,519
Appropriation and distribution of retained earnings of 2020:	
- Legal reserve	(845,886)
- Share dividend	(6,019,524)
- Cash dividend	(1,504,881)
Unrealized valuation gains on financial assets transferred to retained earnings due to disposal	111,932
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	(6,547)
Disposal of equity instruments at fair value through other comprehensive income by the associates	7,750
Changes in associates & joint ventures accounted for using equity method	3,578
Net income of current period	16,242,546
Remeasurements of defined benefit obligation	7,662
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	75,094
Income tax relating to items that will not be reclassified:	
- Tax related to the group	(1,879)
- Tax related to the associates	<u>(577)</u>
December 31, 2021	<u>\$ 45,429,787</u>

	<u>2020</u>
Six months ended	\$ 6,561,429
Appropriation and distribution of retained earnings of 2019:	
- Legal reserve	(656,143)
- Special reserve	29,015,899
- Stock dividends	(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 by the associates	3,887
Net income of current period	8,557,651
Remeasurements of defined benefit obligation	(4,813)
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	(89,956)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	1,088
- Tax related to the associates	679
December 31, 2020	<u>\$ 37,360,519</u>

(26) Other equity items

	2021				
	Unrealized valuation income and loss	Foreign currency translation	Hedging reserve	By the overlay approach Reclassification	Total
January 1	\$ 27,411,106	(\$ 500,649)	\$ 6	\$ 11,881,669	\$38,792,132
Unrealized valuation profit or loss of financial assets:					
- Group	1,202,804	-	-	-	1,202,804
- Tax related to the group	(71,785)	-	-	-	(71,785)
- Associates (Note 1)	(18,993,137)	-	-	-	(18,993,137)
- Tax related to the associates	302,150	-	-	-	302,150
- Unrealized valuation gain transferred to retained earnings due to disposal (Note 2)	(111,932)	-	-	-	(111,932)
- Unrealized valuation losses transferred to retained earnings due to disposal (Note 2)	6,547	-	-	-	6,547
- Changes of disposing associates (Note 1)	(7,750)	-	-	-	(7,750)
Foreign currency translation differences:					
- Group	-	(159,750)	-	-	(159,750)
- Tax related to the group	-	31,505	-	-	31,505
- Associate	-	(29,184)	-	-	(29,184)
- Tax related to the associates	-	1,701	-	-	1,701
Reclassification by the overlay approach:					
- Associates (Note 1)	-	-	-	5,537,295	5,537,295
- Tax related to the associates	-	-	-	(39,045)	(39,045)
December 31	<u>\$ 9,738,003</u>	<u>(\$ 656,377)</u>	<u>\$ 6</u>	<u>\$ 17,379,919</u>	<u>\$ 26,461,551</u>

2020

	Unrealized valuation income and loss	Foreign currency translation	Hedging reserve	By the overlay approach reclassification	Total
January 1	\$ 12,510,399	(\$ 180,243)	\$ 75	\$ 576,781	\$ 12,907,012
Unrealized valuation profit or loss of financial assets:					
- Group	(24,791)	-	-	-	(24,791)
- Tax related to the group	932	-	-	-	932
- Associates (Note 1)	14,968,726	-	-	-	14,968,726
- Tax related to the associates	(49,951)	-	-	-	(49,951)
- Unrealized valuation gain transferred to retained earnings due to disposal (Note 2)	9,678	-	-	-	9,678
- Changes of disposing associates (Note 1)	(3,887)	-	-	-	(3,887)
Foreign currency translation differences:					
- Group	-	(348,716)	-	-	(348,716)
- Tax related to the group	-	69,693	-	-	69,693
- Associate	-	(43,915)	-	-	(43,915)
- Tax related to the associates	-	2,532	-	-	2,532
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	<u>\$ 27,411,106</u>	<u>(\$ 500,649)</u>	<u>\$ 6</u>	<u>\$ 11,881,669</u>	<u>\$ 38,792,132</u>

Note 1: Changes in unrealized valuation gains or losses and reclassification using the overlay approach are the effect of changes in the fair value and the disposal of financial assets at fair value through profit or loss and other comprehensive income held by associates Sinopac and Nan Shan Life Insurance.

Note 2: Please refer to Note 6(6)14 for details.

(27) Operation income

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers:		
Revenue from construction contracts	\$ 14,941,688	\$ 9,776,876
Revenue from sales of real estate	6,523,133	3,618,328
Revenue from sales of goods	3,575,177	3,407,634
Revenue from contract for service	255,294	288,878
Revenues from booths	408,385	454,616
Other revenue from contracts	<u>288,129</u>	<u>274,750</u>
Subtotal	<u>25,991,806</u>	<u>17,821,082</u>
Rental income:		
Lease income - real estate properties	1,274,905	1,228,405
Lease income - proprietary booths	<u>27,173</u>	<u>35,102</u>
Subtotal	<u>1,302,078</u>	<u>1,263,507</u>
Total	<u>\$ 27,293,884</u>	<u>\$ 19,084,589</u>

1. Detail of customer contract income

The Group's revenue is mainly from the transfer of land and buildings, products and services over time or at a point of time, and it can be divided based on product lines and regions as follows:

	<u>Taiwan</u>				
	<u>Construction business</u>	<u>Building materials business</u>	<u>Hypermarket business</u>	<u>Other operations</u>		Total
<u>2021</u>					
Departmental revenue	\$ 25,431,366	\$ 2,629,500	\$ 1,053,093	\$ 1,187,668	\$ 30,301,627
Revenue from internal department transactions	<u>(3,955,218)</u>	<u>(150,035)</u>	<u>-</u>	<u>(204,568)</u>	<u>(4,309,821)</u>
Revenue from contracts with external customers	<u>\$ 21,476,148</u>	<u>\$ 2,479,465</u>	<u>\$ 1,053,093</u>	<u>\$ 983,100</u>	<u>\$ 25,991,806</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 6,548,890	\$ 2,471,766	\$ 1,053,093	\$ 571,246	\$ 10,644,995
Revenue recognized over time	<u>14,927,258</u>	<u>7,699</u>	<u>-</u>	<u>411,854</u>	<u>15,346,811</u>
	<u>\$ 21,476,148</u>	<u>\$ 2,479,465</u>	<u>\$ 1,053,093</u>	<u>\$ 983,100</u>	<u>\$ 25,991,806</u>

<u>2020</u>	<u>Taiwan</u>				<u>China</u>	<u>Total</u>
	<u>Construction business</u>	<u>Building materials business</u>	<u>Hypermarket business</u>	<u>Other operations</u>	<u>Construction business</u>	
Departmental revenue	\$ 16,074,455	\$ 2,459,579	\$ 1,054,565	\$ 1,239,596	\$ 18,499	\$ 20,846,691
Revenue from internal department transactions	(2,679,986)	(159,886)	-	(185,737)	-	(3,025,609)
Revenue from contracts of Income	<u>\$ 13,394,469</u>	<u>\$ 2,299,690</u>	<u>\$ 1,054,565</u>	<u>\$ 1,053,859</u>	<u>\$ 18,499</u>	<u>\$ 17,821,082</u>
Timing of revenue recognition						
Revenues recognized at a certain point	\$3,620,107	\$ 2,272,726	\$ 1,054,565	\$ 639,669	\$ -	\$7,587,067
Revenues recognized at a certain point	<u>9,774,362</u>	<u>26,964</u>	<u>-</u>	<u>414,190</u>	<u>18,499</u>	<u>10,234,015</u>
	<u>\$ 13,394,469</u>	<u>\$ 2,299,690</u>	<u>\$ 1,054,565</u>	<u>\$ 1,053,859</u>	<u>\$ 18,499</u>	<u>\$ 17,821,082</u>

2. As of December 31, 2021, for the signed construction contracts, the aggregated amounts of the transaction amount allocated to the unsatisfied contract performance, and the estimated recognition years are as the followings:

<u>Year</u>	<u>Year of the estimated recognized revenues</u>	<u>Amounts of the signed contracts</u>
2021	2022 to 2026	<u>\$ 17,747,937</u>
2020	2021 to 2024	<u>\$ 12,373,103</u>

3. Contract assets and liabilities (related parties included)

The Group's recognition of contract assets and contract liabilities related to contracts with customers is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Six months ended</u>
Contract asset:			
Contract asset			
- reserves of constructions	\$ 1,015,749	\$ 631,656	\$ 437,750
Contract asset - Construction contract	<u>2,008,581</u>	<u>1,808,890</u>	<u>837,974</u>
Total	<u>\$ 3,024,330</u>	<u>\$ 2,440,546</u>	<u>\$ 1,275,724</u>
Contract liability:			
Contract liability - Construction contract	\$ 994,411	\$ 554,003	\$ 361,296
Contract liability - Contract for service	-	390	22,396
Contract liabilities			
- contracts of building material sales	35,210	28,186	15,634
Contract liabilities			
- contracts of real estate sales	2,368,197	1,991,697	772,082
Contract liabilities			
- contracts of good sales	<u>2,493</u>	<u>2,193</u>	<u>1,529</u>
Total	<u>\$ 3,400,311</u>	<u>\$ 2,576,469</u>	<u>\$ 1,172,937</u>

