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**RUENTEX DEVELOPMENT  
CO.,LTD.  
2020 ANNUAL REPORT**

Printed on April 30, 2021

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

7. Corporate website: <http://www.rt-develop.com.tw>

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**Appendix A: 2020 Consolidated Financial Statement & CPA Audit Report**

**Appendix B: 2020 Individual Financial Statement & CPA Audit Report**

# One. Report to Shareholders

Dear shareholders, ladies, and gentlemen:

## I. 2020 Business Report

### (I) Achievements of the Business Plan

The 2020 consolidated revenue was over NT\$19,084,580,000, with the net income attributed to owners of the parent company over NT\$8,557,650,000, the comprehensive profit attributed to owners of the parent company over NT\$34,343,970,000, and an equity per share of NT\$5.88. The consolidated total assets were over NT\$186,389,370,000, consolidated total liabilities over NT\$67,424,020,000, and consolidated equity over NT\$118,965,350,000.

As for the construction business, last year's revenue was mainly recognized from the projects of The Silk Court, Songtao Court, Ruentex Fengsheng, Ruentex Jingcai and Ruentex Mingfeng; the projects under construction include the Ruentex Awesome project developed by the subsidiary Ruentex Innovative Development, which is expected to be completed this year; the Company's Ruentex Dingfeng, Ruentex Wenhua and Ruentex Yangbei are all being sold while under construction. The non-operating income was mainly attributed to the recognition of the interest of investee Nan Shan Life Insurance of Ruen Chen Investment Holdings as well as the interest from investees of Ruentex Industries and Sunny Friend Environmental Technology. Furthermore, the stable income from the rent and mall operations of two BOT projects: Ruentex Xuzhan and Ruentex Baiyi also contributed to the interest from reinvestments.

### (II) Budget Achievement

As we did not disclose the 2020 financial forecast with respect to the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” no budget achievement is available.

### (III) Analysis of Revenue and Expenditures and Profitability

Unit: NTD in Thousands; %

		2020	2019
Revenue and Expenditures	Operation income	19,084,589	17,257,930
	Gross profit	3,939,569	3,612,035
	Operating Profit	2,085,007	1,899,243
	Net Profit After Tax	9,275,392	9,586,119
Profitability	Return on Assets (%)	5.84	8.54
	Return on Equity (%)	8.38	15.03
	Operating Income to Capital Stock (%)	13.85	18.93
	Profit Before Tax to Capital Stock (%)	71.62	99.78
	Profit Margin (%)	48.60	55.55
	Earnings per share (NTD)	5.88	6.23

#### (IV) Research and development

The R&D team of subsidiary Ruentex Engineering & Construction Co., Ltd. sets engineering methods, precast production, and construction information management as the three main R&D directions of this Company. By re-organizing all existing R&D resources and recruiting new employees, it aims to create value for owners through constant R&D and improvements, including reasonable construction, smart production, and information-based management, in order to lay out the foundation for competition in the new generation. The Ministry of Economic Affairs (MOEA) has approved the subsidization for that R&D project of the Center to lead R&D in the construction industry and promote industrial upgrading, in order to create more comfortable, safer, environmental, and energy efficient living space through concerted efforts. Another subsidiary Ruentex Materials Co., Ltd. develops high-performance niche products through innovation and R&D from the consumer's point of view. In response to climate change and the rise of environmental protection awareness, it constantly optimizes new-typed cement-based construction materials for the energy conservation and carbon reduction of construction materials. In addition, while offshore wind power is the focus of the government's green energy development policy, our submarine grouting material ShifuGrout U799 for use at the foundation of offshore wind farms has passed the certification by DNV GL Business Assurance Co., Ltd. (DNV-GL). In the future, we will enter the submarine grouting material market for offshore wind farms in Taiwan and overseas. Furthermore, we are engaging in the R&D of wind farm related products, such as the thermal transfer compounds and foundation grouting materials for onshore wind turbines.

## II. 2021 Business Plan Overview

### (I) Operational Policy

With respect to our core competencies: Foreseeing the market and quickly capturing core operational knowhow to promptly reproduce successful experiences with highly-efficient teams, we will engage in the construction business and newly developed business. In construction business, we will focus on the rail economy to develop construction projects in appropriate locations near the Taipei Metro in the Greater Taipei area. We will also proactively assess various government infrastructure projects and BOT joint-development projects, in order to create stable profit for the Company through real property operations.

### (II) Expected Sales and Bases:

Projects ready for sales this year include: Botanic Garden Villa, The Silk Court, Ruentex Dingfeng (pre-sales), Ruentex Wenhua (pre-sales), and Ruentex Yangbei of this Company, and Ruentex Awesome (pre-sales) of subsidiary Ruentex Innovative Development. Projects in construction include the Lihe Government-Led Urban Regeneration Project, Ruentex Wenhua, and Wolong Street Chlorine-Ionic Building Urban Regeneration Project, MRT Sanchong Station Jie-VI Development Project, Wuguwang-A and Wuguwang-B Project. In addition, we actively develop various potential co-construction projects to create profit for the company.

In commercial property, driven by the favorable conditions, including tenants moving in the offices and hotels and the inauguration of the THSR Nangang Station and Nangang Bus Station, subsidiaries Ruentex Xuzhan and Ruentex Baiyi will actively introduce various marketing programs to increase the number of visitors in order to boost the overall revenue and business performance of CITYLINK. In addition, the CITYLINK Songshan Store 2,

CITYLINK Neihu, TSUTAYA BOOKSTORE (Songshan Station Front, Neihu, and Nangang stores) of subsidiary Ruentex Construction (formerly City-Link Development) create the railway economy by linking the transportation of the Nangang Railway Station, Songshan Railway Station, and Neihu Metro Station to gain stable return.

(III) Important Production-marketing Policies:

In addition to land development and investments in housing and commercial building construction and re-investments in the elderly care business, we will embark on medium- and long-term land development, covering projects such as urban renewal (regeneration), urban planning change, land change, leisure, MRT joint-development, station compound commercial building development, and the creation of a right of superficies to diversify operations. To enforce the “housing for everyone” customer service concept, we will continue with innovation and development to create profit for the company with better project planning, construction and service quality. In addition, in terms of retail and wholesale business, the focus is mainly on operating shopping malls, self-operated counters, and selling a wide variety of products that are closely related to food, clothing, and housing. In the future, we will continue to develop our own branded products and introduce new international products to create more brilliant achievements.

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

The overall consumer market slowed down last year (2020) because of the impact of the COVID-19 pandemic, but the real estate market became active due to the interest rate decrease by the Central Bank and the repatriation of overseas funds from Taiwanese businessmen; however, the real estate market became more conservative this year (2021) as a result of the selective credit control measures by the Central Bank and the amendment to the Real Estate and Land Tax 2.0. Looking ahead to this year, as the vaccination popularized, the global economy and trade volumes is expected to recover gradually. Economic forecast institutes forecast that the economic growth could be higher than the previous year. In addition, the Company will maintain a flexible operating strategy in the hypermarket business in order to create new business opportunities and seek for shareholder interests in the future.

With goodwill accumulated for the past 40 years or so, the full support of all shareholders, and the cohesion and concerted efforts of all employees, I believe an outstanding performance will be created in the future. I would like to express my highest gratitude to every shareholder, and please do provide us with continuous support and opinions.

I wish all shareholders,

Good health and all the best,

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

## Two. Company Profile

I. Date of Establishment: September 12, 1977

Tax ID Number: 12139612

### II. Corporate History

With an authorized capital and paid-in capital amounting to NT\$15,000,000, we were established on the 7<sup>th</sup> floor, No. 71, Minquan East Road, Taipei City, on September 12, 1977 in the name of “Ruentex Construction International Co., Ltd.” to specialize in the investment and construction of general housing. Adhering to a business philosophy emphasizing “Pragmatism and Quality”, we won public recognition and appraisal for our construction quality achieved by stringent engineering management.

1992: Approved for public offering by the Securities and Futures Commission of the Ministry of Finance and officially listed on the Taiwan Stock Exchange for trading on April 30, 1992.

Approved for capitalization of retained earnings at NT\$529,000,000, raising the paid-in capital to NT\$1,851,500,000.

Launched projects including: Ruentex Shengli Court, Ruentex Dahu Mansion Phases II and III, Ruentex Tamkang Life Master, and Ruentex Dunnan Wonder.

1993: Launched Taiwan’s first senior housing project Ruen Fu Second 30s in Tamsui through technological cooperation with the The Chugoku Bank, LTD.

Established the Ever Pioneer Steel Corporation in collaboration with the Evergreen Group for a big step forward toward operations diversification.

Approved for issuing registered preferred Shares A amounting to NT\$700,000,000 to strengthen corporate finance and increase the ratio of self-owned funds. The paid-in capital after capital increase amounted to NT\$2,551,500,000.

Issued unsecured corporate bonds amounting to NT\$650,000,000.

Launched projects including: Ruentex Wonders and NTU Royal Garden Phases I and II.

1994: Approved for capitalization of retained earnings at NT\$555,450,000, raising the paid-in capital to NT\$3,106,950,000.

Established Ruentex Construction International Co., Ltd. in Hong Kong to engage in real estate investments in Singapore and Hong Kong to expand business territory overseas.

Approved by the MOF to issue a seven-year-term foreign currency convertible bond (FCCB) amounting to CHF72,500,000 with a 2% interest rate after tax per annum. The completion of fundraising in August marked the Company’s success in internationalization.



- Approved for transfer of capitalization of retained earnings at NT\$481,390,000, raising the paid-in capital to NT\$3,588,340,000.
- Approved for issuance of five-year-term secured corporate bonds amounting to NT\$300,000,000 to further improve financial structure and cut interest expenses.
- Launched projects including: NTU Royal Garden Phase II, Ruentex Jinghua Court, Ruentex Lee Garden, Ruentex Scenery, and Ruentex Sunshine Mansion.
- 1995: Set up an overseas location Ruentex Construction International BVI in response to operations diversification and internationalization to expand the territory of operations and investments and the foundation for procurement of construction materials.
- Approved for capitalization of retained earnings at NT\$346,600,800, raising the paid-in capital to NT\$3,934,940,800.
- Approved for issuance of 82,000,000 new shares for capital increase, raising the paid-in capital to NT\$4,754,940,800, to enrich operational capital and raise funds for construction.
- 1996: Approved for issuance of three-year-term unsecured corporate bounds amounting to NT\$350,000,000 to improve financial structure and cut interest expenses.
- Launched projects including: Taichung Wonders, Dahu Mansion, Liren, Xinglong Lee Garden, and Dunnan Mansion.
- 1997: Approved for issuance of three-year-term unsecured corporate bounds for the fourth and fifth times amounting to NT\$320,000,000 and NT\$260,000,000 respectively.
- Established a wholesale market in Hsinchu to enter the wholesale business.
- Approved for issuance of 100,000,000 registered common shares for capital increase to pay land value, construction cost, and related expenses and repay bank loans. The paid-in capital after capital increase amounted to NT\$5,754,940,800.
- Resolved by shareholders' meeting to convert 70,000,000 registered preferred Shares A issued in August 1993 into common shares at one time.
- Launched projects including: Ruentex Vista 21, Ruentex Zhongzheng National Treasure, Ruentex Family, Jinhua Court Phase II, and Ruentex Dunpin. Ruentex Dunpin was rated as one of the top ten legendary projects in Greater Taipei in 1997 by *Great News*.
- 1998: Approved for capitalization of capital surplus at NT\$575,494,080 and issuance of 150,000,000 registered common shares for capital increase, raising paid-in capital to NT\$7,830,434,880.
- Acquired ISO 9002 international certification for quality management systems.
- Launched the project: Taipei Riches.
- 1999: Launched the project: Antai Summit.
- 2000: Acquired ISO 14001 international certification for environmental management systems.

- Won three awards from the Chinese Architecture Golden Stone Awards: Antai Summit for construction quality, and Ruentex Sunrise and Taipei Riches for planning and design.
- 2001: Ruentex Oasis won the Special Award at the 9th Chinese Architecture Golden Stone Awards.
- 2002: Approved for name change to Ruentex Development Co., Ltd. by the MOEA.  
Rated as a benchmark construction company by Common Wealth magazine for the first time.
- 2003: Launched projects including: Ruentex Privilege and Ruentex Capital.
- 2004: Launched projects including: Fuxing GOGO and Ruentex Emerald.
- 2005: Launched projects including: Ruentex Dunren, Ruentex Nanjing Royal Palace, and Ruentex Oriental Ritz. Ruentex Dunren won the 1st Structure Accreditation Building (design) Mark and certificate from the Ministry of the Interior.
- 2006-07: Acquired the development rights of the two major BOT projects: Nangang Railway Station and Songshan Railway Station.
- 2007: Subsidiary Ruentex Engineering & Construction Co., Ltd. was approved for public offering by the Financial Supervisory Commission (FSC).
- 2008: Acquired the development rights of projects at “Jiao 11” of Neihu and “Zhe 6” of Sanchong.  
Acquired 10 lots of land at Subsection 5, Nanhai Section, Zhongzheng District, Taipei City.  
Launched projects including: Wan Happiness, Ruentex Nanjing Royal Palace, and Ruentex Oriental Ritz.
- 2010: Resolved by the Board of Directors for participation in Ruen Chen Investment Holdings in response to the group’s re-investment planning and operations diversification and for re-investment in Nan Shan Life Insurance through Ruen Chen Investment Holdings, as approved by the FSC, Executive Yuan on June 13, 2011 and July 22, 2011 respectively.  
Approved for issuance of five-year-term unsecured corporate bonds amounting to NT\$3,000,000,000 to repay short-term loans.  
Launched the project: Ruentex Mountain Dawn.
- 2011: Approved for issuance of 220,000,000 shares of common stock for capital increase, raising the paid-in capital to NT\$9,793,184,880.  
Launched the project: Wan Garden.
- 2012: Acquired the execution contract for the urban regeneration project let by the Taipei City Government covering 17 lots of land at Lot 72 and others, Subsection 5, Nanhan Section, Zhongzheng District, Taipei City.  
Acquired the execution contract for the urban regeneration project let by the Taipei City Government covering government land at Lot 302 and 303, Subsection 3, LiHo Section, Xinyi District, Taipei City.

- Acquired the contract for the “Beitou Qiyang Joint Construction Project” and the “Xizhi Ming Feng Street Joint Construction Project”, and 10 lots of land at Lot 585 and others, Subsection 3, Dunhua Section, Songshan District, Taipei City.
- Launched the project: Botanic Garden Villa
- 2013: Li Sheng Development Co., Ltd. acquired two lots of land at 265 and others, Subsection 6, Baoqing Section, Songshan District, Taipei City and sold 10% of the stake of subsidiary Ruentex Xuzhan Co. Ltd. to subsidiary MEC Global Investment Limited of Mitsubishi Estate Company Limited for cooperation in the Nangang Railway Station BOT Project.
- Launched the project: Ming Feng
- 2014: Awarded the “Most Admired Company” (MOC) by CommonWealth magazine 11 times consecutively between 2002 and 2012.” 2014 Rated the “Most Admired Company” again and became an evergreen constructor winning the most MOCs. The Botanic Garden Villa was rated one of the world’s top five dream housing units among worldwide deluxe dwellings by Sotheby’s.
- Acquired the “Sanchong District Wuguwang Section Joint Construction Contract” in New Taipei City.
- Again sold 10% of the stock of subsidiary Ruentex Xuzhan Co. Ltd. to subsidiary MEC Global Investment Limited of Mitsubishi Estate Company Limited.
- Acquired the “Zhongzheng District Fuhe Section Joint Construction Contract” in Taipei City. Accidentally found the 25-year-old “Ruentex Twin Stars” were chlorine-ionic structures in the 2012 routine community check. Proactively discussed a re-construction project with residents to demonstrate our corporate social responsibility and sustainable after-sales service, setting the first example in Taiwan for voluntary re-construction of chlorine-ionic buildings by the original constructor.
- 2015: Acquired an expanded site area of about 2525m<sup>2</sup> (764 ping) for the “Sanzhong District Wuguwang Section Joint Construction Contract” in New Taipei City, increasing the total site area to about 9,350m<sup>2</sup> (2,829 ping) by adding up 15 lots of land covering 143 and others, Wuguwang Section, Sanzhong District, New Taipei City.
- Acquired three contracts in New Taipei City: The joint construction project covering four lots of land sitting at 80 and others, Jiangzicui Section, Banqiao District; the joint construction Project B in Wuguwang Section in Sanzhong; and the urban regeneration project on Baozhong Road in Xindian District.
- Established subsidiary Ruentex Innovative Development Co., Ltd.
- Subsidiary Ruentex Innovative Development Co., Ltd. acquired the contract of a joint construction project at Lot 147, Jiangzicui Section, Banqiao, New Taipei City, occupying an area of 5,352m<sup>2</sup> (1,619 ping).
- Approved for issuance of 200,000,000 shares of common stock for capital

- increase, raising the paid-in capital to NT\$13,928,486,530.
- 2016: Mitsubishi Estate Company Limited participated in the cash capital increase of subsidiary Ruentex Innovative Development Co., Ltd. to acquire 30% of the Company's stock for the collaborative development of the joint construction project at Lot 147, Jiangzicui Section, Banqiao, New Taipei City.
- Established an Audit Committee with all independent directors of the Company. The regulations governing supervisors in the Company Act, Securities and Exchange Act, and other laws shall apply mutatis mutandis to the Committee members.
- The Botanic Garden Villa won the Award of Merit at the International Association of Lighting Designers (IALD) Awards.
- Launched the project Ruentex Liren
- 2017: Sold affiliate China Cannes for re-investment in Sun Art Retail Group.
- Approved for capitalization of retained earnings to issue 278,681,667 shares of common stock, raising the paid-in capital to NT\$16,720,899,980.
- Acquired two contracts: A joint construction project on one lot of land at Lot 32, Ruanquao Section, Beitou District, Taipei City; and a joint construction project on 11 lots of land at 1906 and others, Wenhua Section, Banqiao District, New Taipei City.
- Launched projects: The Silk Court, Ruentex Spectacular Life, and RT-Fuduxin
- 2018: Acquired contracts: A construction project on three lots of land at Lot 108 and others and 111, Xixiang Section, Xidian City, New Taipei City; and the "Taipei City Nangang Section Government-Led Urban Regeneration Investment Contract" signed with the Taipei Urban Regeneration Center.
- Resolved a cash capital reduction of 668,835,999 shares by the 2018 Annual General Meeting of Shareholders to capital structure re-adjustment and raise the return on equity (ROE) of shareholders, reducing the paid-in capital to NT\$10,032,539,990.
- Launched projects: Ruentex Qiyan, RT-New Twin Stars, and Ruentex Daiguanshan.
- 2019: Established the chief governance officer by law.
- Dissolved subsidiary "Ruentex Resources Integration Co., Ltd." by resolution of the board for group structure simplification; and disposed the stock of Ruentex Engineering & Construction Co., Ltd. by resolution of the 2019 extraordinary meeting of shareholders.
- Acquired 51,832,359 shares of Ruentex Engineering & Construction Co., Ltd. from the stock market through block continuous trading.
- Changed the name of subsidiary "City-Link Development Co., Ltd." into "Ruentex Construction International Co., Ltd."
- Launched projects "Ruentex Awesome" and "Ruentex Submit"

2020: Approved for capitalization of retained earnings to issue 501,626,999 shares of common stock, raising the paid-in capital to NT\$15,048,809,980.

Subsidiary Ruentex Construction International Co., Ltd. acquired the "Taipei City Qingtian Street Co-construction Project."

Acquired "10 lots of land including Lot 239, Jianguo Section, Xinzhuang District, New Taipei City."

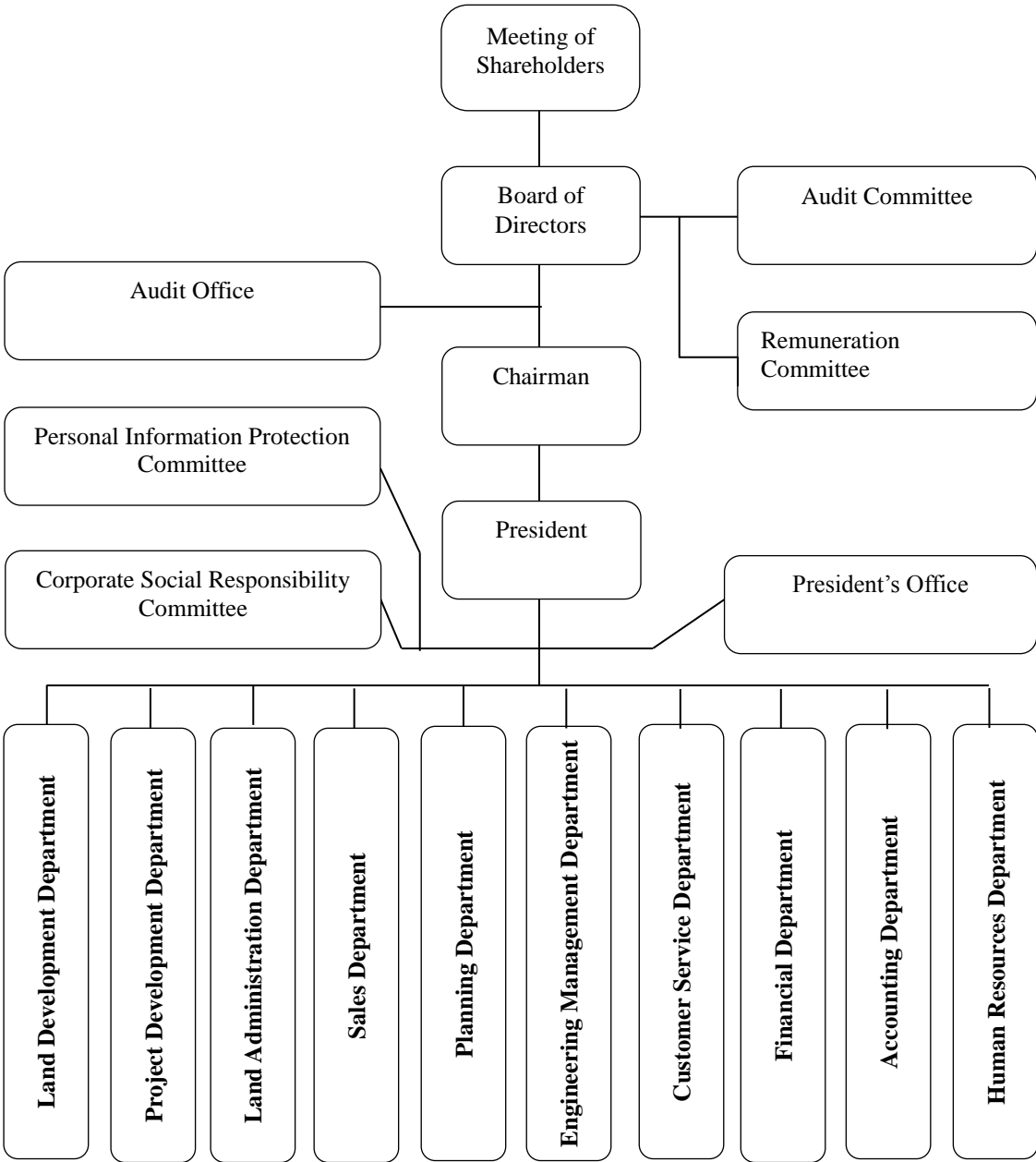
Acquired "Chlorine-ionic building urban regeneration project on Wolong Street, Daan District, Taipei City," and "Co-construction project at Lots 104 and 109, Xinzhoumei Section, Beitou District, Taipei City."

Launched projects: Ruentex Yangbei and Ruentex Wenhua.

# Three. Governance

## I. Organization Structure

### (I) Organization Framework



## (II) Department Functions and Duties

### 1. Audit Office

Establishment of the audit system and implementation of audits within the Company.

### 2. President' Office

Integration of strategies and directions for short-, medium-, and long-term development.

Analysis of macroeconomic trends and the trends of the construction industry.

Analysis of the movements and influences of development of individual policies.

Analysis of internal and external competitiveness.

Collection and organization of important financial and industrial information at home and abroad.

### 3. Land Development Department

Collection, analysis, and onsite inspection of land data (land administration, urban regeneration, and construction control).

Procurement and handling of government land, irrigation land consolidation, leftover land, and specific roadside land.

Land trading, consultation of joint construction of landowners, and consultation and signing contracts the clearance and disposal of real property.

Removal and handling of buildings. Onsite inspection and management of undeveloped land owned by the Company.

### 4. Project Development Department

A department parallel with the Land Development Department responsible for land development, and searching for land with high profit potential according to the Company's business policies and product directions, and raising land value for construction and sales through urban planning, zoning change, and application for miscellaneous permits.

### 5. Land Administration Department

Transfer of sold estate and application for mortgage registration.

Re-measurement and initial registration of ownership of all buildings built and owned by the Company.

### 6. Sales Department

Assistance in investigation and data collection of factors and strategies affecting real estate sales. Sales and management of unsold property and assessment and analysis of sales projects after closure.

Collection of information of the real estate market.

### 7. Planning Department

Project management after contract execution; application, change, or use of development permits, building permits, miscellaneous permits, and demolition permits with respect to the construction management process, and progress control.

### 8. Engineering Management Department

Assistance for drawing up the project quality control plan and reviewing and developing engineering methods before construction,

Participation in the planning and design review meeting, project management meeting, and construction site weekly meeting; supervision of project progress; implementation of health and security; and assistance for resolving construction problems and coordinating construction interfaces.

Review and approval of construction drawings, inspection of construction sites, anticipation of problems and request for improvements, and planning and organization of photos and date of the construction process, and submission of reports on a monthly basis.

Assistance for the Customer Service Department to handle project customer complaints, discerning the causes and drawing up countermeasures, and giving feedback at the planning and design meeting.

### 9. Customer Service Department

Addressing of customer enquiries and processing customer opinions.

Acceptance, transfer, and follow-up of after-sale services.

Other customer-related services.

10. Financial Department

Financial management, and application for, appropriation of, and repayment of bank loans.

Cashier matters and investments in the capital market. Matters in relation to long- and short-term investments.

11. Accounting Department

Production, registration, and custody of bookkeeping vouchers and account books.

Production of the financial statement, tax statement, and various types of accounting reports.

Planning annual budgets.

Production of the Company's financial plans and reports.

Matters in relation to the Board of Directors, Remuneration Committee, stock affairs, and corporate governance.

12. Human Resources Department

Responsible for the planning and implementation of personnel affairs covering selection, employment, education, and retention of talents.

Matters in relation to the Remuneration Committee.



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

(I) Profiles of Directors (I)

April 17, 2021

Title	Nationality or Registration Place	Name	Gender	Elected (Inaugurated) Date	Term	Date of Initial Election to Office	Shareholdings at the Time of Election to Office		Current Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Re-mark (Note 1)
							Number of shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	ROC	Yingjia Investment Co., Ltd.				June 15, 2017	12,270,528	1.22	18,405,792	1.22	—	—	—	—	-	-	No	No	No	
	ROC	Jean, Tsang-Jiunn	Male	June 9, 2020	3	Sep 3, 2012	193,539	0.02	290,308	0.02	—	—	—	—	Osaka College of Design, Japan	Chairman of the Company Chairman, Ruentex Interior Design Inc., Ruentex Construction Co., Ltd., Ruentex Xuzhan Co. Ltd., Ruentex Baiyi Co., Ltd., Ruentex Development Co., Ltd. and Shing Yen Construction & Development Co., Ltd. Director, Ruentex Construction International BVI, Ruentex Construction, Ruen Fu, and Ruentex Security Co., Ltd.	No	No	No	No

Title	Nationality or Registration Place	Name	Gender	Elected (Inaugurated) Date	Term	Date of Initial Election to Office	Shareholdings at the Time of Election to Office		Current Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Re-mark (Note 1)
							Number of shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	ROC	Ruentex Industries Ltd.		June 9, 2020	3	April 27, 1993	257,843,424	25.70	386,765,436	25.70	—	—	—	—	-	-	No	No	No	No
	ROC	Representative: Yin Wong, Yee-Fan	Female			May 5, 1986	353,924	0.04	530,886	0.04	2,935,567	0.20	—	—	Fu Jen Catholic University	Chairman, Ruentex Industries Ltd. Director of Ruentex Material, Ruentex Xuzhan Co. Ltd. and Ruen Chen Investment Holdings Ltd.	Director Representative	Yin, Chung-Yao	Mother and Son	No
Director	ROC	Ruentex Industries Ltd.		June 9, 2020	3	April 27, 1993	257,843,424	25.70	386,765,436	25.70	—	—	—	—	-	-	No	No	No	No
	ROC	Representative: Yin, Chung-Yao	Male			Feb 19, 2016	—	—	—	—	—	—	—	—	PhD, University of Oxford, UK	Director, Ruentex Industries Ltd., Ruentex Engineering & Construction Co., Ltd., Ruentex Materials Co., Ltd., Ruentex Hsu Chan Co. Ltd., Ruen Chen Investment Holding Co., Ltd., and The Tang Prize Foundation. Vice Chairman of Nan Shan Life Insurance	Director Representative	Yin Wong, Yee-Fan	Mother and Son	No

Title	Nationality or Registration Place	Name	Gender	Elected (Inaugurated) Date	Term	Date of Initial Election to Office	Shareholdings at the Time of Election to Office		Current Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Re-mark (Note 1)
							Number of shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	ROC	Ruentex Xing Co., Ltd.		June 9, 2017	3	June 9, 2011	8,861,463	0.88	13,292,194	0.88	—	—	—	—	-	-	No	No	No	No
	ROC	Representative: Lee, Chih-Hung	Male			Sep 3, 2012	625,131	0.06	937,696	0.06	80,211	0.01	—	—	MBA, Institute of Business Administration, National Taiwan University	President of the Company Chairman, Ruentex Materials Co., Ltd. Director, Ruentex Industries Ltd., Ruentex Engineering & Construction Co., Ltd., Ruentex Construction Co., Ltd., Ruentex Xuzhan Co. Ltd, Ruentex Baiyi Co., Ltd., Ruentex Interior Design Inc., and Ruentex Innovative Development Co., Ltd.	No	No	No	No
Director	ROC	Ruentex Xing Co., Ltd.		June 9, 2020	3	June 9, 2011	8,861,463	0.88	13,292,194	0.88	—	—	—	—	-	-	No	No	No	No
	ROC	Representative: Chen, Li-Yu	Female			June 14, 2016	144,488	0.01	108,732	0.01	654	—	—	—	Taipei Municipal Songshan High School of Agriculture and Industry	Vice President of the Company Director of Ruentex Construction Co., Ltd.	No	No	No	No

Title	Nationality or Registration Place	Name	Gender	Elected (Inaugurated) Date	Term	Date of Initial Election to Office	Shareholdings at the Time of Election to Office		Current Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in The Company and Other Companies	Other Officers, Directors, or Supervisors of the Company Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Re-mark (Note 1)
							Number of shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	ROC	Yingjia Investment Co., Ltd.		June 9, 2020	3	June 15, 2017	12,270,528	1.22	18,405,792	1.22	—	—	—	—			No	No	No	No
	ROC	Hou, Kai-Lin (Note 2)	Female	Apr 3, 2020	3	July 3, 2020	228	—	—	—	—	—	—	—	Department of Mechanical Engineering, Lee-Ming Institute of Technology	Ruen Fu Newlife Corp.	No	No	No	No
Independent Director	ROC	Ko, Shun-Hsiung	Male	June 9, 2020	3	June 6, 2014	—	—	—	—	—	—	—	MA, Department of Finance, National Taiwan University	Independent Director, Nishoku Technology Inc. Independent Director, Silergy Corporation	No	No	No	No	
Independent Director	ROC	Chang, Guo-Zhen	Male	June 9, 2020	3	June 14, 2016	—	—	—	—	—	—	—	PhD, Department of Civil Engineering, University at Buffalo, the State University of New York	Independent Director, Ruentex Material	No	No	No	No	
Independent Director	ROC	Zhao, Yi-Long	Male	June 9, 2020	3	June 6, 2014	—	—	—	—	—	—	—	PhD, Business Administration, Ohio State University, USA	Independent Director, Danen Technology Corporation Independent Director, Taiwan Tobacco & Liquor Corporation	No	No	No	No	

Note (1): Information related to whether the Chairman and the President or person of an equivalent position (the highest level Manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of Independent Directors and have a majority of directors who are not also employees or Managers concurrently, etc.)

Note (2): Outstanding shares on the date of Director election was 1,003,253,999 shares. Outstanding shares on August 25, 2020 (ex-dividend record date) changed to 1,504,880,998 shares.

Note (3): Director: Lin, Chien-Yu, discharged on June 9, 2020.

Note (4): Corporate Director: Yingjia Investment Co., Ltd increased one seat of Director and took office on June 9, 2020.

Representative, Yang, Wen-Chuen, took office on June 9, 2020 and discharged on July 3, 2020.

Representative: Ho, Kai-Lin, took office on July 3, 2020.

Table 1: Major Shareholders of Corporate Shareholders

April 17, 2021

Corporate Shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage
Yingjia Investment Co., Ltd.	Chang Quan Investment Co., Ltd. Ruen Hua Dyeing & Weaving Co., Ltd.	75.86% 24.14%
Ruentex Industries Ltd.	Ruentex Development Co., Ltd. Chang Quan Investment Co., Ltd. Huei Hong Investment Co., Ltd. Gin-Hong Investment Co., Ltd. Ruentex Engineering & Construction Co., Ltd., P-shares Taiwan Dividend Plus ETF, Yuanta Ruen Hua Dyeing & Weaving Co., Ltd. The Tang Prize Foundation Shu-Tien Urology and Ophthalmology Clinic Ruentex Xing Co. Ltd.	11.63% 6.21% 6.05% 4.98% 3.57% 3.47% 2.83% 2.66% 2.32% 1.80%
Ruentex Xing Co. Ltd.	Samuel Yen-Liang Yin Yin Wong, Yee-Fan	99.997% 0.003%

Table 2: Major Shareholders of Corporate Shareholders in Table 1

Data by: April 17, 2021

Corporate Shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage
Chang Quan Investment Co., Ltd.	Huei Hong Investment Co., Ltd. Ruen Hua Dyeing & Weaving Co., Ltd. Ruentex Xing Co. Ltd.	48.00% 33.00% 19.00%
Ruen Hua Dyeing & Weaving Co., Ltd.	Ruentex Xing Co. Ltd. Ren Ying Industrial Co., Ltd. Chang Quan Investment Co., Ltd. Huei Hong Investment Co., Ltd. Samuel Yen-Liang Yin Yin Wong, Yee-Fan Yin Shun Yao Education Foundation Lena Yin	19.55% 19.14% 18.44% 17.96% 13.70% 6.55% 4.40% 0.26%
Ruentex Development Co., Ltd.	Ruentex Industries Ltd. Huei Hong Investment Co., Ltd. Yi Tai Investment Co., Ltd. Chang Quan Investment Co., Ltd. Ruen Hua Dyeing & Weaving Co., Ltd. Yingjia Investment Co., Ltd. Vanguard FTSE Emerging Markets ETF Special Account, JPMorgan Chase Standard Chartered in Custody for iShares MSCI Taiwan ETF PGIA Integrated International ETF in Custody of JPMorgan Chase Norges Bank Investment Special Account, CITI Bank (Taiwan)	25.70% 7.40% 4.30% 3.87% 1.51% 1.22% 1.06% 1.05% 0.96% 0.94%
Huei Hong Investment Co., Ltd.	Ruen Hua Dyeing & Weaving Co., Ltd. Ruentex Xing Co. Ltd. Yi Tai Investment Co., Ltd.	63.53% 19.93% 16.54%
Gin-Hong Investment Co., Ltd.	Ruentex Industries Ltd. Ruentex Development Co., Ltd. Yingjia Investment Co., Ltd. Ruentex Xing Co. Ltd.	55.00% 30.00% 13.95% 1.05%
Ruentex Engineering & Construction Co., Ltd.,	Ruentex Development Co., Ltd. Ruentex Industries Ltd. Yi Tai Investment Co., Ltd. Yingjia Investment Co., Ltd. Ruentex Xing Co. Ltd. Ruen Hua Dyeing & Weaving Co., Ltd. Sheng Cheng Investment Co., Ltd. Sheng Cheng Investment Co., Ltd. Qi, Wei-Gong Chang Quan Investment Co., Ltd.	39.14% 9.35% 7.48% 6.25% 3.38% 1.91% 1.82% 1.80% 1.11% 1.04%
P-shares Taiwan Dividend Plus ETF, Yuanta	Not applicable	

Corporate Shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage
The Tang Prize Foundation	Huei Hong Investment Co., Ltd. Chang Quan Investment Co., Ltd.	39.72% 18.69%
Shu-Tien Urology and Ophthalmology Clinic	Samuel Yen-Liang Yin	50%
Ruentex Xing Co. Ltd.	Samuel Yen-Liang Yin Yin Wong, Yee-Fan	99.997% 0.003%

### Profiles of Directors (II)

Name	Requirements	With Five or More Years of Experience and the Following Professional Qualifications			Status of independence <sup>1</sup>												Concurrently an Independent Director for Other Public Companies
		Public/private college/university instructors or higher levels in commerce, law, finance, accounting, or subjects required by the business of the Company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyer, certified public accountant, or other professional designations required by the business of the Company	Experience of commerce, law, finance, accounting, or others as required by the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Yingjia Investment Co., Ltd. Representative: Jean, Tsang-Jiunn			✓	✓	✓	✓			✓	✓			✓	✓	✓		0
Ruentex Industries Ltd. Representative: Yin Wong, Yee-Fan			✓	✓	✓				✓	✓			✓		✓		0
Ruentex Industries Ltd. Representative: Yin, Chung-Yao			✓	✓	✓				✓	✓			✓		✓		0
Ruentex Xing Co., Ltd. Representative: Lee, Chih-Hung		✓	✓		✓	✓			✓	✓			✓	✓	✓		0
Ruentex Xing Co., Ltd. Representative: Chen, Li-Yu		✓	✓		✓	✓	✓		✓	✓			✓	✓	✓		0
Yingjia Investment Co., Ltd. Representative: Ho, Kai-Lin			✓		✓	✓	✓		✓	✓			✓	✓	✓		0
Ko, Shun-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chang, Guo-Zhen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Zhao, Yi-Long	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Check “✓” the qualifications appropriate to each director and supervisor who meet such qualifications two years before assumption of office or at the time of assumption.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or minors, or under the name of a third party.
- (4) Not the spouse, the kindred at the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3).
- (5) Not a director, supervisor or employee of an corporate shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an corporate shareholder who is among the top 5 shareholders, or a representative of an corporate shareholders appointed as the director or supervisor of the company according to paragraph 1 or 2, Article 27, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor or employee of a company controlling over one half of the company’s director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relation with the company (except for a specific company or institution holding over 20% but less than 50% of the company’s outstanding shares, and independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (9) Not a professional or owner, partner, director, supervisor, manager or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 in the last two years for the company or its affiliates; except for members of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition exercising powers according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or kindred at the second tier under the Civil Code to any other director.
- (11) Not under any one of the categories stated in Article 30 of the Company Act.
- (12) Not being elected as representative of the government, an institution, or others under Article 27 of the Company Act.



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

April 17, 2021

Title	Nationality	Name	Gender	Elected (Inaugurated) Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Remark (Note)
					Number of shares	% of Shares Held	Shares	% of Shares Held	Shares	% of shares held			Title	Name	Relationship	
<b>President</b>	ROC	Lee, Chih-Hung	M	9/3/2012	937,696	0.06	80,211	0.01	—	—	MBA, Institute of Business Administration, National Taiwan University	Chairman, Ruentex Materials Co., Ltd. Director, Ruentex Industries Ltd., Ruentex Engineering & Construction Co., Ltd., Ruentex Construction Co., Ltd., Ruentex Xuzhan Co. Ltd, Ruentex Baiyi Co., Ltd., Ruentex Interior Design Inc., and Ruentex Innovative Development Co., Ltd.	No	No	No	No
<b>Vice President</b>	ROC	Zhou, Pei-Ling	F	4/1/2007	168,764	0.01	744	—	—	—	Department of Economics, Tamkang University	No	No	No	No	No
<b>Vice President</b>	ROC	Chen, Li-Yu	F	4/1/2002	108,732	0.01	654	—	—	—	Taipei Municipal Songshan High School of Agriculture and Industry	Director of Ruentex Construction Co., Ltd.	No	No	No	No
<b>Vice President</b>	ROC	Yen, Tien-Cheng	M	7/1/1997	—	—	—	—	—	—	Department of Management Science, NCTU	Director, Ruentex Baiyi Co., Ltd. and Sunny Friend Environmental Technology Co., Ltd.	No	No	No	No
<b>Vice President</b>	ROC	Lin, Ting-Jie	F	4/26/2012	55,351	0.00	—	—	—	—	MA, Business Management and Financial Management Section, Department of Money and Banking, National Ching Chi University.	No	No	No	No	No

Title	Nationality	Name	Gender	Elected (Inaugurated) Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Remark (Note)
					Number of shares	% of Shares Held	Shares	% of Shares Held	Shares	% of shares held			Title	Name	Relationship	
Vice President	ROC	Lin, Chin-Szu	M	7/1/2011	97,200	0.01	—	—	—	—	MA, Department of Finance, National Taiwan University.	Supervisor, Ruentex Property and Ruentex Interior Design Inc.	No	No	No	No
Vice President	ROC	Cheng, Wen-Ching	M	4/1/2006	79,920	0.01	—	—	—	—	Department of Land Administration, National Chung Hsing University	Director, Ruentex Property Management & Maintenance Co., Ltd.	No	No	No	No
Vice President	ROC	Wang, Guo-Rong	M	7/1/2019	57,600	0.00	—	—	—	—	MA, National Central University	No	No	No	No	No
Vice President	ROC	Wang, Pei-Shou	M	9/12/2019	816	0.00	1,080	0.00	—	—	Department of Industrial Management, National Taiwan University of Science and Technology	No	No	No	No	No
Vice President	ROC	Liu, Wen-Tan	M	4/1/2021	110,899	0.01	1,179	0.00	—	—	Department of Business Administration, Chung Yuan Christian University	No	No	No	No	No
Assistant Vice President	ROC	Tsai, Pei-Jin	F	3/1/2004	—	—	—	—	—	—	Department of International Trade, Chinese Culture University	No	No	No	No	No
Assistant Vice President	ROC	Chang, Wei-Cheng	M	3/1/2021	—	—	—	—	—	—	Shih Hsin School of Journalism	No	Assistant Vice President	Gong, Hui-Zi	Spouse	No
Assistant Vice President	ROC	Yang, Wen-Chuen	F	11/1/2011	90,018	0.01	2,160	0.00	—	—	National Guan-Shan Vocational Senior High School	No	No	No	No	No
Assistant Vice President	ROC	Gong, Hui-Zi	F	3/1/2014	—	—	—	—	—	—	Section of Civil Engineering, Sze Hai College of Technology	No	Assistant Vice President	Chang, Wei-Cheng	Spouse	No
Assistant Vice President	ROC	Tsai, Jia-Sheng	M	4/1/2016	—	—	—	—	—	—	Section of Chemical Engineering, Nanya Polytechnics	No	No	No	No	No

Title	Nationality	Name	Gender	Elected (Inaugurated) Date	Shareholdings		Shareholdings of Spouse/Minor Children		Shareholdings in the Name of a Third Party		Education and Experience	Concurrent Positions in Other Companies	Managers Who are a Spouse or Relative Within the 2 <sup>nd</sup> Degree Under the Civil Code			Remark (Note)
					Number of shares	% of Shares Held	Shares	% of Shares Held	Shares	% of shares held			Title	Name	Relationship	
Assistant Vice President	ROC	Zhuang, Guo-Zhi	M	4/24/2017	—	—	—	—	—	—	MS, Department of Architecture, National Taipei University of Technology	No	No	No	No	No
Assistant Vice President	ROC	Kuo, Tien-Fang	M	4/1/2018	—	—	—	—	—	—	PhD, Tokyo Institute of Technology, Japan	No	No	No	No	No
Assistant Vice President	ROC	Chen, Po-Yu	M	4/1/2019	900	0.00	—	—	—	—	Department of Accounting, National Taiwan University	No	No	No	No	No
Assistant Vice President	ROC	Lin, Chun-Miao	F	4/1/2019	—	—	—	—	—	—	National Chushan Senior High School	No	No	No	No	No
Assistant Vice President	ROC	Wei, Yu-Ci	F	4/1/2021	9,766	0.00	2,380	0.00	—	—	Department of Business Administration, Chinese Culture University	No	No	No	No	No
Assistant Vice President	ROC	Yang, Ai-Zhen	F	4/1/2021	—	—	—	—	—	—	Master of Urban Planning, National Chung Hsing University	No	No	No	No	No
Manager, Zhonglun Branch	ROC	Kao, Jie-Wen	M	12/1/2017	29,560	0.00	0	0.00	0	0.00	Section of Accounting and Statistics, Oxford College	No	No	No	No	No

Note 1: Information about that the President or person of an equivalent position (the highest level Manager) and the Chairman is the same person, spouses, or relative within the first degree of kinship, shall disclose the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of Independent Directors and have a majority of directors who are not also employees or Managers concurrently, etc.)

Note 2: Outstanding shares on August 25, 2020 (ex-dividend record date) changed to 1,504,880,998 shares.

Note 3: Assistant Vice President: Wu, Jia-Ru, discharged on June 1, 2020. Assistant Vice President: Kuo, Tzu-Chien, discharged on August, 1, 2020.

Note 4: Assistant Vice President: Liu, Wen-Tan, discharged and promoted to Vice President on April 1, 2021.

III. Remuneration for Directors, Supervisors, Presidents, and Vice Presidents

(I) 1. Remuneration for general and independent directors

(expressed in NT\$ thousands)

Title	Name	Remuneration for Directors										Remuneration for Directors Who are Concurrently Employees								Percentage of the Sum of A to G in the Net Profit After Tax	Whether or not receiving remuneration from investees or the parent company other than subsidiaries				
		Remuneration (A)		Severance Pay/Retirement Allowance (B)		Remuneration from Distribution of Earnings (C)		Business Execution Expenses (D)		Percentage of the Sum of A to D in the Net Profit After Tax		Salaries, Bonuses, and Special Expenses (E)		Severance Pay/Retirement Allowance (F)		Remuneration to Employee (G) (Note)									
		The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	The Company	All Firms Disclosed in the Financial Statements	Cash Amount	Stock Amount			Cash Amount	Stock Amount	The Company	All Firms Disclosed in the Financial Statements
Chairman	Representative of Yingjia Investment Co., Ltd.: Jean, Tsang-Jiunn																								
Director	Representative of Ruentex Industries Ltd.: Yin Wong, Yee-Fan	41,971	41,971	-	-	-	-	885	885	0.501	0.501	40,937	40,937	-	-	-	-	-	-	-	0.979	0.979	No		
	Representative of Ruentex Industries Ltd.: Yin, Chung-Yao																								
	Ruentex Xing Co., Ltd. Representative: Lee, Chih-Hung																								
	Ruentex Xing Co., Ltd. Representative: Chen, Li-Yu																								
Independent Director	Representative of Yingjia Investment Co., Ltd.: Ho, Kai-Lin	-	-	-	-	-	-	2,520	2,520	0.030	0.030	-	-	-	-	-	-	-	-	-	0.030	0.030	No		
	Ko, Shun-Hsiung																								
	Chang, Guo-Zhen																								
	Zhao, Yi-Long																								
Total		41,971	41,971					3,405	3,405	0.531	0.531	40,937	40,937								1,009	1,009			

- The policy, system, standard, and structure of remuneration for directors and the relevance to the amount of remuneration in terms of their duty, risk, and time of involvement: With respect to the articles of incorporation of this Company, all directors are remunerated with respect to their involvement in corporate operations and contributions, with the Board of Directors authorized to determine the actual amount.
- In addition to those disclosed in the above table, the remuneration of the Company's Director for providing services (e.g. as acting as a non-employee consultant) to any of the firms disclosed in the financial statements in the most recent year: N/A.

Note1: Where there is a director who is also an employee and receives employee remuneration for the most recent year, the amount of employee remuneration approved by the Board of Directors shall be disclosed. If the remuneration cannot be estimated, the Company shall calculate the proposed distribution balance this year based on the amount of actual distribution in the previous year.

Note2: The representative of director: Yingjia Investment Co., Ltd released one place of director and its representative was replaced to Ho, Kai-Lin from Yang, Wen-Chuen since 7/3/2020.

## Range of Remuneration

Range of Remuneration for Directors	Name of Director			
	Total Amount of A to D		Total Amount of A to G	
	The company	All Firms Disclosed in the Financial Statements H	The company	All Firms Disclosed in the Financial Statements I
Less than NT\$1,000,000	Ko, Shun-Hsiung; Chang, Guo-Chen; Zhao, Yi-Long; Representatives of Ruentex Industries Ltd.: Wang, Chi-Fan and Yin, Chung-Yao Representative of Ruentex Xing Co. Ltd.: Lee,Chih-Hung Representative of Ruentex Xing Co. Ltd.:Chen,Li-Yu Representative of Yingjia Investment Co., Ltd: Ho,Kai-Lin	Ko, Shun-Hsiung; Chang, Guo-Chen; Zhao, Yi-Long; Representatives of Ruentex Industries Ltd.: Wang, Chi-Fan and Yin, Chung-Yao Representative of Ruentex Xing Co. Ltd.: Lee,Chih-Hung Representative of Ruentex Xing Co. Ltd.:Chen,Li-Yu Representative of Yingjia Investment Co., Ltd: Ho,Kai-Lin	Ko, Shun-Hsiung; Chang, Guo-Chen; Zhao, Yi-Long; Representatives of Ruentex Industries Ltd.: Wang, Chi-Fan and Yin, Chung-Yao Representative of Yingjia Investment Co., Ltd: Ho,Kai-Lin	Ko, Shun-Hsiung; Chang, Guo-Chen; Zhao, Yi-Long; Representatives of Ruentex Industries Ltd.: Wang, Chi-Fan and Yin, Chung-Yao Representative of Yingjia Investment Co., Ltd: Ho,Kai-Lin
NT\$1,000,000 (included) – NT\$2,000,000 (excluded)				
NT\$2,000,000 (included) – NT\$3,500,000 (excluded)				
NT\$3,500,000 (included) – NT\$5,000,000 (excluded)	—		—	—
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)			Representative of Ruentex Xing Co. Ltd.:Chen,Li-Yu	Representative of Ruentex Xing Co. Ltd.:Chen,Li-Yu
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)				
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)				
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)	Representative of Yingjia Investment Co., Ltd: Jean,Tsang-Jiunn	Representative of Yingjia Investment Co., Ltd: Jean,Tsang-Jiunn	Representative of Ruentex Xing Co. Ltd.: Lee,Chih-Hung Representative of Yingjia Investment Co., Ltd: Jean,Tsang-Jiunn	Representative of Ruentex Xing Co. Ltd.: Lee,Chih-Hung Representative of Yingjia Investment Co., Ltd: Jean,Tsang-Jiunn
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)				
NT\$100,000,000 and Above				
Total	9 people	9 people	9 people	9 people

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

## 2. Remuneration For the President and Vice Presidents

(expressed in NT\$ thousands)

Title	Name	Salary (A)		Severance Pay/Retirement Allowance (F) (B)		Bonuses & Special Expenses (C)		Amount of Remuneration to Employee (D) (Note 2)				Percentage of the Sum of A to D in Profit After Tax		Whether or not receiving remuneration from investees or <u>the parent company</u> other than subsidiaries
		The company	All Firms Disclosed in the Financial Statements	The company	All Firms Disclosed in the Financial Statements	The company	All Firms Disclosed in the Financial Statements	The Company		All Firms Disclosed in the Financial Statements		The Company	All Firms Disclosed in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lee, Chih-Hung	72,269	72,269	—	—	—	—	3,936	—	3,936	—	0.890	0.890	No
Vice President	Zhou, Pei-Ling													
Vice President	Chen, Li-Yu													
Vice President	Yen, Tien-Cheng													
Vice President	Lin, Ting-Jie													
Vice President	Lin, Chin-Szu													
Vice President	Cheng, Wen-Ching													
Vice President	Wang, Guo-Rong													
Vice President	Wang, Pei-Shou													
Vice President <sup>1</sup>	Liu, Wen-Tan													
Manager, Zhonglun Branch	Kao, Jie-Wen													

Note 1: Vice President Liu, Wen-Tan on 4/1/2021

Note 2: Remuneration to President and Vice President approved by the Board of Directors for the most recent year. If the remuneration cannot be estimated, the Company shall calculate the proposed distribution balance this year based on the amount of actual distribution in the previous year.

## Range of Remuneration

Range of Remuneration for Presidents and Vice Presidents	Name of President/Vice President	
	The company	All Firms Disclosed in the Financial Statements E
Less than NT\$1,000,000		
NT\$1,000,000 (included) – NT\$2,000,000 (excluded)	Cheng, Wen-Ching and Wang, Pei-Shou	Cheng, Wen-Ching and Wang, Pei-Shou
NT\$2,000,000 (included) – NT\$3,500,000 (excluded)	Wang, Guo-Rong and Kao, Jie-Wen	Wang, Guo-Rong and Kao, Jie-Wen
NT\$3,500,000 (included) – NT\$5,000,000 (excluded)	Zhou, Pei-Ling and Lin, Ting-Jie	Zhou, Pei-Ling and Lin, Ting-Jie
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)	Yeh, Tien-Cheng; Lin, Chin-Szu; and Chen, Li-Yu	Yeh, Tien-Cheng; Lin, Chin-Szu; and Chen, Li-Yu
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)	–	–
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)	–	–
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)	Lee, Chih-hung	Lee, Chih-hung
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)		
NT\$100,000,000 and Above		
Total	10 people	10 people

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

### 3. Remuneration for Managers

(expressed in NT\$ thousands)

December 31, 2020

	Title (Note1)	Name (Note1)	Stock Amount	Cash Amount	Total	Percentage in Net Earnings After Tax
Managers	President	Lee, Chih-Hung	—	5,913	5,913	0.07%
	Vice President	Zhou, Pei-Ling				
	Vice President	Chen, Li-Yu				
	Vice President	Yen, Tien-Cheng				
	Vice President	Lin, Ting-Jie				
	Vice President	Lin, Chin-Szu				
	Vice President	Cheng, Wen-Ching				
	Vice President	Wang, Guo-Rong				
	Vice President	Wang, Pei-Shou				
	Vice President (took office on April 1, 2021)	Liu, Wen-Tan				
	Assistant Vice President	Tsai, Pei-Jin				
	Assistant Vice President	Chang, Wei-Cheng				
	Assistant Vice President	Yang, Wen-Chuen				
	Assistant Vice President	Gong, Hui-Zi				
	Assistant Vice President	Tsai, Jia-Sheng				
	Assistant Vice President	Zhuang, Guo-Zhi				
	Assistant Vice President	Kuo, Tien-Fang				
	Assistant Vice President	Chen, Po-Yu				
	Assistant Vice President	Lin, Chun-Miao				
	Assistant Vice President (took office on April 1, 2021)	Wei, Yu-Ci				
	Assistant Vice President (took office on April 1, 2021)	Yang, Ai-Zhen				
	Manager, Zhonglun Branch	Kao, Jie-Wen				

Note1: The name and title of managers shall be disclosed individually. However, the distribution of profit can be disclosed in aggregate.

Note2: Refers to the remuneration for managers (including stock and cash) approved by the Board of Directors in the previous year. If the remuneration cannot be estimated, the Company shall calculate the proposed distribution balance this year based on the amount of actual distribution in the previous year. Net Earnings After Tax refers to the net income after tax in the individual financial statement of the previous year.

Note3: Referring to Letter Tai-Cai-Zheng-San-Zi No. 0920001301 (Taiwan-Finance-Securities-III-0920001301) of the Financial Supervisory Commission dated March 27, 2003, the scope of managers is as follows:

(1) Presidents and equivalent level; (2) Vice presidents and equivalent level; (3) Assistant vice presidents and equivalent level; (4) Financial supervisor; (5) Accounting supervisor; (6) Other managers and authorized personnel.

Note4: In addition to Table 1-2, directors, presidents, and vice presidents receiving remuneration for employees (including stock and cash) shall be disclosed in this table.



(2) A comparative description with analysis on the ratio taken by the gross total of remuneration paid by this Company and all firms disclosed in the consolidated financial statements to the directors, presidents, and vice presidents of this Company to the net earnings after tax over the past two years, including a description of the policies, criteria, and composition of remuneration; the procedures to determine remuneration, their interrelationship with business performance, and future risks:

1. The ratio taken by the gross total of remuneration paid by this Company and all firms disclosed in the Consolidated Financial Statements to the directors, presidents, and vice presidents of this Company to the net earnings after tax over the past two years:

Title	Ratio of Remuneration in the Net Earnings After Tax					
	2019		2020		Differences in Two Years	
	The Company	The Company	The Company	All Firms Disclosed in the Consolidated Financial Statements	The company	All Firms Disclosed in the Consolidated Financial Statements
Director	0.966%	0.966%	1.009%	1.009%	0.043%	0.043%
Supervisors	—	—	—	—	—	—
Presidents and Vice Presidents	0.785%	0.785%	0.890%	0.890%	0.105%	0.105%

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

① Principles of Remuneration for Directors: With respect to the Articles of Incorporation, the Board of Directors is authorized to determinate the remuneration of individual directors through discussions in respect to their involvement in organizational operations and organizational contributions and with reference to the common pay standards in the business.

② The remuneration for presidents and vice presidents include salary and bonuses determined with respect to the Company's operational performance, their individual performance and performance evaluation, their organizational contribution, and the common pay standards in the business.

③ When determining the remuneration for presidents and vice presidents, apart from the Company's overall operational performance, the Remuneration Committee considers the future operational risk and the development trend of the industry; the target achievement rate, organizational contributions, and related performance evaluations of individual presidents and vice presidents; and the fairness of remuneration before implementation after obtaining the Board of Directors approval. The Remuneration Committee also reviews the remuneration in a timely manner based on the actual status of operations and related laws and regulations to balance sustainable development and risk control of the Company.

④ In June 2016, we established the Audit Committee to replace the role of supervisors, who were relieved after committee establishment.

#### IV. Corporate Governance:

##### (I) Operation of the Board of Directors:

In 2020, a total of 12 meetings (A) were held, and the attendance of directors is as follows:

Title	Name	Actual Attendances (including appearances by proxy) (B)	Attendances by Proxy	Rate of Actual Attendance (%) [B/A] [B/A]	Remarks	
Chairman	Representative of Yingjia Investment Co., Ltd.: Jean, Tsang-Jiunn	12	0	100	Re-elected on June 9, 2020	
Director	Representative of Ruentex Industries Ltd.: Yin Wong, Yee-Fan	11	1	92		
	Representative of Ruentex Industries Ltd.: Yin, Chung-Yao	4	7	33		
	Representative of Ruentex Xing Co., Ltd.: Lee, Chih-Hung	12	0	100		
	Representative of Ruentex Xing Co., Ltd.: Chen, Li-Yu	12	0	100		
	Representative of Yingjia Investment Co., Ltd.: Ho, Kai-Lin (Note 1)	5	1	83		took office on July 3, 2020 6 attendances required
	Representative of Yingjia Investment Co., Ltd.: Yang, Wen-Chuen (Note 1)	2	0	100		took office on June 9, 2020 dismissed on July 3, 2020 2 attendances required
	Lin, Chien-Yu	3	0	75	dismissed on June 9, 2020 4 attendances required	
Independent Director	Ko, Shun-Hsiung (Note 2)	12	0	100	Re-elected on June 9, 2020	
	Chang, Guo-Zhen	12	0	100		
	Zhao, Yi-Long	11	1	92		

Note 1: Representative of Corporate Director Yingjia Investment Co., Ltd. has been reassigned from Yang, Wen-Chuen to Ho, Kai-Lin since July 3, 2020.

Note 2: The actual attendance of Independent Director Ko, Shun-Hsiung was 100%, demonstrating that at least one independent director attended every board meeting.

##### Other Information Required for Disclosure:

- I. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances
1. Matters specified in Article 14-3 of the Securities and Exchange Act: We have established an audit committee, and Article 14-3 of the Securities and Exchange Act will not apply with respect to Article 14-5 of the Securities and Exchange Act. Please refer to p.39 for details regarding committee operations.
  2. Other Board of Directors resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: N/A

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

Board of Directors	Proposal	Avoidance of Conflicts of Interest	Participation in Voting
15 <sup>th</sup> Term 33 <sup>rd</sup> Meeting January 20, 2020	1. Proposal of the 2019 year-end bonus for managers.	Directors Lee, Chih-Hung and Chen, Li-Yu who are President and Vice President of the Company respectively, are related parties to and have a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal of the 2018 year-end bonus for the Chairman.	Director Jean, Tsang-Jiunn who is also the Chairman of the Company, is a related party to and has a conflict of interest with this proposal.	
	3. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang B Falsework Project."	Directors Lee, Chih-Hung, Yin, Chung-Yao, Yin Wong, Yee-Fan, Jean, Tsang-Jiunn, and Chen, Li-Yu are also directors of companies affiliated to Ruen Yang Construction, thus constituting a conflict of interest with this proposal.	
15 <sup>th</sup> Term 34 <sup>th</sup> Meeting March 13, 2020	2. Discussion of the proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Wolong Street Construction Project."	Directors Lee, Chih-Hung and Yin, Chung-Yao are also directors of Ruentex Engineering & Construction; directors Jean, Tsang-Jiunn and Chen, Li-Yu are also directors of companies affiliated to Ruentex Engineering & Construction; Director Yin Wong, Yee-Fan is a second-degree relative to a director, thus constituting a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Wuguwang B Construction Project."		
15 <sup>th</sup> Term 35 <sup>th</sup> Meeting March 30, 2020	1. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang A Falsework Project."	Directors Lee, Chih-Hung, Yin, Chung-Yao, Jean, Tsang-Jiunn, and Chen, Li-Yu are also directors of companies affiliated to Ruen Yang Construction; and Director Yin Wong, Yee-Fan is a second-degree relative to a director, thus constituting a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Yangbei Falsework Project."		
	3. Proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Wuguwang A Construction Project."		
	4. Proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Yangbei Falsework Project."		

Board of Directors	Proposal	Avoidance of Conflicts of Interest	Participation in Voting
15 <sup>th</sup> Term 36 <sup>th</sup> Meeting May 14, 2020	1. Recognition of the lease agreement between the Company and Ruentex Industries Ltd.	Directors Yin Wong, Yee-Fan, Yin, Chung-Yao and Lee, Chih-Hung are also Directors of Ruentex Industries; Directors Jean, Tsang-Jiunn and Chen, Li-Yu are also directors of companies affiliated to Ruentex Industries, thus constituting a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
16 <sup>th</sup> Term 3 <sup>rd</sup> Meeting July 28, 2020	1. Proposal to subscribe to the common stock of no more than NT\$87,500 thousand issued by Ruen Chen Investment Holdings Ltd. for cash capital increase.	Directors Yin Wong, Yee-Fan and Yin, Chung-Yao of Ruen Chen Investment Holdings are related parties to this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal for the Zhonglun Branch to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "RT-mart Zhonglun Store Renovation Project."	Directors Lee, Chih-Hung and Yin, Chung-Yao are also directors of Ruentex Engineering & Construction; directors, Jean, Tsang-Jiunn, Chen, Li-Yu and Ho, Kai-Lin are also directors of companies affiliated to Ruentex Engineering & Construction; Director Yin Wong, Yee-Fan is a second-degree relative to a director, thus constituting a conflict of interest with this proposal.	
	3. Proposal for the Zhonglun Branch to sign a construction contract with Ruentex Interior Design Inc. for the "RT-mart Zhonglun Store Renovation Project."	Directors Jean, Tsang-Jiunn and Lee, Chih-Hung are also directors of Ruentex Interior Design; directors Yin, Chung-Yao, Yin Wong, Yee-Fan, Chen, Li-Yu and Ho, Kai-Lin are also directors of companies affiliated to Ruentex Interior Design, thus constituting a conflict of interest with this proposal.	
	4. Proposal for acquiring 10 lots of land at Jianguo Section, Xinzhuang District, New Taipei City from RT-MART International Co., Ltd.	Directors Yin Wong, Yee-Fan and Yin, Chung-Yao are also directors appointed by a corporate director of RT-Mart, thus constituting a conflict of interest with this proposal.	
16 <sup>th</sup> Term 4 <sup>th</sup> Meeting August 13, 2020	1. Proposal for the Company to change the policyholders of the "ING Enhanced Participating Permanent Life Insurance" policies which were bought for employees to the insured person himself/herself.	Directors Jean, Tsang-Jiunn, Lee, Chih-Hung, Chen, Li-Yu and Ko, Shun-Hsiung are also the insured person of the policy, thus are related parties to this proposal, and constitute conflict of interests with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal of remuneration to the Company's 16th term of Directors.	Directors Jean, Tsang-Jiunn, Yin Wong, Yee-Fan, Lee, Chih-Hung, Yin, Chung-Yao, Chen, Li-Yu and Ho, Kai-Lin are related parties to this proposal and constitute conflict of interests with this proposal.	
	3. Proposal of remuneration to the Company's 16th term of Independent Directors.	Independent Directors Ko, Shun-Hsiung, Zhao, Yi-Long and Chang, Guo-Zhen are related parties to and constitute	
	4. Proposal for determining the attendance fees for members of the 3rd Audit Committee and the 4th		

Board of Directors	Proposal	Avoidance of Conflicts of Interest	Participation in Voting
	Remuneration Committee to attend meetings.	conflict of interests with this proposal.	
16 <sup>th</sup> Term 10 <sup>th</sup> Meeting February 4 2021	1. Proposal to discuss the 2020 year-end bonuses for managers.	Directors Lee, Chih-Hung and Chen, Li-Yu who are President and Vice President of the Company respectively, are related parties to and have a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal to discuss the 2020 year-end bonus for the Chairman.	Director Jean, Tsang-Jiunn who is also the Chairman of the Company, is a related party to and has a conflict of interest with this proposal.	
	3. Proposal to sign the account closing agreement with Ruentex Engineering & Construction Co., Ltd. for the "The Silk Court Construction Project."	Directors Lee, Chih-Hung and Yin, Chung-Yao are also directors of Ruentex Engineering & Construction; directors Jean, Tsang-Jiunn and Chen, Li-Yu are also directors of companies affiliated to Ruentex Engineering & Construction; Director Yin Wong, Yee-Fan is a second-degree relative to a director, thus constituting a conflict of interest with this proposal.	
	4. Proposal to sign the account closing agreement with Ruentex Interior Design Inc. (hereinafter referred to as Ruentex Interior Design) for the "The Silk Court Lobby and Public Utility Landscaping Project."	Directors Jean, Tsang-Jiunn and Lee, Chih-Hung are also directors of Ruentex Interior Design, directors Yin, Chung-Yao, Yin Wong, Yee-Fan, Chen, Li-Yu and Ho, Kai-Lin are also directors of companies affiliated to Ruentex Interior Design, thus constituting a conflict of interest with this proposal.	
16 <sup>th</sup> Term 12 <sup>th</sup> Meeting March 26, 2021	1. Proposal for the "Environmental vibration impact assessment study of the underground tunnels of Taiwan Railway, High Speed Rail and MRT Bannan Line in the Heart of Nangang urban regeneration project let by the Taipei City Government" commission contract to be signed between the Company and the Chinese Taiwan Society for Earthquake Engineering.	Independent Director Chang, Guo-Zhen is also the Principle Investigator of the project, thus constituting a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.
	2. Proposal for Zhonglun Branch of the Company to sign the account closing agreement with Ruentex Engineering & Construction Co., Ltd. for the "RT-mart Zhonglun Store Renovation Project." Approval is respectfully requested.	Directors Lee, Chih-Hung and Yin, Chung-Yao are also directors of Ruentex Engineering & Construction; Director Yin Wong, Yee-Fan is a second-degree relative to a director of Ruentex Engineering & Construction; Directors Jean, Tsang-Jiunn and Ho, Kai-Lin are also representatives of Corporate Director Ruentex Engineering & Construction, thus constituting conflict of interests with this proposal.	
	3. Proposal for Zhonglun Branch of the Company to sign the account closing agreement with Ruentex Interior Design Inc. for the "RT-mart Zhonglun Store Renovation Project."	Directors Jean, Tsang-Jiunn and Lee, Chih-Hung are also directors of Ruentex Interior Design, directors Yin,	

Board of Directors	Proposal	Avoidance of Conflicts of Interest	Participation in Voting
		Chung-Yao and Yin Wong, Yee-Fan are also directors of a corporate director of Ruentex Interior Design. Directors Chen, Li-Yu and Ho, Kai-Lin are also directors appointed by a corporate director of a corporate director of Ruentex Interior Design, thus constituting conflict of interests with this proposal.	
16 <sup>th</sup> Term 13 <sup>th</sup> Meeting April 26, 2021	1. Proposal for the Company to sign a construction contract with Ruen Yang Construction Co., Ltd. for the “Ruentex Development Songjiang Road Demolition Project.”	Directors Lee, Chih-Hung and Yin, Chung-Yao are also corporate director representatives of a corporate director of Ruen Yang Construction; Director Yin Wong, Yee-Fan is a second-degree relative to one of the aforementioned corporate representative of Ruen Yang Construction; Directors Jean, Tsang-Jiunn and Ho, Kai-Lin are also directors appointed by director of corporate director of Ruen Yang Construction, thus constituting conflict of interests with this proposal.	
	2. Proposal for the Company to apply for a syndicated loan of NT\$6.2 billion from KGI Commercial Bank Ltd. and The Bank of East Asia, Hong Kong Ltd. for its subsidiary, Ruentex Innovative Development Co., Ltd. with the Company being the joint guarantor.	Directors Jean, Tsang-Jiunn and Lee, Chih-Hung are also directors of Ruentex Innovative Development, thus constituting conflict of interests with this proposal.	

III. The cycle and duration, scope, method, and contents of self-assessment or peer assessment of the board of directors:

#### Status of Board Evaluation

<u>Assessment Cycle</u>	<u>Assessment Duration</u>	<u>Assessment Scope</u>	<u>Assessment Method</u>	<u>Assessment Contents</u>
Once a year	January 1, 2020 to December 31, 2020	Board of Directors Individual board members Audit Committee Remuneration Committee	Board self-assessment Board member self-assessment Audit Committee self-assessment Remuneration Committee self-assessment	<b>Performance review of the Board of Directors:</b> (1) Involvement in corporate operations (2) Improvement of board decision quality (3) Board composition and structure (4) Director selection and continuing education (5) Internal control <b>Performance review of individual directors:</b> (1) Capture of corporate goals and missions (2) Recognition of the director’s role and responsibility (3) Involvement in corporate

<u>Assessment Cycle</u>	<u>Assessment Duration</u>	<u>Assessment Scope</u>	<u>Assessment Method</u>	<u>Assessment Contents</u>
				operations (4) Internal relationship building and communication (5) Director's expertise and continuing education (6) Internal control <b>Audit Committee (functional committee) internal self-evaluation:</b> (1) Involvement in corporate operations (2) Recognition of the committee's role and responsibility (3) Improvement of committee decision quality (4) Committee composition and member selection (5) Internal control <b>Remuneration Committee (functional committee) internal self-evaluation</b> (1) Involvement in corporate operations (2) Recognition of the committee's role and responsibility (3) Improvement of committee decision quality (4) Committee composition and member selection

IV. Targets (e.g. establishment of an Audit Committee and enhancement of information transparency) for the Board of Directors competency improvement in the current and previous years and performance evaluation:

1. Targets for strengthening of the functions of the Board:

(1) Implement corporate governance and improve information transparency:

- A. To enhance governance and to optimize supervision, we established the Audit Committee in June 2016, with all indirect directors (3) as Committee Members.
- B. The Company established the Remuneration Committee by law in 2011 which comprised of (three) independent directors who are appointed by the Board, to enhance corporate governance.
- C. To enhance the performance of the board of directors and establish sound corporate governance, this Company established the [Response to Requests from Directors SOP] in 2019 to help directors carry out their duties and enhance board performance. On December 28, 2016, the board of directors passed the [Regulations for BOD Performance Assessment] and disclosed them on the corporate website. Based on the Regulations, we assessed the performance of the Board of Directors in 2020 at the end of 2020 with. Assessment methods included the self-assessment of individual board members, the self-assessment of board performance, the self-assessment of Audit Committee performance, and the self-assessment of Remuneration Committee performance. The assessment contents included the acknowledgement of corporate goals and missions, recognition of directorial duties, involvement in corporate operations, enhancement of board decision-making quality, internal relationship building and communication, and so on. The results of the 2020 performance assessment of the Board of Directors show that all items are up to standard, and these results were reported to the Board of Directors on February 4, 2021.
- D. In 2019, the Board of Directors appointed the accounting manager, Lin, Chin-Szu, as the chief governance officer, responsible for corporate governance related affairs, such as handling matters relating to Board of Directors, Audit Committee, Remuneration Committee and Shareholders meetings according to laws; assisting in onboarding and continuous education of directors; furnishing information required for business execution by directors; and

assisting directors comply with legal compliance.

E. The Company has established the “Internal Material Information Processing SOP” to ensure the accuracy, integrity, and timeliness of disclosure of material information. The Board of Directors also appoints a dedicated unit to deal with internal material information which, implementing the spokesperson system, the spokesperson or deputy spokesperson upload material financial information to the Market Observation Post System (MOPS) and the corporate website in a timely manner to maintain the rights and interests of shareholders.

F. The Company sets up a “Interested Party Section” in the corporate website: It includes Corporate Governance, Financial Information, Shareholders Section, Material Information, Contact Window, etc. The Company actively establishes communication channels with interested parties, so as to increase the transparency of external information.

G. Each annual meeting of shareholders is scheduled to accept proposals from shareholders. Shareholders who are entitled to propose may apply to the Company during the acceptance period, and the Company will convene a Board of Directors’ meeting to review the proposals.

(2) Continuous education of directors: (for 2020)

Title	Name	Date	Organizer	Course	Length	Compliance with Requirements
Chairman Representative of Yingjia Investment Co., Ltd.:	Jean, Tsang-Jiunn	September 21	Taiwan Stock Exchange	"Corporate Governance 3.0—Sustainable Development Blueprint" Forum for public companies	3	Yes
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor’s Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	
Director Representative of Ruentex Industries Ltd.	Yin Wong, Yee-Fan	September 21	Taiwan Stock Exchange	"Corporate Governance 3.0—Sustainable Development Blueprint" Forum for public companies	3	Yes
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor’s Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	
Director Representative of Ruentex Xing Co. Ltd.	Lee, Chih-Hung	September 21	Taiwan Stock Exchange	"Corporate Governance 3.0—Sustainable Development Blueprint" Forum for public companies	3	Yes
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor’s Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	
Director Representative of Ruentex Industries Ltd.	Yin, Chung-Yao	June 23	Taiwan Insurance Institute	Nan Shan Life Insurance’s Seminar on Analysis of the Principles of Fair Treatment of Consumers for Directors, Supervisors, and Corporate Governance Officers	1	Yes
		October 23	Accounting Research and Development Foundation in Taiwan	Seminar on 2020 New Perspectives in Insurance	3	
		November 10	Taiwan Insurance Institute	On-the-job Seminar on Anti-Money Laundering and Combating of Terrorism Financing for Directors, Supervisors, and Presidents	1	
		December 22	Taiwan Corporate Governance Association	The Impact of IFRS17 on the Business Strategy in the Insurance Industry	3	



Title	Name	Date	Organizer	Course	Length	Compliance with Requirements
Director Representative of Ruentex Xing Co. Ltd.	Chen, Li-Yu	November 6	The Institute of Internal Auditors-Chinese Taiwan	Must-know of Legal Regulations and Risk Responsibilities of Corporate Governance for Directors, Supervisors, and Insiders	3	Yes
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor's Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	
Director Representative of Yingjia Investment Co., Ltd.:	Ho, Kai-Lin	October 14	Securities & Futures Institute	2020 Prevention of Insider Trading and Insider Equity Trading Seminar	3	Yes
		October 16	Taiwan Stock Exchange	2020 Seminar on Corporate Governance and Corporate Integrity for Directors and Supervisors	3	
		November 6	The Institute of Internal Auditors-Chinese Taiwan	Must-know of Legal Regulations and Risk Responsibilities of Corporate Governance for Directors, Supervisors, and Insiders	3	
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor's Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	
Independent Director	Ko, Shun-Hsiung	June 30	Securities & Futures Institute	Enterprise Upgrading and Transformation Strategy and Management - Options between M&A and Alliance	3	Yes
		October 29		Director's Responsibilities and Risk Management under the Latest Corporate Governance Blueprint.	3	
Independent Director	Chang, Guo-Zhen	September 21	Taiwan Stock Exchange	"Corporate Governance 3.0—Sustainable Development Blueprint" Forum for public companies	3	Yes
		October 16		2020 Seminar on Corporate Governance and Corporate Integrity for Directors and Supervisors	3	
Independent Director	Zhao, Yi-Long	October 16	Taiwan Stock Exchange	2020 Seminar on Corporate Governance and Corporate Integrity for Directors and Supervisors	3	Yes
		November 17	Accounting Research and Development Foundation in Taiwan	Corporate Governance from the Prosecutor's Perspective—On the Practical Operations of the Board of Directors and the Audit Committee	3	

## 2. Implementation assessment:

(1) Communication policies between the independent directors and the chief internal auditor and the CPA.

A. Matters that chief internal auditor reports to the Audit Committee periodically: Annual audit plan; regularly report to the Audit Committee regarding the implementation status of internal auditing business.

B. CPAs attend the Audit Committee regularly and report its annual audit results.

C. Others: In the event of significant irregularities or matters that the independent directors, chief auditor and CPAs deem necessary for communication separately, meetings may be held from time to time to communicate.

## (2) Communications between the independent directors and CPAs and chief auditors

Date	Attendees	Context	Result
January 20, 2020 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor	1. Discussion of the internal audit report of Q4 2019.	Passed without objections
March 30, 2020 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor CPA, Wang, Zhao-Ming (PwC Taiwan)	1. Discussion of the Company's capacity in self-production of financial statements. 2. Proposal to discuss the Company's 2019 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports. 3. Proposal to discuss the 2019 Statement of Internal Control System of this company.	Passed without objections
May 14, 2020 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor CPA, Wang, Zhao-Ming (PwC Taiwan)	1. Discussion of the internal audit report of Q1 2020. 2. Consolidated financial statement of Q1 2020.	Passed without objections.
August 13, 2020 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor CPA, Wang, Zhao-Ming (PwC Taiwan)	1. Discussion of the internal audit report of Q2 2020. 2. Consolidated financial statement of Q2 2020. 3. Discussion of the proposal to establish the Company's "Service Units Internal Audit Control System Standards."	Passed without objections.
Audit Committee meeting on November 12, 2020	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long (appoint Independent Director, Chang, Guo-Zhen to attend the meeting as the proxy) Chief auditor CPA, Wang,	1. Discussion of the internal audit report of Q3 2020. 2. Consolidated financial statement of Q3 2020.	Passed without objections.

Date	Attendees	Context	Result
	Zhao-Ming (PwC Taiwan)		
Audit Committee meeting on December 23, 2020	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor CPA, Wang, Zhao-Ming (PwC Taiwan)	1. Explanation of the audit planning of the Company's 2020 Financial Statements 2. Discussion of the 2021 internal audit program of this Company. 3. Discussion of the amendments to the Company's "Internal Control System."	Passed without objections.
February 4, 2021 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor	1. Discussion of the internal audit report of Q4 2020.	Passed without objections.
March 26, 2021 Audit Committee	Independent director, Ko, Shun-Hsiung Independent Director, Chang, Guo-Zhen Independent Director, Zhao, Yi-Long Chief auditor CPA, Wang, Zhao-Ming (PwC Taiwan)	1. Report on the Company's ability to prepare financial statements on its own 2. Proposal to discuss the Company's 2020 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports. 3. Discussion of the Statement of Internal Control for 2020.	Passed without objections.

(3) The Board of Directors approved the amendments to the "Ethical Corporate Management Best Practice Principles" on October 23, 2019 and the amendments to the "Procedures for Ethical Management and Guidelines for Conduct" on March 13, 2020 to enhance corporate governance, carry out the corporate culture, and submit the above amendments to the 2020 general meeting of shareholders.

In addition, on March 13, 2020, it approved the amendments to the "Corporate Governance Best Practice Principles" in accordance with the new version of the Corporate Governance Blueprint and the recent amendments to the Securities and Exchange Act and the Company Act, to strengthen corporate governance.

## (II) Operation of the Audit Committee or the Involvement of Supervisors in the Board of Directors Operation:

### 1. Information Regarding Audit Committee Operation:

In 2020 the Audit Committee held 9 committee meetings (A), and the attendance record of independent directors is as follows

Title	Name	Actual Attendances (including appearances by proxy) (B)	Attendances by Proxy	Rate of Actual Attendance (%) [B/A] [B/A]	Remark
Independent Director	Ko, Shun-Hsiung	9	0	100	
	Chang, Guo-Zhen	9	0	100	
	Zhao, Yi-Long	8	1	89	

Other Information Required for Disclosure:

I. If the Audit Committee is operated under any one of the following circumstances, the date and session of the committee meeting, the proposal content, the opinion of committee members; and the Committee's response to such opinions shall be specified:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors with the approval of the Audit Committee.

	Proposal Contents and Handling	Matters specified in § 14-5 of the Securities and Exchange Act.	Matters not passed by the Audit Committee but approved by over two-third of all directors.
2 <sup>nd</sup> Term 30 <sup>th</sup> Meeting January 20, 2020	1. Discussion of the internal audit report of Q4 2019.	V	—
	2. Discussion of the urban regeneration project of the sea-sand (chlorine-ionic) buildings in Wolong Street, Daan District, Taipei City.	V	—
	3. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang B Falsework Project."	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 33 <sup>rd</sup> meeting of the 15 <sup>th</sup> Board of Directors on January 20, 2020.		
2 <sup>nd</sup> Term 31 <sup>st</sup> Meeting March 13, 2020	1. Review of the endorsements and guarantees made in 2019.	V	—
	2. Discussion of the proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Wolong Street Construction Project."	V	—
	3. Discussion of the proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the "Ruentex Development Wuguwang B Falsework Project."	V	—
	4. Discussion of the proposal to amend part of the "Rules of Procedure for Board of Directors Meetings," "Audit Committee Charter," and "Remuneration Committee Charter."	V	—
	5. Discussion of the proposal to amend part of the "Corporate Governance Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
Decision of the Board of Directors: Approved at the 34 <sup>th</sup> meeting of the 15 <sup>th</sup> Board of Directors on March 13, 2020.			
2 <sup>nd</sup> Term 32 <sup>nd</sup> Meeting March 30, 2020	1. Discussion of the Company's capacity in self-production of financial statements.	V	—
	2. Proposal to discuss the Company's 2019 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports.	V	—
	3. Discussion of remuneration for employees for 2019.	V	—
	4. Discussion of profit distribution proposal for 2019.	V	—
	5. Discussion of issuing new shares for capitalization with profits for profit distribution of 2019.	V	—
	6. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang A Falsework Project."	V	—
	7. Discussion of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Yangbei	V	—

	Proposal Contents and Handling	Matters specified in § 14-5 of the Securities and Exchange Act.	Matters not passed by the Audit Committee but approved by over two-third of all directors.
	Falsework Project.”		
	8. Discussion of the proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the “Ruentex Development Wuguwang A Construction Project.”	V	—
	9. Discussion of the proposal to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the “Ruentex Development Yangbei Construction Project.”	V	—
	10. Discussion of the Statement of Internal Control for 2019.		
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 35 <sup>th</sup> meeting of the 15 <sup>th</sup> Board of Directors on March 30, 2020.		
2 <sup>nd</sup> Term 33 <sup>rd</sup> Meeting May 14, 2020	1. Recognition of the lease agreement between the Company and Ruentex Industries Ltd.	V	—
	2. Discussion of the 2020 Q1 Internal Audit Report.	V	—
	3. Discussion of the 2020 Q1 Consolidated Financial Statements.	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 36 <sup>th</sup> meeting of the 15 <sup>th</sup> Board of Directors on May 14, 2020.		
3 <sup>rd</sup> Term 1 <sup>st</sup> Meeting July 28, 2020	1. The Company intends to subscribe to the common stock of no more than NT\$87,500 thousand issued by Ruen Chen Investment Holdings Ltd. for cash capital increase. Approval is respectfully requested.	V	—
	2. Proposal for the Zhonglun Branch to sign a construction contract with Ruentex Engineering & Construction Co., Ltd. for the “RT-mart Zhonglun Store Renovation Project.”	V	—
	3. Proposal for the Zhonglun Branch to sign a construction contract with Ruentex Interior Design Inc. for the “RT-mart Zhonglun Store Renovation Project.”	V	—
	4. Proposal for acquiring 10 lots of land at Jianguo Section, Xinzhuang District, New Taipei City from RT-MART International Co., Ltd.	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
Decision of the Board of Directors: Approved at the 3 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on July 28, 2020.			
3 <sup>rd</sup> Term 2 <sup>nd</sup> Meeting August 13, 2020	1. Discussion of the 2020 Q2 Internal Audit Report.	V	—
	2. Discussion of the 2020 Q2 Consolidated Financial Statements.	V	—
	3. Discussion of the proposal to establish the Company’s “Service Units Internal Audit Control System Standards.”	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
Decision of the Board of Directors: Approved at the 4 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on August 13, 2020.			
3 <sup>rd</sup> Term 3 <sup>rd</sup> Meeting November 12, 2020	1. Discussion of the 2020 Q3 Internal Audit Report.	V	—
	2. Discussion of the 2020 Q3 Consolidated Financial Statements.	V	—
	3. The Company intends to sell two buildings on the 4F of A2 and 4F of A5 units in Section 2, Minsheng Road, Banqiao District, New Taipei City, and two parking spaces to related parties. Approval is respectfully requested.	V	—

	Proposal Contents and Handling	Matters specified in § 14-5 of the Securities and Exchange Act.	Matters not passed by the Audit Committee but approved by over two-third of all directors.
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 7 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on August 13, 2020.		
3 <sup>rd</sup> Term 4 <sup>th</sup> Meeting December 23, 2020	1. Explanation of the audit planning of the Company's 2020 Financial Statements.	V	—
	2. Discussion of the independence of the CPAs hired by this Company.	V	—
	3. Proposal of the Company's 2021 internal audit program.	V	—
	4. Discussion of the Company's 2021 business plan.	V	—
	5. Discussion of the amendments to the Company's "Internal Control System."	V	—
	6. Discussion of the proposed sale of a building on the 11F of the B3 unit in Jiangcui Section, Banqiao District, New Taipei City, "Ruentex Wenhua," and a parking space to a related party.	V	—
	7. Discussion of the proposed purchase of one lot of land at Lot 1098-2, Zhongshan Section, Banqiao District, New Taipei City from related parties.	V	—
	8. Discussion of the proposed joint construction project on two lots of land at Lot 104 and 109, Xinzhoumei Section, Beitou District, Taipei City."	V	—
	9. Discussion of the amendments to part of the Company's "Rules of Procedure for Board of Directors Meetings, "Audit Committee Charter" and "Codes of Ethical Conduct."	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
Decision of the Board of Directors: Approved at the 8 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on December 23, 2020.			
3 <sup>rd</sup> Term 5 <sup>th</sup> Meeting February 4 2021	1. Discussion of the internal audit report of Q4 2020.	V	—
	2. Proposal to sign the account closing agreement with Ruentex Engineering & Construction Co., Ltd. for the "The Silk Court Construction Project."	V	—
	3. Proposal to sign the account closing agreement with Ruentex Interior Design Inc. for the "The Silk Court Lobby and Public Utility Landscaping Project."	V	—
	4. Discussion of the proposed sale of a building on the 6F of the B5 unit in Sixin Section, Xidian District, New Taipei City, "Ruentex Yangbei," and a parking space to a related party.	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
Decision of the Board of Directors: Approved at the 10 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on February 4, 2021.			
3 <sup>rd</sup> Term 6 <sup>th</sup> Meeting March 26, 2021	1. Report on the Company's ability to prepare financial statements on its own.	V	—
	2. Proposal to discuss the Company's 2020 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports.	V	—
	3. Discussion of remuneration for employees for 2020.	V	—
	4. Discussion of earnings distribution proposal for 2020.	V	—
	5. Discussion of issuing new shares for capitalization from earnings for	V	—

	Proposal Contents and Handling	Matters specified in § 14-5 of the Securities and Exchange Act.	Matters not passed by the Audit Committee but approved by over two-third of all directors.
	earnings distribution of 2020.		
	6. Proposal for the “Environmental vibration impact assessment study of the underground tunnels of Taiwan Railway, High Speed Rail and MRT Bannan Line in the Heart of Nangang urban regeneration project let by the Taipei City Government” commission contract to be signed between the Company and the Chinese Taiwan Society for Earthquake Engineering.	V	—
	7. Proposal for the Zhonglun Branch of the Company to sign the account closing agreement with Ruentex Interior Design Inc. for the “RT-mart Zhonglun Store Renovation Project.”	V	—
	8. Discussion of the urban regeneration project on 22 lots of land including Lot 140, etc. on Subsection 4, Changan Section, Zhongshan District, Taipei City.	V	—
	9. Proposal to discuss the 2020 Statement of Internal Control System of this company.	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 12 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on March 26, 2021.		
3 <sup>rd</sup> Term 7 <sup>th</sup> Meeting April 26, 2021	1. Discussion of the proposal for participating in the public tender for the facilitator of the urban regeneration project for the "Land of Specific Commercial Use Zone (X) at Taipower Northern Storage and Transportation Center Nangang Site (AR-1-2)."	V	—
	2. Proposal for the Company to sign a construction contract with Ruen Yang Construction Co., Ltd. for the “Ruentex Development Songjiang Road Demolition Project.”	V	—
	3. Proposal for the Company to apply for a syndicated loan of NT\$6.2 billion from KGI Commercial Bank Ltd. and The Bank of East Asia, Hong Kong Ltd. for its subsidiary, Ruentex Innovative Development Co., Ltd. with the Company being the joint guarantor.	V	—
	Audit Committee resolution: Approved by all Audit Committee members.		
	Decision of the Board of Directors: Approved at the 13 <sup>th</sup> meeting of the 16 <sup>th</sup> Board of Directors on April 26, 2021.		

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

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

Board of Directors	Proposal	Avoidance of Conflicts of Interest	Participation in Voting
16 <sup>th</sup> Term 12 <sup>th</sup> Meeting March 26, 2021	1. Proposal for the “Environmental vibration impact assessment study of the underground tunnels of Taiwan Railway, High Speed Rail and MRT Bannan Line in the Heart of Nangang urban regeneration project let by the Taipei City Government” commission contract to be signed between the Company and the Chinese Taiwan Society for Earthquake Engineering.	Independent Director Chang, Guo-Zhen is also the Principle Investigator of the project, thus constituting a conflict of interest with this proposal.	They removed themselves from the discussion and voting to avoid conflicts of interest as specified.

III. Communication between independent directors and the internal chief auditor and accountant (shall include communication on the Company's material financial and sales affairs, including the topics, methods, and results of communication): Please refer to p. 21 of the annual report for details.

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

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
I. Has the Company defined and disclosed its governance best practice principles in accordance with the "Governance Best Practice"?	V		On December 29, 2014, we established the "Corporate Governance Best Practice Principles" according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." To keep up with the global trend of corporate governance development and address the development of issues that interest or concern society and the world in recent years, the board of directors have progressively reduced related contents and disclosed them on the corporate website.	No significant difference.
II. Structure of Shareholdings and Shareholder's Equity (I) Does the Company establish and implement internal procedures for handling shareholder suggestions, questions, disputes, and litigation?	V		(I) The Company has established the "Internal Material Information Processing SOP" to ensure the accuracy, integrity, and timeliness of disclosure of material information. It has set up an "Interested Party" section on the corporate website distinguishing interested parties into investor, customer and supplier, and including the material subjects the concern as well as emails to handle shareholder suggestions, questions, disputes, and litigation through the spokesperson, deputy spokesperson, stock service unit and email to ensure the rights and benefits of shareholders.	No significant difference.
(II) Does the Company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders?	V		(II) The Company's stock service unit is responsible for grasping the lists of directors, managers and major shareholders with more than 10% of shareholdings, and the shareholdings thereof, at any time. In addition, the Company discloses the names of shareholders holding 5% or more of the shares in its quarterly financial reports.	No significant difference.
(III) Does the Company establish and implement a risk control mechanism and firewall between its affiliates?	V		(III) The financial operations of the Company and affiliates are operated independently. In addition to the "Regulations Governing the Operation of Subsidiaries," the Company has also established a management system for its subsidiaries in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" of the FSC, in order to control risks and establish a firewall mechanism.	No significant difference.
(IV) Does the Company establish internal rules to prevent insider trading using undisclosed information?	V		(IV) We have established the [Internal Material Information Processing SOP], the [Procedures for Ethical Management and Guidelines for Conduct], and the [Code of Employee Conduct] to prevent insiders of this Company from trading securities with undisclosed information, state the handling of violation, and publish related regulations on the corporate website to strictly abide by the Securities and Exchange Act and related laws and regulations.	No significant difference.



Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice																																																																																										
	Yes	No																																																																																												
III. Organization and Functions of the Board of Directors (I) Does the Company establish and implement a defined policy to diversify board membership?	V		<p>(I) 1. The Company's Board of Directors has approved the establishment of Chapter 3 "Strengthening the Functions of the Board of Directors" of the "Corporate Governance Best Practice Principles," and has established a policy for diversifying. The nomination and election of Board members are conducted in accordance with the Articles of Incorporation, adopting a candidate nomination system. It is conducted according to the "Rules for Election of Directors" and the "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members.</p> <p>The nine members of the 16th Board of Directors, including three women, specialize in management, leadership, industry knowledge, finance and accounting, and law. The implementation of the diversity of individual members is described in the following table.</p> <table border="1"> <thead> <tr> <th></th> <th>Gender</th> <th>Concurrently Employee of Company</th> <th>Independent Director Seniority (below 9 years)</th> <th>Operational Management</th> <th>Leadership and Decision-making</th> <th>Industry-specific Knowledge</th> <th>Finance and Accounting</th> <th>Law</th> </tr> </thead> <tbody> <tr> <td>Jean, Tsang-Jiunn</td> <td>Male</td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Yin Wong, Yee-Fan</td> <td>Female</td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Lee, Chih-Hung</td> <td>Male</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> </tr> <tr> <td>Yin, Chung-Yao</td> <td>Male</td> <td></td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Ho, Kai-Lin</td> <td>Female</td> <td></td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chen, Li-Yu</td> <td>Female</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Ko, Shun-Hsiung</td> <td>Male</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> </tr> <tr> <td>Chang, Guo-Zhen</td> <td>Male</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Zhao, Yi-Long</td> <td>Male</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> </tr> </tbody> </table> <p>2. Directors who are also employees of the Company account for 22%. The percentage of independent directors is 33% and female directors is 33%, too. All three independent directors have less than 9 years of service.</p>		Gender	Concurrently Employee of Company	Independent Director Seniority (below 9 years)	Operational Management	Leadership and Decision-making	Industry-specific Knowledge	Finance and Accounting	Law	Jean, Tsang-Jiunn	Male			V	V	V			Yin Wong, Yee-Fan	Female			V	V	V			Lee, Chih-Hung	Male	V		V	V	V	V		Yin, Chung-Yao	Male			V	V			V	Ho, Kai-Lin	Female			V	V				Chen, Li-Yu	Female	V		V	V	V			Ko, Shun-Hsiung	Male		V	V	V		V	V	Chang, Guo-Zhen	Male		V	V	V	V		V	Zhao, Yi-Long	Male		V	V	V		V	V	No significant difference.
	Gender	Concurrently Employee of Company	Independent Director Seniority (below 9 years)	Operational Management	Leadership and Decision-making	Industry-specific Knowledge	Finance and Accounting	Law																																																																																						
Jean, Tsang-Jiunn	Male			V	V	V																																																																																								
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Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice								
	Yes	No										
(II) In addition to a Remuneration Committee and an Audit Committee established by law, does the Company voluntarily establish other functional committees?	V		(II) The Company has set up a Remuneration Committee and an Audit Committee by law. It will set up other functional committees according to the laws and regulations and the needs of the Company in a timely manner.	No significant difference.								
(III) Does the company establish a method to assess the performance of the board of directors and assess its performance every year? Are the performance assessment results reported to the board of directors and used as a reference for the remuneration and nomination for re-election of directors?	V		(III) The Company established its “Regulations for BOD Performance Assessment” on December 28, 2016 and revise and disclose it on the Company’s website in a timely manner. The Board of Directors shall perform its internal performance evaluation annually in accordance with the evaluation procedures and evaluation indicators set forth in the Rules, and the evaluation results shall be completed by the end of the first quarter of the following year; the Company conducted a performance evaluation of the Board of Directors for the current year at the end of 2020. Each evaluation results met the review standards and were reported to the Board of Directors on February 4, 2021. The results of the above-mentioned performance evaluation will be used as a reference for the performance and reappointment of individual directors, and the results of the overall Board performance evaluation will be disclosed on the Company's website.	No significant difference.								
(IV) Does the Company regularly evaluate the independence of certified public accountants?	V		<p>(4) We assess CPA independence every year. Apart from verifying if CPAs hold the stocks and concurrently work in the senior management of this company through the stock service unit, we ensure they avoid the direct or indirect conflict of interests in our assignments and issue the statement of independence. Assessments show that no CPA has either direct or indirect conflict of interests with this Company. Therefore, there is no worry of CPA independence. The evaluation results for the most recent two years were reported to the Board meeting on December 26, 2019 and December 23, 2020 respectively.</p> <p>Criteria for CPA Independence Assessment:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Assessment Contents</th> <th>Assessment Results</th> <th>Compliance With Independence?</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Neither the CPAs nor the Audit Team members hold the stock of this Company or its subsidiaries.</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Item	Assessment Contents	Assessment Results	Compliance With Independence?	1	Neither the CPAs nor the Audit Team members hold the stock of this Company or its subsidiaries.	Yes	Yes	No significant difference.
Item	Assessment Contents	Assessment Results	Compliance With Independence?									
1	Neither the CPAs nor the Audit Team members hold the stock of this Company or its subsidiaries.	Yes	Yes									

Assessment Item	Status of Operation				Deviations and the Cause(s) of Deviations From the Governance Best Practice			
	Yes	No	Summary Description					
			2	Neither the CPAs nor the Audit Team members are a director, supervisor, or officer of this Company.	Yes	Yes		
			3	There is no cooperation between the CPA firm and this Company.	Yes	Yes		
			4	There is no litigation between the CPA firm and this Company.	Yes	Yes		
			5	No report of non-replacement of CPAs for seven consecutive years or discipline of CPAs or damage of independence.	Yes	Yes		
			Assessment Period: January 1-December 31, 2020					
			Assessment Results: CPAs are independent.					
IV. Does a public company deploy sufficient quantity of eligible governance personnel and appoint a chief governance officer to take charge of company's governance affairs (including, without limitation, providing directors with the data required for business operations, assisting directors with legal compliance, handling affairs in relation to holding a board meeting or a general meeting of shareholders, processing company registration and change registration, and keeping minutes for board meetings and general meetings of shareholders)?	V		The Accounting Department and stock service unit of the Company take charge of governance affairs concurrently, and Chief Accounting Office Lin, Chin-Szu were appointed as the concurrent chief governance officer in the Board meeting held in June 2019. Vice President Lin has more than seven years of experience in financial management and accounting management for public companies. Their responsibilities include provision of data in relation to business implementation for directors and independent directors, compliance assistance for directors and independent directors, arrangement of the Board of Directors' meetings and meetings of shareholders by law, and supervise the implementation and review its effectiveness; please refer to Note 1 for the current year's business performance of the chief corporate governance officer.				No significant difference.	