4. Contract assets and contract liabilities related to aforementioned contracts recognized as of December 31, 2021 and 2020, and as of January 1, 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Six months ended</u>
Incurring total costs and recognized earnings (deducting the recognized losses)	\$ 21,413,755	\$ 16,010,496	\$ 13,519,607
Less: Amount requested for progress of works	<u>(20,399,585)</u>	<u>(14,755,609)</u>	<u>(13,042,929)</u>
Net assets and liabilities of contracts in progress	<u>\$ 1,014,170</u>	<u>\$ 1,254,887</u>	<u>\$ 476,678</u>
Listed as:			
Contract asset - Construction contract	\$ 2,008,581	\$ 1,808,890	\$ 837,974
Contract liability - Construction contract	<u>(994,411)</u>	<u>(554,003)</u>	<u>(361,296)</u>
	<u>\$ 1,014,170</u>	<u>\$ 1,254,887</u>	<u>\$ 476,678</u>

(28) Operation Cost

	<u>2021</u>	<u>2020</u>
Costs of clients' contracts		
Cost of construction contract	\$ 11,971,114	\$ 8,174,965
Cost of sales of real estate	5,175,044	2,766,817
Cost of sales of goods	3,233,822	3,025,459
Cost of contract for service	197,039	226,846
Costs of booths	234,955	219,813
Other costs from contracts	9,218	8,589
Subtotal	<u>20,821,192</u>	<u>14,422,489</u>
Lease costs:		
Lease cost - real estate properties	722,455	701,143
Lease cost - proprietary booths	<u>20,288</u>	<u>21,388</u>
Subtotal	<u>742,743</u>	<u>722,531</u>
Total	<u>\$ 21,563,935</u>	<u>\$ 15,145,020</u>

(29) Interest revenue

	<u>2021</u>	<u>2020</u>
Interest on cash in banks	\$ 15,518	\$ 38,391
Imputed interest for deposit	38	1,474
Interest income from the financial assets measured at amortized costs	20,299	19,730
Other interest income	<u>2,941</u>	<u>3,450</u>
	<u>\$ 38,796</u>	<u>\$ 63,045</u>

(30) Other income

	<u>2021</u>	<u>2020</u>
Gain on variable lease payments (Note)	\$ 47,846	\$ 24,506
Dividend income	48,967	128,297
Other income	<u>141,698</u>	<u>138,724</u>
	<u>\$ 238,511</u>	<u>\$ 291,527</u>

Note: Please refer to Note 6(10)11 for other income recognized in the years 2021 and 2020 as a result of rent concessions.

(31) Other gains and losses

	<u>2021</u>	<u>2020</u>
Loss on liquidation of subsidiary (Note)	(\$ 24,618)	\$ -
Gain (loss) on disposal of property, plant and equipment	(3,979)	19,303
Gain on disposal of non-current assets held for sale	18,315	27,584
Net foreign exchange loss	(75,160)	(117,378)
Gains on reversal of financial assets impairment loss	-	1,105
Gains on lease modifications	-	23
Gains on Financial assets at fair value through profit or loss	12,018	3,564
Impairment loss on use-of-right assets	(216)	(1,543)
Impairment loss on investment properties	(717)	(1,656)
Impairment loss on property, plant and equipment	(66,151)	-
Impairment loss on intangible assets	(73,212)	-
Others	<u>(57,947)</u>	<u>(52,741)</u>
	<u>(\$ 271,667)</u>	<u>(\$ 121,739)</u>

Note: When Runzhu Architecture and Engineering was liquidated on September 14, 2021, Ruentex Engineering & Construction reclassified the exchange differences arising on the translation of the financial statements of foreign operations to the realized exchange loss.

(32) Financial costs

	<u>2021</u>	<u>2020</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 458,150	\$ 536,108
Lease liabilities	257,569	258,185
Amount of assets eligible for capitalization		
Inventories	(101,069)	(92,674)
Property, plant, and equipment	<u>(1,536)</u>	<u>(3,507)</u>
	<u>\$ 613,114</u>	<u>\$ 698,112</u>

(33) Additional information of expenses by nature

	<u>2021</u>	<u>2020</u>
Changes in merchandise inventory	\$ 8,334,736	\$ 5,687,973
Raw materials purchased and contract work for current period	9,577,867	6,264,372
Employee benefit expense	2,815,397	2,367,632
Depreciation expenses for real estate properties, plants, equipment	334,817	271,477
Depreciation expenses for investment properties	480,078	492,914
Depreciation expenses for right-of-use assets	249,898	221,050
Amortization expense	12,615	12,248
Tax expense	448,148	441,215
Advertisement expense	208,652	164,770
Rent expenses - short term lease	73,295	48,469
Rent expenses - variable lease	727	445
Expected credit impairment (incomes) losses	(295)	1,574
Other expense	<u>1,161,099</u>	<u>1,025,443</u>
Operating costs and expenses	<u>\$ 23,697,034</u>	<u>\$ 16,999,582</u>

(34) Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 2,331,239	\$ 1,976,361
Employee stock option expenses	37,079	-
Labor and Health Insurance costs	183,707	153,298
Pension expense	84,625	77,057
Directors' Remuneration	56,887	49,613
Other employment fees	<u>121,860</u>	<u>111,303</u>
	<u>\$ 2,815,397</u>	<u>\$ 2,367,632</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, 2021 and 2020, employees' compensation was accrued at NT\$48,496 and NT\$29,201, 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, 2021. The employees' compensation resolved by the board of directors was NT\$48,496, which

will be distributed in the form of cash.

Employees' compensation of 2020 as resolved by the board of directors was in agreement with the amount of NT\$29,201 recognized in the 2020 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.

(35) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax occurred in the current period	\$ 1,002,769	\$ 361,158
Land value increment tax	75,358	85,972
Extra imposed on undistributed earnings	4,432	1,083,486
Overestimation on income tax for prior years	(18,860)	(24,916)
Total income tax for current period	<u>1,063,699</u>	<u>1,505,700</u>
Deferred income tax:		
Origination and reversal of temporary differences	(520,193)	3,334
Tax loss	(69,520)	(5,964)
Total deferred income tax	<u>(589,713)</u>	<u>(2,630)</u>
Income tax expense	<u>\$ 473,986</u>	<u>\$ 1,503,070</u>

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

	<u>2021</u>	<u>2020</u>
Changes in unrealized valuation profit or loss - group	(\$ 71,785)	\$ 932
Changes in unrealized valuation profit or loss - non-controlling interest	(1,278)	37
Differences on translation of foreign operations - group	31,505	69,693
Differences on translation of foreign operations - non-controlling interest	(2,591)	(338)
Portion of other comprehensive income from the associates	264,806	(127,700)
Remeasurements of defined benefit obligation - group	(2,456)	1,767
Remeasurements of defined benefit obligation - non-controlling interest	(1,806)	1,061
	<u>\$ 216,395</u>	<u>(\$ 54,548)</u>

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

	<u>2021</u>	<u>2020</u>
Capital surplus	(\$ 884)	(\$ 711)
2. Reconciliation between income tax expense and accounting profit		
	<u>2021</u>	<u>2020</u>
Imputed income taxes on pretax income at statutory tax rate	\$ 3,913,260	\$ 2,305,754
Expenses to be excluded as stipulated in the tax law	16,257	33,963
Income with exemption from tax as stipulated in the tax law	(3,488,733)	(2,078,025)
Tax loss on unrecognized deferred income tax assets	2,416	115,681
Temporary differences on unrealized deferred income tax assets (liabilities)	(1,000)	872
Income tax effects of investment tax credits	-	(3,288)
Changes in realizability evaluation on deferred income tax assets	(29,144)	(16,429)
Income tax imposed on undistributed earnings	4,432	1,083,486
Land value increment tax	75,358	85,972
Overestimation on income tax for prior years	(18,860)	(24,916)
Income tax expense	<u>\$ 473,986</u>	<u>\$ 1,503,070</u>

3. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax loss are as follows:

	2021				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	December 31
Deferred income tax assets:					
- Temporary differences:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 2,164	\$ 790	\$ -	\$ -	\$ 2,954
Pension exceeding the limits	10,957	(3,322)	-	-	7,635
Deferred promotion expenses	37,973	7,209	-	-	45,182
Unrealized foreign exchange losses	1,401	2,187	-	-	3,588
Unrealized gross profit from sales	20,214	1,855	-	-	22,069
Allowance for bad debt exceeding the limits	-	29	-	-	29
Warranty provision	17,865	3,281	-	-	21,146
Valuation income and loss	315	-	-	-	315
Unrealized impairment loss	-	27,872	-	-	27,872
Domestic investment loss	68,659	(36,146)	-	-	32,513
Unrealized sales discounts	1,957	(335)	-	-	1,622
Unrealized valuation profit or loss changes	2,035	-	(2,035)	-	-
Differences on translation of foreign operations	80,618	-	28,914	-	109,532
Re-measurements of defined benefit obligation	31,585	-	(4,262)	-	27,323
- Tax loss	20,403	69,520	-	-	89,923
Subtotal	<u>296,146</u>	<u>72,940</u>	<u>22,617</u>	<u>-</u>	<u>391,703</u>
Deferred income tax liability:					
- Temporary differences:					
Foreign investment gain	(1,242,749)	516,238	-	-	(726,511)
Unrealized foreign exchange gains	-	-	-	-	-
Allowance for bad debt exceeding the limits	-	-	-	-	-
Commissions expense timing Difference	(2,592)	535	-	-	(2,057)
Portion of other comprehensive income from the associates	(375,428)	-	264,806	-	(110,622)
Unrealized valuation profit or loss changes	-	-	(71,028)	-	(71,028)
Differences on translation of foreign operations	-	-	-	-	-
Capital surplus	(53,524)	-	-	(884)	(54,408)
Subtotal	<u>(1,674,293)</u>	<u>516,773</u>	<u>193,778</u>	<u>(884)</u>	<u>(964,626)</u>
Total	<u>(\$ 1,378,147)</u>	<u>\$ 589,713</u>	<u>\$ 216,395</u>	<u>(\$ 884)</u>	<u>(\$ 572,923)</u>