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
V. Does the Company establish channels for communication with interested parties (including, without limitation, shareholders, employees, customers, and suppliers), set up a interested party section on the corporate website, and respond appropriately to material CSR issues that concern shareholders?	V		The Company set up an “Interested Party Section” in the corporate website: It includes Corporate Governance, Financial Information, Shareholders Section, Material Information, Contact Window, etc. The Company actively establishes communication channels with interested parties and discloses the important issues of concern, communication channels and responding method on the corporate website. Interested parties can express their opinions through channels including the spokesperson, email on the corporate website, etc. All channels are unfettered. We also properly address topics that interest or concern interested parties.	No significant difference.
VI. Does the Company appoint a professional stock affairs agent to handle shareholder affairs?		V	Although we do not appoint a professional stock affairs agent, our stock service unit handles stockholder affairs with respect to the “Regulations for Stock Service Management” and the “Internal Control Standards for the Stock Service Unit.”	Implemented with respect to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”
VII. Information Disclosure (I) Does the Company set up a website to disclose its financial and governance information?	V		(I) We have disclosed the following information on the corporate website: corporate history, construction projects, organization structure and management team (including a profile of team members), financial statements and data, information and data (including meeting notice, meeting handbook, annual report, and minutes) relating to the meeting of shareholders, articles of incorporation, best practice principles for ethical corporate governance, CSR section, and business related information.	No significant difference.
(II) Does the Company try other means to disclose information (such as setting up an English website, designating personnel to gather and disclose	V		(II) We have appointed a spokesperson and deputy spokesperson and assigned staff to gather and disclose information based on their functions and duties. We have also established the “Internal Material Information Processing SOP” to designate related departments to process the disclosure of internal material information to ensure the accuracy, integrity, and timeliness of disclosure. We also upload such information to MOPS as requested.	No significant difference.

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
<p>organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?</p> <p>(3) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3 and status of monthly operations?</p>		V	(III) We complete reporting the quarterly and annual financial statements by the time-limit. However, we are still unable to advance the announcement and reporting of the annual financial statements within two months after the end of a fiscal year. In addition, we complete reporting the monthly business report by the time-limit.	We complete reporting the quarterly and annual financial statements by the time-limit. However, we are still unable to advance the announcement and reporting of the annual financial statements within two months after the end of a fiscal year.

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
VIII. Is there any other material information (including, without limitation, employee rights, employee care, investor relations, supplier relations, interested party rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors), that will help interested parties understand governance practices at the Company?	V		Please refer to note 2 for other material information that helps understand the Company's governance practices.	No significant difference.

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
<p>IX. Please specify the status of improvement and the prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous year:</p> <p>1. Based on the “Corporate Governance Evaluation Indicators” published in the previous year, we assessed the governance compliance. We future disclosed the focus of corrections for future improvements.</p> <p>2. Unimproved Items and Measures Requiring Priority Actions:</p> <p>Summary of evaluation indicators: Does the company have a designated (concurrent) unit in charge of promoting ethical corporate management, with responsibility for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and disclose the unit's operations and implementation on the company's website and in its annual report, and does the unit report, at least once a year, to the board of directors.</p> <p>Measures requiring priority actions: The Company’s unit promotes ethical corporate management reports regularly (at least once a year) the performance of Company’s ethical corporate management policy and prevention programs.</p>				
<p>Note 1: Business performance and continuous education of the chief corporate governance officer for the current year:</p> <p>1. Assistance for independent directors and directors in carrying out their duties, provision of the required data, and arrangement of further education for directors:</p> <p>(1) Assist the board members in understanding the latest amendments and development of laws and regulations relating to corporate governance.</p> <p>(2) Arrange interviews with the CPAs for independent directors and the chief internal auditors to understand the Company’s accounting and internal control affairs and communications. Please refer to p. 38 of the annual report.</p> <p>(3) Assist with further education planning and course arrangement for directors based on the education and experience of individual directors. Please refer to p. 38、39of the annual report.</p> <p>2. Assistance in handling the agenda and resolutions of board meetings and meetings of shareholders.</p> <p>3. Establishment of the board meeting agenda and notification of directors seven days in advance; convening the meetings and provision of related meeting data; reminding the avoidance of conflicts of interest in related proposals; and production of the minutes within 20 days after a board meeting.</p> <p>4. Registration of the meeting of shareholders before the meeting date by law; production of the meeting notice, meeting handbook, and meeting minutes within the statutory time limit; and registration for a change after the amendment of the articles of incorporation or board election.</p> <p>5. Organize at least one investor conference every year to build good investor relations, so that investors can obtain sufficient information to evaluate the Company's reasonable market value, so as to protect shareholders' rights and benefits. The investor conference for 2020 was organized by participating the “Corporate Day of Taiwan Stock Market in December 2020” held by MasterLink Securities on December 2, 2020, in which the Company's recent operating results and future outlook were explained and the related information was uploaded to the MOPS and the Company's website.</p> <p>6. As of year 2020, the chief corporate governance officer has participated in the training courses held by the Securities and Futures Institute and the Accounting Research and Development Foundation in Taiwan on September 24, 2019, November 14, 2019 and June 11, 2020, respectively. The total number of training hours is 18 hours.</p>				

Assessment Item	Status of Operation		Summary Description	Deviations and the Cause(s) of Deviations From the Governance Best Practice
	Yes	No		
<p>Note 2:</p> <p><b>1. Employee rights and benefits:</b> We handle the appointment, dismissal, transfer, profit sharing from earnings, reward, punishment, training, and education of employees with respect to the Labor and Standards Act and related provisions of our internal management and control systems to protect the rights and benefits of employees. We have established an employee welfare committee (EWC) and contribute EWC funds by law. Employees enjoy group insurance and allowances for various benefits. We have also established a training/education system and retirement system to maintain the rights and benefits of employees.</p> <p><b>2. Employee care:</b> We value employee benefits and talent cultivation and abide by labor laws and regulations to project the basic rights of employees.</p> <p><b>(1) Employee benefits</b>  [Health Checkup]  We value the physical health of employees. Therefore, we arrange periodic health checkups for employees better than the regulatory requirements. All permanent employees (director labor) regardless of age receive two health checkups every year. In addition to the results and recommendations of the current checkup, traces of individual indicators in previous checkups are presented in curves for employees to understand the health status at present and the health trend in the last five checkups. By doing so, we aim to facilitate early detection of health anomalies for early intervention, including lifestyle adjustments and treatments. In addition, apart from funding the general checkup items, we arrange self-financed further checkup items and discounts for dependent checkup to provide employees with more options and take care of their family at the same time.  To encourage higher-level employees to pay attention to physical health, we arrange personalized advanced checkups for managers and above aged 40 and older. Apart from the advanced checkup, VPs and higher officers can participate in the annual member healthcare service. Currently, we fund 75% of the fee for advanced checkups and healthcare service.  [Group Insurance]  To maximize our care for employees and the financial support for employees after an accident, apart from the mandatory Labor Insurance and National Health Insurance, we proactively arrange the group life insurance for all permanent employees after their arrivals. We also provide the group medical plan for the spouse and children of employees. Besides funding the full amount of the group insurance premium, we offer discounts for self-financed insurance for permanent employees and their spouse, children, and parents to provide more options and protection for the family of employees after an accident.  [Daily Life Talks]  From time to time we invite medical, insurance, and financial professionals to give talks on popular topics and topics that interest employees. These talks for voluntary participation are organized to provide employees with more channels for direct exchange with experts to learn new knowledge and correct concepts in health care, accident prevention and handling, and financial management.  [Other Benefits]  We have established an employee (staff) welfare committee and a labor union and provide employees with allowances for marriage, birth, funerals, hospitalization, injuries, and disabilities. We also distribute vouchers to employees on Spring Festival, Labor Day, Dragon Festival, Mid-Autumn Festival, and birthday; and fund employee travels and departmental reunions and recreational activities. In addition, all employees can enjoy a staff discount when shopping at the CITILINK malls and TSUTAYA BOOKSTORE run by this Company.  We value the interaction among employees, their family, and the Company. Through mutual understanding, we hope to let their family understand more about the Company and thereby support employees to work and develop at the Company. Thus, we continuously conduct the new employee travel scheme and Family Day.</p> <p><b>(2) Training and Education for Employees</b>  Every year we plan a training budget for employees to improve their professional skills, leadership, and career development. We also encourage them to actively improve their knowledge, participate in external training courses, and actively participate in further education.</p> <p><b>(3) Retirement system</b>  A monthly pension reserve is contributed according to the Labor Standards Law, and employees are free to choose to retire according to the Labor Pension Regulations (new system). The monthly pension is contributed to the labor pension personal account set up by the Labor Insurance Bureau.</p> <p><b>3. Investor relations</b>  (1) Enhance operational transparency and ensure the accuracy, integrity, and timeliness of information disclosures.  (2) Value corporate governance and establish and disclose principles relating to the best practice of corporate governance.  (3) Establish the spokesperson system to specialize in handling shareholder recommendations and protect shareholder equality.  (4) Adopt electronic voting at the meeting of shareholders to enforce shareholder mobility and make voting more convenient.</p> <p><b>4. Supplier relations:</b> Constantly maintain sound relations with suppliers, communicate with and encourage suppliers to improve quality, cost efficiency, and HSE, and pursue high performance with suppliers together through management audits, experience sharing, and partnership optimization,</p> <p><b>5. Interested parties' rights:</b> (1) Respect intellectual property rights, (2) value customer relationships, and (3) ensure legal compliance.</p> <p><b>6. Continuous education of directors:</b> The continuous education courses for directors, Please refer to p. 20-21 of the annual report for the status of directors' continuous educations.</p> <p><b>7. Risk management policy and risk measurement standards:</b> Establish various internal regulations by law to assess and manage various risks.</p> <p><b>8. Customer policy:</b> We maintain long-term sound customer relations to provide customers, aiming to provide them with prompt and quality services.</p> <p><b>9. Liability insurance for directors and supervisors:</b> The liability insurance for directors and chief officers has been insured by Taiwan Fire &amp; Marine Insurance Co., Ltd. for the period from February 1, 2021, 12:00 a.m. to February 1, 2022, 12:00 a.m., with coverage including the liability of directors and chief officers, the Company's compensation liability, the indemnification liability of securities, the indemnification liability of employment act. The insurance premium is US\$1 million.</p>				



(IV) If a Remuneration Committee is in place, disclose its composition, duties, and operation:

The Board of Director of the Company has resolved to establish a Remuneration Committee on December 19, 2011, which meets at least twice a year, and formulated the “Remuneration Committee Charter”; The responsibilities of the Committee include establishing and periodically reviewing the annual and long-term performance goals for the directors, and managerial officers of the Company and the policies, systems, standards, and structure for their remuneration; periodically assessing the degree to which performance goals for the directors, and managerial officers of the Company have been achieved; the information of the Committee members and its operations are as follows:

**(1) Data of Remuneration Committee Members**

Identity Category	Name	Requirements	With Five or More Years of Experience and the Following Professional Qualifications			Status of Independence <sup>2</sup>										Concurrently an Independent Director for Other Public Companies	Remark
			College/ university instructors or higher levels in commerce, law, finance, accounting , or subjects required by the business of the Company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyer, certified public accountant, or other professional designations required by the business of the Company	Commerce , law, finance, or as required by the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ko, Shun-Hsiung		V	V	V	V	V	V	V	V	V	V	V	V	V	3	
Independent Director	Chang, Guo-Zhen	V		V	V	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Zhao, Yi-Long	V		V	V	V	V	V	V	V	V	V	V	V	V	1	

Note 1: Fill in director, independent director, or other in the identity category.

Note 2: Members fulfilling the following qualifications two years before assumption of office or at the time of assumption office shall tick “✓” the appropriate box.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or minors, or under the name of a third party.

- (4) Not the spouse, the kindred at the third second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3).
- (5) Not a director, supervisor or employee of an corporate shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an corporate shareholder who is among the top 5 shareholders, or a representative of an corporate shareholders appointed as the director or supervisor of the company according to paragraph 1 or 2, Article 27, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor or employee of a company controlling over one half of the company's director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relation with the company (except for a specific company or institution holding over 20% but less than 50% of the company's outstanding shares, and independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (9) Not a professional or owner, partner, director, supervisor, manager or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 in the last two years for the company or its affiliates; except for members of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition exercising powers according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not under any one of the categories stated in Article 30 of the Company Act.

## 2. Operation of Remuneration Committee

- (1) The Remuneration Committee consists of three members
- (2) The term of the current Committee is between June 22, 2020 and June 8, 2023. Three Committee meetings were held in the previous year (2020) (A), and the qualifications and attendance record of members are tabulated below:

Title	Name	Actual Attendances	Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Remark
Convener	Ko, Shun-Hsiung	3	0	100	
Committee Member	Chang, Guo-Zhen	3	0	100	
Committee Member	Zhao, Yi-Long	3	0	100	

Other Information Required for Disclosure:

1. Causes for and resolutions of discussions of the Remuneration Committee in the previous year.

Remuneration Committee	Proposal Contents and Handling	Resolution	Decision of the Board of Directors
The 7th meeting of the 3rd term (1 <sup>st</sup> meeting in 2020) January 20, 2020	1. Results of 2019 board performance assessment. 2. Ratio of appropriation of employee remuneration for 2019. 3. Amount of distribution of year-end bonus for 2019. 4. Approval of year-end bonus for the chairperson for 2019. 5. Approval of year-end bonus for managers for 2019.	Unanimous consent of all committee members.	Unanimous approval of all directors attending the board meeting.
Remuneration Committee meeting for	The election of the convener of the Company's Remuneration Committee	Unanimous consent of all committee members.	Unanimous approval of all directors attending the board meeting.

Title	Name	Actual Attendances	Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Remark
electing the convener (2 <sup>nd</sup> meeting in 2020) June 22, 2020					
The 1st meeting of the 4th term (3 <sup>rd</sup> meeting in 2020) August 13, 2020		<ol style="list-style-type: none"> <li>1. Report on the performance review of staffs at or above the Assistant Vice President level of the Company for the first half of 2020.</li> <li>2. Recognition of business and land development bonuses received by staffs at or above the Assistant Vice President level of the Company for the first half of 2020.</li> <li>3. Discussion of the amendments to part of the Company's "Remuneration Committee Charter (including relevant performance evaluation questionnaires)."</li> <li>4. Discussion of the amendments to part of the "Regulations for BOD Performance Assessment."</li> <li>5. Discussion of remuneration to the Company's 16th term of Directors.</li> <li>6. Proposal for the Company to change the policyholders of the "ING Enhanced Participating Permanent Life Insurance" policies which were bought for employees to the insured person himself/herself.</li> </ol>		Unanimous consent of all committee members.	Unanimous approval of all directors attending the board meeting.

2. When the Board of Directors ignores or modifies the recommendations made by the Remuneration Committee, the date and session of the BOT meeting, the proposal contents, Board of Directors resolutions, and response to the recommendations of the Remuneration Committee (e.g. the compensation approved by Board of Directors is higher than that recommended by the Remuneration Committee, the difference shall be specified): NA.
3. When members express an objection or reservation that has been included in records or stated in writing, the date and session of the Committee meeting, the proposal content, the opinion of all members, and the response to such opinions shall be stated: None.

(V) CSR performance and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons

Item	Status of Operation <sup>1</sup>		Summary Description <sup>2</sup>	Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
1. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to company operations based on the materiality principles and establish policies or strategies in relation to risk management to enforce corporate governance? <sup>3</sup>	V		<p>(I)</p> <p>1.Environmental: This Company and subsidiaries establish the “carbon conservation and carbon reduction measures,” “GHG reduction measures,” and “water conservation measures” according to the needs of business venues:</p> <p>(1) Each office implements carbon conservation and carbon reduction measures, including using compostable toilet paper (waste reduction) and waste sorting; reducing CO<sub>2</sub> emissions from refuse incineration, turning off lights after use, setting aircon temperature to 25°C or above in summer, and building energy-efficient facilities, in order to reduce GHG reduction and environmental impacts in real action.</p> <p>(2) Subsidiary (Yilan Cement Plant) Yilan Cement Plant endeavors to achieve the following goals in the Framework of Taiwan's Sustainable Energy Policy promulgated by the Bureau of Energy, Ministry of Economic Affairs: “Enhancing energy efficiency: Enhance energy</p>	Not a significant difference

Item	Status of Operation <sup>1</sup>		Summary Description <sup>2</sup>	Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>efficiency by at least 2% a year in the next eight years,” “Developing clean energy: Reduce national CO<sub>2</sub> emissions to the same volume of 2000 in 2025.” In the last two years, CO<sub>2</sub> emissions were 644,135 tCO<sub>2</sub>e and 578,089 tCO<sub>2</sub>e respectively; waste recycling volume was 52,969t and 55,283t respectively; and water consumption was 640,108m<sup>3</sup> and 718,818 m<sup>3</sup> respectively.</p> <p>GHG reduction measures: Through the optimization of the suspension preheater system, modification of the raw material mixing system into exterior circulation and #2 fan into high-efficient inverter type. Total GHG emissions have been reduced from 745,765 tCO<sub>2</sub>e to 644,135 tCO<sub>2</sub>e in the most recent 4 years, a reduction of 13.6%.</p> <p>Water conservation measures: Effluents were reclaimed for spraying fugitive dust and raw materials for air pollution control to effectively recycle water and constantly enhance water cycling.</p> <p>2. Social: After assessing “product quality and competitiveness,” we established the strategy for active talent recruitment and</p>	

Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
			enhancement on technical competence training.  3. Governance: Implement the internal control system to ensure all employees comply with related laws and regulations.	
II. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management authorized by the Board of Directors and does it report its progress to the board of directors?	V		(II) We established the CSR Committee in 2015 with the president as the committee convener to plan and implement strategies in relation to CSR; establish, supervise and review its effectiveness; and report to the board of directors periodically in the future. Risk management strategies established to address ESG issues. Furthermore, we have established the “Procedures for Ethical Management and Guidelines for Conduct” as guidelines for business implementation of employees.	Not a significant difference
III. Environmental issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		(I) The Company’s quality policy and environmental policy are as follows: (1) Implement ISO9001 (certified on November 11, 1998 and valid until August 9, 2021)/14001 (certified on March 2, 2000 and valid until July 11, 2021) management systems. (2) Set and achieve quality and environmental objects and make continual improvement. (3) All engineering activities, products,	Not a significant difference

Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
			<p>and services shall comply with applicable laws and regulations, ISO management systems, and other requirements.</p> <p>(4) Ensure continual improvement and pollution prevention in the development and construction processes to minimize impacts on the environment.</p> <p>(5) Continuously review the environmental aspects of green buildings in planning and design to reduce impacts on the environment.</p> <p>(6) Continue to implement energy management and effective resources recycling.</p> <p>(7) Educate and improve the quality, environmental awareness, and competencies of all employees.</p>	
(II) Is the company committed to enhancing the efficiency of resources use and using renewable materials with low environmental loads and impacts?	V		(2) We acquired EMS certification from SGS in 1999 and pass its audit every year to ensure compliance with the international standards.	Not a significant difference
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues?	V		(3) In assessing the present and future potential risk on business operations of climate change, as we are not in a high energy-consuming industry, we do not use facilities that generate a large amount of GHGs.	Not a significant difference

Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for energy conservation, carbon reduction, GHG reduction, water conservation, and waste management?	V		<p>We establish energy conservation and carbon reduction strategies for the office and common areas with respect to that of government organizations. We also promote and implement energy conservation and carbon reduction measures, such as turning off lights when not in use, refuse sorting, replacement of office lighting fixtures with T5 fluorescent lamps, and air conditioning temperature control for the summer, in order to reduce the impact on the environment of our business activities.</p> <p>(4) We make continuous efforts to achieve the goals in the Framework of Taiwan's Sustainable Energy Policy promulgated by the Bureau of Energy, Ministry of Economic Affairs: enhance energy efficiency and develop clean energy to transform into a social group of low-carbon economy and environmentally sustainable development. We have equipped all projects completed in 2019 with the stormwater (rainwater) harvest system to harvest water for irrigating landscaping plants, in order to contribute to water conservation. (For example: (1) the stormwater (rainwater) harvest system of RT Dufeng is equipped with a storage of 398.81t; (2)</p>	Not a significant difference



Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
			all lights in the offices are replaced with LED lamps to save about 58% of electricity and enhance luminance by about 3-11%).	
IV. Social issues (I) Does the Company establish management policies and procedures in accordance with relevant laws and International Bill of Human Rights?	V		(1) We abide by related labor laws and regulations and respect labor human rights. We protect the rights and interests of employees and establish employment policies by law to ensure fair treatment of all employees. We assign a dedicated department to plan and manage related activities to protect the basic rights and interests of employees.	Not a significant difference
(II) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect business performance and achievements in the remuneration for employees?	V		(II) Upholding the belief in profit sharing with employees and shareholders; and attract, retain, develop, and incentivize talents from different fields. Please refer to p.29 of the annual report for employee benefits and retirement system. Remuneration is determined based on the Company's business performance and the employee's personal achievements. Please refer to p. 16 of the annual report for details.	Not a significant difference
(III) Does the Company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	V		(III) We perform fire inspections and clean and disinfect office areas regularly. We also hire professional property management companies to manage and maintain office buildings. Every year we hire Ruentex	Not a significant difference

Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
			Property Management & Maintenance Co., Ltd. to organize fire safety seminars, and health professionals of Shu-Tien Urology and Ophthalmology Clinic offer healthy lifestyle consultation to improve the OHS education of employees.	
(IV) Does Company establish effective career development and training plans for employees?	V		(IV) Every year we plan a budget for the regular and irregular in-service education to ensure the Company's CSR compliance, enhance the employee's professional skills, leadership competence, and career development. To encourage employees to receive further education without effective corporate business and to develop quality management and professional talents, we provide diverse channels for further education and promote employees to exchange management and professional experience with other enterprises. In addition, we encourage employees to enrich themselves, participate in external further education courses, and provide rewards for certificates and licenses to incentivize employees to actively engage in further education.	Not a significant difference
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, market communication, and labeling of its	V		(V) This Company implements all construction projects according to related domestic laws and regulations and international generally	Not a significant difference

Item	Status of Operation <sup>1</sup>			Deviations and the Cause(s) of Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description <sup>2</sup>	
<p>products and services and establish policies to protect the rights and interests of customers and procedures for grievances?</p> <p>(VI) Does the company establish supplier management policies and request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety or labor human rights? Does the company keep track on the implementation of such policies?</p>	V		<p>accepted standards. In addition, we examine our products and services and establish effective customer grievance handling procedures (0800 customer service system).</p> <p>(VI) We have defined “supplier evaluation management” in the internal control system to evaluate major suppliers every year. We also request suppliers to implement CSR.</p>	Not a significant difference
<p>5. Does the company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the company? Does the company apply for assurance or guarantee of such reports to a third-party certification body?</p>	V		<p>The Company prepares its CSR Report based on the international common standards: GRI Standards and appoints PwC Taiwan to verify and assure the Report that will be published on the corporate website and MOPS. The 2020 CSR Report is under preparation.</p>	Not a significant difference
<p>VI. If the Company has established its own Corporate Social Responsibility Best Practice Principles with reference to the [Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies], please specify the deviations from its own CSR best practice principles: We have established and implemented the “Corporate Social Responsibility Best Practice Principles”. We also implement various CSR activities in consideration of the trend of CSR development at home and abroad. Therefore, no significant difference is observed.</p>				
<p>VII. Other important information that helps better understanding of the operation of CSR: In addition endeavor its business, the Company also commits to</p> <ol style="list-style-type: none"> <li>1. Environmental: The operation of existing pollution prevention equipment complies with the inspection standards of environmental protection authorities.</li> <li>2. Social: Apart from focusing on business development, we spare no effort in implementing CSR such as consumer rights and social welfare and contribute to society in a timely manner.</li> <li>3. Investor Relations and Interested Parties: We set up a spokesperson hotline and an investor relations section on the corporate website.</li> <li>4. Supplier Relations: We maintain sound communication channels with suppliers.</li> </ol>				
<p>Note 1: If “yes” is selected for the performance, please state the important policies, strategies, and measures adopted and their effectiveness. If “no” is selected, please explain the reasons and state the future plans to adopt related policies, strategies, and measures.</p> <p>Note 2: We have prepared a CSR report and cited the cross reference to the CSR report of related operations, including the method of reporting and pages.</p> <p>Note 3: The Materiality Principles refer to the ESG issues with significant impacts on the Company’s investors and other interested parties.</p>				

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

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
<p>I. Establishing Ethical Corporate Management Policies and Programs</p> <p>(I) Does the company establish policies for ethical corporate management approved by the Board of Directors and state such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</p>	V		(I) We have established the [Ethical Corporate Management Best Practice Principles] and [Procedures for Ethical Management and Guidelines for Conduct] approved by the board of directors to regulate that directors and senior management, employees or those with substantive control shall not offer, promise, request or accept undue or improper advantage, either directly or indirectly, in business activities, or engage in dishonored acts that may violate integrity, the law, or trust. The President’s Office is responsible to establish, supervise, and implement ethical management policies and preventive measures.	Not a significant difference
<p>(II) Does the company establish an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?</p>	V		(II) Based on the [Ethical Corporate Management Best Practice Principles], we analyze business activities with the scope of business identified as high-risk unethical conduct and prevent offering and acceptance of bribes and provision of illegal political financing.	Not a significant difference

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(III) Does the company establish in the preventive programs the operating procedures to prevent unethical behavior, penalties and grievance systems of breaching the guidelines for conduct, and implement and periodically review and revise them?	V		(III) Based on the "Procedures for Ethical Management and Guidelines for Conduct," we prevent unethical behavior. At irregular meetings or education/training activities, we advocate the prevention of unethical behavior, develop a consistent belief among employees, and abide by the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and other related laws and regulations for TESE/TPEX-listed companies, or other business conduct regulations. We have designated an ethical corporate management unit to report to the board of directors (at least once per year) the results of the ethical corporate management policy and preventive programs to implement ethical corporate management and periodically review and revise related operations.	Not a significant difference
II. Implementing Ethical Corporate Management				
(I) Does the company assess the ethical records of its counterparts and explicitly include clauses on ethical behavior in transaction contracts?	V		(I) When handling procurement, we follow the "Procurement and Payment Process," including "price enquiry and comparison," "acceptance and payment," and "supplier evaluation management," defined in ISO and the internal control system to enforce ethical corporate management.	Not a significant difference
(II) Does the company establish a unit specializing in implementing ethical corporate management under the Board of Directors and report regularly (at least once a year) to the Board of Directors the status of implementation and supervision of the ethical management policy and preventive programs of unethical behavior?	V		(II) With respect to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," the President's Office is responsible for the establishment, implementation, supervision, and review the effectiveness of implementation of the ethical corporate management policy and preventive programs and report the results to the board of directors periodically (at least once a year).	Not a significant difference

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(III) Does the Company establish and implement a policy to prevent conflicts of interest and provide suitable channels for reporting such conflicts?	V		(III) In the "Procedures for Ethical Management and Guidelines for Conduct," to prevent conflicts of interest, when related events occur while carrying out duties, employees should report such events to the immediate supervisor and responsible unit (President's Office). They should give appropriate instructions to employees to enforce ethical corporate management.	Not a significant difference
(IV) Does the company establish an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(IV) We have established related accounting systems and internal control operating procedures to enforce ethical corporate management. In addition, the audit department periodically draws up related audit programs based on the results of assessment of risk of involvement in unethical behavior and audits the compliance of preventive programs of unethical behavior. The CPA also audits the performance of the Company's internal audit system every year.	Not a significant difference
(V) Does the Company regularly organize internal and external education and training activities for ethical corporate management?	V		(V) The internal and external ethical business management related trainings (for directors and senior managers) that directors took in 2020 include: September 21, 2020 "Corporate Governance 3.0 - Sustainable Development Roadmap Forum," October 14, 2020 "2020 Prevention of Insider Trading and Insider Equity Trading Seminar," October 16, 2020 "2020 Corporate Governance and Anti-corruption Seminar" and November 6, 2020 "Must-know of Legal Regulations and Risk Responsibilities of Corporate Governance for Directors, Supervisors, and Insiders" with a total of 30 hours. Internal education training: Promote the Company culture of ethical management in the New Talent Training - Corporate Culture "Introduction to the values and system of integrity" for a total of 20 hours, and with 39 participants.	Not a significant difference

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
<p>III. Operating the Whistleblowing System</p> <p>(I) Does the Company establish explicit whistleblower and reward schemes and convenient reporting channels, and assign appropriate personnel to investigate the target of a whistleblower report?</p>	V		(I) We have established the “Whistleblowing Regulations” and set up a “0800” free helpline for reporting illegal or unethical behaviors. Employees may also report illegal or unethical behaviors to the responsible unit of each department. In addition, apart from specifying the need to provide official reporting channels in the “Ethical Corporate Management Best Practice Principles,” we define the importance of keeping confidential the identity of whistleblowers and the report contents. After detecting illegal or unethical behaviors, employees can report to the supervisor, manager, chief internal auditor, or other appropriate staff.	Not a significant difference
<p>(II) Does the company establish standard operating procedures for investigation, post-investigation measures, and related mechanisms to ensure the confidentiality of a whistleblower complaint?</p>	V		(II) To encourage employees to report illegal or unethical behaviors, we enable employees to acknowledge that we will protect and keep confidential the privacy of whistleblowers according to related processes or mechanisms of the company by the responsible units.	Not a significant difference
<p>(III) Does the Company establish measures to protect whistleblowers against retaliation?</p>	V		(III) We are committed to protecting the confidentiality of and protecting whistleblowers to keep them away from improper treatment or retaliation.	Not a significant difference
<p>IV. Reinforcing Information Disclosure</p> <p>(I) Does the Company disclose the ethical corporate management principles <u>it establishes</u> and their effectiveness on the corporate website and the MOPS</p>	V		<p>(I) We have set up a corporate website to disclose information in relation to ethical corporate management in a timely manner.</p> <p>(II) We have designated staff to gather information in relation to ethical corporate management and disclose it on the corporate website, in the Annual Report, and on MOPS in a timely manner.</p>	Not a significant difference
<p>V. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please state the status of operations and differences in the principles it establishes: No significant difference.</p>				

Assessment Item	Status of Operation			Deviations and the Cause(s) of Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
<p>VI. Other material information that helps us understand the operation of the Company's ethical corporate management (such as the Company review of its ethical corporate management best practice principles):</p> <ol style="list-style-type: none"> <li>1. We maintain sustainable development and put customers first in business operations. When doing business with suppliers and customers, we uphold ethical corporate management and specify related operating procedures and penalties. When detecting unethical behaviors of counterparts, we immediately terminate transactions with them and bring them to account. To date, there is no report on significant non-compliance with ethical corporate management.</li> <li>2. We have established the "Regulations for Management of Insider Trading Prevention" to prevent improper leakage of information and ensure the consistency and accuracy of disclosed information.</li> <li>3. We have established the "Rules of Procedure for Board of Directors Meetings" to specify that directors shall explain the important contents in relation to their conflicts of interest regarding proposals discussed in the meeting or their status or the status of the corporation they represent as related parties. When there are threats to the company's interest, such directors shall sidestep from the discussion and voting, nor shall then represent other directors to exercise their voting rights.</li> <li>4. This Company amended the "Ethical Corporate Management Best Practice Principles" with respect to the Letter Tai-Cheng-Zhi-Li-Zi No. 10800083781 issued by the Taiwan Stock Exchange Corporation on May 23, 2019 and the "Procedures for Ethical Management and Guidelines for Conduct" with respect to the Letter Tai-Cheng-Zhi-Li-Zi No. 1090002299 issued by the Taiwan Stock Exchange Corporation on February 13, 2020. The amendments will be reported to the 2020 AGM.</li> </ol>				

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

1. Corporate Governance Best Practices and relevant regulations:

The Company has established the "Corporate Governance Best Practice Principle," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct," and "Whistleblowing Regulations."

2. Enquiry Method: These regulations are available for enquiries from our corporate website

(<http://www.rt-develop.com.tw>), or to be downloaded from MOPS

(<http://mops.twse.com.tw>).

(VIII) Other important information that helps understand the performance of corporate governance may be disclosed at the same time: NA.

(IX) Implementing the Internal Control System:

1. Statement on internal control system: Refer to the next page for details.

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



Ruentex Development Co., Ltd.

Statement of Internal Control

Date: March 26, 2021

With regards to the results of the 2020 self-assessment of the internal control system, we hereby declare as follows:

- I. We acknowledge and understand that it is the responsibility of our Board of Directors and managers to establish, implement, and maintain an internal control system, and we have established such system. The purpose is to fairly ensure the effect and efficiency of operations (including profitability, performance, and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- II. There is a limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may vary as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
- III. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divide an internal control system into five elements: a) control environment, b) risk evaluation, c) control operation, d) information and communication, and e) monitoring. Each element in turn contains certain audit items, and the Criteria shall be referred to for details.
- IV. We have assessed the effectiveness of design and implementation of our internal control system with such criteria.
- V. With respect to the findings from the above assessment, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) as of December 31, 2020 were effective to achieve the above goals in terms of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- VI. This statement shall form an integral part of the Annual Report and the prospectus of this Company and will be disclosed to the public. If there is any fraud, concealment, or unlawful practice found in the above contents, we shall be liable for the legal consequences under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This statement of declaration was approved unanimously by the Board Meeting held on March 26, 2021 with the presence of nine directors attending the meeting.

Ruentex Development Co., Ltd.

Chairman: Jean, Tsang-Jiunn, Signature

President: Lee, Chih-Hung, Signature

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

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

1. AGM Minutes:

Date of the Meeting	Major Resolutions	Implementation
June 9, 2020 (AGM)	<ol style="list-style-type: none"> <li>1. Approval of the 2019 Business Report and Financial Statements.</li> <li>2. Passed the Company's 2019 Earnings Distribution Proposal.</li> <li>3. Approval of the proposal to amend the "Regulations for Management of Capital Lending, Endorsements, and Guarantees".</li> <li>4. Approval of the Company's capitalization from earnings for issuance of new shares, in line with the earnings distribution for 2019.</li> <li>5. Election for the 16th term of directors: Electing 9 directors for the 16th term</li> <li>6. Proposal of lifting of the non-compete restrictions on directors.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Board of Directors have resolved that the ex-dividend record day is July 22, 2020, and August 17, 2020 is payment day (allotment of cash dividends of NT\$1 per share).</li> <li>2. It has been published on the Company's corporate website and implemented in accordance with the revised provisions.</li> <li>3. July 8, 2020 Upon approval of the competent authority, the board of directors resolved that 25 August, 2020 is the base date for the ex-dividends and capital increase by issuance of new shares; and that the shares will be issued and listed for trading on September 29, 2020. (allotment of stock dividends of NT\$5 per share).</li> <li>4. The new director was approved for register by the Ministry of Economic Affairs on July 1, 2020</li> </ol>

2. Board of Directors Meeting Minutes:

Date of the Meeting	Major Resolutions
January 20, 2020	<ol style="list-style-type: none"> <li>1. Presentation of the internal audit report of Q4 2019.</li> <li>2. Reported on the minutes of the Remuneration Committee meeting.</li> <li>3. Reported the performance evaluation results of the Board of Directors in 2019.</li> <li>4. Approval of the urban regeneration project of the sea-sand (chlorine-ionic) buildings in Wolong Street, Daan District, Taipei City.</li> <li>5. Approval of the ratio of appropriation of employee remuneration for 2019.</li> <li>6. Approval of the amount of year-end bonus for 2019.</li> <li>7. Approval of the year-end bonus for managers for 2019.</li> <li>8. Approval of the year-end bonus for the Chairman for 2019.</li> <li>9. Approval of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang B Falsework Project."</li> </ol>
March 13, 2020	<ol style="list-style-type: none"> <li>1. Report on the Company's purchase of liability insurance for directors.</li> <li>2. Approval of the ratification of the credit limit applied to the bank.</li> </ol>

Date of the Meeting	Major Resolutions
	<ol style="list-style-type: none"> <li>3. Approval of the proposal to adopt the endorsements and guarantees made in 2019.</li> <li>4. Approval of the proposal to apply for credit limit to banks.</li> <li>5. 4. Approval of the proposal to sign a construction contract with Ruentex Engineering &amp; Construction Co., Ltd. for the "Ruentex Development Wolong Street Construction Project."</li> <li>6. Approval of signing a construction contract with Ruentex Engineering &amp; Construction Co., Ltd. for the "Ruentex Development Wuguwang B Construction Project."</li> <li>7. Approval of the proposal to amend part of the "Rules of Procedure for Board of Directors Meetings," "Audit Committee Charter," and "Remuneration Committee Charter."</li> <li>8. Approval of the proposal to amend part of the "Corporate Governance Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."</li> <li>9. Approval of the Company's board election at the 2020 AGM as the term of all directors (including independent directors) will expire in June 2020.</li> <li>10. Approval of the period of nomination, number of seats, and place of registration of candidates for the board election.</li> <li>11. Approval of matters relating to the Company's 2020 AGM.</li> </ol>
March 30, 2020	<ol style="list-style-type: none"> <li>1. Report on the Company's ability to prepare financial statements on its own.</li> <li>2. Approval of the ratification of the credit limit applied to the bank.</li> <li>3. Approval of the proposal to apply for credit limit to banks.</li> <li>4. Approval of the Company's 2019 Consolidated Financial Statement (including individual financial statements), Business Report, and Financial Accounting Reports.</li> <li>5. Approval of the remuneration for employees for 2019.</li> <li>6. Approval of the earnings distribution proposal for 2019.</li> <li>7. Approval of issuing new shares for capitalization from earnings for earnings distribution of 2019.</li> <li>8. Approval of the matters relating to the 2020 general meeting of shareholders.</li> <li>9. Approval of list of candidates for the directorial election (including independent directors) at the 2020 AGM.</li> <li>10. Approval of the relief of non-compete restriction on directors.</li> <li>11. Approval of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Wuguwang A Falsework Project."</li> <li>12. Approval of the proposal to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Yangbei Falsework Project."</li> <li>13. 11. Approval of the proposal to sign a construction contract with Ruentex Engineering &amp; Construction Co., Ltd. for the "Ruentex Development Wuguwang A Construction Project."</li> <li>14. 12. Approval of the proposal to sign a construction contract with Ruentex Engineering &amp; Construction Co., Ltd. for the "Ruentex Development Yangbei Construction Project."</li> <li>15. Approval of the Statement of Internal Audit 2019.</li> </ol>
May 14, 2020	<ol style="list-style-type: none"> <li>1. Presentation of the internal audit report of Q1 2020.</li> <li>2. Presentation of the Company's Q1 2020 consolidated statement report.</li> <li>3. Approval of the ratification of the credit limit applied to the bank.</li> <li>4. Approval of the recognition of the lease agreement between the Company and Ruentex Industries Ltd.</li> <li>5. Approval of the proposal to apply for credit limit to banks.</li> </ol>
June 9, 2020	Approval of the election of Chairman of the Company.
June 22, 2020	<ol style="list-style-type: none"> <li>1. Approval of the proposal to apply for credit limit to banks.</li> <li>2. Approval of the appointment of the Company's 4th Remuneration Committee members.</li> <li>3. Approval of the Company's 2019 Earnings Distribution with the ex-dividend base date and distribution date scheduled.</li> </ol>
July 28, 2020	<ol style="list-style-type: none"> <li>1. Approval of the ratification of the credit limit applied to the bank.</li> <li>2. Approval of the proposal to apply for credit limit to banks.</li> <li>3. Approval of the subscription of common stock of no more than NT\$87,500 thousand issued by Ruen Chen Investment Holdings Ltd. for a cash capital increase.</li> <li>4. Approval for the Zhonglun Branch to sign a construction contract with Ruentex Engineering &amp; Construction Co., Ltd. for the "RT-mart Zhonglun Store Renovation Project."</li> <li>5. Approval for the Zhonglun Branch to sign a construction contract with Ruentex Interior Design Inc. for the "RT-mart Zhonglun Store Renovation Project."</li> <li>6. Approval for acquiring 10 lots of land at Jianguo Section, Xinzhuang District, New Taipei City from RT-MART International Co., Ltd.</li> <li>7. Approval for issuing new shares for capitalization from earnings for earnings distribution</li> </ol>

Date of the Meeting	Major Resolutions
	and determining the ex-dividend record day of stock dividend distribution.
August 13, 2020	<ol style="list-style-type: none"> <li>1. Presentation of the internal audit report of Q2 2019.</li> <li>2. Presentation of the Company's consolidated financial statements for the first half of 2019.</li> <li>3. Reported on the minutes of the Remuneration Committee meeting.</li> <li>4. Approval of the ratification of the credit limit applied to the bank.</li> <li>5. Approval of the proposal to apply for credit limit to banks.</li> <li>6. Approval for the Company to change the policyholders of the "ING Enhanced Participating Permanent Life Insurance" policies which were bought for employees to the insured person himself/herself.</li> <li>7. Approval of remuneration to the Company's 16th term of Directors.</li> <li>8. Approval of remuneration to the Company's 16th term of Independent Directors.</li> <li>9. Approval for determining the attendance fees for members of the 3rd Audit Committee and the 4th Remuneration Committee to attend meetings.</li> <li>10. Approved the amendments to part of the Company's Regulations for BOD Performance Assessment (including relevant performance assessment questionnaires).</li> <li>11. Approval of the amendments to part of the Company's "Remuneration Committee Charter."</li> <li>12. Approval of the proposal to establish the Company's "Service Units Internal Audit Control System Standards."</li> </ol>
October 16, 2020	Approval for authorizing a representative to sign, on behalf of the Company, documents related to the Board of Directors of Concord Greater China Limited.
November 5, 2020	<ol style="list-style-type: none"> <li>1. Approval of the ratification of the credit limit applied to the bank.</li> <li>2. Approval of the acquisition of the Unsecured Convertible Bond (III) issued by Brogent Technologies Inc.</li> <li>3. Approval of the proposal to apply for credit limit to banks.</li> <li>4. Approval for disposal of Orient Semiconductor Electronics Ltd.'s common stock issued through private placement.</li> </ol>
November 12, 2020	<ol style="list-style-type: none"> <li>1. Presentation of the internal audit report of Q3 2020.</li> <li>2. Presentation of the Company's Q3 2020 consolidated statement report.</li> <li>3. Approval of the ratification of the credit limit applied to the bank.</li> <li>4. Approval of the sales of two buildings on the 4F of A2 and 4F of A5 units in Section 2, Minsheng Road, Banqiao District, New Taipei City, and two parking spaces to related parties.</li> </ol>
December 23, 2020	<ol style="list-style-type: none"> <li>1. Report on the audit planning of the Company's 2020 Financial Statements.</li> <li>2. Report on the implementation status of ethical management in 2020.</li> <li>3. Approval of the ratification of the credit limit applied to the bank.</li> <li>4. Approval of the proposal to apply for credit limit to banks.</li> <li>5. Discussion of the independence of the CPAs hired by this Company.</li> <li>6. Approval of the Company's 2021 internal audit program.</li> <li>7. Approval of the Company's 2021 business plan.</li> <li>8. Approval of the amendments to the Company's "Internal Control System."</li> <li>9. Approval of the proposed sale of a building on the 11F of the B3 unit in Jiangcui Section, Banqiao District, New Taipei City, "Ruentex Wenhua," and a parking space to a related party.</li> <li>10. Approval of the proposed purchase of one lot of land at Lot 1098-2, Zhongshan Section, Banqiao District, New Taipei City from related parties.</li> <li>11. Approval of the proposed joint construction project on two lots of land at Lots 104 and 109, Xinzhoumei Section, Beitou District, Taipei City.</li> <li>12. Approval of the amendments to part of the Company's "Rules of Procedure for Board of Directors Meetings," "Audit Committee Charter," and "Codes of Ethical Conduct."</li> </ol>
January 18, 2021	1. Discussion for the Company to authorize a representative to sign, on behalf of the Company, documents related to the Board of Directors of Concord Greater China Limited.
February 4, 2021	<ol style="list-style-type: none"> <li>1. The minutes of the Remuneration Committee meeting.</li> <li>2. Reported the performance evaluation results of the Company's Board of Directors in 2020.</li> <li>3. The ratification of the credit limit applied to the bank.</li> <li>4. Discussion of the ratio of appropriation of employee remuneration for 2020.</li> <li>5. Proposal of the 2020 year-end bonus for managers.</li> <li>6. Proposal of the 2020 year-end bonus for the Chairman.</li> <li>7. Proposal to sign the account closing agreement with Ruentex Engineering &amp; Construction</li> </ol>

Date of the Meeting	Major Resolutions
	<p>Co., Ltd. for the "The Silk Court Construction Project."</p> <p>8. Proposal to sign the account closing agreement with Ruentex Interior Design Inc. (hereinafter referred to as Ruentex Interior Design) for the "The Silk Court Lobby and Public Utility Landscaping Project."</p> <p>9. Discussion of the proposed disposal of a building on the 6F of the B5 unit in Sixin Section, Xindian District, New Taipei City, "Ruentex Yangbei," and a parking space to a related party.</p>
March 10, 2021	1. Discussion for the Company to assign a representative to, on behalf of the Company, attend the Board of Directors meetings of Concord Greater China Limited and sign related documents.
March 26, 2021	<p>1. Reported the Company's liability insurance obtained for directors.</p> <p>2. Report on the Company's ability to prepare financial statements on its own.</p> <p>3. The ratification of the credit limit applied to the bank.</p> <p>4. Recognition of the report of endorsements and guarantees made in 2020.</p> <p>5. Discussion of the proposal to apply for credit limit to banks.</p> <p>6. Discussion of the consolidated financial statements (including individual financial statements) and business report of 2020.</p> <p>7. Discussion of remuneration for employees for 2020.</p> <p>8. Discussion of the amendment to the "Articles of Incorporation."</p> <p>9. Discussion of profit distribution proposal for 2020.</p> <p>10. Discussion of issuing new shares for capitalization with profits for profit distribution of 2020.</p> <p>11. Discussion of matters relating to the Company's 2021 AGM.</p> <p>12. Proposal for the "Environmental vibration impact assessment study of the underground tunnels of Taiwan Railway, High Speed Rail and MRT Bannan Line in the Heart of Nangang urban regeneration project let by the Taipei City Government" commission contract to be signed between the Company and Chinese Taiwan Society for Earthquake Engineering.</p> <p>13. Discussion for Zhonglun Branch of the Company to sign the account closing agreement with Ruentex Engineering &amp; Construction Co., Ltd. for the "RT-mart Zhonglun Store Renovation Project."</p> <p>14. Discussion for Zhonglun Branch of the Company to sign the account closing agreement with Ruentex Interior Design Inc. for the "RT-mart Zhonglun Store Renovation Project."</p> <p>15. Discussion of the urban regeneration project on 22 lots of land including Lot 140, etc. on Subsection 4, Changan Section, Zhongshan District, Taipei City.</p> <p>16. Discussion of the Statement of Internal Control for 2020.</p>
April 26, 2021	<p>1. Discussion of the proposal for participating in the public tender for the facilitator of the urban regeneration project for the "Land of Specific Commercial Use Zone (X) at Taipower Northern Storage and Transportation Center Nangang Site (AR-1-2)."</p> <p>2. Discussion for the Company to sign a construction contract with Ruen Yang Construction Co., Ltd. for the "Ruentex Development Songjiang Road Demolition Project."</p> <p>3. Discussion for the Company to apply for a syndicated loan of NT\$6.2 billion from KGI Commercial Bank Ltd. and The Bank of East Asia, Hong Kong Ltd. for its subsidiary, Ruentex Innovative Development Co., Ltd. with the Company being the joint guarantor.</p>

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

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

#### V. Accountant Audit Fee Information:

##### Accountant Audit Fee Information and Fee Bracket

Name of CPA Firm	Names of CPAs		Audit Period	Remark
PwC Taiwan	Chao-ming Wang	Ming-chuan Hsu	January 1 to December 31, 2020	

Unit: NTD in Thousands

Audit Fees		Audit Fee	Non-audit Fee	Total
Amount Bracket				
1	Below NT\$2,000 Thousand	-	200	-
2	NT\$2,000 Thousand (inclusive) ~ NT\$4,000 Thousand	-	-	-
3	NT\$4,000 Thousand (inclusive) ~ NT\$6,000 Thousand	4,780	-	4,980
4	NT\$6,000 Thousand (inclusive) ~ NT\$8,000 Thousand	-	-	-
5	NT\$8,000 Thousand (inclusive) ~ NT\$10,000 Thousand	-	-	-
6	NT\$10,000 Thousand or more (inclusive)	-	-	-

Note: Non-Audit Fee refers to the assurance services of the CSR Report.

- (I) Non-audit fee paid to the accountants, CPA firm, and its associated enterprises accounted for more than 25% of the audit fee: None
- (II) Replaced the CPA firm for auditing and the audit fee paid in the replacing year is less than the audit fee paid in the previous year: None
- (III) The audit fee of current year is less than the year before by more than 10%: None.

## VI. Change of Accountants:

### (I) About Former Accountants:

Replacement Date	N/A		
Reasons for and Explanations of Such Replacement	N/A		
Explanation: The appointment for auditing service is terminated by the principal or refused by the accountant.	Situation	Party	Certified Public Accountant
	Proactive Termination of Appointment	N/A	
	No Longer Accepting (continuing) Appointment		
The Independent Auditor's Report with an audit opinion other than an unqualified opinion issued in the last two years and the reasons:	Not applicable		
Whether there is any disagreement with the issuer: Not applicable	Yes		Accounting Principles or Practices
			Disclosures of Financial Report
			Audit Scope or Procedures
			Others:
	No	Description: Not applicable	
Other Disclosures (Disclosures according to Subparagraphs 1-4 - Subparagraph 1-7 of Paragraph 6, Article 10 of the Regulations)	N/A		

### (II) About the Succeeding Accountants:

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

(III) Replies of the former accountants on the events as stipulated in Subparagraph 1 and Subparagraphs 2-3, Paragraph 6, Article 10 of the Regulations: Not applicable

VII. The Company's Chairman, President, and manager of finance or accounting who has worked for a CPA firm or its associated enterprises within the year: None.

VIII. In the previous fiscal year and by the date of annual report publication, the equity transfer and change in pledged equity of the directors, supervisors, managers, and shareholders with more than 10% shareholding:

(1) Changes in Shareholdings of Directors, Supervisors, Managers, and Major Shareholders:

Unit: Shares

Title	Name	2020		As of April 17, 2021	
		Increase /Decrease in Shares Held	Increase /Decrease in Shares Pledged	Increase /Decrease in Shares Held	Increase /Decrease in Shares Pledged
Chairman	Yingjia Investment Co., Ltd.	6,135,264 0	0	0	0
	Representative: Jean, Tsang-Jiunn	96,769 0	0	0	0
Director and Major Shareholder	Ruentex Industries Ltd.	128,922,012 0	14,000,000 (2,200,000)	0	0 (18,200,000)
	Representative: Yin Wong, Yee-Fan	176,962 (9,000)	0	0	0
	Representative: Yin, Chung-Yao	0	0	0	0
Director	Ruentex Xing Co., Ltd.	4,430,731 0	0	0	0
	Representative: Lee, Chih-Hung	312,565 0	0	0	0
	Representative: Chen, Li-Yu	36,244 (72,000)	0	0	0
Director	Yingjia Investment Co., Ltd.	6,135,264 0	0	0	0
	Representative: Yang, Wen-Chuen (Took office on June 9, 2020; dismissed on July 3, 2020)	30,006 0	0	(dismissed on July 3, 2020)	
	Representative: Ho, Kai-Lin	0 (228)	0	0	0
Director	Lin, Chien-yu (dismissed on June 9, 2020)	0	0	(dismissed on June 9, 2020)	
Independent Director	Zhao, Yi-Long	0	0	0	0
Independent Director	Ko, Shun-Hsiung	0	0	0	0
Independent Director	Chang, Guo-Zhen	0	0	0	0
President	Lee, Chih-Hung	312,565 0	0	0	0
Vice President	Zhou, Pei-Ling	64,921 (60,000)	0	0 (26,000)	0
Vice President	Chen, Li-Yu	36,244 (72,000)	0	0	0
Vice President	Yen, Tien-Cheng	0	0	0	0
Vice President	Lin, Ting-Jie	32,450 (47,000)	0	0	0
Vice President	Lin, Chin-Szu	32,400 0	0	0	0
Vice President	Cheng, Wen-Ching	26,640 0	0	0	0
Vice President	Wang, Guo-Rong	25,200 (18,000)	0	0	0
Vice President	Wang, Pei-Shou	272 0	0	0	0

Title	Name	2020		As of April 17, 2021	
		Increase /Decrease in Shares Held	Increase /Decrease in Shares Pledged	Increase /Decrease in Shares Held	Increase /Decrease in Shares Pledged
Vice President	Liu, Wen-Tan (promoted as Vice President on April 1, 2021)	36,966 0	0	0	0
Assistant Vice President	Tsai, Pei-Jin	0	0	0	0
Assistant Vice President	Wu, Jia-Ru (dismissed on June 1, 2020)	0	0	(dismissed on June 1, 2020)	
Assistant Vice President	Chang, Wei-Cheng	0	0	0	0
Assistant Vice President	Yang, Wen-Chuen	30,006 0	0	0	0
Assistant Vice President	Gong, Hui-Zi	0	0	0	0
Assistant Vice President	Tsai, Jia-Sheng	0	0	0	0
Assistant Vice President	Zhuang, Guo-Zhi	0	0	0	0
Assistant Vice President	Kuo, Tien-Fang	0	0	0	0
Assistant Vice President	Kuo, Tzu-Chien (dismissed on August 1, 2020)	600 (51,000)	0	(dismissed on August 1, 2020)	
Assistant Vice President	Chen, Po-Yu	300 0	0	0	0
Assistant Vice President	Lin, Chun-Miao	0	0	0	0
Assistant Vice President	Wei, Yu-Ci (took office on April 1, 2021)	(took office on April 1, 2021)			
Assistant Vice President	Yang, Ai-Zhen (took office on April 1, 2021)	(took office on April 1, 2021)			
Manager, Zhonglun Branch	Kao, Jie-Wen	11,520 0	0	0 (5,000)	0
Major Shareholder (More than 10% shareholding)	Ruentex Industries Ltd.	128,922,012 0	14,000,000 (2,200,000)	0	0 (18,200,000)

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

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

1. The counterpart of the equity transfer is a related party: None
2. The counterpart of the equity pledge is a related party: None



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

April 17, 2021

Name	Shareholding of the Principal		Shareholdings of Spouse/Minor Children		Shares Held in the Name of Others		Titles or Names of the Top-ten Shareholders Who Have a Relationship With Each Other or a Spouse, or a Kinship of Second Cousin		Remark
	Shares	% of Shares Held	Shares	% of Shares Held	Shares	% of Shares Held	Name	Relationship	
Ruentex Industries Ltd. Representative: Yin Wong, Yee-Fan	386,766,036	25.70%	—	—	—	—	Huei Hong Investment Co., Ltd.	Huei Hong is a corporate director of Ruentex Industries Ltd.	
Huei Hong Investment Co., Ltd. Representative: Samuel Yen-Liang Yin	111,382,245	7.40%	—	—	—	—	Changchun Investment Co., Ltd. Ruentex Industries Ltd. Ruen Hua Dyeing & Weaving Co., Ltd. Yi Tai Investment Co., Ltd.	Huei Hong Investment Co., Ltd. is a corporate director of Chang Quan Investment. Huei Hong is a corporate director of Ruentex Industries Ltd. Ruen Hua Dyeing & Weaving Co., Ltd. are corporate directors of Huei Hong Investment Co., Ltd. Yi Tai is a corporate supervisor of Huei Hong Investment Co., Ltd.	
Yi Tai Investment Co., Ltd. Representative: Chang, Kun-Long	64,755,174	4.30%	—	—	—	—	Huei Hong Investment Co., Ltd.	Yi Tai is a corporate supervisor of Huei Hong Investment Co., Ltd.	
Changchun Investment Co., Ltd. Representative: Samuel Yen-Liang Yin	58,268,791	3.87%	—	—	—	—	Ruen Hua Dyeing & Weaving Co., Ltd. Yingjia Investment Co., Ltd. Huei Hong Investment Co., Ltd.	Chang Quan Investment Co. Ltd. is a corporate director of Ruen Hua Dyeing & Weaving Co., Ltd. Changchun Investment is a corporate supervisor of Yingjia Investment. Huei Hong Investment Co., Ltd. is a corporate director of Chang Quan Investment.	
Ruen Hua Dyeing & Weaving Co., Ltd. Representative: Chang, Kun-Long	22,793,262	1.51%	—	—	—	—	Huei Hong Investment Co., Ltd. Yingjia Investment Co., Ltd. Changchun Investment Co., Ltd.	Ruen Hua Dyeing & Weaving Co., Ltd. are corporate directors of Huei Hong Investment Co., Ltd. Ruen Hua Dyeing & Weaving is a corporate director of Yingjia Investment. Chang Quan Investment Co. Ltd. is a corporate director of Ruen Hua Dyeing & Weaving Co., Ltd.	
Yingjia Investment Co., Ltd. Representative: Chang, Kun-Long	18,405,792	1.22%	—	—	—	—	Ruen Hua Dyeing & Weaving Co., Ltd. Changchun Investment Co., Ltd.	Ruen Hua Dyeing & Weaving is a corporate director of Yingjia Investment. Changchun Investment is a corporate supervisor of Yingjia Investment.	
Vanguard FTSE Emerging Markets ETF Special Account, JPMorgan Chase	15,966,270	1.06%	—	—	—	—	-	-	
Standard Chartered in Custody for iShares MSCI Taiwan ETF	15,739,614	1.05%	—	—	—	—	-	-	

Name	Shareholding of the Principal		Shareholdings of Spouse/Minor Children		Shares Held in the Name of Others		Titles or Names of the Top-ten Shareholders Who Have a Relationship With Each Other or a Spouse, or a Kinship of Second Cousin		Remark
	Shares	% of Shares Held	Shares	% of Shares Held	Shares	% of Shares Held	Name	Relationship	
PGIA Integrated International ETF in Custody of JPMorgan Chase	14, 449, 417	0.96%	—	—	—	—	-	-	
Norges Bank Investment Special Account, CITI Bank (Taiwan)	14, 152, 180	0.94%	—	—	—	—	-	-	

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

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

Note 3: For the shareholders disclosed in the preceding paragraph, including legal persons and natural persons, their relationships to each other should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

X. The total shareholding of the Company, the Company's directors, supervisors, managers, and the invested company directly or indirectly controlled by the Company, and the comprehensive shareholding ratio calculated.

March 31, 2021

Unit: 1,000 Shares; %

Invested Companies (Note)	Investment of the Company		Comprehensive Investment of the Directors, Supervisors, Managers, and the Invested Companies Directly or Indirectly Controlled by the Company		Comprehensive Investment	
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)
Ruentex Construction International (B.V.I) Co., Ltd.	25,000	100.00	—	—	25,000	100.00
Ruentex Property Management & Maintenance Co., Ltd.	2,828	100.00	—	—	2,828	100.00
Ruen Fu Newlife Corp.	900	60.00	600	40.00	1,500	100.00
Ruentex Security Co., Ltd.	6,900	100.00	—	—	6,900	100.00
Ruentex Construction International Co., Ltd. (Previously named City-Link Development Co., Ltd.)	109,874	100.00	—	—	109,874	100.00
Ruentex Xuzhan Co. Ltd.	160,000	80.00	—	—	160,000	80.00
Ruentex Baiyi Co., Ltd.	195,000	100.00	—	—	195,000	100.00
Ruentex Innovative Development Co. Ltd.	198,800	70.00	—	—	198,800	70.00
Ruentex Engineering & Construction Co., Ltd.	52,845	39.14	27,013	20.01	79,858	59.15
Ruentex Materials Co., Ltd.	15,740	10.49	9,715	6.48	25,455	16.97
Gin-Hong Investment Co., Ltd.	27,000	30.00	63,000	70	90,000	100.00
Ruen Cheng Investment Holdings Co., Ltd.	4,875,750	25.00	4,485,690	23	9,361,440	48.00
Concord Greater China Ltd.	10,593	25.46	17,580	42.25	28,173	67.71

Invested Companies (Note)	Investment of the Company		Comprehensive Investment of the Directors, Supervisors, Managers, and the Invested Companies Directly or Indirectly Controlled by the Company		Comprehensive Investment	
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)
Shing Yen Construction & Development Co., Ltd.	28,415	45.45	32,949	52.70	61,364	98.15
Sunny Friend Environmental Technology Co., Ltd.	29,677	26.62	2,310	2.07	31,987	28.69
Ruentex Industries Ltd.	65,721	11.63	14,085	2.49	79,806	14.12
Ruentex Construction International Ltd.	—	—	7,800	100.00	7,800	100.00
Sinopac Global Investment Ltd.	—	—	19,500	49.06	19,500	49.06
Ruen Yang Construction Co., Ltd.	—	—	600	100.00	600	100.00
Ruentex Interior Design Inc.	—	—	3,000	100.00	3,000	100.00
Nan Shan Life Insurance Co., Ltd.	32,048	0.23	67,665	0.49	99,713	0.72
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	-	-	Limited Company Without Shares Issued	100.00	Limited Company Without Shares Issued	100.00

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

## Four. Fundraising

### I. Capital and Shares

#### (I) Source of Capital

Year/ Month	Issuance Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000 Shares)	Amount (NT\$ Thousand)	Shares (1,000 Shares)	Amount (NT\$ Thousand)	Source of Capital	Paid-in Capital Paid with Considerations Other Than Cash	Others
August 1993	10	300,000	3,000,000	Common Stock: 185,150	1,851,500	Cash Capitalization: 700,000	No	August 9, 1993 Securities & Futures Institute (1993) Tai.Chai.Chen (I) No. 32741
				Preferred Stock: 70,000	700,000			
January 1994	10	320,000	3,200,000	Common Stock: 240,695	2,406,950	Capitalization from Earnings: 555,450	No	January 22, 1994 Securities & Futures Institute (1994) Tai.Chai.Chen (I) No. 49800
				Preferred Stock: 70,000	700,000			
June 1994	10	580,000	5,800,000	Common Stock: 288,834	2,888,340	Capitalization from Earnings: 481,390	No	June 25, 1994 Securities & Futures Institute (1994) Tai.Chai.Chen (I) No. 29048
				Preferred Stock: 70,000	700,000			
May 1995	10	610,000	6,100,000	Common Stock: 323,494	3,234,941	Earnings from Earnings: 346,601	No	May 10, 1995 Securities & Futures Institute (1995) Tai.Chai.Chen (I) No. 27761
				Preferred Stock: 70,000	700,000			
July 1995	10	610,000	6,100,000	Common Stock: 405,494	4,054,941	Cash Capitalization: 820,000	No	July 15, 1995 Securities & Futures Institute (1995) Tai.Chai.Chen (I) No. 39113
				Preferred Stock: 70,000	700,000			
May 1997	10	800,000	8,000,000	Common Stock: 505,494	5,054,941	Cash Capitalization: 1,000,000	No	May 19, 1997 Securities & Futures Institute (1997) Tai.Chai.Chen (I) No. 36838
				Preferred Stock: 70,000	700,000			May 19, 1997 Securities & Futures Institute (1997) Tai.Chai.Chen (I) No. 40668
August 1997	10	800,000	8,000,000	Common Stock: 575,494	5,754,941	-	No	Preferred Stock Converted to Common Stock
June 1998	10	950,000	9,500,000	Common Stock: 783,044	7,830,435	Cash Capitalization: 1,500,000 Capitalization From Paid-in Capital: 575,494	No	June 9, 1998 Securities & Futures Institute (1998) Tai.Chai.Chen (I) No. 51342
March 2006	10	950,000	9,500,000	Common Stock: 759,318	7,593,185	-	Cancellation of Treasury Stock: 23,725 Thousand	March 14, 2006 MOEA.So.Sun No. 09501043870

Year/ Month	Issuance Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000 Shares)	Amount (NT\$ Thousand)	Shares (1,000 Shares)	Amount (NT\$ Thousand)	Source of Capital	Paid-in Capital Paid with Considerations Other Than Cash	Others
							Shares	
August 2011	10	1,500,000	15,000,000	Common Stock 979,318	9,793,185	Cash Capitalization 2,200,000	No	August 25, 2011 FSC.Cert.Far No. 1,000038471
October 2021	10	1,500,000	15,000,000	Common Stock 980,808	9,808,079	Corporate Bond Conversion: 14,894	No	October 16, 2021 MOEA. So.Sun No. 10101214360
February 2013	10	1,500,000	15,000,000	Common Stock 999,625	9,996,255	Corporate Bond Conversion: 188,176	No	February 8, 2013 MOEA.So.Sun No. 10201027910
April 2013	10	1,500,000	15,000,000	Common Stock 1,023,630	10,236,295	Corporate Bond Conversion 240,040	No	April 15, 2013 MOEA.So.Sun No. 10201067950
July 2013	10	1,500,000	15,000,000	Common Stock 1,023,865	10,238,647	Corporate Bond Conversion 2,352	No	July 22, 2013 MOEA.So.Sun No. 10201141260
August 2013	10	1,500,000	15,000,000	Common Stock 1,173,865	11,738,647	Cash Capitalization 1,500,000	No	August 22, 2013 MOEA.So.Sun No. 10201171670
October 2013	10	1,500,000	15,000,000	Common Stock 1,179,478	11,794,779	Corporate Bond Conversion 56,132	No	October 16, 2013 MOEA.So.Sun No. 10201211920
January 2014	10	1,500,000	15,000,000	Common Stock 1,191,977	11,919,768	Corporate Bond Conversion 124,989	No	January 20, 2014 MOEA.So.Sun No. 10301009600
April 2014	10	1,500,000	15,000,000	Common Stock 1,192,069	11,920,685	Corporate Bond Conversion 92	No	April 18, 2014 MOEA.So.Sun No. 10301066370
July 2014	10	1,500,000	15,000,000	Common Stock 1,192,113	11,921,132	Corporate Bond Conversion 447	No	July 25, 2014 MOEA.So.Sun No. 10301137730
October 2014	10	1,500,000	15,000,000	Common Stock 1,192,545	11,925,453	Corporate Bond Conversion 4,321	No	October 17, 2014 MOEA.So.Sun No. 10301216980
January 2015	10	1,500,000	15,000,000	Common Stock 1,192,565	11,925,647	Corporate Bond Conversion 194	No	January 14, 2015 MOEA.So.Sun No. 10401003710
April 2015	10	1,500,000	15,000,000	Common Stock 1,192,591	11,925,914	Corporate Bond Conversion 267	No	April 24, 2015 MOEA.So.Sun No. 10401069610
August 2015	10	1,500,000	15,000,000	Common Stock 1,192,849	11,928,487	Corporate Bond Conversion 2,573	No	August 3, 2015 MOEA.So.Sun No. 10401146400
August 2015	10	1,500,000	15,000,000	Common Stock	13,928,487	Cash Capitalization	No	August 28, 2015 MOEA.So.Sun No.

Year/ Month	Issuance Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000 Shares)	Amount (NT\$ Thousand)	Shares (1,000 Shares)	Amount (NT\$ Thousand)	Source of Capital	Paid-in Capital Paid with Considerations Other Than Cash	Others
				1,392,849		2,000,000		10401179970
October 2015	10	1,500,000	15,000,000	Common Stock 1,392,851	13,928,513	Corporate Bond Conversion 26	No	October 15, 2015 MOEA.So.Sun No. 10401218780
January 2016	10	1,500,000	15,000,000	Common Stock 1,393,408	13,934,083	Corporate Bond Conversion 5,570	No	January 21, 2016 MOEA.So.Sun No. 10501010450
September 2017	10	2,000,000	20,000,000	Common Stock 1,672,090	16,720,900	Capitalization From Earnings 2,786,817	No	September 13, 2019 MOEA.So.Sun No. 10601131290
August 2018	10	2,000,000	20,000,000	Common Stock 1,003,254	10,032,540	Cash Reduction 6,688,360	No	August 28, 2018 MOEA.So.Sun No. 10701107370
September 2020	10	2,000,000	20,000,000	Common Stock 1,504,881	15,048,810	Capitalization From Earnings 5,016,270	No	September 15, 2020 MOEA.So.Sun No. 10901167160

Note 1. The data of the current year should be filled in as of the Annual Report printing date.

- The increase and decrease of capital should be stated with the effective (approved) date and document number included.
- The stock issued at a value below the face value should be indicated conspicuously.
- The private placement of stock should be indicated conspicuously.
- The capital paid with currency credits and technology should be stated with the type and amount of said considerations detailed.

April 17, 2021

Type of Shares	Authorized Capital					Remarks
	Outstanding Shares			Unissued Shares	Total	
	Listed	Unlisted	Total			
Registered Common Stock	1,504,880,998	—	1,504,880,998	495,119,002	2,000,000,000	

(II) Shareholder Structure

April 17, 2021

Shareholder Structure Quantity	Government Agency	Financial Institutions	Other Legal Person	Individual	Foreign Institution and Foreigners	Total
Number of People	2	8	341	76,841	456	77,648
Shareholding	12,730,355	8,205,746	760,061,890	495,322,769	228,560,238	1,504,880,998
Shareholding Ratio (%)	0.85	0.54	50.51	32.91	15.19	100

Note: The first listed (OTC) company and emerging company should disclose the percentage of the shares held by Chinese investors. Chinese investors refer to the people, legal persons, groups, and other institutions in China as stipulated in Article 3 of the “Regulations Governing Permission for People from the Mainland Area to Invest in Taiwanor” or the invested companies of theirs in a third region.

## (III) Equity Dispersion

April 17, 2021

Shareholding Bracket	Number of Shareholders	Shareholding (Shares)	Shareholding Ratio (%)
1 to 999	17,189	5,347,525	0.36%
1,000 to 5,000	42,654	93,006,621	6.18%
5,001 to 10,000	8,511	64,419,479	4.28%
10,001 to 15,000	3,099	38,826,961	2.58%
15,001 to 20,000	1,620	29,517,303	1.96%
20,001 to 30,000	1,555	39,296,827	2.61%
30,001 to 50,000	1,281	50,929,175	3.38%
50,001 to 100,000	938	67,108,157	4.46%
100,001 to 200,000	426	59,699,618	3.97%
200,001 to 400,000	180	50,421,051	3.35%
400,001 to 600,000	68	33,216,595	2.21%
600,001 to 800,000	26	18,088,516	1.20%
800,001 to 1,000,000	22	19,470,977	1.29%
1,000,001 and above	79	935,532,193	62.17%
Total	77,648	1,504,880,998	100.00%

(IV) List of major shareholders: List all shareholders with a stake of 5 percent or more, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

Name of Major Shareholders	Shares	Shareholding	Shareholding Ratio (%)
Ruentex Industries Ltd.		386,766,036	25.70
Huei Hong Investment Co., Ltd.		111,382,245	7.40
Yi Tai Investment Co., Ltd.		64,755,174	4.30
Changchun Investment Co., Ltd.		58,268,791	3.87
Ruen Hua Dyeing & Weaving Co., Ltd.		22,793,262	1.51
Yingjia Investment Co., Ltd.		18,405,792	1.22
Vanguard FTSE Emerging Markets ETF Special Account, JPMorgan Chase		15,966,270	1.06
Standard Chartered in Custody for iShares MSCI Taiwan ETF		15,739,614	1.05
PGIA Integrated International ETF in Custody of JPMorgan Chase		14,449,417	0.96
Norges Bank Investment Special Account, CITI Bank (Taiwan)		14,152,180	0.94

(V) Price per Share, Net Worth, Earnings, and Dividends for the Last Two Years Unit: New Taiwan Dollars

Item/Year		2019	2020	By April 17, 2021
Market Price per Share	Maximum	49.25	55	54.8
	Minimum	39.20	30	38.5
	Average	44.26	43.36	44.59
Net Value per Share	Before Distribution	80.63	75.92	—
	After Distribution	53.09	— (Note 4)	—
Earnings per Share	Weighted Average Shares (1,000 Shares)	1,454,762	1,454,762	—
	Earnings per share Before Retroactive Adjustment	6.23	5.88	—

		After Retroactive Adjustment	—		—
Dividends per Share	Cash Dividends		1	1(Note 4)	—
	Stock Dividends	Stock Dividends From Earnings	5	4(Note 4)	—
		Stock Dividends From Paid-in Capital	—	—	—
	Accumulated Unpaid Dividends		—	—	—
Return on Investment Analysis	Price-to-Earnings Ratio (P/E Ratio) (Note 1)		4.73	7.37	—
	Ratio of Dividends (Note 2)		44.26	43.36(Note 4)	—
	Cash Dividend Yield Rate (Note 3)		2.26	2.31(Note 4)	—

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

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

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

Note 4: The 2020 earnings distribution was approved by the Board of Directors on March 26, 2021. According to the Company's Articles of Association and relevant laws and regulations, cash dividend is distributed at NT\$1 per share and stock dividend is distributed at NT\$4 per share. The aforementioned proposal is subject to the resolution of the AGM.

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

## (VI) The Company's Dividend Policy and Implementation

### 1. Dividend Policy:

The Company's net income, if any, should be applied to pay taxes and make up for losses, and then 10% should be appropriated for legal reserve. In addition, special reserve will be appropriated or reversed according to laws and regulations. The remaining amount, if any, plus the undistributed earnings-beginning will be available for distribution according to the proposal of the Board of Directors, which should be reserved or distributed according to the resolutions reached in the Shareholders Meeting.

### 2. Implementation:

With respect to the Company's Articles of Incorporation and related laws and regulations, the profit distribution for 2020 includes NT\$1,504,880,998 (NT\$1/share) for cash dividend and NT\$6,019,523,990 (NT\$4/share) for stock dividend. After the approval by resolution of the Board of Directors, the said proposal should be approved at the 2021 AGM.

## (VII) The impact of the stock dividends proposed in the current Shareholders Meeting on the Company's operating performance and earnings per share:

Item	Year	2021 (Estimated)
Beginning paid-in capital (unit: NTD)		15,048,809,980
Stock/ cash dividend distribution in the year	Cash dividend per share (unit: NTD)	NT\$1
	Capital increase by earnings, allotment of shares per share	0.4 shares
	Capitalization from capital reserves, allotment of	-



(Note 1)	shares per share	
Changes in operating performance	Operating Profit	Not applicable (Note 2)
	Increase (decrease) ratio of operating profit over the same period of previous year	
	Net profit after tax	
	Increase (decrease) ratio of net profit over the same period of previous year	
	Earnings per share	
	Increase (decrease) ratio of EPS over the same period of previous year	
	Annualized ROI (inverse of annualized P/E ratio)	
Pro forma EPS and P/E ratio	If converting the capitalization from earnings entirely to cash dividend allotment	Pro forma EPS
		Pro forma annualized ROI
	If no capitalization from capital reserves	Pro forma EPS
		Pro forma annualized ROI
	If no capitalization from capital reserves and converting the capitalization from earnings to cash dividends allotment	Pro forma EPS
		Pro forma annualized ROI

Note 1: The dividend distribution for the 2020 earnings has been approved by the Board of Directors' meeting on March 26, 2021, and is pending the resolution of the shareholders' meeting.

Note 2: Not applicable to the Company, since it does not announce publicly the financial forecasts, according to 1 February 2000, Tai.Chai.Chen (I) No. 00371.

#### (VIII) Remuneration to Employees and Directors

1. The percentage or scope of remuneration to employees and directors stipulated in the company's Articles of Association:
  - (1) According to the Company's Articles of Association, 0.3% - 5% of the net income before taxes and before deducting remuneration to employees should be appropriated as remuneration to employees according to the Articles of Association. If the Company has accumulated losses, an equivalent amount from the profit earned shall be reserved to make up for losses.  
The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
  - (2) The remuneration to directors is not stipulated in the Company's Articles of Association.
2. The accounting treatment for the difference between the estimation basis of the estimated remuneration to employees and directors in current period, the basis for the calculation of stock dividends to employees, and the actual distribution amount from the estimated amount:
  - (1) Please refer to (VIII) 1. for the estimation basis of the estimated remuneration to employees and directors in current period.
  - (2) The accounting treatment for the difference between the actual distribution amount and the estimated amount: It is regarded as a change in accounting estimate and is included in the profit or loss of the actual distribution year.
3. The distribution of remuneration resolved by the Board of Directors:
  - (1) Remuneration to employees and directors paid in cash or with stock dividends. If it is different from the estimated amount of the expense recognition year, the difference amount, cause, and treatment

should be disclosed:

A. It is estimated at an amount equivalent to 0.3% of the net income of 2019. The distribution of earnings was resolved by the Board of Directors on March 20, 2020. The 2019 remuneration to employees is NT\$29,069,000 to be paid in cash.

B. There is no difference between the distributed amount and the estimated amount.

Unit: New Taiwan Dollars in Thousands

Distribution	Current Year (FY2020)				
	Estimated Amount in the Expense Recognizing Year	Distribution Amount Resolved by the Board of Directors	Difference	Reason for Difference	Handling
Remuneration to Employees in Cash	29,069	29,069	No	No	No

(2) The amount of stock dividends distributed to employees and their ratio to the net income and total remuneration to employees on the only and Individual Financial Report: There is no distribution of stock dividends to employees in this year, so it is not applicable.

4. The actual distribution of remuneration to employees and distributors in the previous year (2019) (including the number of shares distributed, amount, and stock price), and if it is different from the recognized remuneration to employees and directors, the amount of difference, the cause, and the handling of the difference should be detailed: Unit: NT\$ Thousand

Distribution	Last Year (FY2018)				
	Estimated Amount in the Expense Recognizing Year	Distribution Amount Resolved by the Board of Directors	Difference	Reason for Difference	Handling
Remuneration to Employees in Cash	20,248	20,248	No	No	No

(IX) Stock shares repurchased by the Company: None

II. Corporate bond issuance: None

III. Preferred stock issuance: None

IV. Disclosure in Relation to Depository Receipts: None

V. Employee stock warrants issuance: None

VI. New restricted employee shares issuance: None

VII. New shares in connection with a merger or acquisition, or new shares in connection with acquisition of another company's shares:

(I) In the most recent year and as of the Annual Report printing date, the Company has completed the acquisition or transfer of shares of the Company to issue new shares: None

(II) In the most recent year and as of the Annual Report printing date, the acquisition or transfer of shares of the Company to issue new shares resolved by the Board of Directors: None

VIII. Fund implementation plan:

(I) Project Content:

The previous issuance of securities, outstanding private placement of securities, or the issuance of private placement of securities have been completed in the last three years without significant effect resulted: None

(II) Implementation Situation: Not applicable

# Five. Operational Overview

## I. Business Content

### (I) Business Scope

#### 1. Main content of the business:

- (1). E801010 Interior decoration business.
- (2). F111090 Building materials wholesale business.
- (3). F211010 Building materials retail business.
- (4). H701010 Residential and building development rental business.
- (5). H701040 Specific business area development.
- (6). H701060 New towns and new community development business.
- (7). H701070 Land expropriation and city rezoning agency services.
- (8). H701080 Urban regeneration and reconstruction business.
- (9). H703100 Real estate leasing business.
- (10). F108031 Medical equipment wholesale business.
- (11). F208031 Medical equipment retail business.
- (12). F108011 Chinese medicine wholesale business.
- (13). F108021 Western medicine wholesale business.
- (14). F208011 Chinese medicine retail business.
- (15). F208021 Western medicine retail business.
- (16). F101081 Wholesale of Plant Seeds.
- (17). F201061 Seedlings retail business.
- (18). F201061 Vaccine import and export business.
- (19). H704031 Real estate agency and brokerage business.
- (20). F401181 Weighing instrument input business.
- (21). F101040 Livestock and poultry wholesale business.
- (22). F101050 Aquatic products wholesale business.
- (23). F101070 Fishing gear wholesale business.
- (24). F101130 Vegetable and fruit wholesale business.
- (25). F102020 Edible oil wholesale business
- (26). F102030 Tobacco and wine wholesale business.
- (27). F102040 Beverage wholesale business.
- (28). F102050 Tea leaves wholesale business.
- (29). C104020 Baking and steamed food manufacturing business.
- (30). F102170 Food and goods wholesale business.
- (31). F102180 Alcohol wholesale business.
- (32). F103010 Feed wholesale business.
- (33). F104110 Fabrics, clothing, shoes, hats, umbrellas, and garment wholesale business.
- (34). F105050 Furniture, bedding, kitchen utensils, and furnishings wholesale business.
- (35). F106020 Daily necessities wholesale business.
- (36). F106030 Mold wholesale business.
- (37). F106040 Water containers wholesale business.
- (38). F106050 Ceramic glassware wholesale business.
- (39). F107010 Paint and coating materials wholesale business.

- (40). F107020 Dye and pigment wholesale business.
- (41). F107030 Cleaning supplies wholesale business.
- (42). F108040 Cosmetics wholesale business.
- (43). F107190 Plastic film and bag wholesale business.
- (44). F109070 Culture, education, musical instruments, and recreational products wholesale business.
- (45). F112040 Petroleum products wholesale business.
- (46). F113020 Electrical appliances wholesale business.
- (47). F113060 Measurement wholesale business.
- (48). F114040 Bicycles and their parts wholesale business.
- (49). F115010 Jewelry and precious metals wholesale business.
- (50). F115020 Ore wholesale business.
- (51). F116010 Photographic equipment wholesale business.
- (52). F201010 Agricultural products retail business.
- (53). F201020 Livestock products retail business.
- (54). F201030 Aquatic products retail business.
- (55). F202010 Feed retail business.
- (56). F203010 Food and goods and beverage retail business.
- (57). F203020 Tobacco and alcohol retail business.
- (58). F203030 Alcohol retail business.
- (59). F204110 Fabrics, clothing, shoes, hats, umbrellas, and garments retail business.
- (60). F205040 Furniture, bedding, kitchen appliances, and furnishings retail business.
- (61). F206020 Daily necessities retail business.
- (62). F206040 Water containers retail business.
- (63). F207030 Cleaning supplies retail business.
- (64). F207050 Fertilizer retail business.
- (65). F207080 Environmental drug retail business.
- (66). F208040 Cosmetics retail business.
- (67). F207190 Plastic film and bag retail business.
- (68). IZ06010 Tally packaging business.
- (69). F209060 Culture, education, musical instruments, and recreational products retail business.
- (70). F215010 Jewellery and precious metal retail business.
- (71). F301010 Department store business.
- (72). F301020 Supermarket business.
- (73). F399010 Convenience store business.
- (74). F501030 Beverage store business.
- (75). F501060 Restaurant business.
- (76). G202010 Parking lot business.
- (77). F401021 Telecom control RF equipment import business.
- (78). ZZ99999 Except for charter business, business operations not prohibited or restricted by law.

## 2. Business Ratio:

Product Item	2020	
	Revenue	Ratio
Construction Business Department	13,454,345	70.50%
Commercial Real Property	1,803,388	9.45%
Building Materials Division	2,299,690	12.05%
Wholesale Business Department	1,054,565	5.53%
Other Business Operation Department	472,601	2.48%
Total	19,084,589	100.00%

## 3. The Company's current products, service projects, and new products and services planned for development:

The Company's main business, in addition to land development and investment in the construction of residents, villas, and commercial buildings, and investment in the elderly care business, is to carry out mid-term and long-term land development, such as, urban regeneration, urban planning changes, land change, leisure, MRT joint development, station OT/BOT and commercial real estate development, development of specific areas, surface rights setting for public projects, etc., and it actively plans to cooperate with Ruentex Group to implement diversification, such as, cooperation in MRT joint development and station OT/BOT projects, actively operating commercial real estate development and introducing department store business, through joint development of the MRT and the BOT station traffic line to connect to the Taipei City commercial center and to have local representative buildings emerge. The Company is committed to substantiating the service concept of "letting the house take care of people, rather than having people to take care of the house," continuing to innovate research and development, to diversifying product development with more excellent product planning, construction, and service quality, and to generating more profits.

In terms of building materials business, in response to the global climate change and the awakening of environmental protection awareness, we will continue to optimize new cementitious materials and non-calcium cement in order to save energy and reduce carbon emissions. In addition, with the improvement of living standards and the denser population of the metropolitan area, the residential pattern tends to be denser and stratified, which makes the impact of floor noises between the upper and lower tenants worse, thus reducing the quality of the living environment. The development of indoor noise-reducing floor mortar is planned to enhance living quality.

In addition, in terms of retail and wholesale business, the focus is mainly on operating shopping malls, self-operated counters, and selling a wide variety of products that are closely related to food, clothing, and housing. In the future, we will continue to develop our own branded products and introduce new international products to create more brilliant achievements.

## (II) Industry Overview

### (1) Construction Business

#### A. Current Status and Development of the Industry

Global economy has recently been severely impacted by the COVID-19 epidemic, with the decline in consumption and investment momentum, and the rapid cool down in manufacturing and trade activity. Due to the travel restrictions among countries, the economic activities shut down seriously, labor market shrunk, and the prices of international raw materials fluctuated low. All of which have led to a sharp decline in global trade and investment momentum and struck the global economy badly; the economic performance of global economies in the third quarter of 2020 has shown signs of recovery as the epidemic in the northern hemisphere gradually subsided when it turns into summer and the relief policies of governments have worked. Coupled with the pharmaceutical companies released their vaccines one by

one in the fourth quarter, the global economic outlook has previously been expected to gradually improve. However, due to the continuous occurrence of virus mutation in various countries which led to the recent resurgence of the epidemic, and the high cost and storage and transportation problems of vaccines are still unresolved, the economic recovery is still full of uncertainties. It is expected that the economy will not return to its glory prior to the epidemic until 2020. Domestically, benefit from the expanding production capacity of the returning Taiwanese businesses, the effects of international order transferring and the equipment purchase of domestic technology majors due to the U.S.-China trade war, the return of domestic-demand Taiwanese businesses driven by the forward-looking plans, the effectiveness of government's implementation of revitalization measures and the industry's promotional strategies, as well as the remarkable results of Taiwan's epidemic prevention and the normalcy of the people and economy, the adverse impact of the general environment was offset. The economy stood out in the fourth quarter of 2020 with an estimated economic growth rate of 4.94%. The Department Statistics of the Ministry of Finance announced the second highest tax revenue in the history of the country at NT\$2,398.7 billion last year, because of the booming exports, private consumption is also better than expected, offsetting the slowdown in the international economy.

The House and Land Transactions Income Tax became effective in 2016. Under the burden of double taxation on housing, housing market kept low. The transaction volume started to recover in 2017 and all the way to 2018; in 2019, thanks to the in-pouring property handover by the year end, coupled with the rising purchase of residential house, the number of transferred buildings exceeded 300,000. The number even climbed to 326,000 for year 2020. The balance of mortgage loans in December of the same year reached NT\$8,042.3 billion, surging by NT\$93 billion from November, with the annual growth rate of 8.5%, the largest increase since January 2007. The balance of real estate development loans, reflecting the confidence of developers, also came to NT\$2,461.2 billion, an annual increase of 17.52%, also continued to hit a new high since September 2011.

There are seven reasons for this boom after analyzing: I. Hot money: owing to the unlimited QE driven by the epidemic, economies released astronomical amounts of money, the United States again passed a stimulus package of up to 1.9 trillion dollars in March 2021; II. Mortgage interest rates: currently at a low level of 1.35%, the average monthly burden of homeowner for principal repayment and interest has been reduced by about 20% compared to 2018; III. Stock market: the TWII hit a new record high of 16,579 points, which jumped from a low of 8,523 to 16,579 in just 11 months; IV. The returning Taiwanese businesses: return of Taiwanese business and capitals, drove up a huge flow of talent and fund flow back to Taiwan; V. Land: land prices in all counties and cities in Taiwan have reached record highs, with each ping in downtown Taipei often costing tens of millions of Taiwan dollars and each ping in the phase seven rezoning district in Taichung surging to NT\$3.5 million; VI. Construction costs: With the crazy needs for construction workers and the pricing surge in raw materials across Taiwan, steel prices have risen by about 25%, ready-mixed concrete by 10-15% per cubic meter, and wages for formwork and rebar tying workers have jumped about 50-60%, resulting in a 20% to 30% increase in overall construction costs; VII. Economic growth: The DGBAS has just raised its forecast economic growth rate to 4.64% in 2021, a record high in the past seven years. The QE funds and the large amounts of returning capital from Taiwanese businesses have pushed up the stocks and real estate markets in Taiwan. The wealth effect brought up by the sharp rise in asset prices has further boosted consumption, therefore the inevitable inflation is already brewing.

In order to prevent the housing market overheat, the Central Bank passed the Executive Yuan's draft amendment to the House and Land Transactions Income Tax Version 2.0 in the first quarter of 2021, mainly to curb short-term speculation in housing prices. It will lengthen the definition of holding period for "short-term transactions" that are subject to heavy taxation, so that the sale of premises within 2 years of ownership will be taxed at 45%, and the sale of premises held for more than 2 years but less than 5 years will be taxed at 35%. The tax will also apply to pre-sale and

specific equity tradings, and will apply retroactively to real estate acquired since 2016; Moreover, the number and amount of loans granted by local banks to high-priced properties increased last year compared to the previous year. The rising prices of luxury properties are likely to have a spillover effect to drive up neighboring property prices, and if the housing market turns around, the lending risk is higher. Stricter loan terms should be applied to luxury properties. Thus, the Central Bank will lower the maximum LTV ratio for the purchase of luxury homes by natural persons from 60% to 55% , and from 60% to 40% for the maximum LTV ratio for high-priced homes above the fourth home. Maximum LTV ratio for the purchase of residential homes by corporate entities will be lowered 40%. Maximum LTV ratio for the purchase of the third residential homes by natural persons will be lowered from 60% to 55%, and that above the fourth homes will be lowered to 50%. These LTV restrictions indicate that the government wants to use the restrictions on higher-priced products and multiple homeowners to hold back the growth of other mid-priced housing.

Overall, with abundant capital supply, future housing market development is promising, and the growth momentum is sound. In the macro environment, both capital abundance and low interest rate can secure the housing market from decline. The investment of returning overseas Taiwanese businesses further brings more imagination to the market. In terms of policies, the government emphasizes that the policy of House and Land Transactions Income Tax Version 2.0 is to "anti-speculation," not "anti-housing," which still has a positive impact on the housing market. In addition, with the gradual rebound in the number of property transferred, it indicates a strong confidence in buying a home and the expectation of the housing market in 2021. In addition, due to the government's promotion of urban planning, the land supply market for real estate is gradually moving toward three directions: urban re-generation, landowner joint construction, and dangerous and old building renovation. Among them, the number of applications for dangerous and old buildings reached 1,646 in 2020, about three times as much as 2019, is the most significant growth, which will be another momentum for the housing market.

#### B. Relevance of the Up-stream, Mid-stream, and Low-stream of the Construction Industry:

Over the past decade or so, although the housing market has played an essential role in Taiwan's economic growth as time goes by, with the gradual rise of the productivity of other industries, the industrial influence of the productive value and contribution of the housing industry has diminished. As the reality industry is a domestic-demand-led industry unaffected by changes in foreign countries, and the output value of service grows reversely, it still brings positive contribution to economic growth. As the pace of supply-demand adjustment is rather slow in the housing market, either the realtor's short-term optimistic expectation or government intervention will easily result in overproduction. Take the government's active market control for example, limiting the percentage of mortgage and raising the housing tax, land value tax, and property stocking tax can effectively suppress housing price escalation and reduce the number of short-term house flippers to put the housing market back on the right track.

The construction industry covers architectural development, construction, building materials, real estate brokerage, construction consultants, construction finance related services, and related professional industries. The development and operation of buildings must be classified by the investment, production, trading, intended use, etc. into an up-stream, mid-stream, and low-stream supply with an overall industrial activity system constituted.

The main raw materials for the upstream of the construction industry are land and building materials. The acquisition of land can be achieved through the sale or joint construction of private landlords, or the redevelopment of old residential communities by urban renovation procedures, and the acquisition of state-owned non-public sites

through government auctions. Building materials are purchased from professional suppliers or factories.

The mid-stream of the construction industry is the most critical core value in the construction industry chain, mainly for investment and production. The former as stated in the preceding paragraph, such as, land developers, financial institutions, and consultants providing professional information and financing related to building development. The latter as stated in the preceding paragraph includes architects, construction managers, construction companies, and builders providing product positioning, construction planning, construction and engineering management, and other related services.

The downstream of the construction industry is traditionally for sales and after-sales service. The main economic activities are for trading and intended use. The former, such as, the construction company's sales department, agency sales and brokers, provides professional services, such as, advertising and sales; the latter includes the construction company's warranty department, property management company, or consulting industry providing product warranty, maintenance construction, property management, and other related services.

### C. Product Development Trends and Competition Situation:

The overall housing market in 2021 will remain the same trend as in 2020, moving up step by step, with prices and volumes expected to be flat or even slightly higher than last year. However, the government will use the House and Land Transactions Income Tax Version 2.0 to curb the overheating of the housing market, there are also hidden worries about the excessive number of projects offered in the same area. The biggest change facing the construction industry in the second half of 2020 is that with the return of capital from Taiwanese companies, the supply of materials and manpower for plant expansion is in short supply, and both raw material and manpower costs are on the rise. This wave of cost regulation will even change the traditional rhythm of project promotion, and will be replaced by the way of building first and selling later, with complete actuarial costing and profit assessment, in order to protect the profit margin.

Currently, the market is still dominated by the demand of owner-occupiers, and price is the main consideration of this group. Small-to-medium-size completed and pre-sale objects and low-price new projects are expected to remain the major products for this year. Alongside with the return of overseas Taiwanese businesses, the move-up and property purchase groups will join the market to help consume medium-to-large-size objects and luxury housing this year.

The government tried to activate the real estate market. Apart from adjusting the housing tax and land price tax, it promoted the construction and acceleration of housing for the younger generation. The policy will help to stabilize the transaction volume. Considering the needs of the younger generation in buying a residential house, the application for mortgage loan for young buyers of real estate is extended and the implementation of the urban regeneration policy for old buildings is accelerated to promote the increase and stabilization of transaction volume. The housing tax will be revised towards the direction of low self-occupying tax, and the housing market will return to the fundamentals.

As consumers pay more attention to quality living, building constructors strive to have products planned with humanization and refinement. In terms of space utilization, they also focus on the practicality and diversity of functions. The recent housing market is subject to the actual prices practice; therefore, construction of mid-size and small-size "self-occupied houses" is increasing. Among them, the green building label and related energy-saving building certification will become an important feature affecting housing prices; also, it is the most important factor to measure the competitiveness of the manufacturer, to obtain customer satisfaction, and to establish brand reputation.

Although there are ups and downs in the epidemic, fortunately, our country has



the experience of SARS, and the effectiveness of the advanced deployment of epidemic prevention is evident to all the people. As a result and together with the hot money from the returning capitals and Central Bank's interest rate cut, the housing market in 2020 has gone from an unstable state in the first half of the year, to a glory everywhere in the second half. It has not only accelerated the decision of the basic customer group with rigid demand, but also prompted some of the owner-occupiers who bought homes in 2017-2018 to become profitable investors. The atmosphere of housing market speculation seems to be on the rise again.

As the COVID-19 pandemic spreads in 2020, the Central Bank directly cuts the interest rate by 0.25%, reminding the public of the interest rate cut by the same level during SARS in 2003. In fact, there were 11 interest rate cuts between 2000 and 2011 and two in 2002, with the interest rate of home mortgage falling all the way down from 7% to below 3%. Alongside with the opening for foreign investments in estate in 2003 and other tax incentives, the government gradually revived the housing market by attracting capital to the housing marketing through various channels. The COVID-19 epidemic in 2020 did not bring about a panic sale, with overall housing prices holding steady and transaction volumes narrowing in the first half of the year, while overall housing prices rose and transaction volumes exploded in the second half of the year. The housing market is expected to remain growing in volume and moderate in price this year. Despite the inevitable House and Land Transactions Income Tax Version 2.0, considering all together the current epidemic, the new tax system and the loan ratio, we are still optimistic about the future of the housing market. It is expected that the purchase in consuming market will be slightly delayed, and there will even be a panic buying probably. There is still a good chance for Taiwan's housing market to continue rebound steadily in 2021, regardless of price and volume.