	2020				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	December 31
Deferred income tax assets:					
- Temporary differences:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 10,804	(\$ 8,640)	\$ -	\$ -	\$ 2,164
Pension exceeding the limits	10,670	287	-	-	10,957
Deferred promotion expenses	16,594	21,379	-	-	37,973
Unrealized foreign exchange losses	-	1,401	-	-	1,401
Unrealized gross profit from sales	8,120	12,094	-	-	20,214
Warranty provision	18,411	(546)	-	-	17,865
Valuation income and loss	315	-	-	-	315
Domestic investment loss	63,124	5,535	-	-	68,659
Unrealized sales discounts	1,646	311	-	-	1,957
IFRS 16 book-tax difference	22,510	(22,510)	-	-	-
Unrealized valuation profit or loss changes	1,066	-	969	-	2,035
Differences on translation of foreign operations	11,263	-	69,355	-	80,618
Re-measurements of defined benefit obligation	28,757	-	2,828	-	31,585
Tax loss	14,439	5,964	-	-	20,403
Subtotal	<u>207,719</u>	<u>15,275</u>	<u>73,152</u>	<u>-</u>	<u>296,146</u>
Deferred income tax liability:					
- Temporary differences:					
Foreign investment gain	(1,229,415)	(13,334)	-	-	(1,242,749)
Unrealized foreign exchange gains	(143)	143	-	-	-
Allowance for bad debt exceeding the limits	(10)	10	-	-	-
Commissions expense timing Difference	(3,128)	536	-	-	(2,592)
Construction contracts	-	-	-	-	-
Portion of other comprehensive income from the associates	(247,728)	-	(127,700)	-	(375,428)
Capital surplus	(52,813)	-	-	(711)	(53,524)
Subtotal	<u>(1,533,237)</u>	<u>(12,645)</u>	<u>(127,700)</u>	<u>(711)</u>	<u>(1,674,293)</u>
Total	<u>(\$1,325,518)</u>	<u>\$ 2,630</u>	<u>(\$ 54,548)</u>	<u>(\$ 711)</u>	<u>(\$1,378,147)</u>

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

December 31, 2021

Year of occurrence	Declared/ Verified	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2012	\$ 10,625	\$ 9,950	\$ 9,950	2022
2013	8,802	8,802	8,802	2023
2014	10,798	10,798	9,308	2024
2015	7,859	7,480	7,480	2025
2016	55,665	40,559	17,003	2026
2017	59,525	44,380	4,151	2027
2018	127,832	115,981	1,434	2028
2019	94,688	69,969	3,645	2029
2020	138,972	108,954	10,599	2030
2021	<u>117,195</u>	<u>117,195</u>	<u>12,082</u>	2031
	<u>\$ 631,961</u>	<u>\$ 534,068</u>	<u>\$ 84,454</u>	

December 31, 2020

Year of occurrence	Declared/ Verified	Amount not deducted	Non-recognized amount of deferred income tax assets	The final year in which the tax deduction is applied
2011	\$ 10,409	\$ 10,409	\$ 10,409	2021
2012	10,625	10,378	9,950	2022
2013	8,802	8,802	8,802	2023
2014	10,798	10,798	10,798	2024
2015	7,859	7,859	7,480	2025
2016	55,665	53,258	32,847	2026
2017	59,525	57,849	44,380	2027
2018	127,832	127,832	115,981	2028
2019	94,774	94,774	69,115	2029
2020	<u>192,805</u>	<u>192,805</u>	<u>162,787</u>	2030
	<u>\$ 579,094</u>	<u>\$ 574,764</u>	<u>\$ 472,549</u>	

5. The cumulative amounts of temporary difference unrecognized as deferred tax liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 426,703	\$ 383,135

6. The Company's income tax returns through 2019 have been assessed as approved by the Tax Authority.

(36) Non-controlling Interest

1. Changes in non-controlling interest:

	<u>2021</u>	<u>2020</u>
January 1	\$ 4,721,021	\$ 4,499,463
Decrease in the acquired cash dividends	(637,706)	(455,929)
Net income of current period	1,248,142	717,741
Cash capital increase by subsidiary	151,061	-
Change in ownership interests in subsidiaries	26,554	-
Differences on translation of foreign operations	12,846	2,820
Changes in unrealized valuation profit or loss	717,115	(38,633)
Re-measurements of defined benefit plan	9,160	(5,201)
Tax amount:		
- Differences on translation of foreign operations	(2,591)	(338)
- Changes in unrealized valuation profit or loss	(1,278)	37
- Remeasurements of defined benefit obligation	(1,806)	1,061
December 31	<u>\$ 6,242,518</u>	<u>\$ 4,721,021</u>

2. Ruentex Interior Design, a third-tier subsidiary of the Group, conducted capital increase in cash by issuing new shares on September 14, 2021. The Group did not subscribe in proportion to the shareholding, which resulted in a decrease in the combined shareholding of Ruentex Design from 26.17% to 23.78%. Please refer to Note 4(3) for details. The effects of changes in Ruentex Design's equity in 2021 on the equity attributable to the owners of parent are as follows:

	<u>2021</u>
Cash	\$ 143,061
Share-based payment	37,079
Increase in the carrying amount of non-controlling interests	(169,615)
	<u>\$ 10,525</u>
Recognized in:	
Capital surplus - changes in ownership interests in subsidiaries	<u>\$ 10,525</u>

(38) Cash flow supplementary information

1. Investing activities paid partially by cash

	<u>2021</u>	<u>2020</u>
Purchase of intangible assets	\$ 23,325	\$ 22,339
Add: Other payables at the beginning of the period	-	33
Cash payments for current period	<u>\$ 23,325</u>	<u>\$ 22,372</u>

	<u>2021</u>	<u>2020</u>
Acquisition of financial Assets measured at fair value through other comprehensive income	\$ 203,800	\$ -
Less: Investments payable at the end of the period	<u>(5,857)</u>	<u>-</u>
Cash payments for current period	<u>\$ 197,943</u>	<u>\$ -</u>

2. Investing activities not affecting cash payment:

	<u>2021</u>	<u>2020</u>
Right-of-use assets reclassified to investment properties	<u>\$ 327,806</u>	<u>\$ -</u>
Real estate, plant and equipment transferred to expenses	<u>\$ -</u>	<u>\$ 76</u>
Expenses of intangible asset transfer	<u>\$ -</u>	<u>\$ 543</u>
Prepayments for business facilities reclassified to real estate, plant and equipment	<u>\$ 64,723</u>	<u>\$ 103,957</u>
Prepayments for construction reclassified to property, plant and equipment	<u>\$ -</u>	<u>\$ 97</u>
Financial assets designated at fair value through profit or loss - non-current reclassified as other comprehensive income		
Financial assets at fair value - non-current	<u>\$ 49,280</u>	<u>\$ -</u>
Financial assets at fair value through other comprehensive income - non-current reclassified as financial assets at fair value through other comprehensive income - current	<u>\$ 1,303,338</u>	<u>\$ -</u>

3. Financing activities with no cash flow effects:

	<u>2021</u>	<u>2020</u>
Share dividend	<u>\$ 6,019,524</u>	<u>\$ 5,016,270</u>

(39) Liabilities from financing activities

	2021					
	Short-term borrowings	Short-term bills payable	Guarantee deposits received	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (Including due within one year)	Total liabilities from financing activities
January 1	\$2,750,000	\$4,878,621	\$1,302,500	\$ 36,748,602	\$11,080,440	\$56,760,163
Changes of the financing cash flows	(470,000)	250,000	(8,444)	1,770,000	(227,666)	1,313,890
Modifications to leases	-	-	-	-	(745,789)	(745,789)
Newly added lease contracts	-	-	-	-	380,058	380,058
Other non-cash changes	-	(946)	-	2,595	(18,499)	(16,850)
December 31	<u>\$2,280,000</u>	<u>\$ 5,127,675</u>	<u>\$1,294,056</u>	<u>\$ 38,521,197</u>	<u>\$10,468,544</u>	<u>\$57,691,472</u>
	<u>2020</u>					
	Short-term borrowings	Short-term bills payable	Guarantee deposits received	Long-term borrowings (including due within one year and one operating cycle)	Lease liabilities (Including due within one year)	Total liabilities from financing activities
January 1	\$3,323,000	\$3,038,126	\$1,307,242	\$ 39,501,546	\$10,439,426	\$57,609,340
Changes of the financing cash flows	(573,000)	1,840,000	(4,742)	(2,753,000)	(200,261)	(1,691,003)
Modifications to leases	-	-	-	-	55,660	55,660
Newly added lease contracts	-	-	-	-	785,640	785,640
Other non-cash changes	-	495	-	56	(25)	526
December 31	<u>\$2,750,000</u>	<u>\$ 4,878,621</u>	<u>\$1,302,500</u>	<u>\$ 36,748,602</u>	<u>\$11,080,440</u>	<u>\$56,760,163</u>