As for the housing market outlook for 2021, overall, the housing market has undergone a correction for more than four years, and with the returning capitals and lower interest rates, transaction volumes are slowly picking up everywhere. Although COVID-19 epidemic may still be the black swan that affects the housing market performance in 2021, the epidemic itself has relieved slightly as vaccines are developed and people around the world are aware of the seriousness of the virus. Instead, the post-epidemic capital tide has resulted in a slightly overheat in land supply, pre-sales and completed housing market, where prices are increasing. However, builders still need to evaluate actively, and seize the opportunity to cooperate with landowners in a joint construction manner to increase their land inventory, as long as the land is in a good location.

## (2) Building Materials

### A. Current Status and Development of the Industry

Cement is the material for infrastructures in life. Government public constructions and private constructions all need a great deal of cement. It is a mature industry with steady demand. The cement industry in Taiwan features the following: it is capital intensive, domestic sales-oriented, fundamental for daily life and national defense, and it is also an industry featuring continuous production and manufacturing.

### B. Correlation Among the Upstream, Mid-stream, and Downstream of the Cement Industry

The upstream of the cement industry includes quarrying for the supply of silicon sand and clay materials, non-metal mining for the supply of natural gypsum and limestone materials, iron and steel smelting for the supply of iron cake and hearthstone materials, coal-fired power generation for the supply of cinder and secondary gypsum materials, as well as supportive industries such as collaborative electricity supply, fuel supply, railway transport, automobile transport, and water transport. The downstream that directly requires a supply of finished cement products includes ready-mixed concrete, cement products (such as concrete pipes,

cement bricks, and prefabricated elements, among others), and construction.

### C. Product Trends and Competition

In addition to cement products, there are processed products containing cement. Cement is one of the products used for industrial purposes, and is provided to concrete premixing plants in compliance with performance specified in national standards. Cement products are not only steady and highly reliable in terms of quality. Reduced consumption of energy during production and raw material replacement are the future goals. In terms of reduced consumption of energy during production, in the future, efforts will be focused on precise use of energy/CO<sub>2</sub> output trial calculation, introduction of high-performance grinding aid solutions, and introduction of alternative fuels, among others. In addition, as far as raw material replacement is concerned, the type of alternative raw materials shall be established, and laws and regulations allowing such replacement, practices, and benefits shall be confirmed. The development as a whole is aimed at integrating environmental protection and energy conservation, and processing and re-utilizing business byproducts, taking care of both the capital threshold and the technical threshold. As for product development not under standard regulations, the focus in the future will be LOHAS products and development of construction techniques and machinery. Such LOHAS products include cement products that can prevent radiation, regulate humidity, are sterile, and can keep warm along with construction machinery in order to lead on the market.

### (III). Technical and Research and Development Status

Over the past few years, Ruentex Development Co., Ltd. has been developing good land lots by constantly introducing innovative approaches that are unprecedented in the construction industry. The purpose is to fulfill the mission of the construction industry - to build the good house of the general consumers' dreams. We demand much from ourselves with multiple indicators such as rigid quality, cost effectiveness, and quick lead time while planning quality residential and commercial projects and providing vertically integrated professional services, accomplishing the utmost customer satisfaction and becoming a "value creating" team that is capable of not only innovation, research, and development, but also creating maximum value added for the land and the residents.

Members on the professional team are specialists in electrical and mechanical engineering, civil engineering, machinery, and materials. They meet on a weekly basis for research and development meetings and are devoted to the research and development of innovative techniques for various tasks, not only correcting the shortcomings of the traditional construction industry, namely labor intensity, waste of materials, and environmental pollution, but also significantly shortening the duration of construction and significantly improving quality of construction at the same time. Meanwhile, the multiple patent rights that Ruentex and its subsidiaries own are proof that its construction technology level is well recognized internationally. The symbolic differentiated construction approach, in particular, is prioritized to be applied in our construction planning, including one-piece stirrup, spiral stirrup, the NUL complex wall method, energy-saving insulation materials, and energy reducing composite sound insulation floors, among others. Cost devoted to research and development by the Company and its subsidiaries in the most recent year up to the date the Annual Report was printed:

(expressed in NT\$ thousand; %)

Item	2020	March 31, 2021
Annual R&D Expenditures (A)	60,690	14,479
Annual Revenue (B)	14,468,066	4,627,426
(A/B)	0.42%	0.31%

Note: Self-assessed financial data of the previous quarter by the date of annual report publication.

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

Short-term Plan: In terms of construction, in light of the current capital size, human resources, and investment return, and capital turnover efficiency of the Company, short-term business development is still focused on investing in the construction and sale of various select quality projects in the greater Taipei area with conditions such as close to MRT stations, better school districts, and having good transportation and living facilities. In addition to accomplishing optimal operational benefits, budget system, audit system, and strict control over cost and expenditure/income, and gradually increasing the ratio of self-owned funds are applied to normalize the financial structure and secure the operational base so that the Company can continue to constantly grow and create maximum profits for its shareholders.

In terms of building materials, continuous efforts are made to strengthen R&D capabilities and further differentiate ourselves from the competition. There is a proposal incentive to encourage colleagues to make proposals on how to improve management, equipment, and cost. The market share is increased and ratios of channels are stabilized so that shipping and unit prices can remain steady. We are seeking opportunities to undertake large government construction projects and increase the ratio of high-gross profit products in sales.

In the retail and wholesale business, by the end of 2019, CITYLINK had four stores, including CITYLINK Nangang, CITYLINK Songshan 1, CITYLINK Songshan 2, and CITYLINK Neihu. Faced with fierce competition on the retail market, for shopping malls, the short-term emphasis is placed on strengthening the operational composition of existing stores. The plan is primarily as follows:

(1) Branding adjustment: In the face of the upcoming grand opening of the more than 30,000 pings mega shopping center, Mitsui lalaport, in 2023, the Nangang store has accelerated its pace of adjustment after the strategic introduction of Tuztaya Bookstore at the end of 2019, and has shown the results of the renovation under the epidemic in 2020. The Songshan store will also keep adjusting its business types in response to the changes of commercial district shifts. The Neihu store will continue to cultivate the community-type fine shopping mall

(2) Emphasis on Differentiated Marketing: Unlike traditional promotions that emphasize getting a hundred dollars in return for every thousand dollars spent, CITYLINK hopes to constantly hold events that are widely discussed; they will become talking points and create a check-in fad, attracting more people to the shopping mall and accordingly bringing about purchases and consumption.

In addition, in light of the constant developments of new technologies and the changing reading medium for consumers, it is important to market events related to the shopping mall taking advantage of new social media.

(3) Member Loyalty Management: Maintaining membership has always been very important work for all department stores and shopping malls. How to increase the number of members and their loyalty is often important for the marketing staff!

By 2020, all CITYLINK stores have accumulated over 280,000 members contributing to over 40% of the total sales, with a unit consumption price higher than non-members. In 2021, in addition to keep recruiting members actively, more topical and promotional events (including increasing free parking frequencies, raising the value of gift for purchases, and member-only specials and discounts) will be planned

to stimulate member purchases, increase their adherence, and enhance in-depth member management and interaction.

Long-term Plan: Looking ahead to the future, the Company will continue to use its core capabilities of “market insights, grasping the core operating techniques quickly and replicating the successful experience with a highly efficient team,” to dive into construction business or new-developed businesses. For the construction business, the Company will actively grasp the land development and joint construction opportunities in Taipei and New Taipei City and prioritizing large land areas, research and design residential products for first-time buyers or home replacement buyers who have rigid needs, hoping to utilize its patented techniques as a base to create more suitable all-age living plans. In terms of commercial real estate, the Company plans to invest part of its capital and cooperate with Japanese book store brand, to combine books and catering with comfortable space planning and design to create stable profitability for the company.

For building materials, on the other hand, the environmental industry is combined for cross-industry integration. Quality is advanced to provide cement products of steady quality. Innovation, research, and development are focused on high quality and diversified cement products. Building material products and techniques are advanced to integrate service providers. Overseas quality building materials are sold through dealerships taking advantage of integral qualification capabilities. Mainland China and the overseas market are included. Sales representatives are trained with their professionalism improved.

As far as retail and wholesale business is concerned, faced with a quickly changing market where consumers have increased likings for new things and tend to dislike old ones, in addition to securing current grocery sales, efforts shall also be devoted to maintaining long-term competitive advantages and growth strength through different strategies. The primary plan is as follows:

(1) Talent Development: Talent is the cornerstone of corporate management. By selecting the precise talent, training them, and rotating them, in addition to creating a desirable workplace and corporate culture, outstanding talent can be retained. In addition, particular attention is paid to the employees’ moral conduct and loyalty to the Company.

Outstanding employees not only will create optimal business performance but also can inspire and motivate other colleagues to form an optimal team that is able to fulfill new missions assigned by and demanded by the Company, and accordingly break new ground.

(2) Exploring Opportunities to Open New Stores: In addition to the operating performance from a single store, how to expand the market share and keep opening additional stores is important! By increasing the number of stores, it helps not only enhance brand awareness, but also increases negotiating chips with suppliers through cooperation with more brands. The sharing of costs among the stores forms a positive cycle for the operating performance to improve.

At present, all four CITYLINK shopping malls are located in Taipei City. In the future, they will reach out to important counties and cities in northern, central, and southern parts of Taiwan (New Taipei City, Hsinchu City, Taichung City, Kaohsiung City, etc.) once appropriate locations are found for additional stores.

(3) Optimizing and upgrading the Member APP: Provide consumers with more friendly user interface and experience by optimizing the existing member system. Utilizing big data to analyze consumers’ consumption models to facilitate more precise pushes!

Moreover, contact consumers more broadly and deeply via various social media groups, further build a more solid brand image and endeavor to develop toward online shopping.

## II. Market and Production/Distribution Overview

(I) Market analysis: Construction, construction materials, and retail warehouse are the three main business sectors of the company. The market analysis of these three sectors are as follows:

### 1. Construction:

#### A. Where products (services) are primarily sold to or provided.

Construction business of the Company for the past three years focused on residential elevator buildings or office buildings in Taipei City and New Taipei City where transportation is convenient, daily living functions are complete, and there is development potential in the future; the sales have been desirable.

#### B. Market Share:

In 2020, neither the US-China trade war nor COVID-19 epidemic have impacted the economic development. Instead, the returning Taiwanese businesses and capital to Taiwan have brought about the turning point to real estate industry. Despite the government's anti-speculation policies, it is expected that new policies only put psychological pressure on investment customers for a short term, and will have little impact on the overall housing market as owner-occupied demand remains steady. According to real estate agency statistics, the global economy was generally impacted by the COVID-19 epidemic last year. With the release of the vaccine and the finalization of the U.S. presidential election, uncertainties are gradually diminishing, coupled with the low base period of the economy in this year, the market expects the global economy to rebound and recover in 2021. However, if the rebound is weakened or delayed and the epidemic damages the economy worse, the global financial markets will be significantly shaken, which will in turn affect the performance of the housing market.

Besides, the US-China trade war continues and the effect of recent vaccination has not been realized. The price and volume development across Taiwan in 2021 will continue the trends in 2020. In the first half of the year, due to the epidemic and the government's anti-speculation policy, buyers will watch and the transactions volume will remain stable, but prices will still rise slightly. The price and volume developments will move toward a slight increase in transaction volume and a narrowed price increase.

The revision of the House and Land Transactions Income Tax and tax base expansion represent the government's main goal to combat speculation. After implementing a series of credit control policies, the results are expected to be achieved in this year. The price spike driven by pre-sales in the past will not be seen anymore, changing the market's expectation of the rising housing prices, which will gradually slow down and return the housing market to normal. The housing market will move toward a healthy and stable development.

#### C. Future Supply and Demand and Market Growth:

Although the number of house viewers has declined slightly after the launch of anti-speculation policy at the end of last year, the market expectation have instead helped owner-occupied buyers enter the market. Last year, the COVID-19 epidemic has struck the world, but due to the low interest rate and the continuous return of overseas Taiwanese capital, sellers have the psychology of expectation and high confidence, so few people were willing to down sales. The housing market have been back to stable in recent three to four years. This year, with the epidemic and housing prices not falling, buyers took advantage of the low interest rates to enter the market. Many Taiwanese businessmen who have suspended their trips abroad due to the epidemic and buyers who have plenty of cash on hand have been putting their money into the real estate market. There appeared a phenomenon of dual main force from rigid demand and investment buyers, and the housing prices are relatively supportive. It is expected that the bulls will still dominate the housing market in 2021. Under the government's long-standing policy push, real estate prices appear to be more attractive, relative to other assets, than they were at the beginning of last year, coupled with the expansion of investment scope by investors, both of which may drive more capital into

real estate market.

According to a survey conducted by My Housing Magazine, while the low interest rate environment is expected to be maintained in 2021 and the housing market is supported by the buyers with rigid demand, there are still a lot of indicative big projects that will be on the market this year. In Taipei City, the housing market this year can be described as a blossoming across the self-build projects, urban regeneration project, and dangerous and old building renovation projects. As the returning investment by Taiwanese businesses driving up demand for business offices, factories and land, external confounding factors are eliminated; monetary supply is increasing; the interest rate remains unadjusted; there are still plenty of funds available and the housing market have returned to the fundamentals. As the economy is expected to continue to grow and the overall economy is stable, by taking advantage of the long-term trend, we can expect to achieve better performance during the market period.

(A) Supply:

a. Completed Homes

As the transaction of houses recovered last year, buyers with rigid needs increased a lot. The housing market got back to normal market supply and demand mechanism, and the purchase momentum shall keep rising in this year. Thanks to the news of returning Taiwanese businesses and order transferring, the groups of first-time buyers and home exchange buyers are gradually returning to the market

Generally speaking, the price comparison effect of last year has gradually weakened, and the market remains in a consolidation pattern. In 2021, constructors with confidence in the housing market performance unanimously believe that the heat of 2020 will continue and are optimistic about the market. Estimates of constructors show that the annual project volume will keep rising, and more trends will push the overall market toward “increasing volume and slightly rising price.” Since the number of projects remains in a high level, both the number of residential constructions and building permits reach record high, adding up the amount of completed houses to be sold, market supply will increase, and the selling pressure will intensify in the coming two to three years, thus special attention must be paid to.

According to the statistics of Yungching Real Estate on their internal data, the transaction volume reached 326,000 in 2020, a seven-year high. Looking ahead to this year, the domestic economic monitoring indicator is showing yellow-red again in a decade, representing the economic momentum has prevailed the expectation, and the housing market momentum will be supported, as well as its performance can still be expected. It is observed that the number of house viewing remains stable at the beginning of this year, indicating that people's willingness to buy houses is not decreasing. As long as the global QE and low interest environment continues, and there are no significant changes in the domestic epidemic, the buying momentum is expected to continue. For the first quarter of this year, the housing market has a high possibility to outperform the same period last year.

B. Pre-sale Market

After the Central Bank's selective credit controls to curb speculation, owner-occupied demand has returned to dominate the market, and housing prices are expected to be flat to slowly rising in 2021. Although the Central Bank's anti-speculation at the end of last year has added certain variables to the housing market, prices of pre-sales and new projects continue to rise slowly due to the unresolved factors of rising raw material prices and labor shortages. The sales agent companies estimate that the transaction volume will not be better than that of last year under the impact of raw materials prices increase and labor shortage, but the price should rise slowly and the recovery shall remain. Last December, The Executive Yuan launched its anti-speculation measures against

speculators one after another. Although it did not affect the demand of general house buyers, some people did choose to wait and see due to the anti-speculation policy. However, the government's active combating speculation was beneficial to owner-occupiers and long-term investment buyers to enter the market. It is not bad to have the housing market develop in a healthy way. As for the volume of new projects this year, due to the severe labor shortage everywhere, in some area that have been impacted more in the cost, the builders may adopt the countermeasures of building while selling, or building first and selling later. Therefore, the annual number of projects still depends on market performance. As for the buying momentum, due to the market is dominated by owner-occupied demands, each region will perform case by case and areas with future development will maintain strong transactions. Under the domestic economy recovering steadily, coupled with capital injections to the market, the Taiwanese businesses returning and the increase in private investment, the outlook for the housing market this year is promising.

C. Commercial Real Estate Market (office supply, rent, and vacancy rate)

In the fourth quarter of 2020, the vacancy rate of Grade A office buildings in Taipei City was 4.5%, still at a low level. With the lack of office space available, leasing activities this season are still relatively flat. The overall supply for the whole year was only about 6,200 pings, which was the first time since 2009 that it has not reached 10,000 pings. The reason is that there is no new buildings to rent. Observe that during the current epidemic, the shared office has benefited from the flexible deployment of office space by the company, and its operation has been stable. Some tenants have also chosen to move from the A-level office building to a nearby shared office.

The rent levels in various districts remained stable for the second consecutive quarter. The city's average rent was NT\$2,600 per ping per month, with Xinyi District's highest rent being NT\$3,190 per ping per month. In the landlord market, the city's rents continued to maintain a certain level.

Outlook In the year of 2021, it is estimated that 38,500 square meters of new supply will be released in Taipei's A-level office market, but most of the new supply buildings will be used by financial groups. Although the new supply available for rent is still scarce, foreign businessmen tend to adopt a wait-and-see attitude as the global COVID-19 pandemic and uncertain economic environment continue. In the short term, leasing activities will continue to be slow down, so as rental growth.

The vacancy rate of the Xi-Hu section in the outlying areas increased to 8.9% from the previous quarter. The main reason was that the completion of the "Honghui Ruiguang Plaza" resulted in a temporary increase in the vacancy rate of the West Lake section, and the relatively high rents of the new building, as well as other buildings. The rents have been increased successively, pushing up the rent growth of the Xi-Hu section by approximately 2.1% to approximately NT\$1,470 per ping per month. The Wende section and Jiuzong section's rent level were kept flat at NT\$1,000 and NT\$940 per ping per month, respectively.

The new supply of the Xi-Hu section "Honghui Ruiguang Plaza" was released, and pre-tenant tenants will gradually move in in 2021. It is expected that with the rapid declining demand, the West Lake section still has room for a slight increase in rents. In 2021, due to the release of new supply in Jiuzong section, vacancies will increase, face pressure to eliminate, and rents will remain flat.

(B) Demand:

a. Completed Homes

According to realtors, last year's performance will continue in this year, featuring a steady market recovery, and there is no sign of deterioration. The sales at the beginning of this year were stable, similar to that of the last year. In general, small-to-medium-size units were sold more quickly. Apart from the location and product planning, the constructor brand has become another buying indicator of

consumers, suggesting that the constructor brand will be the key to hot sale of individual projects this year.

We should pay attention to government's anti-speculation policies for current housing market. Despite of the pandemic. However, the housing price will remain at flat, and housing market will return to the fundamentals and keep recovering in this year. The COVID-19 epidemic has not spread rapidly this year, and its impact on the domestic housing market is not as significant as that of SARS so far. The impact of the epidemic on the housing market will have to be further observed. Despite returning purchases last year, the slowly recovering trading volume due to price reduction in downtown new homes, the significant price-volume modifications in downtown areas of Taipei and New Taipei, the market returning to the fundamental side, less tax and relatively large room for price negotiation of second-hand homes that are likely to bring up the momentum, and the thick wait-and-see atmosphere in areas where supply is in excess resulted in investment-oriented purchases of new homes remaining at the price reduction section where price comparison occurs in the midst of price-slashing competition.

In 2021, the housing market will continue the pattern of owner-occupied resuming. It will be an year of owner-occupancy. However, under the atmosphere of the government fighting speculation, the housing market will be flat to slowly rising in 2021. The fundamentals of the real estate market remains relatively sound, since the trend of Taiwanese business returning and the plant expansion keep unchanged. When short-term property flippers were forced to leave the market after the basic supply-demand mechanism recovered in 2021, self-use home buyers will become the major support of the housing market. Houses with a small floor area that located near MRT stations in Taipei City or medium-to-small-sized houses around NT\$12 million to NT\$15 million are the primary targets for first-time purchasers. The total price remains the mainstream on the market. For the population that owns a high level of assets, on the other hand, they will select luxury homes located in prime sites that will appreciate and whose value will be retained.

## B. Pre-sale Market

The government is actively managing the housing market to prevent the speculation in housing market from resuming. Under a series of controls, housing market returns to the supply and demand fundamentals. Further sound housing policies will be introduced in 2021, which will influence the transactions of the housing market in 2021. Thus, the financial fluctuation, housing policies and market new supplies have become variables to the housing market in 2021. The transaction volume of this year will decline definitely due to the anti-speculation policy, which may also affect the prices. And after the government rolling out measures to curb housing prices, the investment buying tends to be conservative, or even put on hold.

Since the housing market is booming, many indicators have shown an increase in transaction volume, including land transaction booming, a record high number of construction projects started in recent years, and a seven-year high in the number of buildings transferred for sale, etc. However, the more than 30% increase of the number of transfer in the second half of last year also indicates that, the market demand grew a lot in a short term which drove up housing prices, or even brought up irrational speculation, and makes the government acted to curb the overheat. Looking ahead to year 2021, as the vaccination starts, the epidemic is likely to get stable, and global economy will start to recover. However, the low interest rate will remain in the short-term, and the housing market this year will continue the pattern of owner-occupied resuming in 2020, with owner-occupancy prevailing throughout the year.

The government policies are aiming at fighting speculation. After rolling out a series of policies, which are expected to be effective this year, the housing prices are expected to be "stable to slowly rising" and transaction volume is



expected to remain flat or increase slightly.

The housing market are gradually entering the traditional peak season. As the US-China trade war intensifies, the return of Taiwanese businesses can be sensed. Since the housing market accumulated a deferred buying momentum, builders have felt the active house viewing by buyers recently, after experiencing a period of wait-and-see market sentiment, but there is a gap between the price offered and their expectations. This year, the housing market in main metropolitan areas will continue the strong recovery from last year's bottoming, in addition to the low-price small houses, the rebound of the economy also makes the medium and large floor area houses active in all six municipalities, we will focus on first-time buyers and home exchange market in the future.

### C. Commercial Real Estate Market (office supply/lessee dynamics)

Under the influence of the COVID-19 pandemic at the beginning of the year, the real estate market was in an unstable situation in the first half of the year, and its performance was flat. However, in the second half of the year, driven by loose monetary conditions and considerable investment in the industry, the situation reversal and transactions were flourishing. In 2020, the annual growth rate of real estate transactions was 31.6%, of which the transaction amount in the third quarter accounted for 53.8%, which was the highest in the whole year. Almost all purchases in the whole year were domestic funds.

For self-use and investment buyers, the proportions were 53.7% and 46.3%. The self-use kinetic energy comes from the purchase of self-use factory buildings and workshops by the technology manufacturing industry, and the investment type comes from the financial and life insurance industry. The annual transaction value returned to the 100 billion mark, and the Hongpan closing station was NT\$126.7 billion, of which the transaction volume of factory buildings and workshops reached NT\$69.44 billion. The proportion of investment buyers has gradually increased for three consecutive years. The main contribution comes from the return of life insurance funds to the market. The annual investment amount is NT\$343 billion.

At the beginning of December, the Central Bank launched the housing loan reduction measures without warning, limiting the proportion of land purchase loans and surplus housing loans. The available funds for builders with excessive financial leverage are reduced. In the future, it will more accurately evaluate investment targets and reduce housing hoarding. However, the financial life insurance industry with abundant funds will continue to invest in commercial real estate, superficies and BOT cases. It is expected that the real estate market will continue to be stable in the year of 2021. Office buildings, factory buildings, and factories are still bright spots. Buyers remain highly interested in this type of transaction. In particular, the price of office buildings in Taipei City is expected to show an upward trend.

### (C) Growth Potential:

#### a. Housing Market

2021 will be a bulls year, but we need to pay attention to the government's anti-speculation policies. After all, the government's attitude can be deemed as a leading index. The Actual Price Registration of Real Estate 2.0 will be launched, whether buyers will delay their house buying decision is to be observed. In this year, the government will promote the legislative amendments in two stages, including provisions of the House and Land Transactions Income Tax and the House Tax. The policy variables will be an important observation item affecting this year.

Although the COVID-19 pandemic so far has not impacted domestic housing market significantly. Thanks to the return of overseas Taiwanese businesses, some indicative luxury housing projects started to be sold for

owner-occupancy or investment. With pressure from redundant homes that have accumulated in the past on the market, subsequent impacts on the market remain. Fortunately, the rigid demand from first-time purchasers and those wanting to change homes can still support part of the market. As long as there is not significant market shocks, the short-term trend of market price and volume will start from a stable price and volume contraction pattern.

The major factors affecting the housing market trend in 2021 include: stable supply-demand structure, economic stimulation by the interest rate cut of the Central Bank, and the economic revitalization measures adopted by the government to address the COVID-19 pandemic. It is expected that the housing market will return to the fundamental side where good products and good brands will continue to thrive. As an outlook of the housing market in 2021, a gradual recovery is seen after three years of corrections. Although the transaction volume increases slowly and the recovery has not yet thrived, after the house and land transactions income tax took effect to force property flippers to leave the market, the housing market will return to a robust development led by self-use buyers. The market will get rid of the situation that only medium and small floor area houses prevails. There will be an increase in the number of medium and large floor area housing designs in the metropolitan areas to attract the demand of the home exchange market.

b. Commercial Real Estate Market (Overall prospects on the commercial real estate market)

In 2020, the land market transaction volume was NT\$304.9 billion. Following the historical volume of NT\$314 billion in 2019, it has surpassed the NT\$300 billion mark for two consecutive years. Although the total amount of land transactions in 2020 did not surpass that in 2019, superficial rights set a new record of NT\$47.4 billion, of which the third World Trade Center and the Guotaiying area accounted for NT\$41.1 billion.

On the other hand, the breakthrough in land transaction records in 2020 was not in the transaction volume but in the unit price. More than half of the unit prices of the top ten land transactions in Taiwan have set a record high in the history of the same type of land in the local area. They are the ground rights of Nanshan Life Xinyi World Trade Center No. 3, Fubon Life's Da Nangang land, Global Life's Songshan Guotai Ying District ground rights, and Changhong Construction Tucheng Industry. Land, Yaxin Xinrun Haiyue co-purchased 6 pieces of land for Nangang Residential Building 3, and Xingfufa Taichung Phase 7 New 4 Land. In addition, Taoyuan, Taichung, Tainan and other places also have a number of land transaction unit prices that set a record high for the same type of land in the local area.

Looking forward to the housing market in 2021, the central bank cut interest rates due to the new crown epidemic in 2020, and the financial effect drove builders to actively hunt for land. The global epidemic caused the supply of raw materials and labor costs to continue to increase. Developers faced the continuous increase in land and construction costs. The future increase in housing prices is still inevitable.

In December of 2020, the Central Bank introduced policies such as tightening construction and surplus housing loans, which are expected to curb developers' hoarding of land and houses. The short-term commercial market transaction enthusiasm may also be affected by the overall atmosphere, but the policy is not aimed at commercial real estate. And it will help the healthy development of market transaction price and volume. If the key factors such as the good performance of the domestic economy, low interest rate environment, industry return capital momentum and sufficient real demand can be maintained, coupled with the continuous promotion of major construction by the government, it will be even more dangerous for the elderly. In terms of subject matter, commercial real estate products will still be a good place for market funds to seek

to maintain their value. It is expected that the performance of commercial real estate will remain stable in 2021.

#### D. Competitive Niche

- (A) Abundant operating funds and optimal debt credit.
- (B) Outstanding land development and project introduction capability.
- (C) Understanding the needs of the market and designing products rigidly.
- (D) Precise control over engineering quality, progress, and cost.
- (E) Excellent management to offer preferred customer service.
- (F) Unparalleled brand image.

#### E. Advantageous and Disadvantageous Factors for Future Developments as well as Response Measures

Benefiting from the injected capitals, Taiwan's housing market has been on the upswing over the past year. Looking ahead to year 2021, despite of the government's anti-speculation policies, housing prices will be rising gently, and the housing market performance will be outstanding in the region. In 2021, Taiwan housing market is in the midst of an environment with multiple factors, such as post US presidential election, US-China trade war and return of Taiwanese businesses. However, the government has been managing COVID-19 well which turns the crisis into a success, coupled with the return of overseas capitals and the confidence of house buyers continue to grow, driving the housing market upward.

In the past year, due to the outbreak of the epidemic, both money and people are trapped in the country, and the low interest rates also pushed market up. It is expected that the housing market will not be as hot as last year in 2021. Furthermore, the Central Bank rolled out four major measures to combat housing speculation, which led to a significant withdrawal of investment buying, and the market is likely to return to normal fundamentals. Therefore, the housing market is expected to be not overheated next year.

The housing market in 2021 has positive factors such as return of capital, capital easing and active transactions, but there are also variables such as anti-speculation policies and rising costs of materials and labor. If the problem of costs remains unresolved, there is no room for downward adjustment of housing prices.

In terms of housing market demand, domestic demand for owner-occupied and replacement homes is expected to continue to grow due to strong houses buying confidence and a low interest rate financial environment. Taiwan's excellent control on the epidemic will continue to attract Taiwanese businessmen to return and settle down, as well as foreigners. In terms of domestic economics and finance, recently domestic stocks fell in pace with the global stock fluctuation that affected consumer faith. However, the Central Bank has decided to maintain the current interest rate and currency easing to facilitate the robust development of the overall economy and finance.

Over the past few years, the real price registry policy has been adopted and enforced in respective major metropolitan areas. Market intelligence is nearly transparent. The enforcement of the House and Land Transactions Income Tax by the government cleared up the taxation policy and connected with real pricing. The market will hopefully stabilize in the future. And the government's introduction of more construction plans and favorable news may also be a continued booster for the housing market. There is good policy news in the market. Overall, the favorable factors and unfavorable factors affecting the development of the overall housing market in 2021 and the countermeasures are as follows:

##### Advantageous Factors:

- (A) **Government policies--** since various government agencies took further measures on after another to combat housing speculation, it is expected that the recent speculation in the housing market will be more or less eliminated, and the transaction types will return to be dominated by the owner-occupied buyer market. However, the housing market is bound to go through a period of

adjustment in the short term. Despite that some projects are challenged by government's credit control in the short-term, with the support of global low interest rate, the firm rigid demand and the transactions in land market, the overall market will not likely to be down.

- (B) **apital** —At present, the housing market is still dominated by buyers with rigid demands and has not been limited by the economic uncertainty arising from COVID-19 pandemic. However, as the global QE policies continue, in the process of utilizing the capital, the real estate market with high value retaining and stable investment returns still has a certain attraction. In general, as long as there are not significant changes in policies and taxations, the low interest rate is expected to remain and will benefit to the first-time buyers to buy. Home purchasers will still return to owner occupation demand and plan long-term investments.
- (C) **Market**—In terms of housing market demand, domestic rigid demand for owner-occupied and replacement homes is expected to continue to grow due to strong home buying confidence and a low interest rate financial environment. Taiwan's excellent control on the epidemic will continue to attract Taiwanese businessmen to return and settle down, as well as foreigners. In this year, the market is in sufficient funding, and the interest rate keeps low. However, the stocks of home have not been sold yet, while new houses keep launching. Under many alternatives and over supply, the performances are case by case only. Prices are difficult to increase across the board. In addition, the housing market will perform better in the surrounding areas of new business districts of urban track construction plans and emerging industrial parks, areas with increasing employment and areas with net population inflow in various counties and cities.

Disadvantageous Factors:

- (A) **The Central Bank rolled out a selective credit control measure --** The government rolled out new limitations on mortgage loans to combat housing speculation at the end of 2020, showing the government's determination to fight speculation and forcing the investors to pull back and turn to conservative. For the next two years, interest rates are expected to remain low, and the flood of hot money that find no way out will be the driving force behind the continued upward housing market. If the housing prices increase too much in the first half of the year, the market may face a second wave of anti-speculation policies in the second half.
- (B) **Costs of land and materials continue to soar--** If the land price keeps soaring, it is definitely not a blessing to the housing market. Once it goes beyond the government's control, there will be a bubbling crisis. The sharp rise in the prices of construction materials and wages have triggered inflation in the construction related industries and induced a value retaining mindset. The increase in factors of uncertainty and the impact of epidemic on the economy are the key factors affecting the transaction volume of the housing market in this wave. For builders promoting new projects, cost and consolidation conditions will affect land prices and add new variables to operational willingness.
- (C) **Impact of the US-China trade dispute and the epidemic containment:** The extent of US-China trade war and COVID-19 containment impact is unclear, but they impacted both the global economics and forex market. Due to the difficulty in business operations, achievements in global economic growth will be unlikely in the short run. The number of unsold new units and use permits are still high in Taiwan. It is estimated there will be a record-high number of building permits in this year, the highest in history. The excessive supply will accumulate sales pressure. The volume of unsold luxury housing increases significantly in all six municipalities, and prices have begun to change. Therefore, the pandemic, trade war, excessive supply, and housing market policy will be variables affecting the housing market in 2021 and the subsequent development of the estate market.

### Response Measures:

Since the return of capital from overseas Taiwanese businesses increase significantly due to the US-China trade confrontation, forecast of the housing market in 2021 tends to be optimistic. The buying momentum will get certain support, and the owner-occupancy will dominate the market. In 2021, as the prices of agricultural and industrial raw materials continue to rebound and the global epidemic slows down, the Directorate General of Budget, Accounting and Statistics (DGBAS) forecasts the domestic economy growth of 3.83% in 2021, and even outperform the expectation. This can be deemed as positive for the housing market fundamentals, and the housing market will show an increase in both price and volume for the year. In last year, some cases performed well due to regional product planning, branding, and other factors. Self-occupied buying and small and medium-sized houses are easier to sell for owner-occupant types, and as the market has rebounded, consumer's confidence in the future housing market also increases. If the domestic macroeconomics keeps running low due to the pandemic, and the pressure from excessive unsold units accumulates, the development of the domestic housing market will be affected.

Countermeasures for the 2021 domestic housing market:

- (A) Carefully select project locations, focus on construction quality, and enhance product competitiveness.
- (B) Short-term Strategy: As land prices remain high, insist on construction quality and service to sell at a higher price for a good brand.
- (C) Long-term Strategy: Housing prices are still likely to grow steadily in the long run, so we should focus on good products, good locations, and good planning to sell at higher prices.

## 2. Building Materials Business

### A. Sales (supply) Areas of Main Building Materials (services)

The building materials of the Company and its subsidiaries are mainly sold to the northern region, such as Yilan, Keelung, Taipei, Taoyuan, Hsinchu, and other counties. Our products have huge transportation advantages in the northern region in terms of distance.

### B. Market Share, Market Supply and Demand in the Future, and the Outlook

Thanks to the large number of contracts under the Forward-Looking Infrastructure Project, an increase in output is expected for the overall domestic cement market in 2020. In addition, construction projects for factory and office buildings and green energy (solar energy and wind power) facilities will drive the growth of the cement industry. A steady growth in the overall cement shipping volume is expected in 2021 for the above reasons.

### C. Competitive Niche

- (A) The construction team has a high degree of vertical integration and has a complete system.
- (B) A diversified product line.
- (C) Powerful R&D team and innovative R&D capabilities.
- (D) Introduced six standard deviations and information tools such as SAP and RFID.
- (E) Reputable, and winning the National Standardization Award can help boost business.
- (F) Products meet the globally accepted customized design.
- (G) Cutting-edge quality inspection equipment and technology provide customers with high quality and reliable products.

### D. Favorable and Unfavorable Factors and Countermeasures for Future Development

#### Advantageous Factors:

- (A) Entry barriers are high and competitors are few.
- (B) Passed laboratory certification and improved quality, and it is the first cement

- factory in the country to promote a quality record process.
- (C) The corporate brand differentiates from competitors. As a respectable brand, Saint-Gobain Weber can easily attract customers.
- (D) Environmental awareness has increased, leading to the increase in the application of green building materials.
- (E) Proudly owns talents in various fields and has the ability to integrate vertical industries.
- (F) R&D technology is better than its peers.
- (G) Saint-Gobain Weber offers expertise in construction and materials.
- (H) Pre-mixed mud mortar has CNS specifications and is also included in the specifications and guidelines of public project construction, which will help promote it.
- (I) People love high quality life, sightseeing, and tourism.

Disadvantageous Factors:

- (A) Negatively affected by fluctuations in the construction industry.
- (B) Vulnerable to fluctuations in international coal prices.
- (C) Industry competition.
- (D) Environmental awareness is rising, pushing up operating costs.
- (E) Promotion of new building materials.
- (F) Design talents are hard to find or heavily outflow.

Response Measures:

- (A) Strengthen cost control, consolidate the upstream, middle, and downstream industries, continue to deepen the domestic market, introduce differentiated products, maintain the existing market position, and strive to achieve production and sales goals to ensure profitability targets.
- (B) In addition to maintaining a good relationship with coal suppliers, we also pay close attention to varied market information, adopt a prudent purchase strategy, and continue to reduce production costs through process and equipment improvements, thereby reducing the impact of rising raw material prices.
- (C) Continue to optimize and improve the cement process, strive to improve quality and production efficiency; and penetrate the market of pre-mixed mud mortar to improve product value, so as to avoid price competition in cement products.
- (D) Using waste heat from the cement rotary kiln to dry sand (sand drying is one of the production processes of pre-mixed mud material), so as to improve energy efficiency, thus helping reduce energy consumption and improve production efficiency.
- (E) In addition to continuously improving production efficiency and product quality to obtain competitive advantages in price, we will also strengthen relationships with existing customers, and provide high-quality customized products to maintain the existing market, and enhance the brand and explore new markets through good reputation and credibility.
- (F) We will develop a complete blueprint of talent management structure, cultivate corporate culture, and attach great importance to our talent recruitment strategy and performance management process. In addition, the Company will also build a roadmap to meet the needs of job skills, and provide vertical and horizontal career and learning pathways to facilitate talent development along the planning path.

### 3. Retail and Wholesale Business

#### A. Major Markets of Retail and Wholesale Business (services):

Consumption of department stores is significantly different by regions, namely, most consumers are people in the effective business district. Of course, some business districts can attract a wider range of consumer groups, and even attract tourists at home and abroad due to their special geographical conditions and business features. CITYLINK currently has four shopping malls located in Taipei City, so the Greater

Taipei area (Taipei City and New Taipei City) is its main market. Keelung City is also included in the market (business district) because it is located in the northeast of Taipei City.

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

In the first half of year 2020, the revenue of department stores (including shopping centers) across Taiwan declined sharply due to the impact of the pandemic. However, thanks to the stimulation of the Triple Stimulus Vouchers and the revenue spending, the total of annual turnover was still close to NT\$350 billion. The total turnover of CITYLINK's four stores in 2020 was about NT\$4.05 billion, accounting for about 1.2% of the total market. We hope to continually increase the market share through establishing new stores in the future.

**Future Supply and Demand Situation and Growth of the Market:**

- (1) Supply: Although Taiwan's population will not grow or even decrease in the future, department stores have continued to increase; Taipei City has the highest density of department stores in the world, and the FEDS XinYi A13 opened on December 25, 2020, becomes the 14th department store in Xinyi district.

In addition to Taipei City, the opening of Honhui Plaza in New Taipei City in March 2020 and Shin Kong Cinemas in Taoyuan in August 2020 also brought about different business styles.

Along with the construction of transport infrastructure, development of new communities, and population movement, there will be more new department stores opened in 2021. Having a distinctive operation style will become the business trend of Taiwanese department stores in the future.

- (2) Demand: Taiwan's population will see negative growth in the future. The sluggish economy, and rising wages and prices will continue to dampen consumer confidence, and has seriously affected the performance of physical department stores in recent years! In addition, the impact of e-commerce, changes in population structure, and consumption habits have caused huge changes in demand.

The very popular fast fashion style in the past few years has encountered a plunge of consumption power and slowed down the pace of opening new stores. Therefore, it will be an important issue for shopping malls in the future to accurately understand the new trend of consumer demand.

- (3) Growth: Continuing the above-mentioned demand description, the growth of the future market is not optimistic given consumer population has not increased and the overall environmental climate has not improved. Of course, if we find the right place and the right positioning plan in the current saturated market, we can still capture market niche and growth opportunities!

Our goal is to maintain a growth of 5% and more per year through our four existing shopping malls and continuous adjustment and service quality improvement.

**C. Competitive Niche:**

- (1) Location Advantages: CITYLINK currently has four shopping malls located in Taipei City, of which the Songshan Stores (No. 1 and No. 2 Stores) and Nangang Store are located in station business complexes and business and hotel complexes, so they can attract passengers, regular office collars, commuters, business travelers, etc. in addition to general customers in the commercial circle, showing a completely different consumer group from the general department store. Although Neihu is a community-based department store, it has stable consumers because its floor 2 store directly connects to the MRT.

The light rail economy is a very important trend for Taiwan's department store retailing in recent years, it is an important issue for CITYLINK to make good use of locational advantages to continually introduce more suitable products.

- (2) Group's Comprehensive Effect: Ruentex Group has diversified businesses: Real estate development can provide shopping mall construction sources, construction

and decoration can provide shopping mall planning and decoration, and cleaning, repair, electrical, and mechanical maintenance can guarantee the shopping mall's daily management operation, and can also support human resources, accounting, information, and so on. Additionally, because of the huge resources of the group, CITYLINK can provide better service to all consumers.

In addition, CITYLINK can also closely cooperate with other investment units in the Group to differentiate its business and marketing, making the best use of the Group's resources.

- (3) Differentiation: CITYLINK's four shopping malls strive to differentiate their business by continuing to hold topic marketing activities, introducing TSUTAYA BOOKSTORE, and introducing exclusive brands.

D. Favorable Factors, Unfavorable Factors, and Countermeasures for the Business Development:

Favorable Factors

CITYLINK has earned certain brand awareness and reputation in the market, and maintains good business relations with brand manufacturers. Its four stores are located in bustling areas and are complex commercial facilities, having inherently stable consumer groups, so its business is little affected by the change in the business district or market sentiment.

The operating performance and accumulated knowhow of the existing stores, and the manufacturer's recognition of CITYLINK's operating ability will also help attract new customers to new stores in the future. If we can speed up the opening of new stores, it will help enhance business development, cultivate talents, and improve awareness of CITYLINK in the long run.

In addition, the Group's abundant resources can also provide more support for long-term business growth.

Unfavorable Factors

- (A) Presently the market share of the four stores is too small, so its influence on brand manufacturers is not significant.
- (B) Although the existing four stores are located in bustling areas, they are not important or densely populated business districts, therefore, they are easily restricted in selecting brands.
- (C) There are not so many brands and quantities (such as cosmetics, jewelry, boutiques, etc.), so they must spend more time to communicate about store opening and attract business in the future, and it is difficult to compete with large department stores!

Response Measures:

- (A) The existing four stores should attract brands that match the store according to the business district, its own transport facilities, and the number of local office workers.
- (B) Adjusting the business type and style, introducing more purpose-oriented, higher-priced, female-oriented businesses, and exploring more partnerships to attract more quality customers, so that CITYLINK Nangang Store can become more like a shopping center.
- (C) Strengthen marketing and planning activities, store space maintenance, and service quality.
- (D) Strengthen the cultivation of human resources and reserve cadres; and aggressively open new stores to play up the brand effect.

(2) Main Product Purpose and Production Process:

(1) Main Product Purpose:

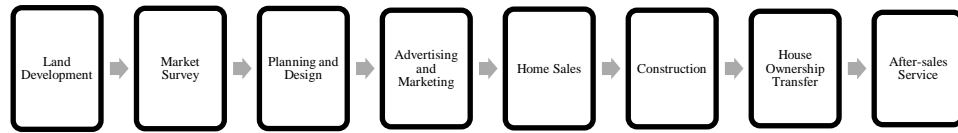
The Company's main products can be broadly divided into construction, building materials, and wholesale business categories. The construction category can be further divided into residential and commercial buildings. Residential buildings are for use by people. Commercial buildings are sold or rented for users to engage



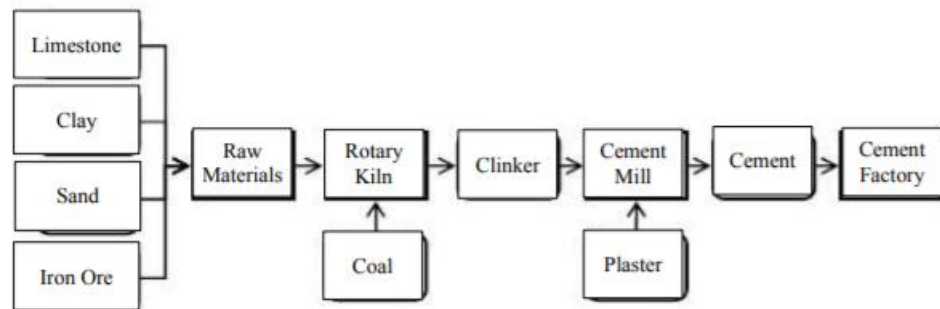
in business activities. Building materials are used for construction projects. Logistics provides a large variety of grocery, clothing, electrical appliances, and fresh goods to meet the needs of consumers.

(2) Production Process of Main Products:

A. Construction



B. Building Materials



C. Retail and Wholesale Business: No production process for wholesale business.

(3) Supply Status of Main Raw Materials:

The main raw materials of the upstream in the construction industry are land and building materials. The acquisition of land can be achieved through the sale or joint construction of private landlords, or the redevelopment of old residential communities by urban renovation procedures, and the acquisition of state-owned non-public sites through government auctions. Building materials are purchased from professional suppliers or factories.

The main raw materials in the cement industry are limestone, strontium sand, iron slag, gypsum, vermiculite powder, and artificial stone. Raw materials are from long-term reliable suppliers, so the supply of raw materials is stable, and no shortage of supply has occurred in the past.

Land, buildings, and branded suppliers are the major materials for retail and warehouse stores.

Regarding land or buildings, large land developers, banks and life insurance companies, government units, and a small number of private landlords are the major sources; and a small number of department stores will purchase (lease) land for self-construction or engage in government BOT or superficies projects to acquire buildings for their malls. Although the supply is sufficient, the location or acquisition cost are the focus of assessment.

In branded suppliers, apart from recruiting brand chains (domestic or international) in different trades from the existing department store channels, cultivating potential brands that have not set channels in department stores or introducing new brands overseas into the Taiwan market are options. As the department store business is highly competitive, each makes hard endeavor to recruit popular brands or exclusive brands (first of the kind) or introduce non-shopping experience and services. Therefore, the brand supply is also sufficient.

(4) Customers who have accounted for more than 10% of the total sales revenue of goods in the past two years and their respective amount and proportion of the goods purchased, as well as the reasons for the increase or decrease:

1. Customers who have accounted for more than 10% of the total sales revenue of goods in the past two years and their respective amount and proportion of the goods purchased:

Unit: NT\$ in Thousands; %

Item	2019				2020				Q1 2021 (Note 3)			
	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller
1	Others	13,645,895	100	—	Others	15,145,020	100	—	Others	—	—	—
	Net Purchase Amount	13,645,895	100		Net Purchase Amount	15,145,020	100		Net Purchase Amount	—	—	

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

Note 2: As of the date of release of the Annual Report, the companies that have been listed or whose shares have been traded in the securities firms' business outlets should disclose the latest financial information that have been audited or reviewed by an accountant.

Note 3: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

The information related to major suppliers in the past two years is provided as below:

Regarding suppliers who have accounted for more than 10% purchase amount of the Company and its subsidiaries in the past two years, the reasons for the increase or decrease are subject to different cases. Generally speaking, changes in major suppliers are due to the progress of contracted cases and the size of the cases.

2. Customers who have accounted for more than 10% of total sales revenue in the past two years and their respective amount and proportion:

Item	2019				2020				Q1 2021 (Note 3)			
	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller	Name	Amount	Percentage of Net Annual Sales Revenue (%)	Relationship With the Seller
1	Others	17,257,930	100	—	Others	19,084,589	100	—	Others	—	—	—
	Net Sales Revenue	17,257,930	100		Net Sales Revenue	19,084,589	100		Net Sales Revenue	—	—	

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

Note 2: As of the date of release of the Annual Report, the companies that have been listed or whose shares have been traded in the securities firms' business outlets should disclose the latest financial information that have been audited or reviewed by an accountant.

Note 3: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

Information related to the major customers in the past two years is provided as below:

Regarding customers who have accounted for more than 10% sales revenue of the Company and its subsidiaries in the past two years, the reasons for the increase or decrease are subject to different cases. Generally speaking, changes in major customers are due to the progress of contracted cases and the size of the cases.