7. Transaction with Related Parties

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ruentex Industries Ltd. (Ruentex Industries)	Associate (the investment company which accounts for the Company using the equity method)
Kompass Global Sourcing Solutions Ltd.	Associate (investee's subsidiary that measures the Company using the equity method)
Shing Yen Construction & Development Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Beijing Ruentex Environmental Technology Corp (Beijing Ruentex).	Associate (the third-tier subsidiary of the investee company accounted for under the equity method by the Company)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan General Insurance Co., Ltd.	Associate (the subsidiary of the investee company accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart)	Other related party (the Company is a juridical person supervisor of the company)
OBI Pharma, Inc.	Other related party (the Company's subsidiaries' representative of juridical person director is the representative of the juridical person director of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (juridical person director of the Company's associates)
Amaran Biotechnology Inc.	Other related party (one of the juridical person director of the Company's subsidiaries is a controlled company of the company)
Ruentex Construction Co., Ltd.	Other related party (the Group's management is the representative of the juridical person director of the company)
Ruentex Dyeing and Textile Co., Ltd.	Other related party (the Group's management is the representative of the juridical person director of the company)
Yi Tai Investment Co., Ltd.	Other related party (the Group's management is the representative of the juridical person director of the company)
Huei Hong Investment Co., Ltd.	Other related party (the Company's management personnel is the representative of the juridical person director of the company)
Ren Ying Industrial Co., Ltd.	Other related party (its chairperson is the relative of the representative of the juridical person director of the Company)
Penglin Investment Co., Ltd.	Other related party (its director is the representative of the juridical person director of the Company)
Samuel Yen-Liang Yin	Other related party (relative of the representative of the juridical person director of the Company)
Lin, Yu-Sheng	Other related party (the Company's subsidiary's key management personnel)
Wu , Jia-Ru	Other related party (the Company's subsidiary's key management personnel)

<u>Name of the related party</u>	<u>Relationship with the Group</u>
Lai, Ke-You	Other related party (relative of the Company's subsidiary's key management personnel)
Liang, Tien-Yi	Other related party (the Company's associate's key management personnel)
Chang, Kai-Hsiang	Other related party (relative of the Group's key management personnel)
Chien, Chieh-Ni	Other related party (relative of the Group's key management personnel)
Jean, Tsang-Jiunn	The Company's key management personnel
Lee, Chih-Hung (Notes 1 and 2)	The Company's key management personnel
Chen, Po-Yu	The Company's key management personnel
Lai, Shih-Hsun (Note 1)	The Group's key management personnel
Hsu, Jin-Qian	The Group's key management personnel
Mo Wei-Han (Note 2)	The Group's key management personnel
Chen, Xue-Xian (Note 3)	The Group's key management personnel
Chiu, Hui-Sheng (Note 3)	The Group's key management personnel
Lu, Yu-Huang	The Group's key management personnel

Note 1: Lee, Chih-Hung has retired and resigned as the chairman of the subsidiary, Ruentex Engineering & Construction, on July 31, 2021. Lee, Chih-Hung has been elected by the Board of Directors as the chairman since August 1, 2021.

Note 2: Lee, Chih-Hung resigned as the chairman of sub-subsidiary, Ruentex Material, on October 5, 2021, and Mo, Wei-Han was elected by the Board of Directors as the chairman of Ruentex Material.

Note 3: Chiu, Hui-Sheng resigned from a position at sub-subsidiary, Ruentex Material, on October 5, 2021, and Chen, Xue-Xian was appointed by the Board of Directors as the president of Ruentex Material.

(2) Significant related party transactions and balances

1. Operating revenue

	<u>2021</u>	<u>2020</u>
Sales revenue:		
- Other related parties	\$ 121	\$ 3,460
- Key management personnel	47,149	-
Revenues from booths:		
- Associates	1,436	1,068
Contract of construction:		
- Other related parties	227,893	254,948
Sales of Services:		
- Other related parties	10,540	9,223
- Associates	2,272	3,615
Rental income:		
- Other related parties	12,480	12,480
	<u>\$ 301,891</u>	<u>\$ 284,794</u>

- (1) The Group 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 Group sells products to related parties based on price negotiated between two parties and collects payments according to the payment term specified in the contract.
- (3) The Group's subsidiaries sub-contract projects with related parties based on price negotiated between two parties and collects payments according to the progress of construction and the payment term specified in the contract.
- (4) The Group enters into a service contract with related parties based on price negotiated between two parties and collects the payment according to the schedule agreed in the contract.
- (5) The Group leases the Nangang Railway Station Building in form of operating lease, and the lease price was negotiated by both parties and collected based on schedule agreed in the contract. The lease period is from 2015 to 2025. The future minimum lease receivable for the irrevocable contract above is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one years	\$ 13,686	\$ 12,866
More than one year but less than five years	<u>44,396</u>	<u>58,081</u>
	<u>\$ 58,082</u>	<u>\$ 70,947</u>

- (6) 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, 2021</u>		<u>December 31, 2020</u>	
	Total contract amount	Advance real estate receipts	Total contract amount	Advance real estate receipts
Other related parties	\$ 88,140	\$ 14,610	\$ 61,980	\$ 8,470
Key management personnel	<u>-</u>	<u>-</u>	<u>48,090</u>	<u>8,670</u>
	<u>\$ 88,140</u>	<u>\$ 14,610</u>	<u>\$ 110,070</u>	<u>\$ 17,140</u>

- (7) On December 28, 2021, the Company's Board of Directors approved to dispose of a unit on the 11th floor of building A1 and 7 parking spaces at Botanic Garden Villa, Zhongzheng District, Taipei City, to other related parties. The total contract price was NT\$816,313 (tax excluded). As of March 15, 2022, the payment has been paid in full, and the ownership transfer registration was completed on January 20, 2022.
- (8) On December 28, 2021, the Company's Board of Directors approved to dispose of a unit on the 23rd floor of building A6 and 2 parking spaces at Ruentex Fuyang, Xinhai Section, Daan District, Taipei City, to other related parties. The total contract price was

NT\$43,581 (tax excluded). As of March 15, 2022, an amount of NT\$5,080 has been paid, and the ownership transfer registration procedures have not yet been completed.

2. Purchases of goods

	<u>2021</u>	<u>2020</u>
Procurement of goods:		
—Other related parties (Note)	<u>\$ 386,346</u>	<u>\$ 313,321</u>

Note: This represents the purchase of merchandise inventory from RT-Mart.

- (1) The Group pays its related parties with the promissory notes due within 1~2 months.
- (2) The Group and its related parties enter into the commissioned procurement contract, and the cost of goods are based on the price that related parties paid for such goods. The payment is made 1~2 months after related parties received the payment notice from their suppliers.
- (3) The Group commissions its related parties for construction projects at the price negotiated between both parties.
- (4) The construction contracts entered into by the Group and its related parties, uncompleted construction-in-progress contracts, and payment amounts are as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Total contract amount (Tax excluded)	Amount paid	Total contract amount (Tax excluded)	Amount paid
Other related parties	<u>\$ 18,114</u>	<u>\$ 3,351</u>	<u>\$ 18,114</u>	<u>\$ 3,351</u>

3. Construction contracting and advance Construction Receipts

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Total contract amount (Tax excluded)	Amount of claim based on the progress of works	Total contract amount (Tax excluded)	Amount of claim based on the progress of works
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,749</u>	<u>\$ 276,250</u>

4. Interest revenue

	<u>2021</u>	<u>2020</u>
Interest income from the financial assets measured at amortized costs:		
Nan Shan Life Insurance	<u>\$ 19,600</u>	<u>\$ 19,600</u>

5. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable:		
Other related parties	<u>\$ -</u>	<u>\$ 40,931</u>

Accounts receivable:		
Other related parties	\$ 429	\$ 3,741
Associates	116	395
	<u>\$ 545</u>	<u>\$ 4,136</u>
Other receivables (Note 1):		
Nan Shan Life Insurance	\$ 10,132	10,131
Associates	41	66
Other related parties	2,971	2,297
	<u>\$ 13,144</u>	<u>\$ 12,494</u>
Contract assets (Note 2):		
Other related parties	<u>\$ -</u>	<u>\$ 8,591</u>

Note 1: mainly refer to interest receivable and vouchers receivable.

Note 2: mainly the retention money related to construction contracts.

6. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes payable:		
RT-Mart	\$ 58,352	\$ 29,248
Associates (Note)	2,847	1,951
	<u>\$ 61,199</u>	<u>\$ 31,199</u>
Accounts payable:		
RT-Mart	\$ 14,396	\$ 15,648
Associates (Note)	491	1,611
	<u>\$ 14,887</u>	<u>\$ 17,259</u>

Note: mainly computer maintenance fees payable, group insurance premium payable, and the retail counter sales payable (net of commission) to related parties by the subsidiary.

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 provisions:

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 years ended December 31, 2021 and 2020 were NT\$10,303 and NT\$10,331, respectively. As of December 31, 2021 and 2020, the royalties payable (including the earning compensation) (recognized under the notes payable) were NT\$781 and \$783 for the years ended December 31, 2020 and 2019, respectively.

8. Property transactions

(1) Acquisition of financial Assets

Please refer to Note 6(8)9 for details.

- (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. 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, which has been paid in full and is recognized under construction land. The ownership transfer registration was completed on January 12, 2021.
- (4) Disposal of real estate properties, plants and equipment

	<u>2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Beijing Ruentex	<u>\$ 37,059</u>	<u>\$ 19,105</u>

On August 20, 2020, the Company's sub-subsidiary, Newzone Fashion Ltd., entered into a contract for the disposal of a building located at Room 402, No. 35, Lane 300, Huaguang Road, Minhang District, Shanghai for a contract price (including tax) of \$37,059 (approximately RMB8,678 thousand), with a gain on disposal of \$19,105

(approximately RMB4,482 thousand). The transfer of ownership was completed in September 2020, and the full amount was received in October 2020.

(5) Proceeds from disposal of non-current assets held for sale

	<u>2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Beijing Ruentex	<u>\$ 33,519</u>	<u>\$ 7,822</u>

In October 2020, the Company's sub-subsidiary, Newzone Fashion Ltd., entered into a contract for the disposal of a building located at Room 1304, 13th Floor, No. 62, East 4th Huan Zhong Road, Chaoyang District, Beijing for a contract price (including tax) of \$33,519 (approximately RMB7,829,000) with a gain on disposal of \$7,822 (approximately RMB1,826,000). The transfer of ownership was completed in October 2020, and the full amount was received on December 4, 2020.

9. Lease transactions - lessees/rent expenses

(1) Ruentex Engineering & Construction, the subsidiary of the Company, has leased lands and storages from a related party, and the lease contract is from 2017 to 2022. 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) In June 2020, the Ruentex Engineering & Construction entered into a land lease agreement with Ruentex Industries; however, the aforesaid lease subject is still in the process of finishing. As of December 31, 2021, the lease subject has not yet been handed over; therefore, the cash payment value of the aforesaid lease based on the term and discount rate is \$561,562. The aforesaid prices were determined with reference to the valuation results from Cushman and Wakefield Real Estate Appraisers.

(3) Rent expenses of short-term lease contracts

	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ 16,799</u>	<u>\$ 5,652</u>

(4) Lease liabilities

A. Balance at the end of the period

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total amount of lease liabilities	\$ 21,253	\$ 48,410
Less: parts due within one year (listed as "Lease liabilities-Current")	<u>(21,253)</u>	<u>(29,587)</u>
	<u>\$ -</u>	<u>\$ 18,823</u>

B. Interest Costs:

	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ 365</u>	<u>\$ 708</u>

10. Endorsements or Guarantees made by related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Key management personnel	<u>\$ 74,068,478</u>	<u>\$ 65,231,706</u>

11. Others

Portion of the land of Ruentex Material is the farming and grazing land. Due to legal restrictions, the Ruentex Material is not entitled to the property right of aforementioned land. Therefore, the property rights of the agricultural land obtained in 2009, 2010, 2015, 2018 and 2020 were registered to the chief management and pledged as collateral to the third-tier subsidiary. The farming and grazing land originally of the Ligang Plant in Pingtung has been changed to transportation land as approved by the competent authority. As of December 31, 2021, the carrying amount of the farming and grazing land of NT\$84,306 was recognized under the “property, plant and equipment.”

(3) Key management compensation information

	<u>2021</u>	<u>2020</u>
Wages and salaries and other short-term employee benefits	\$ 368,406	\$ 332,363
Employee stock option expenses (Note)	15,716	-
Post-employment benefits	5,479	5,467
Termination benefits	<u>18,087</u>	<u>1,466</u>
Total	<u>\$ 407,688</u>	<u>\$ 339,296</u>

Note: Please refer to Note 6(22) for the details of shares retained from the cash capital increase by third-tier subsidiary, Ruentex Design, for employees to subscribe.

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Asset items	Carrying amount		For guarantee purpose
	December 31, 2021	December 31, 2020	
Inventories	\$ 24,140,109	\$ 23,839,815	Long-term/short-term borrowings and Issuance of Commercial Paper
Current other financial assets (listed as other current assets)	1,523,652	1,257,734	Joint construction guarantee deposits and real estate trust receipts in advance
Financial Assets measured at fair value through other comprehensive income -non-current	-	525,008	Short-term borrowings and Issuance of Commercial Paper
Investments accounted for using equity method	29,693,673	22,373,137	Long-term/short-term borrowings and Issuance of Commercial Paper
Right-of-use assets	319,646	656,465	Long-term/short-term borrowings
Non-current other financial assets (listed as other non-current assets)	163,486	132,415	Money Lodged at Courts and Performance Bonds
Property, plant, and equipment	1,922,951	1,959,803	Long-term/short-term borrowings
Investment Real Estate	<u>11,035,264</u>	<u>10,969,568</u>	Guarantee for long-term borrowings and Advance rent receipts
	<u>\$ 68,798,781</u>	<u>\$ 61,713,945</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

Other than specified in Note 6(13), other material contingencies are as the following:

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 No. 363 of Muzha 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.

(2) Commitments

Except those described in Note 6(8), (10), (11),(19), and 7, other material commitments are as follows:

1. As of December 31, 2021 and 2020, the total amount of the construction contracts entered into by the subsidiaries for the construction contracts were NT\$37,198,539 and NT\$31,678,533, respectively. Amounts of NT\$19,395,490 and NT\$16,507,881 have been paid, respectively, and the remainder will be paid based on the stage of completion.
2. As of December 31, 2021 and 2020, the guarantee bond for the joint development contracts, including the Ruentex Wenhua, Ruentex Awesom, Sanchong Wuwaggu Section, Ruentex Yangbei, Qingtian618, Xinzhuang Gongyuan Road, and Banqiao Xindu Section projects, signed by the Group with landlords, amounted NT\$526,304 and NT\$581,036.
3. 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.
4. As of December 31, 2021 and 2020, subsidiaries’ letter of credit facilities that are issued but unused for procurement amounted USD 211 thousand, and EUR721 thousand (equivalent to NT\$28,422 thousand in total), and USD 447 thousand and EUR 592 thousand (equivalent to NT\$33,462 thousand).
5. Subsidiary and Taoyuan city government entered into the turnkey construction contract for the public rental housing at Taoyuan City Zhongli District Base 1 in July 2018. In September 2018, the subsidiary applied for the special project guarantee facility amounting NT\$1,262,250 with the domestic bank that is registered with the Ministry of Finance, and as of December 31, 2021, the facility drawn was NT\$362,250 in the form of guarantee bond certificate issued by the domestic bank.
6. For the contracting and guarantee for performing constructions, the subsidiaries in May 2019 have applied guarantee facilities in the domestic banks registered with MOF, and have total NT\$400,000 of guarantee notes issued.

10. Significant Disaster Loss

None.

11. Significant subsequent events

Please refer to Notes 6(34) and 7.

12. Others

(1) Presentation of Financial Statements

Some items of the 2020 financial statements were reclassified in order be comparative to the notes to the 2021 financial statements.

(2) Capital management

The Group's capital management is to ensure its going concern and maintain the best capital structure to reduce capital cost, so as to provide returns to its shareholders. In order to maintain or adjust capital structure, the Group may adjust dividend distribution, return capital to shareholders, issue new shares or dispose assets to optimize the capital structure. The Group manages its capital through liabilities-to-capital ratio that is the ratio of net liabilities over total capital. The net liabilities is equal to total borrowings (including "current and non-current borrowings" on the consolidated financial statements) deducting cash and cash equivalents. Total capital is the "equity" stated on the consolidated balance sheet plus net liabilities.