## (5) Production Value in the Last Two Years:

Unit: Production Volume:

Household/ Production Value:Household/Production Value NT\$ in Thousands

Production Value Year	2019			2020		
	Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
Department						
Construction Business Department	—	192	9,303,587	—	210	10,969,991
Commercial Real Estate	—	—	1,007,976	—		1,015,335
Building Materials Division	—	—	2,052,623	—		2,038,695
Wholesale Business Department	—	—	937,128	—		789,946
Other Operation Divisions	—	—	344,581	—		331,053
Total	—	192	13,645,895	—		15,145,020

Note:

- (1) Capacity refers to the production volume that the Company achieves by using existing production equipment under normal operation conditions after taking into account necessary shutdowns, holidays, and other factors.
- (2) If the production of each product has alternatives, the capacity should be aggregated, and notes should be provided.
- (3) Production is calculated based on the number of contracted houses in the production year (the co-construction part is based on the number of allocated houses). However, production volume is not applicable to the construction industry, so the production value is calculated based on the cost of goods sold in the current year.

## (VI) Sales Volume in the Past Two Years:

Unit: Sales Volume: Household/Sales Value: NT\$ in Thousands

Sales Value Year	2019				2020			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Department								
Construction Business Department	227	11,622,753	—	—	308	13,454,345	—	—
Commercial Real Estate	—	1,842,183				1,803,388		
Building Materials Division	—	2,236,055	—	—		2,299,690	—	—
Wholesale Business Department	—	1,212,879	—	—		1,054,565	—	—
Other Operation Divisions	—	344,060	—	—		472,601	—	—
Total	227	17,257,930	—	—	308	19,084,589	—	—

Note (1): Description on calculation of sales volume.

- A. The number of unfinished cases refers to the number of pre-sale houses between project launch and project completion.
  - B. The number of cases after completion refers to the number of houses that have been actually sold.
  - C. The sales volume is not applicable to the construction industry due to its special industry feature.
- (2) The sales value uses the operating revenue in the current year.

### III. Employees:

Employee information in the past two years and by the date of annual report publication.

Year		2019	2020	By April 30, 2021
Number of Employees*	Construction Business Department	889	994	1,072
	Building Materials Division	372	387	393
	Wholesale Business Department	198	197	184
	Other Operation Division	696	803	790
	Total	2,155	2,381	2,439
Average Age		43.37	43.37	43.92
Average Service Years		6.55	6.55	6.84
Education Distribution Ratio	Doctorate	0.67%	0.66%	0.58%
	Master's	7.82%	8.06%	8.40%
	Diploma	48.68%	48.61%	48.83%
	High School and Below	42.84%	42.67%	42.20%

\*Excluding part-time employees.

### IV. Environmental Expenditure Information

Any losses or fines incurred (including compensations and violations of environmental protection laws found in environmental audits with information regarding the date of punishment, ticket number, regulations breached, contents of breach, and contents of punishment) due to pollution in the last year and by the date of annual report publication, and disclose the estimated amount at present and in the future and countermeasures, or the method for estimating losses that cannot be estimated, if any):

(I) Total amount of losses and fines of subsidiaries from environmental pollution in the previous year and by the date of annual report publication:

Type	Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
Water	March 16, 2020	Xin-Bei-Huan-Ji-Zi No. 1090437674	Article 18 of the Water Pollution Control Act	Failure to file and get approval for the Construction Site Runoff Wastewater Pollution Reduction Plan.	A fine of NT\$19,000.
Water	April 16, 2020	Fu-Huan-Ji-Zi No. 1090011989	Paragraph 1, Article 7 and Article 18 of the Water Pollution Control Act, Article 8 of the Water Pollution Control Measures and Test Reporting Management Regulations	Failure to effectively collect and process reports containing water pollution prevention measures and the related testing	A fine of NT\$60,000.
Air	May 5, 2020	Fu-Shou-Huan-Kong-Zi No. 1090013961	Paragraph 1, Article 23, Subparagraph 4, Paragraph 1, Article 62 and Paragraph 2, Article 62 of the Air Pollution Control Act.	Failure to effectively collect various air pollutants	A fine of NT\$100,000.
Air	May 7, 2020	Fu-Shou-Huan-Kong-Zi No. 1090014508	Article 20, paragraph 1, Air Pollution Control Act	Public and private premises with stationary pollution sources that emit air pollutants shall comply with emission standards	A fine of NT\$100,000.
Air	May 7, 2020	Fu-Shou-Huan-Kong-Zi No. 1090014507	Paragraph 3, Article 22, Paragraph 2, Article 23 of the Air Pollution Control Act.	Those public and private premises possessing stationary pollution sources designated and officially announced by	A fine of NT\$100,000.

Type	Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
				the central competent authority shall complete the installation of automated monitoring facilities by the designated deadline	
Air	July 16, 2020	Fu-Shou-Huan-Kong-Zi No. 1090023069	Paragraph 2, Article 24, Subparagraph 5, Paragraph 1, Article 62 of the Air Pollution Control Act.	The pressure difference of the spray tower, an air pollution prevention equipment, exceeds the permitted range	A fine of NT\$100,000.
Air	September 24, 2020	Fu-Huan-Ji-Zi No. 1090031555	Subparagraph 1, Paragraph 1, Article 32, Paragraph 1 and 2, Article 67 of the Air Pollution Control Act.	The operations that causes the production of significant particulate pollutants that are dispersed into the air, such as grinding, casting, conveyance, etc. are prohibited within each class of control region or within total quantity control zones.	A fine of NT\$200,000.
Waste	August 25, 2020	Huan-She-Zi No. 1090025778A No. 1090025778B No. 1090025778C No. 1090025778D	Subparagraph 1, Paragraph 1, Article 31, Paragraph 1, Article 36, Paragraph 1, Article 39 and Article 52 of the Waste Disposal Act.	Failure to submit an industrial waste disposal plan to the competent authority for review and approval	A fine of NT\$24,000.
Waste	October 15, 2020	Fei-Zi No. 41-109-102686	Article 27, subparagraph 11, Waste Disposal Act	Failure to properly clean the water container	A fine of NT\$1,200.
Waste	November 3, 2020	41-109-110519	Article 27, subparagraph 2, Waste Disposal Act	Failure to properly set up dust prevention measures, resulting in sediment polluting the surrounding roads	A fine of NT\$4,800.
Waste	December 17, 2020	Fei-Zi No. 40-109-120060	Article 27, subparagraph 2, Waste Disposal Act	Waste or surplus earth and gravel pollute the surrounding drains	A fine of NT\$1,200.
Noise	December 26, 2019	Xin-Bei-Gong-Shi-Zi No. No. 1082420005	Articles 39 and 87 of the Building Act	Construction not according to the schedule on the plan.	A fine of NT\$9,000
Noise	February 4, 2020	Xin-Bei-Gong-Shi-Zi No. No. 1090174556	Articles 39 and 87 of the Building Act	Noise control according to related regulations of the Noise Control Act	A fine of NT\$9,000
Noise	February 21, 2020	Xin-Bei-Gong-Shi-Zi No. No. 1090296296	Articles 39 and 87 of the Building Act	Construction not according to the schedule on the plan.	A fine of NT\$9,000
Noise	March 12, 2020	Yin-Zi No. 22-109-030014	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 13, 2020	Fu-Huan-Ji-Zi No. 1090058247	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 19, 2020	Yin-Zi No. 22-109-030209	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 25, 2020	Fu-Huan-Ji-Zi No. 1090009344	Article 9, paragraph 1, subparagraph 1 of the Noise Control Act	Noise exceeds the standards	A fine of NT\$24,000.
Noise	March 12, 2020	Yin-Zi No. 22-109-030014	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 13, 2020	Fu-Huan-Ji-Zi No. 1090058247	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 19, 2020	Yin-Zi No. 22-109-030209	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000

Type	Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
Noise	March 25, 2020	Fu-Huan-Ji-Zi No. 1090009344	Article 9, paragraph 1, subparagraph 1 of the Noise Control Act	Noise exceeds the standards	A fine of NT\$24,000.
Noise	March 12, 2020	Yin-Zi No. 22-109-030014	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 13, 2020	Fu-Huan-Ji-Zi No. 1090058247	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 19, 2020	Yin-Zi No. 22-109-030209	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 25, 2020	Fu-Huan-Ji-Zi No. 1090009344	Article 9, paragraph 1, subparagraph 1 of the Noise Control Act	Noise exceeds the standards	A fine of NT\$24,000.
Noise	March 12, 2020	Yin-Zi No. 22-109-030014	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 13, 2020	Fu-Huan-Ji-Zi No. 1090058247	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 19, 2020	Yin-Zi No. 22-109-030209	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	March 25, 2020	Fu-Huan-Ji-Zi No. 1090009344	Article 9, paragraph 1, subparagraph 1 of the Noise Control Act	Noise exceeds the standards	A fine of NT\$24,000.
Noise	March 30, 2020	Yin-Zi No. 22-109-030079	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$6,000
Noise	March 30, 2020	Yin-Zi No. 22-109-030080	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$9,000
Noise	March 30, 2020	Yin-Zi No. 22-109-030081	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$12,000.
Noise	April 27, 2020	Yin-Zi No. 22-109-040184	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	May 6, 2020	Fu-Huan-Ji-Zi No. 1090014318	Article 9, paragraph 1, subparagraph 1 of the Noise Control Act	Noise exceeds the standards	A fine of NT\$24,000.
Noise	May 13, 2020	Fu-Huan-Ji-Zi No. 1090015282	Subparagraph 1, Paragraph 1, Article 9, Subparagraph 1, Paragraph 1, Article 24 of the Noise Control Act.	Noise exceeds the standards	A fine of NT\$6,000
Noise	June 10, 2020	Xin-Bei-Huan-Ji-Zi No. 1091075616	Articles 39 and 87 of the Building Act	Construction not according to the schedule on the plan.	A fine of NT\$9,000
Noise	June 17, 2020	Xin-Bei-Gong-Shi-Zi No. 1091130729	Articles 39 and 87 of the Building Act	Construction not according to the schedule on the plan.	A fine of NT\$9,000
Noise	July 3, 2020	Fu-Huan-Ji-Zi No. 1090021308	Subparagraph 1, Paragraph 1, Article 9, Subparagraph 1, Paragraph 1, Article 24 of the Noise Control Act.	Noise exceeds the standards	A fine of NT\$6,000
Noise	July 10, 2020	Fu-Huan-Ji-Zi No. 1090022269	Subparagraph 1, Paragraph 1, Article 9, Subparagraph 1, Paragraph 1, Article 24 of the Noise Control Act.	Noise exceeds the standards	A fine of NT\$12,000.
Noise	July 30, 2020	Yin-Zi No. 22-109-090023	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000

Type	Punishment Date	Document No.	Regulation	Contents of Regulation	Contents of Punishment
Noise	August 14, 2020	Xin-Bei-Huan-Ji-Zi No. 22-109-080532	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	August 20, 2020	Yin-Zi No. 22-109-090056	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	August 21, 2020	Yin-Zi No. 22-109-100006	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$6,000
Noise	August 27, 2020	Yin-Zi No. 22-109-100050	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	August 27, 2020	Xin-Bei-Huan-Ji-Zi No. No. 22-109-081435	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	September 4, 2020	Yin-Zi No. 22-109-100027	Article 9, paragraph 1, subparagraph 4, Noise Control Act	Construction project: Noise exceeds the standards	A fine of NT\$18,000.
Noise	September 22, 2020	Yin-Zi No. 22-109-100075	Article 9, paragraph 1, subparagraph 4, Noise Control Act	Construction project: Noise exceeds the standards	A fine of NT\$72,000.
Noise	September 25, 2020	Yin-Zi No. 22-109-090059	Article 9, paragraph 1, subparagraph 4, Noise Control Act	Construction project: Noise exceeds the standards	A fine of NT\$18,000.
Noise	September 25, 2020	Bei-Shi-Du-Jian-Zi No. 10930976711	Taipei City Regulations for Controlling the Construction Time of Construction Projects	Construction not according to the schedule on the plan.	A fine of NT\$36,000.
Noise	October 19, 2020	22-109-100066	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	October 19, 2020	Zhong-Shi-Huan-Ji-Zi No. 1090125804	Article 40 of the Taichung City Building Construction Control Regulations	Failure to construct at the required time	A fine of NT\$9,000
Noise	December 4, 2020	22-109-120011	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	December 4, 2020	Zhong-Shi-Dou-Gong-Zi No. 1090244730	Article 40 of the Taichung City Building Construction Control Regulations	Failure to construct at the required operation time	A fine of NT\$9,000
Noise	December 5, 2020	22-109-120028	Article 8, subparagraph 4, Noise Control Act	No use of powered machinery in night-time construction activities.	A fine of NT\$3,000
Noise	December 5, 2020	Zhong-Shi-Dou-Gong-Zi No.1090251401	Article 40 of the Taichung City Building Construction Control Regulations	Failure to construct at the required operation time	A fine of NT\$9,000

(II) Estimated amounts that may occurred at present and in the future and countermeasures:

Construction Projects: In response to the abovementioned losses arising out of environmental pollution, we will strengthen environmental education and training, environmental awareness, educate employees to appropriately maintain site hygiene, and regularly send employees to participate in various seminars organized by the municipal government.

Yilan Factory: It has violated air pollutant discharge standards for fixed pollution sources in public and private places. We have improved dust collection efficiency for the clinker EP (electrostatic precipitator). It also violated the regulations for the effective monitoring frequency percentage of monitoring facilities each quarter. We have increased the effective monitoring frequency percentage to more than 85 percent, and the pollution situation has been improved. There are no possible losses, fines, and compensation in the future.

## V. Employment Relationship

- (1) The Company's various employee welfare measures, further education, training, retirement system, and their implementation, as well as labor-management agreements and the measures to maintain the rights and interests of employees:

The Company always attaches great importance to employee welfare and talent training, and abides by labor-related laws and regulations to protect the rights of employees.

### 1. Employee benefits

#### [Health Checkups]

We value the physical health of employees. Therefore, we arrange periodic health checkups for employees better than the regulatory requirements. All permanent employees (director labor) regardless of age receive two health checkups every year. In addition to the results and recommendations of the current checkup, traces of individual indicators in previous checkups are presented in curves for employees to understand the health status at present and the health trend in the last five checkups. By doing so, we aim to facilitate early detection of health anomalies for early intervention, including lifestyle adjustments and treatments. In addition, apart from funding the general checkup items, we arrange self-financed further checkup items and discounts for dependent checkup to provide employees with more options and take care of their family at the same time.

To encourage higher-level employees to pay attention to physical health, we arrange personalized advanced checkups for managers and above aged 40 and older. Apart from the advanced checkup, VPs and higher officers can participate in the annual member healthcare service. Currently, we fund 75% of the fee for advanced checkups and healthcare service.

#### [Group Insurance]

To maximize our care for employees and the financial support for employees after an accident, apart from the mandatory Labor Insurance and National Health Insurance, we proactively arrange the group life insurance for all permanent employees after their arrivals. We also provide the group medical plan for the spouse and children of employees. Besides funding the full amount of the group insurance premium, we offer discounts for self-financed insurance for permanent employees and their spouse, children, and parents to provide more options and protection for the family of employees after an accident.

#### [Daily Life Talks]

From time to time we invite medical, insurance, and financial professionals to give talks on popular topics and topics that interest employees. These talks for voluntary participation are organized to provide employees with more channels for direct exchange with experts to learn new knowledge and correct concepts in health care, accident prevention and handling, and financial management.

#### [Other Benefits]

We have established an employee (staff) welfare committee and a labor union and provide employees with allowances for marriage, birth, funerals, hospitalization, injuries, and disabilities. We also distribute vouchers to employees on Spring Festival, Labor Day, Dragon Festival, Mid-Autumn Festival, and birthday; and fund employee travels and departmental reunions and recreational activities. In addition, all employees can enjoy a staff discount when shopping at the CITILINK malls and TSUTAYA BOOKSTORE run by this Company.

We value the interaction among employees, their family, and the Company. Through mutual understanding, we hope to let their family understand more about the Company and thereby support employees to work and develop at the Company. In 2019, we trialed the new employee travel scheme and Family Day.

2. Employee further education and training: Every year we plan a training budget for employees to improve their professional skills, leadership, and career development. We also encourage them to actively improve their knowledge, participate in external training courses, and actively participate in further education.
3. Retirement system: A monthly pension reserve is contributed according to the Labor



Standards Law, and employees are free to choose to retire according to the Labor Pension Regulations (new system). The monthly pension is contributed to the labor pension personal account set up by the Labor Insurance Bureau.

4. The Company's labor policy is founded upon the principle of open communication to create a win-win situation for the Company and employees through the following measures:

- (1) Comply with the Labor Standards Act and related laws and regulations for the maximum protection of the rights and interests of employees.
- (2) Provide unfettered and diverse communication channels for employees to freely express their opinion.
- (3) Fully communicate the Company's operating conditions and major measures for employees can clearly understand them.

(II) Losses arising from labor-management disputes (including the violation of the Labor Standards Act found in the labor inspection) in the most recent year and by the date of annual report publication; and disclose the estimated amounts that may occurred at present and in the future and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

1. Nonconformities found in labor inspections of this Company and subsidiaries in the previous year and by the date of annual report publication: None.

2. Future countermeasures and potential expenses:

Since this Company was established, labor-management harmony has been maintained to achieve the corporations in collaboration with employees. Therefore, no loss from labor-management disputes has been reported recently, and there will be no damage from labor-management dispute in the future.

## VI. Significant Contracts: List of significant contracts in the previous year and still valid by the date of annual report publication

Contractual Nature	Parties	Effective Dates of Contracts	Main Content	Restrictions
Engineering Contracts	Ruentex Engineering & Construction Co., Ltd.,	2019 - 2022 2019 - 2022 2019 - 2022 2020 - 2023 2019 - 2022 2020 - 2023 2020 - 2022 2020 - 2023	Sanchong Metro 6 Case Ruentex Dingfeng Ruentex Wenhua Wolong Street Chlorine-Ionic Building Urban Regeneration Lihe Government-Led Urban Regeneration Sanchong Wuguwang A Sanghong Wuguwang B Ruentex Yangbei	No
Lease Contract	PRESICARRE CORPORATION	Contract signed on May 15, 2003, the lease period has passed 20 years since	Real estate lease contract (underground floor 1 and 2 of New World, Taipei), the rent was collected in two phases, the rent of phase 1 was collected when	No
Management Entrustment Contract	Ruen Fu Newlife Corp.	July 1, 2016 ~ June 30, 2036 (Renew on expiry date)	The Company and Ruentex Industries jointly entrusted Runfu to manage the elderly residential building of Ruen Fu, Tamsui, and signed a management entrustment contract. The related expenses were shared by the Company and Ruentex Industries in terms of 60% and 40% shareholding, the contract is described below: 1. Management Fee: Refers to	Management Entrustment Contract

Contractual Nature	Parties	Effective Dates of Contracts	Main Content	Restrictions
			<p>maintenance of facilities and living service administrative cost of the elderly, paid by the Company according to the contract.</p> <p>2. Commission Expenses: 4% rent of the rental household.</p>	
Authorized Operating Contract	RT-MART International Co., Ltd.	December 2004 ~ December 2024	<p>Logistics Division Authorized Operation Contract (Zhonglun Store)</p> <p>The Company has signed an authorized operation contract and entrustment management and procurement contract related to the Zhonglun wholesale store with RT-Mart. The latter is responsible for providing services related to the establishment, operation, and maintenance of the wholesale store. The contract is detailed as follows:</p> <ol style="list-style-type: none"> <li>1. During the contract period, namely August 2004 to December 2009, both parties have reached a consensus to extend the contract for 10 years. An agreement to extend the contract to December 2024 was signed in December 2019.</li> <li>2. Remuneration for procurement and management services: Calculated at 1% of the monthly revenue before tax of the Zhonglun Store.</li> </ol>	During the contract period, if the Company intends to sell, lease, or otherwise dispose of the assets or business of the wholesale store, it shall propose in writing to sell, rent, or transfer the same to RT-Mart at the agreed price. If RT-Mart fails to notify the Company of its willingness to accept it within 60 days of receiving the proposal, the Company may lease, sell, or otherwise dispose of the store assets or business to a third party.
Long-term Loan Contract	Bank of Taiwan	July 27, 2020 to July 27, 2022	Mortgage Loan	Stock and guaranteed note of NT\$ 300,000 thousand.
Long-term Loan Contract	Chang Hwa Bank	July 3, 2020 to July 3, 2023	Mortgage Loan	Building and land held for sale
Long-term Loan Contract	Mega Financial Holding	March 12, 2020 to May 31, 2022	Mortgage Loan	Stock and guaranteed notes of NT\$ 3,000,000 thousand.
Long-term Loan Contract	Hua Nan Commercial Bank	September 30, 2020 to September 30, 2025	Mortgage Loan	Property under construction
Long-term Loan Contract	DBS Bank	September 23, 2020 to September 30, 2023	Mortgage Loan	Building and land held for sale and guaranteed notes of NT\$ 1,250,000 thousand.
Long-term Loan Contract	Taishin International Bank	June 30, 2020 to June 30, 2022	Mortgage Loan	Stock and guaranteed notes of NT\$ 1,500,000 thousand.
Long-term Loan Contract	KGI Commercial Bank	October 12, 2020 to December 10, 2027	Mortgage Loan	Prepaid land and securities for sale
Long-term Loan Contract	KGI Commercial Bank	December 22, 2020 to December 22, 2022	Credit Loan	Open guaranteed note of NT\$ 600,000 thousand.

Contractual Nature	Parties	Effective Dates of Contracts	Main Content	Restrictions
Long-term Loan Contract	Mega Financial Holding	March 12, 2020 to May 31, 2022	Credit Loan	Open guaranteed note of NT\$ 4,500,000 thousand.
Long-term Loan Contract	Taishin Bank	August 13, 2020 to August 13, 2023	Credit Loan	Open guaranteed note of NT\$ 1,000,000 thousand.
Long-term Loan Contract	Huatai Bank	July 31, 2020 to July 31, 2022	Credit Loan	Open guaranteed note of NT\$ 1,000,000 thousand.
Long-term Loan Contract	DBS Bank	September 30, 2020 to September 30, 2022	Credit Loan	Open guaranteed note of NT\$ 1,000,000 thousand.
Long-term Loan Contract	Mizuho Bank	February 3, 2020 to February 3, 2022	Credit Loan	Issued a guarantee check of NT\$ 9,000,000 thousand.
Long-term Loan Contract	Bank of Taiwan	September 10, 2019 to September 9, 2022	Credit Loan	Open guaranteed note of NT\$ 2,000,000 thousand.
Long-term Loan Contract	Hua Nan Commercial Bank	October 9, to October 8, 2021	Credit Loan	N/A
Long-term Loan Contract	National Agricultural Treasury	February 22, 2016 to February 22, 2022	Credit Loan	N/A
Long-term Loan Contract	Kaohsiung Bank	June 4, 2020 to June 4, 2022	Credit Loan	Open guaranteed note of NT\$ 3,000,000 thousand.
Long-term Loan Contract	CTBC Bank	March 20, 2020 to March 19, 2022	Credit Loan	Open guaranteed note of NT\$ 1,000,000 thousand.
Long-term Loan Contract	Taiwan SME Bank	October 9, to October 8, 2021	Credit Loan	Open guaranteed note of NT\$ 2,000,000 thousand.
Long-term Loan Contract	Bank of East Asia	March 11, 2020 to March 11, 2022	Credit Loan	Open guaranteed note of NT\$ 600,000 thousand.
Long-term Loan Contract	First Bank	June 8, 2020 to June 8, 2022	Credit Loan	Open guaranteed note of NT\$ 6,600,000 thousand.
Long-term Loan Contract	Chang Hwa Bank	May 31, 2018 to May 31, 2022	Credit Loan	N/A
Long-term Loan Contract	Mega bills syndicated loan	December 5, 2018 to December 4, 2021	Credit Loan	Issued a guarantee check of NT\$2.45 billion

## Six. Financial Overview

### I. Condensed Balance Sheet, Consolidated Income Statement for the Last Five Years

#### (1) Condensed Balance Sheet and Consolidated Income Statement - International Financial Reporting Standards

Note 1: The above information is verified and certified by an accountant.

Note 2: Based on the Company's Articles of Incorporation and related laws and regulations, this Company proposes to distribute

Item	Year	Financial Information for the Last Five Years (Note 1)					By March 31, 2021 (Note 3)
		December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	
Current assets		29,110,204	44,569,589	34,920,927	37,813,596	39,202,599	-
Property, plant, and equipment		4,067,337	4,008,905	4,105,951	4,430,532	4,831,865	-
Intangible assets		239,330	220,222	224,106	244,424	253,971	-
Others Assets		44,156,221	55,358,038	47,069,542	107,643,995	142,100,940	-
Total Assets		77,573,092	104,156,754	86,320,526	150,132,544	186,389,375	-
Current Liabilities	Before Distribution	23,986,802	31,638,228	13,413,364	20,331,180	24,848,429	-
	After Distribution	23,986,802	34,982,408	15,419,872	21,334,434	(Note 2)	-
Non-Current Liabilities		17,248,212	19,869,867	37,628,148	44,409,084	42,575,595	-
Total liability	Before Distribution	41,235,014	51,508,095	51,041,512	64,740,264	67,424,024	-
	After Distribution	41,235,014	54,852,275	53,048,020	65,743,518	(Note 2)	-
Equity attributed to owners of the parent		32,360,169	48,476,761	30,896,333	80,892,817	114,244,330	-
Capital	Before Distribution	13,934,083	16,720,900	10,032,540	10,032,540	15,048,810	-
	After Distribution	16,720,900	16,720,900	10,032,540	15,048,810	(Note 2)	-
Capital surplus	Before Distribution	17,900,583	17,986,504	18,013,510	18,136,402	18,147,191	-
	After Distribution	17,900,583	17,986,504	18,013,510	18,136,402	(Note 2)	-
Retained earnings	Before Distribution	23,956,168	32,270,815	35,346,581	39,901,502	42,340,836	-
	After Distribution	21,169,351	28,926,635	33,340,073	33,881,978	(Note 2)	-
Other Equities		(23,325,465)	(18,396,258)	(32,411,659)	12,907,012	38,792,132	-
Treasury stock		(105,200)	(105,200)	(84,639)	(84,639)	(84,639)	-
Non-controlling Interests		3,977,909	4,171,898	4,382,681	4,499,463	4,721,021	-
Total Equity	Before Distribution	36,338,078	52,648,659	35,279,014	85,392,280	118,965,351	-
	After Distribution	36,338,078	49,304,479	33,272,506	84,389,026	(Note 2)	-

Note 1: The above information is verified and certified by an accountant.

Note 2: Based on the Company's Articles of Incorporation and related laws and regulations, this Company proposes to distribute cash dividend amounting to NT\$1,504,880,998 (NT\$1/share) and stock dividend amounting to NT\$6,019,523,990 (NT\$4/share) for profit distribution in 2020. The proposal has been approved by the Board of Directors and will be submitted to the 2021 AGM for approval.

Note 3: By the date of annual report publication, no CPA-reviewed financial data for Q1 2020 is available.

## (2) Condensed Balance Sheet (individual)

Unit: New Taiwan

Dollars in Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)					By March 31, 2021 (Note 3)
		December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	
Current assets		24,506,606	37,019,104	26,284,402	27,363,790	27,740,157	-
Property, plant, and equipment		49,373	41,384	33,656	45,924	136,603	-
Intangible assets		-	-	-	-	-	-
Others Assets		34,659,628	46,681,118	39,291,236	91,136,183	126,236,430	-
Total Assets		59,215,607	83,741,606	65,609,294	118,545,897	154,113,190	-
Current Liabilities	Before Distribution	19,855,455	27,462,817	9,666,894	14,342,350	16,247,520	-
	After Distribution	19,855,455	30,806,997	11,673,402	13,339,096	(Note 2)	-
Non-Current Liabilities		6,999,983	7,802,028	25,046,067	23,310,730	23,621,340	-
Total liability	Before Distribution	26,855,438	35,264,845	34,712,961	37,653,080	39,868,860	-
	After Distribution	26,855,438	38,609,025	36,719,469	36,649,826	(Note 2)	-
Equity attributed to owners of the parent		32,360,169	48,476,761	30,896,333	80,892,817	114,244,330	-
Capital	Before Distribution	13,934,083	16,720,900	10,032,540	10,032,540	15,048,810	-
	After Distribution	16,720,900	16,720,900	10,032,540	15,048,810	(Note 2)	-
Capital surplus	Before Distribution	17,900,583	17,986,504	18,013,510	18,136,402	18,147,191	-
	After Distribution	17,900,583	17,986,504	18,013,510	18,136,402	(Note 2)	-
Retained earnings	Before Distribution	23,956,168	32,270,815	35,346,581	39,901,502	42,340,836	-
	After Distribution	21,169,351	28,926,635	33,340,073	33,881,978	(Note 2)	-
Other Equities		(23,325,465)	(18,396,258)	(32,411,659)	12,907,012	38,792,132	-
Treasury stock		(105,200)	(105,200)	(84,639)	(84,639)	(84,639)	-
Non-controlling Interests		-	-	-	-	-	-
Total Equity	Before Distribution	32,360,169	48,476,761	30,896,333	80,892,817	114,244,330	-
	After Distribution	29,573,352	45,132,581	28,889,825	79,889,563	(Note 2)	-

Note 1: The above information is verified and certified by an accountant.

Note 2: Based on the Company's Articles of Incorporation and related laws and regulations, this Company proposes to distribute cash dividend amounting to NT\$1,504,880,998 (NT\$1/share) and stock dividend amounting to NT\$6,019,523,990 (NT\$4/share) for profit distribution in 2020. The proposal has been approved by the Board of Directors and will be submitted to the 2021 AGM for approval.

Note 3: By the date of annual report publication, no CPA-reviewed financial data for Q1 2020 is available.

## (3) Condensed Consolidated Income Statement (consolidated)

Unit: NT\$ 1000; Earnings per Share: NT\$ in Thousands

Item	Year	Financial Information for the Last Five Years (Note 1)					By March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Operation income		13,117,956	10,912,476	14,859,430	17,257,930	19,084,589	-
Gross profit		3,417,775	2,677,666	3,687,080	3,612,035	3,939,569	-
Operating Income		1,846,203	1,035,041	1,970,099	1,899,243	2,085,007	-
Non-operating Income and Expenses		6,985,051	12,985,933	10,316,086	8,111,225	8,693,455	-
Profit Before Income Tax		8,831,254	14,020,974	12,286,185	10,010,468	10,778,462	-
Net Profit for the Period of the Continued Business Unit		8,474,601	11,510,258	10,447,180	9,586,119	9,275,392	-
Profit (Loss) of Suspension Business		(57,663)	(171)	-	-	-	-
Net Income Current Period		8,416,938	11,510,087	10,447,180	9,586,119	9,275,392	-

Item \ Year	Financial Information for the Last Five Years (Note 1)					By March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Other Comprehensive Income (Net Profit After Taxes)	(4,525,446)	4,760,767	(36,707,759)	42,520,688	25,746,073	-
Total Comprehensive Income Current Period	3,891,492	16,270,854	(26,260,579)	52,106,807	35,021,465	-
Profit Attributable to Owners of the Parent	7,940,753	11,164,638	9,932,094	9,067,952	8,557,651	-
Net Profit Attributable to Non-controlling Interests	476,185	345,449	515,086	518,167	717,741	-
Total Profit and Loss Attributable to the Parent Company's Owners	3,579,586	16,030,671	(26,771,376)	51,706,025	34,343,978	-
Total comprehensive income attributed to non-controlling interest	311,906	240,183	510,797	400,782	677,487	-
Earnings per share	4.91	6.91	7.22	6.23	5.88	-

Note 1: The 2016 - 2020 financial information has been audited by accountants.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

(4) Condensed Consolidated Income Statement (individual) Unit: NT\$ 1000; Earnings per Share:  
NT\$ in Thousands

Item \ Year	Financial Information for the Past Five Years (Note 1)					By March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operation income	3,728,170	6,980,281	5,834,768	5,507,432	4,745,969	-
Gross profit	1,403,798	825,600	1,501,746	1,258,194	1,158,802	-
Operating Income	698,984	13,773	673,214	427,611	300,710	-
Non-operating Income and Expenses	7,411,187	13,472,476	10,798,511	8,807,980	9,403,830	-
Profit Before Income Tax	8,110,171	13,486,249	11,471,725	9,235,591	9,704,540	-
Net profit for the period of the continued business unit	7,940,753	11,164,638	9,932,094	9,067,952	8,557,651	-
Losses on Ceased Business Units	-	-	-	-	-	-
Current Net Profit (Loss)	7,940,753	11,164,638	9,932,094	9,067,952	8,557,651	-
Other comprehensive Income (Net Profit After Taxes)	(4,361,167)	4,866,033	(36,703,470)	42,638,073	25,786,327	-
Total Comprehensive Income Current Period	3,579,586	16,030,671	(26,771,376)	51,706,025	34,343,978	-
Profit Attributable to Owners of the Parent	7,940,753	11,164,638	9,932,094	9,067,952	8,557,651	-
Net Profit Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Profit and Loss Attributable to the Parent Company's Owners	3,579,586	16,030,671	(26,771,376)	51,706,025	34,343,978	-
Total comprehensive income attributed to non-controlling interest	-	-	-	-	-	-

Item \ Year	Financial Information for the Past Five Years (Note 1)					By March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Earnings per share	4.91	6.91	7.22	6.23	5.88	-

Note 1: The 2016 - 2020 financial information has been audited by accountants.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

## (2) The Name and the Audit Opinion of the CPA in the Past Five Years

Year	Name of Accounting Firm	Name of CPA	Audit Opinions
2016	PwC Taiwan	Chao-ming Wang, Shu-chiung Chang	Unqualified Opinion (Note 1)
2017	PwC Taiwan	Shu-chiung Chang, Chao-ming Wang	Unqualified Opinion (Note 1)
2018	PwC Taiwan	Chao-ming Wang, Ming-chuan Hsu	Unqualified Opinion (Note 1)
2019	PwC Taiwan	Chao-ming Wang, Ming-chuan Hsu	Unqualified Opinion (Note 1)
2020	PwC Taiwan	Chao-ming Wang, Ming-chuan Hsu	Unqualified Opinion (Note 1)

Note 1: The CPA expresses unqualified opinion and other items for the audits of 2016-2020.

## II. Financial Analysis in the Past Five Years:

### (1) 1. Consolidated Financial Analysis for the Past Five Years: International Financial Accounting Reporting Standards (consolidated)

Item \ Year	Financial Analysis Over the Past Five Years <sup>1</sup>					By March 31, 2021 (Note 2)	Change Rate in the Past Two Years (%)	Remark	
	2016	2017	2018	2019	2020				
Financial Structure (%)	Liabilities to Assets Ratio	53.12	49.46	59.13	43.12	36.17	-	-16	
	Long-term Capital to PP&E Ratio	1,318.32	1808.94	1,775.65	2,929.70	3,343.24	-	14	
Solvency	Current Ratio	121.80	140.85	260.34	185.99	157.77	-	-15	
	Quick Ratio	25.15	48.48	51.91	52.43	39.51	-	-25	1
	Debt Service Coverage Ratio	16.38	25.45	21.36	12.33	14.45	-	17	
Utility	Average Collection Turnover (times)	7.13	8.08	11.64	13.27	14.83	-	12	
	Average Collection Days	51	45	31	28	25	-	-11	
	Average Inventory Turnover (times)	0.43	0.31	0.39	0.49	0.53	-	8	
	Average Payable Turnover (times)	3.56	3.47	5.61	4.11	3.07	-	-25	2
	Average Inventory Turnover Days	849	1,177	936	745	689	-	-8	
	PP&E Turnover (times)	3.19	2.70	3.66	4.04	4.12	-	2	
	Total Assets Turnover (times)	0.17	0.12	0.16	0.15	0.11	-	-27	3
Portability	ROA (%)	11.38	12.93	11.28	8.54	5.84	-	-32	4
	ROE (%)	22.97	25.09	22.59	15.03	8.38	-	-44	5
	Profit Before Tax to Capital Stock (%)	62.96	83.85	122.46	99.78	71.62	-	-28	6
	Net Profit Rate	64.16	105.48	70.31	55.55	48.6	-	-13	
	EPS	5.9	6.9	7.22	9.35	5.88	-	-37	7
Cash Flow	Cash Flow Ratio (%)	5.57	21.22	13.41	15.22	7.08	-	-53	8
	Net Cash Flow Adequacy Ratio (%)	—(註 3)	25.37	40.2	51.36	52.8	-	3	
	Cash Reinvestment Ratio (%)	2.48	9.26	—(Note 4)	—(Note 4)	0.47	-		9
Leverage	Operation Leverage	1.28	1.52	1.29	1.49	1.48	-	-1	
	Financial Leverage	1.18	1.39	1.22	1.47	1.5	-	2	

Accounts for changes in financial ratio up to 20% in the past two years:

1. The quick ratio decreased mainly because of the increase in current liabilities at the end of the period.
2. The average payment turnover decreased mainly because of the increase in average payables of the period.
3. The total assets turnover decreased mainly because of the increase in average total assets of the period.
4. The ROA decreased mainly because of the increase in average total assets of the period.
5. The ROE decreased mainly because of the increase in average total equity and the decrease in net Income attributable to shareholders of the Parent of the period.
6. The pre-tax income to paid-in capital ratio decreased mainly because of the increase in paid-in capital of the period.
7. The EPS decreased mainly because of the increase in the weighted average number of outstanding shares at the end of the period.
8. The cash flow ratio decreased mainly because of the decrease in net cash inflow from operating activities and the increase in current liabilities of the period.
9. The cash flow reinvestment ratio increased mainly because the cash inflow from operating activities greater than the cash dividends distributed.

Note 1: The net operating cash flow is negative and is exempted from calculation according to regulations.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

Note 3: Net operating cash flow of the past five years was not calculated due to data insufficiency.

Note 4: The difference of net operating cash flow subtracting cash dividend is a negative value, thus not calculated by law.

Note 5: The financial analysis formula of this table is as follows:

1. Financial Structure

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

(2) Long-term capital to PP&E ratio = (Total Equity + Non-Current Liabilities) /Net PP&E

2. Solvency

(1) Current ratio = Current Assets/ Current Liabilities

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

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

3. Management Ability

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5) Cash Flow

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

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

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

6) Leverage

(1) Degree of operating leverage = (net income – variable cost and expenses from operation)/operating profit.

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

Note 6:When evaluating the above equations for calculating EPS, the following factors must be taken into consideration:

1. The number of common shares shall be based on the weighted average method and not the outstanding shares as of the end of the year.
2. When raising additional capital through issuance of new shares or treasury shares trade, the outstanding



period of the shares shall be considered alongside with the weighted average of outstanding shares.

3. In capitalization of retained earnings or additional paid-in capital (APIC), adjustment shall be made in proportion to the amount capitalized when calculating the earnings per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration.
4. If the preferred shares are non-convertible accumulated preferred shares, the dividends for the current period (whether or not being paid out) should be deducted from earnings or added to earnings. If the preferred shares are not cumulative, dividends for preferred shares should be deducted from earnings if there is a surplus. If there is loss after taxation, no adjustment is required. If the preferred shares are not cumulative, dividends for preferred shares should be deducted from earnings if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 7: When analyzing cash flow, pay attention to the following:

1. Operating cash flow (OCF) refers to the net operating cash inflow as stated in the statement of cash flow.
2. Capital spending shall be referred to as cash outflow for capital investment each year.
3. Addition to inventory shall be referred to as the value at the end of the ending period is greater than that of the beginning period. If there is decrease in inventory, put a zero.
4. Cash dividend includes cash dividends for common and preferred stocks.
5. The gross amount of property, plants, and equipment is the total balance of property, plants, and equipment before subtracting accumulated depreciation

Note 8: Securities issuers shall classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification, the accounting staff shall pay attention to the reasonableness and maintain the consistency of such classification.

Note 9: If the Company's stocks do not have a par value or the par value is other than NT\$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

## 2. Consolidated Financial Analysis Over the Past Five Years: IFRS (individual)

Item	Year	Financial Analysis Over the Past Five Years <sup>1</sup>					By March 31, 2021 (Note 2)	Change Rate in the Past Two Years (%)	Remark
		2016	2017	2018	2019	2020			
Financial Structure (%)	Liabilities to Assets Ratio	45.22	42.11	52.91	31.76	25.87		-18.55	
	Long-term Capital to PP&E Ratio	79,439.85	135,991.66	166,218.21	226,904.34	100,924.34		-55.52	1
Solvency	Current Ratio	123.43	134.80	271.90	190.79	170.73		-10.51	
	Quick Ratio	8.49	44.04	29.77	36.44	28.38		-22.12	2
	Debt Service Coverage Ratio	23.04	34.80	30.60	22.90	26.55		15.94	
Utility	Average Collection Turnover (times)	54.58	69.72	90.51	335.94	495.27		47.43	3
	Average Collection Days	7	5	4	1	1		0.00	
	Average Inventory Turnover (times)	0.10	0.26	0.18	0.18	0.16		-11.11	
	Average Payable Turnover (times)	2.52	7.72	6.82	6.74	5.36		-20.47	4
	Average Inventory Turnover Days	3,650	1,426	2,062	1,984	2,340		17.94	
	PP&E Turnover (times)	75.90	153.82	155.51	138.41	52		-62.43	5
	Total Assets Turnover (times)	0.07	0.10	0.08	0.06	0.03		-50.00	6
Portability	ROA (%)	14.03	15.78	13.52	10.04	6.47		-35.56	7
	ROE (%)	25.98	27.62	25.03	16.22	8.77		-45.93	8
	Profit Before Tax to Capital Stock (%)	58.2	80.66	114.35	92.06	64.49		-29.95	9
	Net Profit Rate	212.99	159.95	170.22	164.65	180.31		9.51	
	EPS	5.90	6.91	7.22	9.35	5.88		-37.11	10
Cash Flow	Cash Flow Ratio (%)	0.75	36.08	6.63	13.87	4.3		-69.00	11
	Net Cash Flow Adequacy Ratio (%)	(Note 3)	78.54	68.89	69.38	70.99		2.32	
	Cash Reinvestment Ratio (%)	(Note 3)	17.60	(Note 3)	(Note 3)	(Note 3)			
Leverage	Operation Leverage	1.04	3.26	1.05	1.14	1.45		27.19	12
	Financial Leverage	1.18	(0.11)	1.41	1.99	-8.91		-547.74	13

Accounts for changes in financial ratio up to 20% in the past two years:

- 1: The long-term capital to PP&E ratio decreased mainly because of Net PP&E increase at the end of the period.
- 2: The quick ratio decreased mainly because of the increase in current liabilities at the end of the period.
- 3: The receivables turnover increased mainly because of the decrease in average receivables of the period.
- 4: The payables turnover decreased mainly because of the increase in average payables and the decrease in the cost of sales of the period.
- 5: The PP&E turnover decreased mainly because of the decrease in net sales and the increase in average net PP&E.
- 6: The total assets turnover decreased mainly because of the decrease in net sales and the increase in average total assets of the period.
- 7: The ROA decreased mainly because of the increase in average total assets at the end of the period.
- 8: The ROE decreased mainly because of the increase in average total equity at the end of the period.
- 9: The pre-tax income to paid-in capital ratio decreased mainly because of the increase in paid-in capital of the period.
- 10: The EPS decreased mainly because of the increase in the weighted average number of outstanding shares at the end of the period.
- 11: The cash flow ratio decreased mainly because of the decrease in net cash inflow from operating activities and the increase in current liabilities of the period.
- 12: The operating leverage increased mainly because of the decrease in the operating profit of the period.
- 13: The financial leverage decreased mainly because of the decrease in operating profit and the increase in interest expenses of the period.

Note 1. The above information is verified and certified by an accountant.

Note 2: By the date of annual report publication, no CPA-reviewed financial data for Q1 2021 is available.

Note 3: The net cash flow is a negative value and thus omitted by law.

Note 4: Please refer to the description above for the calculation of financial analysis.

III. Audit Report on the Financial Statements in the most recent year by the Audit Committee

**Ruentex Development Co., Ltd.**

**Audit Report by the Auditing Commission**

The Board of Directors prepared the business report, financial statements and proposal on profit distribution proposal for 2020. The financial statements were audited by Chao-ming Wang and Ming-chuan Hsu, accountants of PwC Taiwan, and an audit report was issued by them. The above-mentioned business report, financial statements and proposal on profit distribution were reviewed by the Audit Committee and deemed appropriate. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we present this report for further examination.

Sincerely,

2021 Shareholders' Meeting of Ruentex Development Co., Ltd.

Audit Committee Convener: Ko, Shun-Hsiung

March 26, 2021

IV. Financial Statements of the Previous Year: See Appendix A

V. Individual Financial Statements of the Previous Years Certified by a CPA

VI. Insolvency that occurs in the Company and affiliates in the previous year until the date of report publication: NA.

## Seven. Review of Financial Position, Financial Performance, and Risk Management

### I. Financial Position

Analysis of Significant Changes in Assets, Liabilities, and Equity in the Past Two Years

Unit: New Taiwan Dollars in Thousands

Item \ Year	2020	2019	Difference		
			Amount	%	Note
Current assets	39,202,599	37,813,596	1,389,003	3.67	
Property, plant, and equipment	4,831,865	4,430,532	401,333	9.06	
Right-of-use assets	2,567,028	2,006,860	560,168	27.91	1
Net value of investment properties	20,981,591	21,418,294	(436,703)	-2.04	
Intangible Assets	253,971	244,424	9,547	3.91	
Others Assets	118,552,321	84,218,841	34,333,483	40.77	2
Total Assets	186,389,375	150,132,544	36,256,831	24.15	1, 2
Current Liabilities	24,848,429	20,331,180	4,517,249	22.22	3
Non-Current Liabilities	42,575,595	44,409,084	(1,833,492)	-4.13	
Total liability	67,424,024	64,740,264	2,683,760	4.15	
Equity attributed to owners of the parent	114,244,330	80,892,817	33,351,513	41.23	4, 5
Capital	15,048,810	10,032,540	5,016,270	50.00	4
Capital surplus	18,147,191	18,136,402	10,789	0.06	
Retained earnings	42,340,836	39,901,502	2,439,334	6.11	
Other Equities	38,792,132	12,907,012	25,885,120	200.55	5
Treasury stock	(84,639)	(84,639)	-	-	
Non-controlling Interest	4,721,021	4,499,463	221,558	4.92	
Total equity	118,965,351	85,392,280	33,573,071	39.32	4, 5

Description of ratio changes (changes below 20% and with an amount below NT\$10 million were eliminated.):

- (1) Increase in right-of-use assets: This is mainly because of the new lease agreements in 2020.
- (2) Increase in other assets: This is mainly because the investments made by the equity method increased.
- (3) Increase in current liabilities: This is mainly because the short-term bills payable and contract liabilities increased.
- (4) Increase in the share capital: This is mainly because of the stock dividends distributed in 2020.
- (5) Increase in other equity: This is mainly because the changes in the unrealized gain on valuation of associates and the re-categorization with the overlay approach.

### II. Financial Performance:

Analysis of the Significant Changes in Operating Results in the Past Two Years:

Unit: New Taiwan Dollars in Thousands

Item \ Year	2020	2019	Increased (Decreased) Amount	Change Ratio (%)	Note
Operation income	19,084,589	17,257,930	1,826,659	10.58	
Operation Cost	15,145,020	13,645,895	1,499,125	10.99	
Gross Margin	3,939,569	3,612,035	327,534	9.07	
Operating Expenses	1,854,562	1,712,792	141,770	8.28	
Operating profit	2,085,007	1,899,243	185,764	9.78	
Non-operating Income and Expenses	8,693,455	8,111,225	582,230	7.18	
Net profit before tax	10,778,462	10,010,468	767,994	7.67	
Net Income Current Period	9,275,392	9,586,119	-310,727	-3.24	
Other Comprehensive Income Current Period, Net	25,746,073	42,520,688	-16,774,615	-39.45	1

Total Comprehensive Income Current Period	35,021,465	52,106,807	-17,085,312	-32.79	1
Profit Attributable to Owners of the Parent	8,557,651	9,067,952	-510,301	-5.63	
Profit Attributable to Non-controlling Interest	717,741	518,167	199,574	38.52	
Comprehensive Income Attributable to Owners of the Parent Company	34,343,978	51,706,025	-17,362,047	-33.58	1
Comprehensive Income Attributable to Noncontrolling Interests	677,487	400,782	276,705	69.04	2
Equity per Share (NT\$)	5.88	6.23	-3.47	-37.11	3

1. Description of Ratio Changes (changes below 20% and with an amount below NT\$10 million were eliminated):

- (1) Decrease in the net OCI and the net comprehensive income of the period: This is mainly because the changes in the unrealized gain on valuation of associates and the re-categorization with the overlay approach decreased.
- (2) Increase in the comprehensive income attributable to noncontrolling interests: This is mainly because the non-controlling interest and the unrealized valuation loss on investments in associates decreased.
- (3) The EPS decreased mainly because of the increase in the weighted average number of outstanding shares at the end of the period.

2. Potential Financial Influence of the Estimated Sales Volume and its Basis and Countermeasures:

- (1) Projects ready for sales this year include: Botanic Garden Villa, The Silk Court, Ruentex Dingfeng (pre-sales), Ruentex Wenhua (pre-sales), and Ruentex Yangbei of this Company, and Ruentex Awesome (pre-sales) of subsidiary Ruentex Innovative Development. Projects in construction include the Lihe Government-Led Urban Regeneration Project, Ruentex Wenhua, and Wolong Street Chlorine-Ionic Building Urban Regeneration Project, MRT Sanchong Station Jie-VI Development Project, Wuguwang-A and Wuguwang-B Project. In addition, we actively develop various potential co-construction projects to create profit for the company.