The Group's strategy for year 2021 is consistent with that of year 2020. The Group's liabilities to capital ratios as of December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total borrowings	\$ 45,928,872	\$ 44,377,223
Less: Cash and cash equivalents	<u>(9,162,752)</u>	<u>(4,709,372)</u>
Net debt	36,766,120	39,667,851
Total equity	<u>123,104,552</u>	<u>118,965,351</u>
Total capital	<u>\$ 159,870,672</u>	<u>\$ 158,633,202</u>
Debt-to-total-capital ratio	23.00%	25.01%

(3) Financial instruments

1. Type of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial Assets at fair value through other comprehensive income acquired - current	\$ 1,303,338	\$ -
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	4,196,121	3,578,218
Financial Assets at amortized cost		
Cash and cash equivalents	9,162,752	4,709,372
Notes receivable (including related parties)	1,176,984	177,848
Accounts receivable (including related parties)	1,328,048	1,037,985
Other receivables (including related parties)	32,708	36,304
Financial assets measured by amortized cost -current	319,000	-
Financial Assets at amortized cost- non-current	560,000	560,000
Long-term notes and accounts receivable	368,261	426,038
Other financial assets (listed as other current assets and other non-current assets)	1,556,334	1,290,175
Guarantee deposits paid	<u>171,186</u>	<u>145,267</u>
	<u>\$ 20,174,732</u>	<u>\$ 11,998,469</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,280,000	\$ 2,750,000
Short-term bills payable	5,127,675	4,878,621
Notes payable (including related parties)	971,002	890,265
Accounts payable (including related parties)	2,741,129	2,323,981
Other Payables (including expenses payable)	1,267,629	1,039,009
Long-term borrowings (including due within one year or one operating cycle)	38,521,197	36,748,602
Guarantee deposits received(listed as other non-current liabilities)	<u>1,294,056</u>	<u>1,302,500</u>
	<u>\$ 52,202,688</u>	<u>\$ 49,932,978</u>
Lease liabilities - current and non-current	<u>\$ 10,468,544</u>	<u>\$ 11,080,440</u>

2. Risk management policies

- (1) The Group 's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. Finance Department identified, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

- A. The Group holds multiple investments in foreign operations, and net assets of such investments are exposed to foreign exchange risk. Also, the Group's business involves multiple non-functional currencies that may be impacted by changes to foreign exchange rate. Information for foreign-currency-denominated assets and liabilities that may be impacted by foreign exchange risk is as follows:

		December 31, 2021					
		Foreign currency (in thousands of NTD)	Exchange rate	Carrying amount (NTD)	Range of variation	Sensitivity analysis	
						Effects on profit and loss	Effects on other comprehensive income
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$	179,265	27.68	\$ 4,962,055	1%	\$ 49,621	\$ -
<u>Non-monetary Items</u>							
USD:NTD		67,746	27.68	1,875,197	1%	-	18,752
<u>Financial liabilities</u>							
<u>Monetary item</u>							
USD:NTD		17	27.68	471	1%	5	-
GBP:NTD		23	37.30	858	1%	9	-
		December 31, 2020					
		Foreign currency (in thousands of NTD)	Exchange rate	Carrying amount (NTD)	Range of variation	Sensitivity analysis	
						Effects on profit and loss	Effects on other comprehensive income
<u>Financial assets</u>							
<u>Monetary item</u>							
USD:NTD	\$	80,881	28.48	\$2,303,491	1%	\$ 23,035	\$ -
USD:RMB		212	6.5210	6,038	1%	60	-
<u>Non-monetary Items</u>							
USD:NTD		224,025	28.48	6,380,218	1%	-	63,802
<u>Financial liabilities</u>							
<u>Monetary item</u>							
USD:NTD		353	28.48	10,053	1%	101	-

- 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\$75,160 and NT\$117,378, for the years ended December 31, 2021 and 2020, respectively.

Price risk

- A. The Group's equity instruments exposed to price risk were the financial assets at fair value through other comprehensive income. In order to manage its equity instruments investment against price risk, the Group diversified its investment portfolio based on the limits set by the Group.
- B. The Group has mostly invested in equity instruments issued by domestic companies, and the prices of such equity instruments would change due to the change of the future value of investee companies. If the prices of these equity instruments had increased/decreased by 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, 2021 and 2020 would have increased/decreased by NT\$54,995 and NT\$35,782.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from total borrowings with floating interest rates that expose the Group to cash flow interest rate risk. For the years ended December 31, 2021 and 2020, the Group's borrowings issued at variable rates were mostly denominated in the New Taiwan Dollar.
- B. The Group's borrowings were measured at amortized cost, and the interest rate is reset every year as specified in the contracts. Therefore, the Group is expose to interest rate risk from any future market interest rate change.
- C. If interest rates on borrowings had been 0.125% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2021 and 2020 would have increased/decreased NT\$45,939 and NT\$44,389, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or 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 Group manages its credit risk based on a Group-oriented system. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit rating of at least Class "A". Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer's credit risk and conduct credit risk management. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.

- C. The Group uses the presumptions provided by IFRS 9 that a loan that is 90 days past due is credit-impaired.
- D. The Group uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.
- (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
- (B) 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 determine the impairment of the debt instrument investment used by the Group is as the following:
- (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
- (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
- (C) An issuer delay or fail to repay the interests or principals;
- (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. Receivables are grouped based on customer's types, and the Group applies the simplified approach using loss rate methodology to estimate the expected credit loss.
- G. After the collection procedures, the financial assets amount that cannot be reasonably estimated will be written-off. However, the Group will continue to continue to pursue the legal right of recourse to protect the claims.
- H. The Group used the forecastability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility and estimate impairment provisions for accounts receivable (including related parties) and contract assets. As of December 31, 2021 and 2020, the loss rate methodology is as follows:

	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2021</u>				
Expected loss	50%~100%	0.00%~0.03%	0.53%~100%	
Total carrying amount (including related parties)	\$ 442	\$ 4,348,311	\$ 7,749	\$4,356,502
Allowance for losses	262	69	3,793	4,124

	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2020</u>				
Expected loss	50%~100%	0.00%~0.03%	1.46%~100%	
Total carrying amount (including related parties)	\$ 4,550	\$ 3,471,728	\$ 10,765	\$3,487,043
Allowance for losses	4,482	71	3,959	8,512

Group A: Customers who do not have overdue payments

Group B: Customers who have had overdue payments

I. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Accounts Receivable</u>	<u>Accounts Receivable</u>
January 1	\$ 8,512	\$ 8,567
Provision of impairment loss	192	1,626
Reversal of impairment loss	(487)	(52)
Write-offs of the period	(4,093)	(1,629)
December 31	<u>\$ 4,124</u>	<u>\$ 8,512</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Finance Department. Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Please refer to Note 6(19) for details of undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- B. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and repurchasable bonds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Group's position held in money market were NT\$8,306,657 and NT\$4,399,737.
- C. The table below analyses the Group's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the following table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 2,299,791	\$ -	\$ -
Short-term notes and bills payable (Note 1)	5,130,000	-	-
Notes payable (including related parties)	971,002	-	-
Accounts payable (including related parties)	2,305,049	396,980	39,100
Other payables	1,265,148	2,419	62
Lease liabilities (Note 1)	522,411	1,797,744	14,816,014
Long-term borrowings (including loans due within a year or a business cycle)	5,448,504	32,408,578	1,735,097
Other financial liabilities (Note 2)	3,997	1,090,697	199,362

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)	\$2,773,370	\$ -	\$ -
Short-term notes and bills payable (Note 1)	4,880,000	-	-
Notes payable (including related parties)	890,265	-	-
Accounts payable (including related parties)	1,996,955	272,888	54,138
Other payables	1,036,632	2,329	48
Lease liabilities (Note 1)	470,272	1,754,377	16,302,294
Long-term borrowings (including loans due within a year or a business cycle)	8,903,177	26,089,380	2,984,249
Other financial liabilities (Note 2)	-	1,106,674	195,826

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 Group did not expect the occurrence timing of cash flow of expiry date analysis would be significantly earlier, or the actual amount would significantly differ.

(4) 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 Group's investments in TWSE-/TPEX-listed stocks and stocks in the emerging stock market 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 fair value of the Group's investment in private placement of listed stocks and investment in equity instruments without active market is included.

2. Information for the fair value of the Group's investment property measured at cost is provided in Note 6 (12).
3. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), other financial assets recognized in other current assets and other non-current assets, long-term notes and accounts receivable, short-term borrowings, short-term notes payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term borrowings, and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.
4. Classification of financial instruments and non-financial instruments at fair value based on the natures, characteristic and risk, and fair value level is as follows:

December 31, 2021	<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 acquired - current	\$ -	\$ -	\$1,303,338	\$1,303,338
Financial Assets at fair value through other comprehensive income acquired - non-current	<u>4,110,944</u>	<u>-</u>	<u>85,177</u>	<u>4,196,121</u>
Total	<u>\$4,110,944</u>	<u>\$ -</u>	<u>\$1,388,515</u>	<u>\$5,499,459</u>

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				
Convertible bonds	\$ 37,262	\$ -	\$ -	\$ 37,262
Financial Assets at fair value through other comprehensive income acquired - non-Current				
Equity securities	<u>2,926,491</u>	<u>-</u>	<u>651,727</u>	<u>3,578,218</u>
Total	<u>\$2,963,753</u>	<u>\$ -</u>	<u>\$ 651,727</u>	<u>\$3,615,480</u>

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

- (1) For the investments on OTC stocks by the Group 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 TWSE/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 consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note XII(4)10.

- (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 Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.
6. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

	2021	2020
	<u>Equity securities</u>	<u>Equity securities and wealth management products</u>
January 1	\$ 651,727	\$ 1,084,028
Transfer to the level 1	-	(428,713)
Income recognized in income and loss		
Account for non-operating income and expenses	-	137
Gain recognized in other comprehensive income accounted for under unrealized valuation gain or loss on equity investments at fair value through other comprehensive income	864,226	219,655
Sales for current period	-	(99,903)
Effects of exchange rate changes	-	(974)
Capital returned due to capital reduction (	127,438)	-
Others (Note)	-	(122,503)
December 31	<u>\$ 1,388,515</u>	<u>\$ 651,727</u>

Note: 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 6(6)6 and 7 for details of the transfers from Level 3 in 2020.
9. Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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:

	December 31, 2021		Significant unobservable inputs	Discount rate	Inputs and Fair value relationship
	Fair value	Valuation techniques			
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 1,303,338	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	16.11%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	84,277	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	19.82%	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

	December 31, 2020		Significant unobservable inputs	Discount rate	Inputs and Fair value relationship
	Fair value	Valuation techniques			
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	69,555	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	20.27%	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 Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. For financial Assets classified as Level 3, if there is change in the valuation parameters, then the impact on other comprehensive income is as follows:

	Inputs	Changes	2021	
			Recognized as other comprehensive income	
			Favorable changes	Adverse changes
Financial assets				
Equity Instrument	Lack of marketability			
	Marketability discount	±1%	\$ 13,885	(\$ 13,885)

		2020		
		<u>Recognized as other comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument				
	Lack of marketability			
	Marketability discount	±1%	<u>\$ 6,517</u>	<u>(\$ 6,517)</u>

13. Separately Disclosed Items

(1) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table I.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table II.
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 III.
6. Disposal of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table IV.
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 V.
8. Receivables from related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table VI.
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 VII.

(2) Information on Investees

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

(3) Information on Investments in China

None.

(4) Information on main investors

Information on main investors: Please refer to Table IX.

14. Information on Departments

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business and evaluate segment performance from an industry perspective; the Group currently focuses on the businesses in construction, commercial real estate, building materials and wholesale, and the operating outcomes of the remaining businesses are summarized in “Other operating segment”.

(2) Measurement of segment information

1. The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note IV.

2. The Group evaluates the performance based on segment revenue and segment net operating profit (loss), instead of the segment assets.

(3) Information on Departments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	2021					Total
	<u>Construction Business Department</u>	<u>Commercial Real Estate</u>	<u>Building Materials Division</u>	<u>Wholesale Business Division</u>	<u>Other operating departments</u>	
Revenue from external customers	\$ 21,513,551	\$ 1,798,552	\$ 2,479,465	\$ 1,053,093	\$ 449,223	\$27,293,884
Internal revenue	3,973,534	13,047	150,035	-	194,388	4,331,004
Departmental revenue	<u>\$ 25,487,085</u>	<u>\$ 1,811,599</u>	<u>\$ 2,629,500</u>	<u>\$ 1,053,093</u>	<u>\$ 643,611</u>	<u>\$ 31,24,888</u>
Operating net income (loss) from the department to be reported	<u>\$ 2,994,585</u>	<u>\$ 754,931</u>	<u>(\$ 7,525)</u>	<u>(\$ 38,165)</u>	<u>(\$ 45,997)</u>	<u>\$ 3,657,829</u>
	2020					
	<u>Construction Business Department</u>	<u>Commercial Real Estate</u>	<u>Building Materials Division</u>	<u>Wholesale Business Division</u>	<u>Other operating departments</u>	Total
Revenue from external customers	\$ 13,454,345	\$ 1,803,388	\$ 2,299,690	\$ 1,054,565	\$ 472,601	\$19,084,589
Internal revenue	2,698,303	4,113	159,886	-	181,624	3,043,926
Departmental revenue	<u>\$ 16,152,648</u>	<u>\$ 1,807,501</u>	<u>\$ 2,459,576</u>	<u>\$ 1,054,565</u>	<u>\$ 654,225</u>	<u>\$22,128,515</u>
Operating net income (loss) from the department to be reported	<u>\$ 1,355,441</u>	<u>\$ 761,645</u>	<u>\$ 64,908</u>	<u>(\$ 20,610)</u>	<u>(\$ 30,828)</u>	<u>\$ 2,130,556</u>

(4) Reconciliation for segment income (loss)

1. The sales and leases made the Group's construction business segment and commercial real estate segment are negotiated by the participating parties; sales made by the building material business segment and wholesale segment are handled as regular sales. The revenue from external parties reported to the Chief Operating Decision-Maker are measured in a manner consistent with the revenue in the statements of comprehensive income.

2. Reconciliation for segment income (loss) and profit before income tax from continuing operations for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Income/loss from the department to be reported	\$ 3,657,829	\$ 2,130,556
Adjustments and written-off	<u>(60,979)</u>	<u>(45,549)</u>
Total	3,596,850	2,085,007
Interest revenue	38,796	63,045
Net foreign exchange loss	(75,160)	(117,378)
Financial costs	(613,114)	(698,112)
Share of profit of associates accounted for using the equity method	14,975,298	9,158,734
Loss on liquidation of subsidiary	(24,618)	-
Gain (loss) on disposal of property, plant and equipment	(3,979)	19,303
Gains on reversal of financial assets impairment loss	-	1,105
Dividend income	48,967	128,297
Impairment loss on use-of-right assets	(216)	(1,543)
Impairment loss on investment properties	(717)	(1,656)
Impairment loss on property, plant and equipment	(66,151)	-
Impairment loss on intangible assets	(73,212)	-
Gains on lease modifications	-	23
Gain on variable lease payments	47,846	24,506
Others	<u>114,084</u>	<u>117,131</u>
Income before tax from continuing operations	<u>\$ 17,964,674</u>	<u>\$ 10,778,462</u>

(5) Information on products and services

The Group primarily engaged in construction of residential buildings through entrusting professional construction enterprises, lease and sales of commercial buildings, trading of construction materials, sales of related merchandise and operation of supermarkets and shopping malls. The segment revenue above only presents the operating revenue and other income from external customers. The segment revenue does not include the gains from equity investment accounted under equity method and general revenue irrelevant to segments, and please refer to Note 6(27) for detail.

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 27,293,884	\$ 27,476,525	\$ 19,064,937	\$ 28,647,493
China	-	-	18,499	-
Others	-	12,138	1,153	12,678
Total	<u>\$ 27,293,884</u>	<u>\$ 27,488,663</u>	<u>\$ 19,084,589</u>	<u>\$ 28,660,171</u>

The Group's geographical revenue was calculated based on regions in which the payments were received. Non-current assets included property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, and excluded financial instruments and deferred tax assets.

(7) Major customer information

The details of each customer who accounts for 10% or more of the operating income on the consolidated statement of comprehensive income are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Income</u>	<u>Segment</u>	<u>Income</u>	<u>Segment</u>
Customer A	\$ 2,972,984	Construction Business Department	\$ 1,060,509	Construction Business Department

Ruentex Development Co., Ltd. and subsidiaries

Endorsements and Guarantees for Others

January 1 to December 31, 2021

Attached Table I

Unit: NTD in Thousands

(Unless Stated Otherwise)

No.	Endorsement guarantor Company name	Entity for which the endorsement/guarantee is made		Relationship (Note 2)	Maximum amount of endorsements/guarantees permitted to any single entity	Maximum balance of endorsements/gu arantees for the current period	Balance of endorsements/gu arantees at the end of the period	Actual amount drawn	Amount of endorsements/gu arantees secured by property	Cumulative amount of endorsements/gu arantees as a percentage of the net worth as stated in the latest financial statement	Maximum amount of endorsements/gu arantees	Endorsements/gu arantees made by the parent for its subsidiaries	Endorsements/gu arantees made by the subsidiary company for its parent	Endorsements/ guarantees made for the entities in mainland China	Remark
		Company name	Company name												
0	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.		2	\$ 105,175,831	\$8,880,000	\$6,200,000	\$2,680,000	\$ -	5.31	\$ 116,862,034	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.		1	924,750	31,254	31,254	31,254	-	0.47	1,849,500	Y	N	N	Notes 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. and subsidiaries

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

December 31, 2021

Attached Table II

Unit: NTD in Thousands
(Unless Stated Otherwise)

Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized	End of the period			Fair value (Note 4)	Remark
				Number of shares	Carrying amount (Note 3)	Shareholding percentage		
Ruentex Development Co., Ltd.	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	\$ 731,233	4.11	\$ 731,233	
	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	153,173	0.67	153,173	
	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	"	2,809,060	345,515	4.90	345,515	
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	Financial Assets at fair value through other comprehensive income acquired - Current	4,085,139	1,303,338	11.33	1,303,338	
	Shares of Pacific Resources Corporation	-	Financial assets at fair value through other comprehensive income - non-current	242,648	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900	
	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	7,195,154	459,051	0.34	459,051	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	26,197,343	2,554,241	3.57	2,554,241	
	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	26,710	0.12	26,710	
	Shares of Save & Safe Corporation	-	"	4,267,233	84,277	2.51	84,277	
	Shares of Powertec Electrical Chemicals 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	2,100,236	204,773	0.29	204,773	
	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	12,019	0.05	12,019	
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	854,158	83,280	0.12	83,280	

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".