In commercial property, driven by the favorable conditions, including tenants moving in the offices and hotels and the inauguration of the THSR Nangang Station and Nangang Bus Station, subsidiaries Ruentex Xuzhan and Ruentex Baiyi will actively introduce various marketing programs to increase the number of visitors in order to boost the overall revenue and business performance of CITYLINK. In addition, the CITYLINK Songshan Store 2, CITYLINK Neihu, TSUTAYA BOOKSTORE (Songshan Station Front, Neihu, and Nangang stores) of subsidiary Ruentex Construction (formerly City-Link Development) create the railway economy by linking the transportation of the Nangang Railway Station, Songshan Railway Station, and Neihu Metro Station to gain stable return.

- (2) In the wholesale business, by 2020 we constantly increased the revenue of all stores with flexible marketing approaches in the increasingly competitive domestic supermarket business, to maintain stable income; except for the Zhonglun Store.

### III. Cash Flow

(1) Changes in Consolidated Cash Flow in the Previous Year:

Unit: NT\$ thousands

Beginning Cash Balance	Annual Net Operating Cash Flow	Annual Net Investing and Financing Cash Flow	Cash Balance (insufficiency)	Remedy for Cash Shortage	
				Investment Plans	Financial Management Plans
\$7,147,701	\$1,761,768	\$4,200,097	\$4,709,372	-	-

- (1) Net operating cash inflow of about NT\$1.759 billion gained mainly from the handing over of projects including Ruentex Spectacular Life, RT-Fuduxin, and The Silk Court. In addition, the amount influenced by the exchange rate was about NT\$3 million.
- (2) Net investing cash outflow of about NT\$1,050 million: This mainly because of the investment in PP&E.
- (3) Net financing cash outflow of about NT\$3,150 million: This is mainly because of the cash dividends paid and the repayments of long-term borrowings

## (2) Analysis of Cash Liquidity in the Next Year:

Beginning Cash Balance	Estimated Annual Net Operating Cash Flow	Annual Net Investing and Financing Cash Flow	Estimated Cash Balance (insufficiency)	Estimated Remedy for Cash Shortage	
				Investment Plans	Financial Management Plans
\$4,709,372	(\$1,591,479)	(\$1,093,866)	\$ 2,024,027	-	-
<p>(1) Operating activities: In the next year, the estimated annual net operating cash outflow will be about NT\$1,591 million due to the steady operations of all business types and the continuation of all development projects.</p> <p>(2) Investing and Financing Activities: In the next year, the estimated cash outflow will be NT\$1.094 billion for cash dividend distribution, investing activities, and financing activities.</p>					

IV. Influence of major capital spending on financial position and operation in recent years: None

V. Re-investment policies, main causes of profit or loss, and improvement plans in the previous year, and investment plans in the next year:

(I) We invest, on principle, in public companies with steady operations and industries in relation to the business of this Company with developmental potential. We will still focus on investments in companies with a robust financial structure and assess investments carefully and conservatively to ensure the success of investment diversification.

(II) Profit and Loss of Investees in 2020:

Name of Investee	Main business items	Gain (Loss) in 2020	Main Reasons for Gain or Loss	Improvement Plans
Ruentex Construction International BVI	General Investment	20,302	Recognition of the profit from investing in Concord Greater China Ltd. through investee Sinopac Global was the main reason for the gain.	NA
Ruentex Property Management & Maintenance Co., Ltd.	Property Management and Maintenance Services	8,455	Recognition of the profit from long-term shares investment in non-operating income was the main reason for the gain.	NA
Ruen Fu Newlife Corp.	Retirement Home and General Property Management and Maintenance Services	(10,716)	Low occupancy as a result of the age increase of residents, withdrawal rate increase, and vacancy rate increase were the main reasons for the loss.	Continue to raise occupancy and control expenses.
Ruentex Security Co., Ltd.	Ruentex Security Co., Ltd.	7,662	Recognition of the profit from long-term shares investment in non-operating income was the main reason for the gain.	NA
Ruentex Construction International Co., Ltd. (Previously named City-Link Development Co., Ltd.)	Mall Operations, Proprietary Booths, Commercial Property Leasing, Housing and Building Development, Leasing and Sales, and Business Management Consulting	(56,931)	The higher beginning operating cost of new business groups was the main reason for the loss.	Enhance overall revenue and competitiveness. (Renamed in August 2019)
Ruentex Xuzhan Co. Ltd.	Mall Operations and Commercial Property Leasing	297,470	It was established to undertake government BOT projects. Profit maintains because the condition of the mall and offices are great.	NA

Name of Investee	Main business items	Gain (Loss) in 2020	Main Reasons for Gain or Loss	Improvement Plans
Ruentex Baiyi Co., Ltd.	Mall Operations and Commercial Property Leasing	165,241	It was established to undertake government BOT projects. Profit maintains because the condition of the mall and offices are great.	NA
Ruentex Innovative Development Co. Ltd.	Commissioning Constructor to Build Collective Housing and Sales	(28,493)	It is a new company established at the end of 2015. As no revenue has been recognized, a loss is presented.	NA
Nan Shan Life Insurance Co., Ltd.	Personal insurances, such as life insurance, health insurance, damage insurance and annuity.	35,647,210	insurance, and annuity, and the disposition of financial assets.	NA
Ruentex Engineering & Construction Co., Ltd.	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects	1,009,976	Despite the influence of the macro environment, the performance in both revenue and profit was up to the standard among competitors. Apart from implementing existing projects, we will continue to increase the value and characteristics of differentiation to constantly increase the income from new projects.	NA
Ruentex Materials Co., Ltd.	Production and Distribution of Construction Materials	130,619	This is because of recognizing the gain from investment of investee Ruentex Interior Design and the steady operations in the year.	NA
Gin-Hong Investment Co., Ltd.	General Investment	140,986	The profit from investments increased mainly because of the equity distribution of investee Ruentex Industries Ltd.	NA
Ruen Chen Investment Holding Co., Ltd.	General Investment	31,927,790	The profit from investments of investee Nan Shan Life Insurance.	NA
Concord Greater China Ltd.	General Investment	229,844	It is a general investee with gains mainly from recognizing the profit on re-investing in Sun Art Retail.	NA
Shing Yen Construction & Development Co., Ltd.	Congregate housing and commercial building rental and sale and operation of department store business	391	Asset lease is the main source of income.	NA
Sunny Friend Environmental Technology Co., Ltd.	Waste Disposal and Manufacture of Pollution Prevention Equipment	993,948	The profit of re-investments in waste disposal and manufacture of pollution prevention equipment because of the increase in sales volume and steady growth.	NA
Ruentex Industries Ltd.	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	5,865,832	Main Reasons for Profit: (1) Recognition of the profit from investments of Concord Greater China Ltd. and Ruentex Development using the equity method. (2) Recognition of the gain from investment in Ruen Chen Investment Holdings.	NA
Ruentex Construction International Ltd.	General Investment	780	Rent is the main source of income.	NA



Name of Investee	Main business items	Gain (Loss) in 2020	Main Reasons for Gain or Loss	Improvement Plans
Sinopac Global Investment Ltd.	General Investment	40,394	Recognition of the profit from investments of Concord Greater China Ltd. and Ruentex Development using the equity method.	NA
Ruen Yang Construction Co., Ltd.	Civil Engineering Projects	561	The increase in operating income was main reason for profit.	NA
Ruentex Interior Design Inc.	Design and Construction of Interior Decoration, Gardens, and Greenery	85,884	The increase in operating income was main reason for profit.	NA
Runzhu Architecture and Engineering (Shanghai) Ltd.	Construction Engineering and Technology Consulting and Services	18,585	Currently, it is the promotion center of the construction business in Mainland China. After related business types are on the right track, profit will increase continuously.	NA

## VI. Risk Analysis and Assessment (the previous year until the date of report publication)

### (I) Influence on gains/losses of changes in interest rate and exchange rate and inflation, and future countermeasures:

Due to the lower amount of loans in 2020 than in 2019, the interest expense in 2020 was less than that of the previous year. We will constantly keep track of the influence on income of changes in interest rates and take relevant countermeasures as necessary. The influence of the exchange rate is lower, as we are basically in an industry for domestic demands. Currently, the influence of inflation is still insignificant. We will keep track of commodity price volatility constantly and take relevant countermeasures as necessary.

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

1. Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments and derivatives investments: We prohibit engagement in high-risk and high-leverage investments.

Investments in derivatives aim for hedging and are conducted with respect to related laws and regulations of the regulations of this Company.

2. Policies, main reason(s) for profits or losses, and future countermeasures for engaging in lending, offering guarantees and endorsements: We engage in lending, offering guarantees, and endorsements with respect to related laws and regulations of the regulations of this Company. There is no record of losses.

### (III) Future R&D projects and planned R&D expenses: The R&D expenses planned for 2021 by the subsidiaries of the Company is NT\$ 66,340 thousand, which can be divided into the following six main R&D areas:

1. Improvement plan for the quality, strength, and performance of construction materials
2. Development plan for new precast method
3. Introduction and development plan for automated and labor-saving construction machinery and equipment
4. Construction Projects optimization plan
5. Optimization plan for the integrated management system of construction information and design
6. Intelligence construction site and the construction AI introduction plan

### (IV) Influence of major policies and legal changes at home or abroad on finance and operations and countermeasures: In 2020 there was not significant policy or legal changes at home and abroad to affect the Company's finance and operations. We will constantly keep track of major policies and legal changes at home or abroad with significant influence on our finance and operations.

### (V) Influence of changes in technology and the industry on finance and operations and countermeasures: In response to environmental protection across the globe and the seismic and geological morphologies of Taiwan, we will launch projects with well-planned environmental protection and shock resistance to meet customer demands.

### (VI) Influence of market presence changes on crisis management and countermeasures: By the date of annual report publication, there is no report of the influence of market presence change on crisis management.

### (VII) Expected benefits and potential risks of mergers and acquisitions: NA.

### (VIII) Expected benefits and potential risks of factory expansion and countermeasures: NA.

### (IX) Potential risk of procurement or sales centralization and acquisitions: Apart from land development and

investment in the construction of housing, villa, and commercial buildings, MRT joint development projects, and station BOT and commercial property development projects, our major scope of business does not cover sales centralization. In procurement management, we carefully assess the quality, technology, and operational performance of constructors before contracting and implement strict control of project schedules and service quality to ensure the construction quality of each project.

(X) Influence and potential risk of the massive transaction of or conversion of shares of the directors, supervisors, or dominant shareholders holding over 10% of the shareholding and countermeasures: By the date of annual report publication, there is no report of massive transaction or conversion of shares.

(XI) Influence and risks of management changes and countermeasures: NA.

(XII) Litigious or non-litigious events: NA.

(XIII) Other important risks and countermeasures: Influence of information security risk on the company's finance and operations and countermeasures: To ensure the security and stability of information systems; prevent anomalies and disasters of information systems and data damage; and enhance data protection, we have established the information security policy, adopted the offsite backup and data backup mechanisms for information systems, and sent data to offsite storage. In addition, we have established the disaster recovery plan to strengthen disaster management. We also conduct disaster recovery drills to ensure the normal system operation and data security.

We have established stringent internal control procedures and protection mechanisms to control and secure application programs, operating systems, and network systems, in order to effectively control information system risks and maintain business continuity.

In 2020 and by the date of annual report publication, no event causing significant financial influence was reported, nor involvement in related litigious events or supervisory investigation was recorded.

VII. Other material information: NA.

## Eight. Special Remarks

一、Information of Affiliates

Date: By December 31, 2020

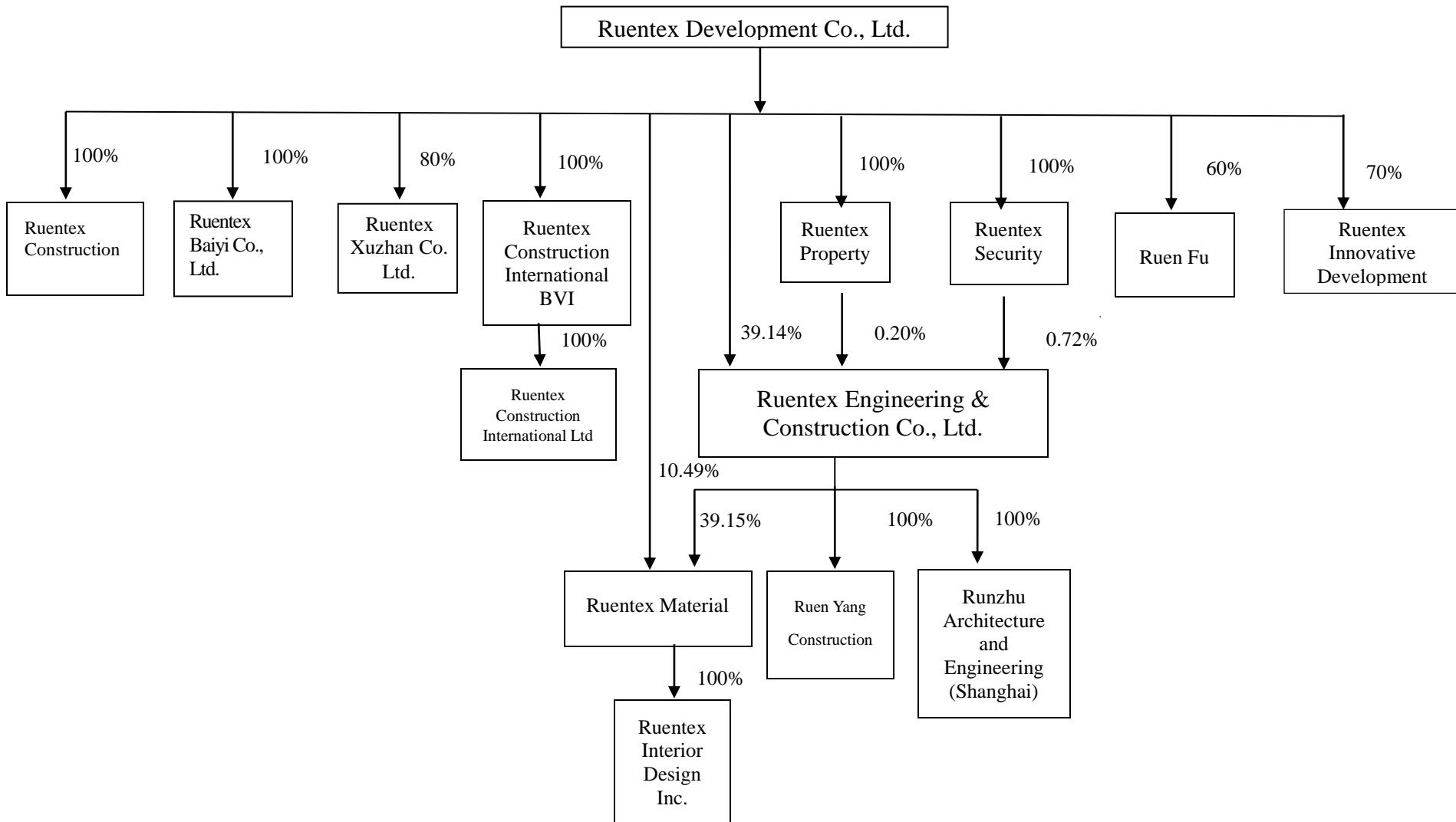
(I) Consolidated Business Reports of Affiliates

1) Organization of Affiliates

a. Organization Chart of Affiliate

Ruentex Development Co., Ltd.

Organization Chart of Affiliates



## (2) Basic Data of Affiliates

Unit: NTD/USD/HKD thousands

Affiliate	Established On	Address	Paid-in Capital	Major Business or
Ruentex Construction International BVI	November 29, 1994	Tropic Isle Building,P.O.Box438,Road Town,Tortola,British Virgin Islands	USD25,000	General Investment
Ruentex Construction International Ltd	March 24, 1994	2/F, Jonsim Place, No. 228 Queen's Road East, Wanchai, Hong	HK7,800	General Investment
Ruentex Construction International Co., Ltd. (Previously named City-Link Development Co., Ltd.)	October 25, 2002	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	1,098,744	Mall Operations, Proprietary Booths, Commercial Property Leasing, Housing and Building Development, Leasing and Sales, and Business Management Consulting (Renamed in August ,2019)
Ruentex Baiyi Co., Ltd.	March 22, 2007	1F., No. 11, Songshan Rd., Taipei City	1,950,000	Mall Operations and Commercial Property
Ruentex Xuzhan Co. Ltd.	November 20, 2006	No. 369, Sec. 7, Zhongxiao E. Rd.,	2,000,000	Mall Operations and Commercial Property
Ruentex Property Management & Maintenance Co., Ltd.	September 26, 1992	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	28,287	Property Management and Maintenance Services
Ruentex Security Co., Ltd.	June 7, 1999	11F., No. 308, Sec. 2, Bade Rd., Taipei City	69,000	Security Services
Ruen Fu Newlife Corp.	December 19, 1991	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	15,000	Senior Citizen's housing and buildings general affairs
Ruentex Innovative Development Co. Ltd.	November 19, 2015	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	2,840,000	Commissioning Constructor to Build Collective Housing
Ruentex Engineering & Construction Co., Ltd.	November 03, 1974	10F., No. 308, Sec. 2, Bade Rd., Taipei City	1,350,000	Undertaking Construction and Civil Engineering Projects, the Import, Export, Production, and Planning of Precast Beams, Columns, and Exterior Walls, and Related Electrotechnical Projects
Ruentex Materials Co., Ltd.	September 23, 1992	10F., No. 308, Sec. 2, Bade Rd., Taipei City	1,500,000	Production and distribution of building materials
Ruen Yang Construction Co., Ltd.	March 13, 1995	10F., No. 308, Sec. 2, Bade Rd., Taipei City	6,000	Civil Engineering Projects
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	January 8, 2014	Room 276, 202 Fulian Road, Pudong District, Shanghai City	USD5,200	Technical Consulting and service of construction engineering
Ruentex Interior Design Inc.	November 14, 1994	11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City	30,000	Design and Construction of Interior Decoration,

(3) Data of shareholders with designated control or affiliation: NA

(4) Scope of Business Covered by all Affiliates: The scope of business of this Company and affiliates covers commission/investment in the construction of public housing/general apartments; interior design; property management and maintenance; electrical appliance wholesale; precision equipment wholesale and retail; retail shopping mall; office leasing; wholesale; and general investments.

(5) Directors, Supervisors, and Presidents of Affiliates and Their Shareholdings Unit:  
Shares; %; Date: December 31, 2020

Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding percentage
Ruentex Construction International BVI	Director	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	25,000,000	100.00%
Ruentex Construction International Ltd	Director	Representative of Ruentex Construction International BVI: Jean, Tsang-Jiunn	7,800,000	100.00%
Ruentex Construction International Co., Ltd. (Previously named City-Link Development Co., Ltd.)	Chairman	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	109,874,319	100.00%
	Director	Representative of Ruentex Development Co., Ltd.: Lee, Chih-Hung	109,874,319	100.00%
		Representative of Ruentex Development Co., Ltd.: Chen, Li-Yu	109,874,319	100.00%
	Supervisors	Representative of Ruentex Development Co., Ltd.: Chang, Hsiu-Yen	109,874,319	100.00%
Ruentex Baiyi Co., Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	195,000,000	100.00%
	Director	Representative of Ruentex Development Co., Ltd.: Lee, Chih-Hung	195,000,000	100.00%
		Representative of Ruentex Development Co., Ltd.: Yen, Tien-Cheng	195,000,000	100.00%
	Supervisors	Representative of Ruentex Development Co., Ltd.: Chang, Hsiu-Yen	195,000,000	100.00%
Ruentex Xuzhan Co. Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	160,000,000	80.00%
	Director	Representative of Ruentex Development Co., Ltd.: Lee, Chih-Hung	160,000,000	80.00%
		Representative of Ruentex Development Co., Ltd.: Yin Wong, Yee-Fan	160,000,000	80.00%
		Representative of Ruentex Development Co., Ltd.: Yin, Chung-Yao	160,000,000	80.00%
		Representative of Mitsubishi Estate Co., Ltd.: Tougenn Shoubunn	40,000,000	20.00%
	Supervisors	Chang, Hsiu-Yen	0	0.00%
Ruentex Property Management & Maintenance Co., Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Yang, Zi-Jing	2,828,650	100.00%
	Director	Representative of Ruentex Development Co., Ltd.: Cheng, Wen-Ching	2,828,650	100.00%
		Representative of Ruentex Development Co., Ltd.: Chen, Xue-Xian	2,828,650	100.00%

Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding percentage
	Supervisors	Representative of Ruentex Development Co., Ltd.: Lin, Chin-Szu	2,828,650	100.00%
	President	Chen, Xue-Xian	—	—
Ruentex Security Co., Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Yang, Zi-Jing	6,900,000	100.00%
	Director	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	6,900,000	100.00%
		Representative of Ruentex Development Co., Ltd.: Chen, Xue-Xian	6,900,000	100.00%
	Supervisors	Representative of Ruentex Development Co., Ltd.: Chen, Chih-Chuan	6,900,000	100.00%
	President	Chen, Xue-Xian	—	—
Ruen Fu Newlife Corp.	Chairman	Representative of Ruentex Development Co., Ltd.: Yang, Zi-Jing	900,000	60.00%
	Director	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	900,000	60.00%
		Representative of Ruentex Development Co., Ltd.: Meng, Fan-Wen	900,000	60.00%
	Supervisors	Representative of Ruentex Industries Ltd.: Chen, Chih-Chuan	600,000	40.00%
Ruentex Innovative Development Co. Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Jean, Tsang-Jiunn	198,800,000	70.00%
	Director	Representative of Ruentex Development: Lee, Chih-Hung	198,800,000	70.00%
		Representative of Mitsubishi Estate Co., Ltd.: Tougenn Shoubunn	85,200,000	30.00%
	Supervisors	Chang, Hsiu-Yen	0	0.00%
Ruentex Engineering & Construction Co., Ltd.	Chairman	Representative of Ruentex Development Co., Ltd.: Lai, Shih-Hsun	52,844,859	39.14%
	Director	Representative of Yingjia Investment Co., Ltd.: Mo, Wei-Han	8,437,000	6.25%
		Representative of Ruentex Development Co., Ltd.: Lee, Chih-Hung	52,844,859	39.14%
		Representative of Ruen Hua Dyeing & Weaving Co., Ltd.: Yin, Chung-Yao	2,584,000	1.91%
		Representative of Huei Hong Investment Co., Ltd.: Chen, Chih-Chuan	360,000	0.26%

Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding percentage
		Cao, Sho-Min	0	0.00%
	Independent Director	Shen, Xiao-Ling	0	0.00%
		Zheng, Hui-Bin	0	0.00%
		Lin, Kuo-Feng	0	0.00%
	President	Wei-han Mo	8,000	0.00%
Ruentex Materials Co., Ltd.	Chairman	Representative of Ruentex Engineering & Construction Co., Ltd.: Lee, Chih-Hung	58,726,917	39.15%
	Director	Representative of Ruentex Industries Ltd.: Yin Wong, Yee-Fan	7,139,530	4.76%
		Representative of Ruentex Engineering & Construction Co., Ltd.: Lai, Shih-Hsun	58,726,917	39.15%
		Representative of Ruentex Industries Ltd.: Chiu, Hui-Sheng	7,139,530	4.76%
		Representative of Huei Hong Investment Co., Ltd.: Yin, Chung-Yao	4,214,222	2.81%
		Representative of Huei Hong Investment Co., Ltd.: Chen, Chih-Chuan	4,214,222	2.81%
		Independent Director	Chen, Ming-Jin	0
	Chang, Guo-Zhen		0	0.00%
	Chang, Da-Peng		0	0.00%
	President	Chiu, Hui-Sheng	890,000	0.59%
Ruen Yang Construction Co., Ltd.	Chairman	Representative of Ruentex Engineering & Construction Co., Ltd.: Lee, Zhen-Hong	600,000	100.00%
	Director	Representative of Ruentex Engineering & Construction Co., Ltd.: Chang, Gong-Chen	600,000	100.00%
		Representative of Ruentex Engineering & Construction Co., Ltd.: Lee, Guang-Ming	600,000	100.00%
	Supervisors	Representative of Ruentex Engineering & Construction Co., Ltd.: Lee, Yao-Qin	600,000	100.00%
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	Chairman	Representative of Ruentex Engineering & Construction Co., Ltd.: Lai, Shih-Hsun	5,200,000	100.00%
	Director	Representative of Ruentex Engineering & Construction Co., Ltd.: Mo, Wei-Han	5,200,000	100.00%
		Representative of Ruentex Engineering & Construction Co., Ltd.: Jan, Yao-Yu	5,200,000	100.00%
	Supervisors	Representative of Ruentex Engineering & Construction Co., Ltd.: Zhao, Chun-guo	5,200,000	100.00%
Ruentex Interior Design Inc.	Chairman	Representative of Ruentex Materials Co., Ltd.: Jean, Tsang-Jiunn	3,000,000	100.00%

Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding percentage
	Director	Representative of Ruentex Materials Co., Ltd.: Lee, Chih-Hung	3,000,000	100.00%
		Representative of Ruentex Materials Co., Ltd.: Lu, Yu-Huang	3,000,000	100.00%
	Supervisors	Representative of Ruentex Materials Co., Ltd.: Lin, Chin-Szu	3,000,000	100.00%

2. Performance of Affiliates Unit: NTD/USD/HKD Thousands; Date: December 31, 2020

Affiliate	Authorized Capital	Total Assets	Total liability	Net Worth	Operation income	Operating Income	Income of the Period After Taxes	EPS (NT\$) After Taxes
Ruentex Construction International BVI	(USD) 25,000	2,055,957	192	2,055,765	1,152	427	20,302	—
Ruentex Construction International Ltd	(HK) 7,800	22,667	199	22,468	1,152	568	790	—
Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.)	1,098,744	2,812,007	2,393,719	418,288	313,877	(88,625)	(56,931)	(0.63)
Ruentex Baiyi Co., Ltd.	1,950,000	8,842,685	6,586,386	2,256,299	695,775	322,249	165,241	0.85
Ruentex Xuzhan Co. Ltd.	2,000,000	11,735,337	9,256,148	2,479,189	1,007,427	487,716	297,470	1.49
Ruentex Property Management & Maintenance Co., Ltd.	28,287	102,588	63,003	40,585	259,135	7,982	8,455	2.99
Ruentex Security Co., Ltd.	69,000	108,987	35,664	73,324	161,933	333	7,662	1.11
Ruen Fu Newlife Corp.	15,000	20,915	27,041	(6,126)	44,099	(13,344)	(10,716)	(7.14)
Ruentex Innovative Development Co. Ltd.	2,840,000	6,204,880	3,465,202	2,739,678	32	(37,522)	(28,493)	(0.10)
Ruentex Engineering & Construction Co., Ltd.	1,350,000	7,565,897	3,317,334	4,248,563	11,530,175	1,007,728	1,009,976	7.48
Ruentex Materials Co., Ltd.	1,500,000	5,019,593	2,625,902	2,393,691	2,459,576	64,908	130,619	0.87
Ruen Yang Construction Co., Ltd.	6,000	25,701	15,792	9,909	36,164	(112)	561	0.79
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	(USD) 5,200	159,388	19,768	139,620	75,576	(5,346)	18,585	—
Ruentex Interior Design Inc.	30,000	630,897	434,215	196,682	842,914	98,928	85,884	28.63

(2) Consolidated Financial Statements of Affiliates:

The affiliates included in our 2019 Consolidated Financial Statements are identical with those required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards Board (IASB), International Accounting Standards (IASs), and Standing Interpretations Committee (SICs) accredited by the FSC. In addition, the information to be disclosed by affiliates



in their Consolidated Financial Statements has been disclosed in the Consolidated Financial Statements of said parent company. Therefore, no separate Consolidated Financial Statements of affiliates will be published.

(3) Repts on Relations with Affiliates: NA.

II. Private placements of securities in the previous year and by the date of report publication: NA.

III. Stocks of this Company held and disposed by subsidiaries in the previous year and by the date of report publication: NA.

Name of Subsidiary	Paid-in capital	Capital Source	Shareholding percentage of the Company	Date of Acquisition or Disposal	Number and Amount of Shares Acquired	Number and Amount of Shares Disposed	Profit and Loss on Investments	Number of Shares Held by March 31, 2021 and Their Face Value	Pledge Creation	Amount of Endorsements and Guarantees for Subsidiaries	Amount of Lending to Subsidiaries
Ruentex Engineering & Construction Co., Ltd.	1,350,000	Self-owned Funds	40.07% (Comprehensive Shareholding)	-	-	-	-	5,139 thousand shares NT\$19,984,000	-	-	-
This Year and by the Date of Report Publication					-	-	-	5,139 thousand shares NT\$19,984,000	-	-	-

IV. Other required supplementary notes: NA.

Nine. Events with material impacts on equity or stock price as specified in Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication: NA.

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

Company Address: 11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City

Telephone: (02)8161-9888

Ruentex Development Co., Ltd. and subsidiaries  
Consolidated Financial Statements and Report of Independent Accountants of 2020 and 2019

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Ruentex Development Co., Ltd. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, from January 1 to December 31, 2020, 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 26, 2021

Accountants' Audit Report

(2021) Cai-Shen-Bao-Zi No.20005068

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

**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, 2020 and Dec. 31, 2019, the consolidated comprehensive income statements, equity statements and cash flow statements of Ruentex Group for the period from Jan. 1 to Dec. 31, 2020 and the period from Jan. 1 to Dec. 31, 2019, 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, 2020 and 2019, 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 2020. 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 2020 are as follows:

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

#### Description of Key Audit Matters

As of December 31, 2020, Ruentex Group's investments accounted under equity method were NT\$113,459,105 thousand, representing 60.87% 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.

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

### Description of Key Audit Matters

Please see Note 4(30) 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 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.



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

### Description of Key Audit Matters

For the year of 2020, the Group's construction contract revenue was NT\$9,776,876 thousand, representing 51.23% of consolidated operating revenue. Please see Note 4(30) for accounting policies on revenue recognition, Note 5(2) for critical accounting estimates and assumptions and Note 6(25) for details.

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 the accuracy of the recognition of construction income as one of the key matters in this year's audit.

### Corresponding Audit Procedures

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

1. We obtained an understanding of the nature of business and industry of Ruentex Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating the construction costs (including contracting, material and labor costs), 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. Re-check the percentage of the completion of each construction, and review the accuracy of the recognition of the related construction incomes and if they have been accounted for.

4. We 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.

#### **Other Matters - Reference to Audits by Other Accountants**

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in 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, 2020 and 2019, were NT\$42,619 thousand and NT\$45,443 thousand, respectively, and constituted 0.02% and 0.03% of total consolidated assets. Their total operating income of NT\$45,251 thousand and NT\$47,625 thousand for the period from Jan. 1 to Dec. 31, 2020 and the period from Jan. 1 to Dec. 31, 2019, constituting 0.24% and 0.28% of total consolidated operating income. The aforementioned investments recognized under equity method as of December 31, 2020 and 2019 were NT\$7,071,122 thousand and NT\$14,932,672 thousand, respectively, and constituted 3.79% and 9.95% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income(loss) were NT\$(422,867) thousand and NT\$5,761,174 thousand for the period from Jan. 1 to Dec. 31, 2020 and the period from Jan. 1 to Dec. 31, 2019 respectively, constituting 1.21% and 11.06% 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, 2020 and 2019.

#### **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 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chao-Ming Wang

CPA

Ming-chuan Hsu

Former Securities and Futures Commission, Ministry of Finance  
Approval Certificate No.:(1996) Tai-Cai-Zheng (VI) No. 65945  
Financial Supervisory Commission

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

March 26, 2021

Ruentex Development Co., Ltd. and the Subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: New Taiwan Dollars in Thousands

Assets	Notes	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current Assets</b>						
1100	Cash and cash equivalents	VI(I)	\$ 4,709,372	2	\$ 7,147,701	5
1110	Financial assets measured at fair value through profit or loss - current	VI(II)	-	-	39,210	-
1136	Financial assets measured by amortized cost - current	VI(VII)	-	-	25,760	-
1140	Contract asset - current	VI(XXV) and VII	2,440,546	1	1,275,724	1
1150	Net Notes Receivable	VI (III)	136,917	-	257,873	-
1160	Bills receivable - related parties - net	VII	40,931	-	9,020	-
1170	Net Accounts Receivable	VI (III) (XI)	1,033,849	1	1,071,790	1
1180	Accounts receivable - related parties - net	VII	4,136	-	1,828	-
1200	Other receivables		23,810	-	21,438	-
1210	Other Receivables - related party	VII	12,494	-	12,683	-
1220	Current income tax assets		15,922	-	17,001	-
130X	Inventories	VI(IV), VII and VIII	29,003,884	16	26,911,326	18
1410	Prepayments		364,976	-	242,125	-
1460	Non-current assets held for sale, net	VI(XIV)	16,415	-	-	-
1470	Other Current Assets	VI(V) and VIII	1,399,347	1	780,117	-
11XX	<b>Total Current Assets</b>		<u>39,202,599</u>	<u>21</u>	<u>37,813,596</u>	<u>25</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	VI(II)	37,262	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	VI (VI), VII and VIII	3,578,218	2	3,825,675	3
1535	Amortized cost financial Assets - non-Current	VI(VII)	560,000	-	560,000	1
1550	Investments accounted for using equity method	VI (VIII), VII and VIII	113,459,105	61	78,936,414	53
1600	Property, plant, and equipment	VI(IX), VII and VIII	4,831,865	3	4,430,532	3
1755	Right-of-use assets	VI(X), VII and VIII	2,567,028	2	2,006,860	1
1760	Net value of investment properties	VI(XII) and VIII	20,981,591	11	21,418,294	14
1780	Intangible assets	VI(XIII)	253,971	-	244,424	-
1840	Deferred tax Assets	VI(XXXIII)	296,146	-	207,719	-
1930	Long-term notes and accounts receivable	VI(XI)	426,038	-	460,954	-
1990	Other non-current assets - others	VI(XV) and VIII	195,552	-	228,076	-
15XX	<b>Total non-current assets</b>		<u>147,186,776</u>	<u>79</u>	<u>112,318,948</u>	<u>75</u>
1XXX	<b>Total Assets</b>		<u>\$ 186,389,375</u>	<u>100</u>	<u>\$ 150,132,544</u>	<u>100</u>

(Continued)

Ruentex Development Co., Ltd. and the Subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: New Taiwan Dollars in Thousands

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
<b>Current Liabilities</b>						
2100	Short-term borrowings	VI(XVI) and VIII	\$ 2,750,000	1	\$ 3,323,000	2
2110	Short-term bills payable	VI(XVII) and VIII	4,878,621	3	3,038,126	2
2130	Contract liabilities - current	VI(XXV) and VII	2,576,469	1	1,172,937	1
2150	Notes payable		859,066	-	681,035	-
2160	Notes payable - related party	VII	31,199	-	16,576	-
2170	Accounts payable		2,306,722	1	1,942,621	1
2180	Accounts payable - related party	VII	17,259	-	17,650	-
2200	Other payables	VII	1,039,009	1	985,610	1
2230	Income tax liabilities of current period		1,365,523	1	150,833	-
2280	Lease liabilities - current	VI (X) and VII	204,307	-	380,509	-
2300	Other Current liabilities	VI (XVIII) (XIX)	8,820,254	5	8,622,283	6
21XX	<b>Total Current Liabilities</b>		<u>24,848,429</u>	<u>13</u>	<u>20,331,180</u>	<u>13</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	VI (XVIII) and VIII	28,106,090	15	30,927,546	21
2570	Deferred income tax liabilities	VI(XXXIII)	1,674,293	1	1,533,237	1
2580	Lease liabilities - non-current	VI (X) and VII	10,876,133	6	10,058,917	7
2670	Other non-current liabilities - others	VI(XIX)( XX)	1,919,079	1	1,889,384	1
25XX	<b>Total Non-Current Liabilities</b>		<u>42,575,595</u>	<u>23</u>	<u>44,409,084</u>	<u>30</u>
2XXX	<b>Total Liabilities</b>		<u>67,424,024</u>	<u>36</u>	<u>64,740,264</u>	<u>43</u>
<b>Equity</b>						
<b>Equity attributed to owners of the parent</b>						
Capital						
3110	Share capital	VI (XXI)	15,048,810	8	10,032,540	7
Capital surplus						
3200	Capital surplus	VI (XXII)	18,147,191	9	18,136,402	12
Retained earnings						
3310	Legal reserve	VI (XXIII)	4,472,550	3	3,816,407	3
3320	Special reserve		507,767	-	29,523,666	20
3350	Undistributed earnings		37,360,519	20	6,561,429	4
Other Equities						
3400	Other Equities	VI (XXIV)	38,792,132	21	12,907,012	8
3500	Treasury stock	VI (XXI)	( 84,639)	-	( 84,639)	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>114,244,330</u>	<u>61</u>	<u>80,892,817</u>	<u>54</u>
36XX	<b>Non-controlling interest</b>	VI(XXXIV)	4,721,021	3	4,499,463	3
3XXX	<b>Total Equity</b>		<u>118,965,351</u>	<u>64</u>	<u>85,392,280</u>	<u>57</u>
Significant contingent liabilities and unrecognized contractual commitments						
Significant subsequent events						
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 186,389,375</u>	<u>100</u>	<u>\$ 150,132,544</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-Szu

Ruentex Development Co., Ltd. and the Subsidiaries  
Consolidated Statements of Comprehensive Income  
2020 and 2019 from January 1st to December 31st

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

Item	Notes	2020		2019		
		Amount	%	Amount	%	
4000	Operation income	VI(XXV)and VII	\$ 19,084,589	100	\$ 17,257,930	100
5000	Operation Cost	VI(IV)(XX) (XXVI) (XXXI)(XXXII) and VII	( 15,145,020)	( 79)	( 13,645,895)	( 79)
5900	Gross profit		3,939,569	21	3,612,035	21
	Operating Expenses	VI(XX)(XXXI)(XXXII) and VII				
6100	Selling and marketing expenses		( 724,252)	( 4)	( 702,521)	( 4)
6200	Administrative expense		( 1,068,046)	( 6)	( 948,647)	( 6)
6300	R&D expenses		( 60,690)	-	( 59,650)	-
6450	Expected credit impairment losses	VI(XXXI)	( 1,574)	-	( 1,974)	-
6000	Total Operating Expenses		( 1,854,562)	( 10)	( 1,712,792)	( 10)
6900	Operating Profit		2,085,007	11	1,899,243	11
	Non-operating Income and Expenses					
7100	Interest revenue	VI(VII)(XXVII) and VII	63,045	-	101,812	1
7010	Other income	VI(X)(XXVIII)	291,527	2	308,802	2
7020	Other gains and losses	VI(XXIX)	( 121,739)	-	( 281,955)	( 2)
7050	Finance costs	VI(XXX) and VII	( 698,112)	( 4)	( 611,057)	( 4)
7060	Share of income of associates and joint ventures accounted for using the equity method	VI(VIII)	9,158,734	48	8,593,623	50
7000	Total non-operating income and expenses		8,693,455	46	8,111,225	47
7900	<b>Net profit before tax</b>		10,778,462	57	10,010,468	58
7950	Income tax expense	VI(XXXIII)	( 1,503,070)	( 8)	( 424,349)	( 2)
8200	<b>Net income of current period</b>		\$ 9,275,392	49	\$ 9,586,119	56

(Continued)



Ruentex Development Co., Ltd. and the Subsidiaries  
Consolidated Statements of Comprehensive Income  
2020 and 2019 from January 1st to December 31st

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

Item	Notes	2020		2019	
		Amount	%	Amount	%
<b>Other comprehensive income (net)</b>					
<b>Items not to be reclassified into profit or loss</b>					
8311	Remeasurements of defined benefit plans	VI(XX)	(\$ 10,014)	-	\$ 1,304 -
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	VI(VI)	( 63,424)	-	( 872,867) ( 5)
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	VI(XXIV)	( 136,355)	( 1)	( 48,983) -
8349	Income tax relating to non-reclassified items	VI(XXXIII)	4,586	-	104,642 -
8310	Total of items not to be reclassified into profit or loss		( 205,207)	( 1)	( 815,904) ( 5)
<b>Items may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translating foreign operations		( 345,896)	( 2)	( 171,605) ( 1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method - items that may be reclassified subsequently to profit or loss	VI(XXIV)	26,356,310	138	43,818,066 254
8399	Income tax related to items may be reclassified into profit or loss	VI(XXXIII)	( 59,134)	-	( 309,869) ( 2)
8360	Total of items may be reclassified subsequently to profit or loss		25,951,280	136	43,336,592 251
8300	<b>Other comprehensive income (net)</b>		\$ 25,746,073	135	\$ 42,520,688 246
8500	<b>Total comprehensive income for the period</b>		\$ 35,021,465	184	\$ 52,106,807 302

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu

Ruentex Development Co., Ltd. and the Subsidiaries  
Consolidated Statements of Comprehensive Income  
2020 and 2019 from January 1st to December 31st

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

Profit attributable to:						
8610	Owners of the parent	\$	<u>8,557,651</u>	<u>45</u>	\$ <u>9,067,952</u>	<u>53</u>
8620	Non-controlling interest	\$	<u>717,741</u>	<u>4</u>	\$ <u>518,167</u>	<u>3</u>
Comprehensive Income attributed to:						
8710	Owners of the parent	\$	<u>34,343,978</u>	<u>180</u>	\$ <u>51,706,025</u>	<u>300</u>
8720	Non-controlling interest	\$	<u>677,487</u>	<u>4</u>	\$ <u>400,782</u>	<u>2</u>
Earnings per share						
				VI(XXXV)		
9750	Basic earnings per share	\$		<u>5.88</u>	\$	<u>6.23</u>
9850	Diluted earnings per share	\$		<u>5.88</u>	\$	<u>6.23</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-Szu

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

Unit: New Taiwan Dollars in Thousands

Notes	Equity attributed to owners of the parent							Total	Non-controlling interests	Total Equity	
	Common share capital	Capital reserve	Retained earnings			Other equities	Treasury stock				
			Legal reserve	Special reserve	Undistributed earnings						
<u>2019</u>											
Balance on January 1, 2019		\$ 10,032,540	\$ 18,013,510	\$ 4,829,705	\$ 17,450,088	\$ 13,066,788	(\$ 32,411,659)	(\$ 84,639)	\$ 30,896,333	\$ 4,382,681	\$ 35,279,014
Net income of current period	VI(XXIII)(XXXIV)	-	-	-	-	9,067,952	-	-	9,067,952	518,167	9,586,119
Other Comprehensive Income	VI(XXIII)(XXIV)	-	-	-	-	(44,119)	42,682,192	-	42,638,073	(117,385)	42,520,688
Total comprehensive income for the period		-	-	-	-	9,023,833	42,682,192	-	51,706,025	400,782	52,106,807
Appropriation and distribution of the earnings for 2018:	VI(XXIII)										
Legal reserve		-	-	993,210	-	(993,210)	-	-	-	-	-
Special reserve		-	-	-	12,073,578	(12,073,578)	-	-	-	-	-
Cash dividends from the legal reserve	VI(XXIII)	-	-	(2,006,508)	-	-	-	-	(2,006,508)	-	(2,006,508)
Dividends unclaimed by shareholders with claim period elapsed	VI(XXII)	-	3,409	-	-	-	-	-	3,409	-	3,409
Changes in associates & joint ventures accounted for using equity method	VI(XXII)(XXIII)(XXIV)	-	122,482	-	-	184,120	(10,045)	-	296,557	-	296,557
Changes in ownership interests in subsidiaries	VI(XXII)(XXXIV)	-	9,910	-	-	-	-	-	9,910	4,281	14,191
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	VI(VI)(XXIII)(XXIV)	-	-	-	-	(2,646,524)	2,646,524	-	-	-	-
Changes in the Reorganization	VI(XXII)	-	(12,909)	-	-	-	-	-	(12,909)	-	(12,909)
Increase of non-controlling Interest	VI(XXXIV)	-	-	-	-	-	-	-	-	1,447,979	1,447,979
Decrease in non-controlling interests	VI(XXXIV)	-	-	-	-	-	-	-	-	(1,736,260)	(1,736,260)
Balance on December 31, 2019		\$ 10,032,540	\$ 18,136,402	\$ 3,816,407	\$ 29,523,666	\$ 6,561,429	\$ 12,907,012	(\$ 84,639)	\$ 80,892,817	\$ 4,499,463	\$ 85,392,280
<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	VI(XXIII)(XXXIV)	-	-	-	-	8,557,651	-	-	8,557,651	717,741	9,275,392
Other Comprehensive Income	VI(XXIII)(XXIV)	-	-	-	-	(93,002)	25,879,329	-	25,786,327	(40,254)	25,746,073
Total comprehensive income for the period		-	-	-	-	8,464,649	25,879,329	-	34,343,978	677,487	35,021,465
Profit reversed as special reserve		-	-	-	(29,015,899)	29,015,899	-	-	-	-	-
Appropriation and distribution of the earnings for 2019:	VI(XXIII)										
Legal reserve		-	-	656,143	-	(656,143)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,003,254)	-	-	(1,003,254)	-	(1,003,254)
Share dividend	VI(XXI)	5,016,270	-	-	-	(5,016,270)	-	-	-	-	-
Reversal of dividends unclaimed by shareholders with claim period elapsed	VI(XXII)	-	(351)	-	-	-	-	-	(351)	-	(351)
Changes in associates & joint ventures accounted for using equity method	VI(XXII)	-	11,140	-	-	-	-	-	11,140	-	11,140
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	VI(VI)(XXIII)(XXIV)	-	-	-	-	(5,791)	5,791	-	-	-	-
Decrease in non-controlling interests	VI(XXXIV)	-	-	-	-	-	-	-	-	(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

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

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

Unit: New Taiwan Dollars in Thousands

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash flows from operating activities</u>			
Profit before Income Tax current period		\$ 10,778,462	\$ 10,010,468
Adjustment item			
Income and expenses			
Depreciation expense	VI(XXXI)	985,441	929,826
Amortization	VI(XXXI)	12,248	9,420
Expected credit impairment losses	VI(XXXI)	1,574	1,974
Impairment loss on use-of-right assets	VI(XXIX)	1,543	88,809
Impairment loss on investment properties	VI(XXIX)	1,656	94,871
Interest Cost	VI(XXX)	698,112	611,057
Interest revenue	VI(XXVII)	( 63,045 )	( 101,812 )
Dividend income	VI(XXVIII)	( 128,297 )	( 127,440 )
Share of profit of associates accounted for using the equity method	VI(VIII)	( 9,158,734 )	( 8,593,623 )
Real estate properties, plants and equipment reclassified as expenses	VI(IX)	76	-
Intangible assets reclassified as expense	VI(XIII)(XXXVI)	543	1,229
Gains on disposals of real estate, plant and equipment	VI (XXIX)	( 19,303 )	( 426 )
Gain on disposal of non-current assets held for sale		( 27,584 )	-
Valuation profit on financial assets at fair value through profit or loss	VI(II)(XXIX)	( 3,564 )	( 2,207 )
Gains on reversal of financial assets impairment loss	VI(II)(XXIX)	( 1,105 )	( 295 )
Gains on lease modifications	VI(X)(XXIX)	( 23 )	-
Other income		( 16,102 )	( 40,802 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Contractual assets - Current		( 1,164,822 )	( 560,933 )
Notes receivable		120,956	( 117,507 )
Bills receivable - related parties		( 31,911 )	( 8,079 )
Accounts Receivable		36,367	( 5,399 )
Accounts Receivable – related Party		( 2,302 )	21,878
Other Receivable		( 2,029 )	( 1,898 )
Other receivables - related Party		189	1,920
Inventories		( 1,999,884 )	1,058,660
Prepaid Expenses		( 122,851 )	( 70,855 )
Other Current Assets		( 86,972 )	( 36,071 )
Long term notes and payments receivable		34,916	54,689
Other non-current Assets		16,742	21,124
Net change in liabilities related to operating activities			
Contractual Liabilities - Current		1,403,532	130,913
Notes payable		178,022	320,130
Notes Payable – related Party		14,623	13,906
Accounts Payable		364,207	454,355
Accounts Payable – related Party		( 391 )	12,760
Other Payable		54,461	93,659
Other Current Liabilities		145,561	37,358
Other non-Current liabilities		24,423	57,064
Cash flow in from operating		2,044,735	4,358,723
Interest received		64,845	100,292
Amount of interest Paid		( 795,124 )	( 860,745 )
Dividends received		735,100	701,550
Income tax refunded		68	3,166
Income tax paid		( 290,533 )	( 1,113,343 )
Cash inflow from operating activities		1,759,091	3,189,643

(Continued)

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

Unit: New Taiwan Dollars in Thousands

Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
<u>Cash flows from investing activities</u>		
Costs returned for financial assets at fair value through profit or loss	\$ 1,105	\$ 295
Acquisition of financial assets at fair value through profit or loss	( 33,835 )	( 85,866 )
Proceeds from disposal of financial assets at fair value through profit or loss	38,373	111,026
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current	-	( 13,865 )
Acquisition of financial Assets at fair value through other comprehensive income acquired - non-Current; consider a dividend returned at initial holding cost	122,503	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	61,530	-
Acquisition of financial assets measured at amortized costs - current	( 8,521 )	( 25,760 )
Disposal of financial assets measured at amortized costs - current	34,083	21,765
Investment under the equity method acquired	( 87,500 )	( 578,962 )
Return of funds to reduced investment adopting the Equity method	-	195,429
Investment in real estate properties, plants, and equipment	( 644,390 )	( 478,289 )
Disposal the payment of real estate, plants, and equipment	39,033	558
Investment real estate acquired	-	( 102,941 )
Acquisition of intangible assets	( 22,372 )	( 30,742 )
Decrease (increase) in other financial assets	( 532,258 )	164,285
Proceeds from disposal of non-current assets held for sale	70,610	-
Increase in prepayments for equipment	( 88,272 )	( 94,948 )
Cash used in investing activities	( 1,049,911 )	( 918,015 )
<u>Cash flows from financing activities</u>		
Net increase (decrease) in short-term borrowings	( 573,000 )	2,443,000
Net increase in short-term bills payable	1,840,000	2,340,000
Amount of long-term borrowings	27,275,000	26,250,413
Repayments of long-term borrowings	( 30,028,000 )	( 27,708,825 )
Decrease (increase) in guarantee deposits received	( 4,742 )	29,482
Cash dividends paid	( 1,003,254 )	( 2,006,508 )
Principal elements of lease payments	( 200,261 )	( 132,622 )
Changes in non-controlling interest	( 455,929 )	( 288,281 )
Reorganization	-	( 12,909 )
Net cash generated from (used in) financing activities	( 3,150,186 )	913,750
The effect of changes of foreign exchange rates	2,677	( 31,781 )
Increase (decrease) of cash and cash equivalents – current period	( 2,438,329 )	3,153,597
Cash and cash equivalents at beginning of year	7,147,701	3,994,104
Cash and cash equivalents at the end of year	\$ 4,709,372	\$ 7,147,701

The notes to the consolidated financial statements are part of the consolidated financial statements, please refer them together.