Ruentex Development Co., Ltd. and subsidiaries
Acquisition of real estate at costs of at least \$300 million or 20% of the paid-in capital
January 1 to December 31, 2021

Attached Table III

Unit: NTD in Thousands

The company acquiring the real estate	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparty	Relationship	The last transfer information if the counterparty is a related party				Reference basis for price decision	Purpose of acquisition and conditions of use	Other provisions
							Owner	Relationship With the Seller	Date of transfer	Amount			
Ruentex Materials Co., Ltd.	The construction of the Pingtung Ligang Factory	12.26.2019	\$ 493,351	\$ 493,351	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. and subsidiaries

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

January 1 to December 31, 2021

Attached Table IV

Unit: NTD in Thousands

<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 (23rd floor) and one B1 parking space (No. 179) at No. 39, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	2021.01.14	November 28, 2012 and January 2, 2020	\$ 300,737	\$ 336,621	Received in full	\$ 35,884	Non-related parties	-	General sales	Appraisal Report of Chen-You Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	One unit of house and land on the 2nd 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	2021.05.26	November 20, 2008 and October 4, 2013	251,638	464,629	Received in full	212,991	Non-related parties	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Two units of house and land (21st floor) and a total of four B1 and B2 parking spaces at No. 39-2 and -3, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	2021.06.24	November 28, 2012 and January 2, 2020	342,096	389,170	Received in full	47,074	Non-related parties	-	General sales	Appraisal Report of Chen-You Real Estate Appraisers Firm	-
Ruentex Development Co., Ltd.	Three units of house and land (6th, 8th, and 9th floors) and a total of six B3 parking spaces at No. 39, Sec. 4, Civic Blvd., Songshan Dist., Taipei City	2021.07.05	November 28, 2012 and January 2, 2020	503,773	573,094	Received in full	69,321	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 11th floor and a total of seven B1 and B2 parking spaces at No. 221, Bo'ai Rd., Zhongzheng Dist., Taipei City	2021.12.28	November 20, 2008 and October 4, 2013	348,847	816,313	Received in full	467,466	Related parties	Other 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 NTS10, 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. and subsidiaries

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

January 1 to December 31, 2021

Attached Table V

Unit: NTD in Thousands

(Unless Stated Otherwise)

The company making the purchase (sale) of goods	Name of counterparty	Relationship	Purchase (sale) of goods	Amount	Transaction conditions As a percentage of total purchases (sales) of goods (Note 4)	Credit period	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)
							Unit price	Credit period	Balance	As a percentage of notes receivable/payable and accounts receivable/payable (Note 4)	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Purchase of goods	\$ 2,556,310	60.42	Amount paid according to the prescribed period of the construction contract	Negotiated price	Amount paid according to the prescribed period of the construction contract	(\$ 78,521)	12.31	
Ruentex Development Co., Ltd.	RT-MART International Co., Ltd.	The Company is a juridical person supervisor of the company	Purchase of goods	386,346	9.11	Amount paid according to the prescribed period of the procurement contract.	-	Amount paid according to the prescribed period of the procurement contract.	(72,748)	11.41	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The company	Sale of goods	2,794,375	15.57	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.	78,521	3.89	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	Subsidiaries	Sale of goods	807,189	4.50	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.	161,821	8.02	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Subsidiaries	Purchase of goods	146,272	1.19	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.	25,683	1.04	
Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Subsidiaries	Sale of goods	145,445	5.53	Note 5	Negotiated price	Note 5	21,404	4.46	
Ruentex Interior Design Inc.	Ren Ying Industrial	Other related parties	Sale of goods	197,913	21.73	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.	-	-	

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

Note 5: The credit term for sales of goods is 45 days; the credit term for contracted projects is based on the schedule specified in the contracts.

Ruentex Development Co., Ltd. and subsidiaries

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

December 31, 2021

Attached Table VI

Unit: NTD in Thousands
(Unless Stated Otherwise)

The company recognized as receivables	Name of counterparty	Relationship	Balance of accounts receivable due from related parties	Turnover	Overdue accounts receivable due from related parties		Recovered amount in subsequent periods for accounts receivable due from related parties	Provision for allowance for bad debts
					Amount	Approach to handling		
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	Subsidiaries	\$ 161,821	7.92	\$ -	-	\$ 123,344	\$ -

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

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

Ruentex Development Co., Ltd. and subsidiaries

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

January 1 to December 31, 2021

Attached Table VII

Unit: NTD in Thousands

(Unless Stated Otherwise)

No. (Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			As a percentage of the consolidated total operating revenue or total assets (Note 3)
				Account	Amount	Terms and conditions of transaction	
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	1	Construction income	\$ 22,458	Note 5	0.08
		Ruentex Construction International Co., Ltd.	1	Rental income	18,316	Note 5	0.07
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	76,909	Notes 4	0.28
		"	2	Sales revenue	17,534	Note 5	0.06
		"	2	Receivable	18,428	Notes 4	0.01
		Ruentex Development Co., Ltd.	3	Construction income	57,045	Notes 4	0.21
		"	3	Receivable	17,603	Notes 4	0.01
		Ruentex Baiyi Co., Ltd.	3	Construction income	32,642	Notes 4	0.12
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	2,794,375	Notes 4	10.24
		"	2	Receivable	78,521	Notes 4	0.04
		"	2	Contract asset	248,494	Notes 4	0.13
		Ruentex Construction International Co., Ltd.	3	Construction income	85,173	Notes 4	0.31
		Ruentex Development Co., Ltd.	3	Construction income	807,189	Notes 4	2.96
		"	3	Receivable	161,821	Notes 4	0.08
		"	3	Contract asset	31,923	Notes 4	0.02
		Ruentex Materials Co., Ltd.	1	Service revenue	11,280	Note 5	0.04
3	Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	112,296	Note 5	0.41
		"	2	Receivable	21,404	Note 5	0.01
		"	2	Construction income	33,148	Note 5	0.12
4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Development Co., Ltd.	2	Service revenue	17,621	Note 5	0.06
		Ruentex Xuzhan Co. Ltd.	3	Service revenue	65,516	Note 5	0.24
		"	3	Receivable	10,316	Note 5	0.01
		Ruentex Baiyi Co., Ltd.	3	Service revenue	42,355	Note 5	0.16
		Ruentex Construction International Co., Ltd.	3	Service revenue	11,486	Note 5	0.04
5	Ruentex Security Co., Ltd.	Ruentex Xuzhan Co. Ltd.	3	Service revenue	16,731	Note 5	0.06
		Ruentex Baiyi Co., Ltd.	3	Service revenue	13,505	Note 5	0.05
		Ruentex Development Co., Ltd.	2	Service revenue	14,416	Note 5	0.05
6	Ruentex Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	20,723	Notes 4	0.08
7	Ruentex Construction International Co., Ltd.	Ruentex Xuzhan Co. Ltd.	3	Receivable	12,249	Note 7	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.

Note 7: It belongs to the collection and payment service.

Ruentex Development Co., Ltd. and subsidiaries
The name of the invested company, the location and other relevant information (excluding the invested companies in mainland China)

January 1 to December 31, 2021

Attached Table VIII

Unit: NTD 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	\$ 1,814,857	\$ 6,713	\$ 6,713	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	22,076	-	735,862	5.45	23,011	40,321	956	Sub-sub-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	45,461	10,103	10,103	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs administration	12,000	9,000	1,200,000	60.00	1,162	(12,103)	(7,262)	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	91,103	12,508	12,508	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	Taiwan	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	1,959,299	1,058,043	200,000,000	100.00	2,561,123	91,315	91,315	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	1,973,462	255,445	204,356	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	700,000	1,950,000	70,000,000	35.00	832,245	221,695	166,581	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	2,202,214	482,864	338,005	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	72,397,456	39.14	1,771,448	1,842,218	655,208	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	175,744	(103,741)	(9,116)	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Jing Hong Investment Co., Ltd.	Taiwan	General Investment	171,000	270,000	17,100,000	30.00	1,090,494	56,082	16,824	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Taiwan	General Investment	19,215,000	19,125,000	5,596,250,000	25.00	95,598,228	52,526,803	13,131,701	The investee company accounted for under the equity method (Note 3)

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.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	\$ 409,489	\$ 409,489	10,593,334	25.46	\$ 854,718	\$ 97,738	\$ 24,884	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	294,800	(2,574)	(1,170)	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	869,113	944,914	251,536	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	85,436,887	11.63	9,910,887	11,757,392	1,370,103	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	1,121,541	58,643,377	135,971	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	20,471	(582)	(582)	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	1,020,479	15,115	7,415	The investee company accounted for under the equity method
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	822,342	(103,741)	(40,616)	Sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	82,365	-	2,745,483	20.34	85,307	40,321	3,022	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	3,081	(6,190)	(6,190)	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	5,250,000	38.89	163,130	40,321	31,242	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	2,369,755	0.32	353,592	11,757,392	38,034	The investment company which accounts for the Company using the equity method
Ruentex Construction International Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,300,000	-	130,000,000	65.00	1,545,598	221,695	55,114	Subsidiary of the Company
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	1,337,120	0.72	74,787	1,842,218	13,319	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd. Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	361,680	0.20	20,230	1,842,218	3,603	Subsidiary of the Company

Note 1: The provision of 29,677 thousand shares, a total of NT\$ 869,113 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 64,607 thousand shares, a total of NT\$7,494,389 thousand was pledged to financial institutions for financing loans.

Note 3: The provision of 1,248,839 thousand shares, a total of NT\$21,330,171 thousand was pledged to financial institutions for financing loans.

Ruentex Development Co., Ltd. and subsidiaries

Information on main investors

December 31, 2021

Attached Table IX

<u>Name of Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding percentage</u>
Ruentex Industries Ltd.	541,472,450	25.70
Huei Hong Investment Co., Ltd.	155,935,143	7.40