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu

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

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

I. Company History

Ruentex Development Co., Ltd. (hereinafter referred to as the “Company”), was incorporated in September 1977 under the laws of Republic of China (ROC) and formerly known as “Ruentex Construction Co., Ltd.”. The Company was authorized to trade its stocks on the Taiwan Stock Exchange since April 30, 1992. On July 2, 2002, the Company changed its name to “Ruentex Development Co., Ltd.” under the approval of the competent authority. The Company 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.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were authorized by the Board of Directors on March 26, 2021.

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>To be determined by the International Accounting Standards Board (IASB) Effective date of IASB announcement</u>
Amendments to IAS 1 and IAS 8 “Disclosure Initiative - Definition of Material”	January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 on “Interest Rate Benchmark Reform”	January 1, 2020
Amendment to IFRS 16 “COVID-19-Related Rent Concessions”	June 1, 2020 (Note)

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

This amendment provides a practical expedient whereby a lessee may elect not to assess whether a rent concession relating to the COVID-19 pandemic is a lease modification and treat any change in lease payments resulting from such a rent concession as a change in lease payments during the concession period if all of the following conditions are met.

1. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2. Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. There is no substantive change to other terms and conditions of the lease.

The Group adopted this practical expedient and increased other income by \$24,506 in 2020, as explained in Note VI(X)XI.

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

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

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

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

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

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

#### 1. IFRS 17 "Insurance Contracts"

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

#### 2. Amendment to IFRS 17 "Insurance Contracts"

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



#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance statement

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

##### (II) Basis of preparation

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

##### (III) Basis of consolidation

1. Basis for preparation of consolidated financial statements
  - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
  - (4) Changes in parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

<u>The Investee Company Name</u>	<u>Subsidiaries Name</u>	<u>Nature of Business</u>	<u>Percentage of shareholding (%)</u>		<u>Description</u>
			<u>December 31,2020</u>	<u>December 31,2019</u>	
Ruentex Development Co., Ltd.	Ruentex Resources Integration Co., Ltd. (Resource Integration)	Cable, Elevator, and Fire Equipment Installation	-	-	Note 2 & 6
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd. (Ruentex Construction) (Previous named City-Link Development Co., Ltd.)	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings and building rental and sale business development and Enterprise Management consultant Business	100.00	100.00	Note 5

Percentage of shareholding (%)

<u>The Investee Company Name</u>	<u>Subsidiaries Name</u>	<u>Nature of Business</u>	<u>December 31,2020</u>	<u>December 31,2019</u>	<u>Description</u>
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) 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)	Retirement Home and General Property Management and Maintenance Services	60.00	60.00	Note 1
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd. (Ruentex Security)	Security	100.00	100.00	
Ruentex Development Co., Ltd.	Ruentex Xuzhan Co. Ltd. (Ruentex Xuzhan)	Mall Operations and Commercial Property Leasing	80.00	80.00	
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd. (Ruentex Baiyi)	Mall Operations and Commercial Property Leasing	100.00	100.00	
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 6 & 7
Ruentex Development Co., Ltd.	Ruentex Material Co., Ltd. (Ruentex Material)	Production and Distribution of Construction Materials	10.49	10.49	

Percentage of shareholding (%)

<u>The Investee Company Name</u>	<u>Subsidiaries Name</u>	<u>Nature of Business</u>	<u>December 31,2020</u>	<u>December 31,2019</u>	<u>Description</u>
Ruentex Development Co., Ltd.	Ruentex Development Company (Ruentex Development)	Commissioning Constructor to Build Collective Housing and Sales	70.00	70.00	Note 4
Ruentex Construction International (B.V.I.) Ltd.	Ruentex Construction International Ltd. (Ruentex Construction)	General Investment	100.00	100.00	Note 1
Ruentex Resources Integration Co., Ltd.	Wide Profit International Holdings Ltd. (Wide Profit)	General Investment	-	-	Note 3
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 7
RUENTEX PROPERTY MANAGEMENT & 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 7

Percentage of shareholding (%)

<u>The Investee Company Name</u>	<u>Subsidiaries Name</u>	<u>Nature of Business</u>	<u>December 31,2020</u>	<u>December 31,2019</u>	<u>Description</u>
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd. (Ruentex Material)	Production and distribution of building materials	39.15	39.15	
Ruentex Engineering & Construction Co., Ltd.	Ruen Yang Construction Co., Ltd. (Ruentex Construction)	Civil Engineering Projects	100.00	100.00	
Ruentex Engineering & Construction Co., Ltd.	Runzhu Architecture and Engineering (Shanghai) Co., Ltd. (Runzhu)	Technical Consulting and service of construction engineering	100.00	100.00	Note 8
Ruentex Engineering & Construction Co., Ltd.	Wide Profit International Holdings Ltd. (Wide Profit)	General Investment	-	-	Note 3
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc. (Ruentex Design)	Design and Construction of Interior Decoration, Gardens, and Greenery	100.00	100.00	Note 9

Note 1: Audited by other independent accountants for the years ended December 31, 2019 and 2020.

Note 2: In order to simplify the Group's organization structure and integrate resources, a proposal for dissolution of the subsidiary Resource Integration was submitted by the board of directors on January 14, 2019, and approved by the extraordinary shareholders' meeting on January 30, 2019. Also on February 13, 2019, the competent authority was filed to and approved the dissolution. Resource Integration completed the distribution of the residual properties and settlement on November 4, 2019. NT\$3,276,244 was distributed to the Company in cash.

Note 3: Wide Profit suspended the operating activities on July 31, 2018, and in September 13, 2018 remitted the settled share capital. On December 14, 2018, upon the resolutions of the Board and the Shareholders' Meeting, and dissolved on the date of publication in the Hong Kong Gazette on December 27, 2019.

Note 4: In order to improve the financial structure and to increase the operating capital, Ruentex Development conducted a capital increase in June 2019 by issuing 73,000,000 new shares. The

Company subscribed for NT\$511,000 based on the ownership percentage.

Note 5: Ruentex Construction was previously LI SHENG DEVELOPMENT CO., LTD., and was approved by the Department of Commerce, MOEA on August 16, 2019.

Note 6: Pursuant to resolution of the interim shareholder meeting on October 23, 2019, Resource Integration sold all the shares of Ruentex Engineering & Construction Co., Ltd., these shares were bought back by shareholders in proportion to their shareholdings. The Company acquired 51,832,359 common shares of Ruentex Engineering & Construction at the price of NT\$ 58.6 on October 28, 2019, for total amount of 3,037,376, service charge of NT\$1,898, recognized as the premium to issuance of the capital reserve.

Note 7: 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 8: The shareholders' meeting of the Newzone Fashion Ltd. had resolved to cease the operating activities on June 30, 2020 and the liquidation is in progress.

Note 9: 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 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.

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\$4,721,021 and NT\$4,499,463 as of December 31, 2020 and 2019 respectively, and the following are non-controlling interests that are material to the Group:

<u>Subsidiary Name</u>	<u>Main business Place of Business</u>	<u>Non-controlling interest</u>			
		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>Percentage shareholding</u>	<u>Amount</u>	<u>Percentage shareholding</u>
Ruentex Engineering & Construction Co., Ltd.	Taiwan	\$3,405,840	59.94%	\$3,176,221	59.94%

Summary of subsidiaries' financial information:

Balance Sheet

	<u>Ruentex Engineering &amp; Construction Co., Ltd.</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 5,601,484	\$ 4,995,962
Non-Current Assets	6,446,789	6,133,886
Current Liabilities	( 4,373,090)	( 3,871,128)
Non-current liabilities	( 1,970,089)	( 1,978,321)
Total net assets	<u>\$ 5,705,094</u>	<u>\$ 5,280,399</u>

Statements of Comprehensive Income

	<u>Ruentex Engineering &amp; Construction Co., Ltd.</u>	
	<u>2020</u>	<u>2019</u>
Income	\$ 14,468,066	\$ 11,637,322
Net income before tax	1,339,720	882,717
Income tax expense	( 250,262)	( 149,584)
Net income of current period	1,089,458	733,133
Other comprehensive income (Net of tax)	( 12,539)	( 204,783)
Total Comprehensive Income of current period	<u>\$ 1,076,919</u>	<u>\$ 528,350</u>
Total comprehensive income attributed to non-controlling interest	<u>\$ 78,185</u>	<u>\$ 49,677</u>
Dividends paid to non-controlling interest	<u>\$ 401,129</u>	<u>\$ 340,206</u>

## Statements of Cash Flows

	<u>Ruentex Engineering &amp; Construction Co., Ltd.</u>	
	<u>2020</u>	<u>2019</u>
Cash inflow from operating activities	\$ 1,023,509	\$ 605,287
Cash used in investing activities	( 435,542)	( 114,882)
Net cash generated from (used in) financing activities	( 1,024,581)	40,826
The effect of changes of foreign exchange rates	<u>4,278</u>	<u>( 1,234)</u>
Increase (decrease) of cash and cash equivalents – current period	( 432,336)	529,997
Cash and cash equivalents at beginning of year	<u>1,316,022</u>	<u>786,025</u>
Cash and cash equivalents at end of period	<u>\$ 883,686</u>	<u>\$ 1,316,022</u>

### (IV) Foreign currency translation

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

(V) Classification of Current and non-Current items

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

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

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

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

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

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

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

(VI) Cash equivalents

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

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

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

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

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

(IX) Financial Assets at 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.

(X) Notes and accounts receivable

1. Refer to accounts and notes to be received due to transfer of commodities or labors already performed unconditionally in exchange for the right for consideration amount according to the contract terms.

2. Short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment of financial Assets

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

(XII) Derecognition of financial Assets

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

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

(XIII) Lease transactions of lessor - 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.

(XIV) 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.

(XV) 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.

(XVI) 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. 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.

(XVII) 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

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

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

(XIX) 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.

(XX) 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.

(XXI) Impairment of non-financial Assets

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

2. 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 its recoverable amount. Impairment loss for goodwill is not reversible.

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

(XXII) Loans

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

(XXIII) Notes and accounts payable

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

(XXIV) Derecognition of financial liabilities

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

(XXV) 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.

(XXVI) Employee benefits

1. Short-term employee benefits

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

## 2. Pensions

### (1) Defined contribution plans

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

### (2) Defined benefit plans

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

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

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

## 3. Termination benefits

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

## 4. Employees' compensation and directors' remuneration

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

## (XXVII) Income tax

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



substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or 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.
7. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from investments and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

#### (XXVIII) Capital

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.

#### (XXIX) 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.

(XXX) 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 proofing 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. Lease 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.

(XXXI) Operating segments

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

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

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

(I) Critical judgments in applying the 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.

(II) 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 (IV) for the details of fair value of financial instruments.

On December 31, 2020, the carrying amount of the Group's investments in securities of other unlisted companies at fair value through other comprehensive income was NT\$651,727.

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.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 11,134	\$ 10,460
Checking deposits	298,501	95,062
Demand deposits	773,306	200,935
Time deposits	2,307,321	3,026,136
Cash equivalents - Bonds under repurchase agreements	<u>1,319,110</u>	<u>3,815,108</u>
	<u>\$ 4,709,372</u>	<u>\$ 7,147,701</u>

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

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets at fair value through profit or loss (mandatory)		
Structured wealth management products	<u>\$ -</u>	<u>\$ 39,210</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Convertible bonds	\$ 33,835	\$ -
Privately offered fund	-	42,583
Adjustments for valuation	<u>3,427</u>	<u>(42,583)</u>
	<u>\$ 37,262</u>	<u>\$ -</u>

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

	<u>2020</u>	<u>2019</u>
Financial assets at fair value through profit or loss (mandatory)		
Structured wealth management products	\$ 137	\$ 2,207
Convertible bonds	<u>3,427</u>	<u>-</u>
	<u>\$ 3,564</u>	<u>\$ 2,207</u>

2. For the years 2020 and 2019, the reversal of impairment profit due to return of share capital was NT\$1,105 and NT\$295.
3. The privately offered fund (Chih-Long No.1) invested by the Group completed the dissolution in March 2019, and the Group wrote off the recognized investment costs, and cumulatively recognized unrealized adjustment for valuation - both were losses of NT\$37,773.
4. 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.
5. 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.

(III) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 136,917	\$ 257,873
Accounts receivable (Note)	\$ 129,654	\$ 131,324
Construction payment receivable	912,707	949,033
	1,042,361	1,080,357
Less: Allowance for loss	( 8,512)	( 8,567)
	<u>\$ 1,033,849</u>	<u>\$ 1,071,790</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, 2020 and 2019, the amounts were NT\$209,962 and NT\$159,097.
2. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 1,024,824	\$ 136,917	\$ 1,069,758	\$ 257,873
Overdue				
Within 30 days	3,595	-	2,026	-
31-60 days	53	-	3,008	-
61-90 days	5,323	-	837	-
91 days and more	8,566	-	4,728	-
	<u>\$1,042,361</u>	<u>\$ 136,917</u>	<u>\$1,080,357</u>	<u>\$ 257,873</u>

The aging analysis was based on past due date.

3. The balances of the receivables and notes receivable as of December 31, 2019 and 2020 were incurred by the clients' contracts; also as of January 1, 2019, the balances of the notes receivable and receivables were NT\$140,366 and NT\$1,068,365, respectively.
4. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$136,917 and NT\$257,873 for notes receivable, as of December 31, 2020 and 2019, respectively; the accounts receivable were NT\$1,033,849 and NT\$1,071,790 as of December 31, 2020 and 2019, respectively.
5. The Group did not hold any collateral as security.
6. Please refer to Note XII (III) for information of credit risk for accounts receivable and notes receivable.

(IV) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Construction business department:		
Real property for sale (including parking space)	\$ 13,346,341	\$ 3,178,524
Property under construction	11,254,310	20,129,900
Construction land	3,045,488	2,341,003
Prepaid construction payments	-	40
Prepayment for land purchases	1,182,377	1,090,435
Materials and supplies	306,684	309,404
Work in progress and finished goods	119,860	133,721
Less: Allowance for valuation losses	<u>( 378,951)</u>	<u>( 422,106)</u>
Subtotal	<u>28,876,109</u>	<u>26,760,921</u>
Hypermarket and Franchise Business Department:		
Merchandise inventory	130,767	153,193
Less: allowance for obsolescence loss	<u>( 2,992)</u>	<u>( 2,788)</u>
Subtotal	<u>127,775</u>	<u>150,405</u>
Total	<u>\$ 29,003,884</u>	<u>\$ 26,911,326</u>

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

	<u>2020</u>	<u>2019</u>
Cost of inventories sold and construction costs	\$ 14,007,322	\$ 12,456,925
loss on physical inventory	9,221	11,763
Unallocated manufacturing costs	6,840	-
Revenue from sales of scraps	<u>( 13,191)</u>	<u>( 11,532)</u>
Gain on declining price recovery	<u>( 42,951)</u>	<u>( 5,816)</u>
	<u>\$ 13,967,241</u>	<u>\$ 12,451,340</u>

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

2. Inventory capitalization amount and interest range:

	<u>2020</u>	<u>2019</u>
Amount of capitalization	\$ <u>92,674</u>	\$ <u>249,448</u>
Interest rate collars of capitalization	0.83%~2.00%	1.00%~1.87%

3. The aforementioned construction lands include the payment amount of the Company for the purchase of the agricultural lands. Since they are still agricultural lands, and the land category has not been changed completely, the ownership of the lands is still registered under the name of third party, and pledge has been set on such agricultural lands.

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

(V) Other Current Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Joint construction guarantee deposits	\$ 581,036	\$ 518,939
Restricted bank deposits	559,499	61,424
Guarantee deposits paid	125,393	153,307
Others	<u>133,419</u>	<u>46,447</u>
	<u>\$ 1,399,347</u>	<u>\$ 780,117</u>

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

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

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Equity Instrument</b>		
Shares of TWSE listed companies	\$ 958,501	\$ 958,501
Shares of the TPEX listed companies	689,185	257,185
Shares of the TPEX-listed companies	12,388	-
Privately offered shares of TWSE listed companies	-	71,208
Privately offered shares of TPEX listed companies	-	432,000
Shares of non-TWSE/TPEX listed companies	<u>551,827</u>	<u>686,718</u>
	<u>2,211,901</u>	<u>2,405,612</u>
<b>Adjustments for valuation</b>		
- Shares of TWSE listed companies	494,517	573,733
- Shares of the TPEX listed companies	697,124	991,438
- Shares of the TPEX-listed companies	74,776	-
- Privately offered shares of TWSE listed companies	-	( 3,095)
- Privately offered shares of TPEX listed companies	-	( 54,907)
- Shares of non-TWSE/TPEX listed companies	<u>99,900</u>	<u>( 87,106)</u>
	<u>1,366,317</u>	<u>1,420,063</u>
<b>Total</b>	<u>\$ 3,578,218</u>	<u>\$ 3,825,675</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\$1,453,018 and NT\$1,532,234 as of December 31, 2020 and 2019, 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\$1,386,309 and NT\$1,248,623 as of December 31, 2020 and 2019, respectively.
3. The Group elected to classify the strategic investments in privately offered shares of TWSE listed companies as financial assets at fair value through other comprehensive income, amounting to NT\$0 and NT\$68,113 as of December 31, 2020 and 2019, respectively.
4. The Group elected to classify the strategic investments in privately offered shares of TPEX listed companies as financial assets at fair value through other comprehensive income, amounting to NT\$0 and NT\$377,093 as of December 31, 2020 and 2019, respectively.
5. The Group elected to classify the strategic investments in TPEX listed securities as financial assets at fair value through other comprehensive income, amounting to NT\$87,164 and NT\$0 as of December 31, 2020 and 2019, respectively.
6. The Group elected to classify the strategic investments in unlisted securities as financial assets at fair value through other comprehensive income, amounting to NT\$651,727 and NT\$599,612 as of December 31, 2020 and 2019, respectively.
7. TPEX-listed company, OBI Pharma, Inc. had increased its capital in cash in June 2019, and the Group subscribed for NT\$13,865.
8. As of December 31, 2019, an unlisted company, Powtec ElectroChemical Corp., had sustained material losses continuously, and the current assets were insufficient to offset the current assets. The company had request bankruptcy upon the Board's resolution in February 2020. The Group had adjusted the carrying value of that financial asset to NT\$0 in 2019, and the valuation loss has been recognized in variables of changes in fair value recognized as other comprehensive income.
9. 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\$3,578,218 and NT\$3,825,675 as of December 31, 2020 and 2019, respectively.
10. An unlisted company, Gloria solar International Holding Inc., was approved by the government of Cayman Islands to be dissolved, and the certificate issued by the oversea embassy status-quo was obtained on September 3, 2019. The Group wrote off the recognized investment costs, and cumulatively recognized unrealized adjustment for valuation; both losses were NT\$73,590.
11. The Group holds the shares of Brogent Technologies Inc., a company listed on TPEX, via private placement. The company later applied for a public offering on July 13, 2018, and the application took effect on July 24 of the same year. Therefore, the Group 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.
12. Evergreen Steel Corporation was listed on TPEX 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.

13. The Group's board of directors approved the disposal of 5,308,868 shares of private placement shares of ORIENT SEMICONDUCTOR ELECTRONICS LTD., a public listed company, at \$11.59 per share on November 5, 2020 for \$61,530, which offset the original investment cost of \$71,208 and the cumulative unrealized valuation adjustment-loss of \$9,678. The transaction was completed in December 2020.
14. The Group holds the stock of RT-MART International Co., Ltd. This non-listed company issued cash dividends of NT\$122,503 from the original capital surplus contributed to by shareholders in November 2020. This was regarded as a reduction of the Company's original cost of the holding.
15. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

<u>Item</u>	<u>2020</u>	<u>2019</u>
Changes in fair value recognized as other comprehensive income	(\$ <u>63,424</u> )	(\$ <u>872,867</u> )
Dividend incomes recognized in profit and loss	\$ <u>128,297</u>	\$ <u>127,440</u>
Unrealized valuation losses on financial assets transferred to retained earnings due to disposal	\$ <u>9,678</u>	\$ <u>-</u>
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	\$ <u>-</u>	\$ <u>73,590</u>

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

(VII) Financial Assets at amortized cost

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Guaranteed principal and income wealth management products	\$ <u>-</u>	\$ <u>25,760</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>2020</u>	<u>2019</u>
Interest revenue	\$ <u>19,730</u>	\$ <u>20,823</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\$560,000 and NT\$585,760 as of December 31, 2020 and 2019, respectively.
3. The Group did not pledge financial assets measured at amortized costs to others as collateral.
4. Please refer to Note XII(III) for credit risk information.

(VIII) Investments accounted for using equity method

1. Details are as follows:

<u>Name of the associate</u>	<u>Carrying amount</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Shing Yen Construction & Development Co., Ltd. (Shing Yen)	\$ 295,444	\$ 287,964
Ruentex Industries Ltd. (Ruentex Industries)	10,239,469	7,317,441
Gin-Hong Investment Co., Ltd. (Gin-Hong)	690,904	680,697
Sunny Friend Environmental Technology Co., Ltd. (Sunny Friend)	865,560	831,113
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	93,873,325	62,089,194
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	1,114,185	795,471
Global Mobile Corp. (Global Mobile)	-	-
Concord Greater China Ltd.(Concord)	4,348,924	4,883,696
Sinopac Global Investment Ltd.(Sinopac)	<u>2,031,294</u>	<u>2,050,838</u>
	<u>\$ 113,459,105</u>	<u>\$ 78,936,414</u>

2. The investment shareholder percentage is as follows:

<u>Name of the associate</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</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 Group's interests in associates accounted for under equity method are as follows:

Name of the associate	2020	2019
Shing Yen	\$ 7,972	\$ 42,756
Ruentex Industries	700,943	797,824
Gin-Hong	42,296	46,422
Sunny Friend	264,589	264,336
Ruen Chen	7,981,947	7,208,238
Nan Shan Life Insurance	82,652	27,185
Concord	58,518	153,596
Sinopac	19,817	53,266
	\$ 9,158,734	\$ 8,593,623

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

Name	Main business Place of Business	Shareholding percentage		Relationship	Measurement Method
		December 31, 2020	December 31, 2019		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	11.95%	Note	Diversification	Equity method

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

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

Balance Sheet

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

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

	<u>Ruentex Industries</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 21,844,276	\$ -
Non-Current Assets	131,827,773	-
Current Liabilities	( 8,583,534)	-
Non-Current Liabilities	( 29,482,021)	-
Total net assets (Note)	<u>\$ 115,606,494</u>	<u>\$ -</u>
Portion of the net assets of associates	<u>\$ 10,239,469</u>	<u>\$ -</u>

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

#### Statement of Comprehensive Income

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

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

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

	<u>Ruentex Industries</u>	
	<u>2020</u>	<u>2019</u>
Income	<u>\$ 2,736,394</u>	<u>\$ -</u>
Net income of current period	\$ 8,091,349	\$ -
Other comprehensive income (Net of tax)	<u>25,971,071</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 34,062,420</u>	<u>\$ -</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, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to NT\$9,346,311 and NT\$16,847,220, respectively.

	<u>2020</u>	<u>2019</u>
Net income of current period	\$ 37,048,759	\$ 40,556,361
Other comprehensive income (Net of tax)	<u>101,206,681</u>	<u>206,087,853</u>
Total comprehensive income for the period	<u>\$ 138,255,440</u>	<u>\$ 246,644,214</u>

7. (1) As of December 31, 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.
- (2) As of December 31, 2019, among the investments accounted under equity method, the amounts for Ruentex Industries, 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, 2020</u>	<u>December 31, 2019</u>
Ruentex Industries	\$ 4,707,787	\$ 4,964,453
Sunny Friend	<u>6,914,775</u>	<u>6,944,453</u>
	<u>\$ 11,622,562</u>	<u>\$ 11,908,906</u>

9. Ruen Chen Investment Holding conducted cash capital increase in July, 2020, and June and July, 2019; the Company subscribed the new issued shares in proportion to its shareholding amounting to NT\$87,500, NT\$100,000, and NT\$5,000,000, respectively.
10. In order to adjust its capital structure and improve return on equity ratio, Shing Yen conducted a capital reduction in July 2019 and returned cash capital to its shareholders with a capital reduction ratio of 40.75%. The total cash refund received by the Group was NT\$195,429.
11. 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.
- 12.(1) For the purposes of investments and diversifying operations, the Company invested in Nan Shan Life Insurance in 2010 through Ruen Chen Investment Holding. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$ 11,250,000. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred

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

- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 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.
- (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.
13. To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 29,670,000 shares of Nan Shan Life Insurance for NT\$474,720, for holding 0.23% of the total shares. As Nan Shan Life Insurance is the investee company accounted for the subsidiary of Ruen Chen Investment Holding, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.
14. 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 nine 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.
15. 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.
16. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note VIII.



(IX) Property, plant, and equipment

2020

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1									
Cost	\$1,533,249	\$1,627,274	\$1,837,944	\$ 32,317	\$ 63,754	\$ 42,902	\$1,090,036	\$ 376,402	\$ 6,703,878
Accumulated depreciation	-	( 538,356)	(1,092,954)	( 30,609)	( 50,687)	(103,151)	( 457,589)	-	(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 for sale	-	( 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.

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1									
Cost	\$1,533,249	\$1,382,271	\$1,909,211	\$ 32,270	\$ 61,414	\$ 132,611	\$1,240,449	\$ 4,679	\$6,296,154
Accumulated depreciation	- ( 468,864)	( 1,109,294)	( 30,105)	( 45,582)	( 94,986)	( 441,372)	-	( 2,190,203)	
	<u>\$1,533,249</u>	<u>\$ 913,407</u>	<u>\$ 799,917</u>	<u>\$ 2,165</u>	<u>\$ 15,832</u>	<u>\$ 37,625</u>	<u>\$ 799,077</u>	<u>\$ 4,679</u>	<u>\$4,105,951</u>
January 1	\$1,533,249	\$ 913,407	\$ 799,917	\$ 2,165	\$ 15,832	\$ 37,625	\$ 799,077	\$ 4,679	\$4,105,951
Addition	-	6,083	36,593	47	2,733	15,739	17,109	399,985	478,289
Transfer (Note 1)	-	( 13,241)	30,683	-	-	( 11)	-	( 29,189)	( 11,758)
Reclassification - costs (Note 2)	-	258,291	-	-	-	-	( 161,850)	-	96,441
Reclassification - accumulated depreciation (Note 2)	-	( 10,626)	-	-	-	-	37,053	-	26,427
Costs of disposal of assets	-	-	( 138,471)	-	( 268)	( 5,407)	( 5,622)	-	( 149,768)
Accumulated depreciation on disposal date	-	-	138,433	-	241	5,349	5,613	-	149,636
Capitalization of interest	-	-	-	-	-	-	-	927	927
Depreciation expense	-	( 61,682)	( 122,149)	( 504)	( 5,443)	( 13,540)	( 58,933)	-	( 262,251)
Net exchange differences	-	( 3,314)	( 16)	-	( 28)	( 4)	-	-	( 3,362)
December 31	<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>
December 31									
Cost	\$1,533,249	\$1,627,274	\$1,837,944	\$ 32,317	\$ 63,754	\$ 142,902	\$1,090,036	\$ 376,402	\$6,703,878
Accumulated depreciation	- ( 538,356)	( 1,092,954)	( 30,609)	( 50,687)	( 103,151)	( 457,589)	-	( 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>

Note 1: Including the transfer of prepaid equipment payment of NT\$2,294; transfer to the investment properties of NT\$14,041, and transfer to expenses of NT\$11.

Note 2: The reclassification from the investment properties of NT\$247,665, and the reclassification from to the invested properties of NT\$124,797.

1. Details of the Group's property, plant and equipment pledged to others as collateral are provided in Note VIII.
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.
3. Capitalized amount of borrowing costs for property, plant and equipment and interest rate range:

	<u>2020</u>	<u>2019</u>
Amount of capitalization	\$ <u>3,507</u>	\$ <u>927</u>
Interest rate collars of capitalization	0.88%~1.07%	0.98%~1.12%

(X) 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 minefields 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>2020</u>				
	<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	-	-	( 185,502)	-	( 185,502)
	<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
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 derecognition					
Depreciations	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	-	( 3)	-	-	( 3)
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	-	-	( 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>

	2019			
	Land - rent	Buildings - rent	Land - premiums	Total
January 1	\$ -	\$ -	\$ -	\$ -
The effects applied for the first adoption				
- Cost	4,260,268	393,607	7,205,254	11,859,129
- Accumulated impairment	-	-	( 200,000)	( 200,000)
Balance at 1 January, as restated	4,260,268	393,607	7,005,254	11,659,129
Newly added lease contracts	-	382	-	382
Cost of asset derecognition	-	( 219)	-	( 219)
Accumulated depreciation on de-recognition date	-	219	-	219
Modifications to leases	( 68,100)	-	-	( 68,100)
Reclassification - costs	( 3,996,347)	( 66,315)	( 5,392,685)	( 9,455,347)
Reclassification - accumulated depreciation (Note)	41,583	4,102	53,573	99,258
Reclassification - accumulated amortization (Note)	-	-	103,307	103,307
Depreciation expense	( 74,713)	( 82,147)	( 86,085)	( 242,945)
Impairment loss	-	-	( 88,809)	( 88,809)
Net exchange differences	-	( 15)	-	( 15)
December 31	<u>\$ 162,691</u>	<u>\$ 249,614</u>	<u>\$ 1,594,555</u>	<u>\$ 2,006,860</u>
December 31				
- Cost	\$ 195,821	\$ 327,440	\$ 1,812,568	\$ 2,335,829
- Accumulated depreciation	( 33,130)	( 77,826)	( 32,511)	( 143,467)
- Accumulated impairment	-	-	( 185,502)	( 185,502)
	<u>\$ 162,691</u>	<u>\$ 249,614</u>	<u>\$ 1,594,555</u>	<u>\$ 2,006,860</u>

Note: Reclassification to investment properties of NT\$9,252,782.

### 3. Rents and premiums to lands are as follows:

(1) In January 2014, Ruentex Construction (previous Citylink) 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 premium amounted NT\$1,711,112 was paid in full upon the signing of contract. In addition to the premium, 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) Ruentex Xuzhan Co. Ltd. signed the construction contraction and operation contract for Nangang Railway Station building with the Taiwan Railway Administrations in December 2006; Ruentex Baiyi Co., Ltd. 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, 2020 and 2019, the cumulative premiums paid were NT\$629,379 and NT\$532,079, 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, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Operation income	\$ 21,128	\$ 21,055
Operating Costs	<u>( 74,202)</u>	<u>( 75,567)</u>
Net operating losses	<u>(\$ 53,074)</u>	<u>(\$ 54,512)</u>

B. Private participation in construction and operation contract for 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. Ruentex Baiyi Co., Ltd. signed the superficies right contract with Taiwan Railway Administrations on August 30, 2012. Taiwan Railway Administrations handed over the associated land and building to Ruentex Baiyi Co., Ltd., and Ruentex Baiyi Co., Ltd. confirmed and accepted on in September 2012. Ruentex Baiyi Co., Ltd. completed the registration for setting the superficies right on October 22, 2012.

b. Development premium:

Ruentex Baiyi Co., Ltd. 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:

Ruentex Baiyi Co., Ltd. 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:

Ruentex Baiyi Co., Ltd. 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. Ruentex Baiyi Co., Ltd. took back the certificate in May 2015. In the event of default by Ruentex Baiyi Co., Ltd. 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, Ruentex Baiyi Co., Ltd. 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, 2020</u>	<u>December 31, 2019</u>
Total amount of lease liabilities	\$ 11,080,440	\$ 10,439,426
Less: Due within one year (listed as "Lease liabilities - Current")	<u>( 204,307)</u>	<u>( 380,509)</u>
	<u>\$ 10,876,133</u>	<u>\$ 10,058,917</u>

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

	<u>2020</u>	<u>2019</u>
<u>Items affects the income of the current period</u>		
Interest expenses of lease liabilities	\$ 258,185	\$ 250,014
Expenses of short-term lease contracts	48,469	110,752
Variable lease payments	<u>445</u>	<u>869</u>
	<u>\$ 307,099</u>	<u>\$ 361,635</u>
Gains on lease modifications	<u>\$ 23</u>	<u>\$ -</u>

6. The Group's total lease cash outflows were \$507,360 and \$494,257 in 2020 and 2019, respectively, which consisted of \$48,469 and \$110,752 for short-term lease contracts; \$445 and \$869 for variable lease payments; \$258,185 and \$250,014 for interest expense on lease liabilities; and \$200,261 and \$132,622 for lease principal repayments.

7. Influences to the lease liabilities from variable leases

The subsidiary of the Company, Ruentex Baiyi Co., Ltd. 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 2020 and 2019 were calculated as the following:

	<u>2020</u>	<u>2019</u>
Revenues from proprietary booths	<u>\$ 7,801</u>	<u>\$ 8,513</u>
Costs of premiums	<u>\$ 3,901</u>	<u>\$ 4,256</u>

2. (1) The Company’s third-tier subsidiary, Ruentex Material has leased four government-owned minefields located at Hualien County Xiulin Township Kebaoshan Section 0026-0001 (one) and 0026-0002 (three), and applied for lease renewal on July 1, 2014 and July 1, 2015 before the lease expiry. The National Property Administration of the Ministry of Finance replied on August 23, 2017 regarding the lease renewal and approved the increase of rent from NT\$1,000 per hectare to NT\$18,200 per hectare, that is an increase of monthly rent from NT\$26 to NT\$472. Ruentex Material filed an objection regarding the excessive approved amount of the market price of the lands. On November 17, 2017, the National Property Administration of the Ministry of Finance issued the letter numbered Tai-Cai-Tsan-Bei-Hua-San-Zhi No. 10603121940, to agree the payments of the abovementioned rents and bonds might be postponed to the explanation directive issued by the Bureau of Mine, MOEA, until the evidence of the approved prices of the government-owned lands to be clear.
- (2) However, the National Property Administration of MOF issued a letter dated March 28, 2019, to require Ruentex Material to pay the rents and bonds of lands located at Hualien County Xiulin Township Kebaoshan Section 0026-0001 (one) and 0026-0002 (three). The reasons of the National Property Administration of MOF specified as the Administration had sent letter to the Bureau of Mine, MOEA, requesting the updated progress pursuant to Article 46 of the Act of Mine; nonetheless, the Bureau of Mine, MOEA had not yet replied the National Property Administration of MOF pursuant to the directive.
- (3) Also, based on the letter issued on April 23, 2019, by the Bureau of Mine, MOEA, numbered Kuan-Ju-Xing-Er-Zhi No. 10800031690. to the National Property Administration of MOF, after the Bureau of Mine, MOEA studied and analyzed the appraisal provided by the National Property Administration of MOF and the operating procedure of the state-owned property appraisal, the Bureau had issued Jing-Shou-Wu-Zhi No. 10720112240, dated December 6, 2018, titled “The Recommendations of Checking and Appraising the Minefields” to the National Property Administration of MOF. In the related meetings of the National Property Administration of MOF, the related comments were provided and recorded. It was advised that the National Property Administration of MOF to review the reasonableness of the significant adjustments to the rents and bonds of minefields.
- (4) Therefore, Ruentex Material believed that the reasons specified in the abovementioned letter from the National Property Administration of MOF inconsistent with the letter from the Bureau of Mine, MOEA, and thus issued a letter to the National Property Administration of MOF, requesting withdrawing the request of paying the rents and bonds of government owned minefields located at Hualien County Xiulin Township



Kebaoshan Section 0026-0001 (one) and 0026-0002 (three), and the executions as specified in the letter numbered Tai-Cai-Tsan-Bei-Hua-San-Zhi No. 10603121940, dated November 17, 2017, which agrees Ruentex Material to calculate and make the payments of the abovementioned rents and bonds might be postponed to until the evidence of the approved prices of the government-owned lands to be clear.

- (5) On May 23, 2019, the National Property Administration of MOF issued an letter again to request Ruentex Material to pay the rents and bonds of government owned minefields located at Hualien County Xiulin Township Kebaoshan Section 0026-0001 (one) and 0026-0002 (three) before May 31, 2019. Since Ruentex Material did not paid before the mentioned due day, the National Property Administration of MOF issued two letters, numbered Tai-Cai-Tsan-Bei-Hua-San-Zhi No. 10842019180 and 10842019200 on July 1, 2019, respectively, claimed that as the leases were not renewed before the due day, the renewals were cancelled and the leases were terminated pursuant to the regulations, with the termination dates of July 2, 2014 and July 2, 2015, respectively. As Ruentex Material had to recover the lands, the paid bonds of NT\$ 367 and \$2,487 were held as occupancy. Ruentex Material had to pay the land compensations based on the rents of these rented minefields until the lands were returned.
  - (6) Considering that the mineral rights of these rented lands were in the durations, and the application of expanding the minefields were under review of the competitive authority, the Bureau of Mine, MOEA, Ruentex Material intends to apply to the minefields again pursuant to the current laws when required by the business. From the termination dates to June 30, 2019, the compensation of the abovementioned lease contracts was NT\$1,259, and paid by Ruentex Material in July 2019. The originally recognized and the abovementioned lease contracts related to the right-of-use assets for NT\$ 1,922 and lease liabilities for NT 1,922 were reversed on June 30, 2019.
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 18 June 2020, the subsidiary has applied to the competent authorities for the renewal of the leases. As of December 31, 2020, 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 XIII 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 a gain of \$24,506 (listed under "Other income") for the year ended December 31, 2020 for the change in lease payments resulting from the rent concessions, and a total of \$63,129 for the year ended December 31, 2020 for the Group's rent concessions for shopping malls and hotels.
  12. Please refer to Note VI (XII) for the details of impairment of right-to-use assets.

(XI) 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, Ruenfu Newlife and some of the Company's projects. The terms of the leases are between 2014 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. Please refer to Note VI (X) for the information related to Songshan Baoqing Building.

2. For the year ended December 31, 2020 and 2019, the Group recognized rental income of \$1,263,507 and \$1,286,244 in 2020 and 2019, 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\$47,662) and (NT\$37,230).
3. As of December 31, 2019 and 2020, the 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, 2020</u>	<u>December 31, 2019</u>
Long-term notes and accounts receivable	\$ 459,847	\$ 507,509
Less: Due within one year (Listed in accounts receivable)	<u>( 33,809)</u>	<u>( 46,555)</u>
	<u>\$ 426,038</u>	<u>\$ 460,954</u>

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

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
2021	\$ 1,328,844	2020	\$ 1,239,058	
2022	1,331,579	2021	1,102,911	
2023	1,342,129	2022	1,102,154	
2024	1,324,530	2023	1,112,996	
2025 and after	<u>5,257,197</u>	2024 and after	<u>6,130,045</u>	
	<u>\$ 10,584,279</u>		<u>\$ 10,687,164</u>	

(XII) Investment Real Estate

	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>

	2019					
	<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	\$ -	-	\$ -	\$12,881,135	\$13,889,859
- Accumulated depreciation	-	-	-	-	( 1,198,626)	( 1,198,626)
	<u>\$ 1,008,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,682,509</u>	<u>\$12,691,233</u>
January 1	\$ 1,008,724	\$ -	\$ -	\$ -	\$11,682,509	\$12,691,233
Addition	-	-	-	-	102,941	102,941
Transfer (Note 1)	-	-	-	-	14,041	14,041
Reclassification - costs (Note 2)	-	3,996,347	976,457	4,416,228	( 30,126)	9,358,906
Reclassification - accumulated depreciation (Note 2)	-( 41,583)	( 7,137)	( 46,436)	( 30,529)	( 125,685)	
Reclassification - accumulated amortization (Note 2)	-	-	( 103,307)	-	( 103,307)	
Depreciation expense	-( 41,583)	( 7,137)	( 46,438)	( 329,472)	( 424,630)	
Impairment loss	-	-	( 94,871)	-	( 94,871)	
Net exchange differences	-	-	-	-	( 334)	( 334)
December 31	<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>
December 31						
- 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>

Note 1: Transferred NT\$14,041 from property, plant, and equipment.

Note 2: These are the reclassifications from right-of-use assets for NT\$9,252,782; from real estate properties, plants, and equipment for NT\$124,797; and to real estate properties, plants, and equipment for NT\$247,665.

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

	<u>2020</u>	<u>2019</u>
Rental income from investment properties (Note 1)	\$ 1,263,507	\$ 1,284,587
Direct operating expenses incurred by investment real estate with the rental income for current period (Note 2).	<u>\$ 721,945</u>	<u>\$ 710,475</u>
Direct operating expenses incurred by investment real estate with no rental income for current period (Note 2).	<u>\$ 369</u>	<u>\$ 3,428</u>

Note 1: The rent revenues from the investment properties in Year 2020 include the lease revenue - real estate properties for NT\$1,228,405 and lease revenue - proprietary booths for NT\$35,102; the rent revenues from the investment properties in Year 2019 include the lease revenue - real estate properties for NT\$1,257,658 and lease revenue - proprietary booths for NT\$26,929.

Note 2: The direct operating expenses of the investment properties incurred in 2020 include the lease costs - real estate properties for NT\$700,926 and lease costs - proprietary booths for NT\$21,388; the direct operating expenses of the investment properties incurred in 2019 include the lease costs - real estate properties for NT\$700,015 and the lease costs - proprietary booths for NT\$13,888.

2. The carrying value of certain investment properties held by the Group as of December 31, 2020 and 2019 were \$1,966,252 and \$1,994,041, respectively. The fair values of these properties were assessed to be \$2,988,769 and \$2,861,852, 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 \$19,015,339 and \$19,424,253, plus the right-to-use assets - land and property, plant and equipment for the land at Baoqing section, the fair values of which totaled \$27,922,259 and \$28,570,753, 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, 2020</u>	<u>December 31, 2019</u>
Growth rate	1.40%~2.00%	1.50%~2.00%
Discount rate	2.48%~3.13%	2.78%~3.46%

3. 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 - premiums of \$1,656 and \$94,871 and an impairment loss - right-of-use assets - land - premiums of \$1,543 and \$88,809 were recorded at December 31, 2020 and 2019, respectively.
4. Details of the Group's investments property pledged to others as collateral are provided in Note VIII.

(XIII) Intangible assets

2020

	<u>Mineral source</u>	<u>Trademarks and patents Rights and concessions</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</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>

	2019					
	<u>Mineral source</u>	<u>Trademarks and patents Rights and concessions</u>	<u>Computer software</u>	<u>Good will</u>	<u>Others</u>	<u>Total</u>
January 1						
- Cost	\$234,076	\$ 49,213	\$ 78,035	\$ 2,553	\$ 16,721	\$380,598
- Accumulated amortization	( 59,807)	( 25,776)	( 70,909)	-	-	( 156,492)
	<u>\$174,269</u>	<u>\$ 23,437</u>	<u>\$ 7,126</u>	<u>\$ 2,553</u>	<u>\$ 16,721</u>	<u>\$224,106</u>
January 1	\$174,269	\$ 23,437	\$ 7,126	\$ 2,553	\$ 16,721	\$224,106
Addition	-	4,028	1,153	-	25,006	30,187
Reclassification (Note)	-	-	793	-	-	793
Transferred expenses	-	( 1,229)	-	-	-	( 1,229)
Amortization	( 609)	( 5,625)	( 3,186)	-	-	( 9,420)
Net exchange differences	-	-	( 13)	-	-	( 13)
December 31	<u>\$173,660</u>	<u>\$ 20,611</u>	<u>\$ 5,873</u>	<u>\$ 2,553</u>	<u>\$ 41,727</u>	<u>\$244,424</u>
December 31						
- 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>

Note: NT\$793 was reclassified from the Prepayments.

1. The Group's sub-subsidiary, Ruentex Material, owns the mine operation rights at Yilan Lankan Minefield (Tai-Ji-Chai-Zi No. 5569 mine operation right) and Hualien Huahsin Minefield (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 of the Yilan Lankan Minefield 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." On 6 October 2020, Ruentex Material filed an appeal against the administrative disposition issued by the authority, as well as requested for investigation of evidence, statement of opinion and speech debate.

For the Hualien Huahsin Minefield application, the Bureau of Mines of the Ministry of Economic Affairs replied on September 3, 2018 and required Ruentex Material to hold a seminar with local tribe in accordance with Article 21, of the Indigenous Peoples Basic Law. Ruentex Material continues to communicate with the Bureau of Mines of the Ministry of Economic Affairs, the Council of Indigenous Peoples and Hualien Xiulin Township Office regarding the above-mentioned consultation

consent or participating procedure for holding tribal meetings to implement Article 21 of The Indigenous Peoples Basic Law.

2. To participate the grouting material market for the offshore wing power generator foundations, the Company's sub-subsidiary, Ruentex Material has developed the product of the "grouting material for offshore wing power generators ShifuGrout U799." The product was certified by DNV GL on September 20, 2019, and to be used for the production of extremely strong grouting material for offshore wing power generator foundations in the future. Ruentex Material recognized the expenses related to the certification of this product as "intangible assets - other" amounting to \$32,486.
3. The Group did not pledge intangible assets to others as collateral.
4. Details of amortization of intangible assets are as follows:

	<u>2020</u>	<u>2019</u>
Operation Cost	\$ 7,974	\$ 5,595
Selling and marketing expenses	124	112
Administrative expense	<u>4,150</u>	<u>3,713</u>
	<u>\$ 12,248</u>	<u>\$ 9,420</u>

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

The Company's sub-subsidiary, Newzone Fashion Ltd., discontinued the business operations on June 30, 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 \$35,752 (approximately RMB8,150 thousand) and the gain on disposal was \$18,491 (approximately RMB4,215 thousand). \$28,646 (approximately RMB6,530 thousand) of the aforementioned amount was collected, while the remaining balance of the commercial loan was \$7,106 (approximately RMB1,620 thousand), which will be released by the bank before the end of March.

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

1. Non-current assets held for sale

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

(XV) Other non-Current Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial assets	\$ 169,514	\$ 188,300
Others	26,038	39,776
	<u>\$ 195,552</u>	<u>\$ 228,076</u>

(XVI) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loan	\$ 300,000	\$ 800,000
Credit bank loan	2,450,000	2,523,000
	<u>\$ 2,750,000</u>	<u>\$ 3,323,000</u>
Interest rate collars	0.87%~1.12%	1.00%~1.34%

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 11,115,000</u>	<u>\$ 10,865,000</u>

(XVII) Short-term bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial papers payable	\$ 4,880,000	\$ 3,040,000
Less: Unamortized discount	<u>( 1,379)</u>	<u>( 1,874)</u>
	<u>\$ 4,878,621</u>	<u>\$ 3,038,126</u>
Interest rate collars	0.25%~1.45%	0.48%~1.20%

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 10,950,000</u>	<u>\$ 9,220,000</u>

(XVIII) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loan	\$ 18,928,000	\$ 20,770,000
Credit bank loan	<u>16,116,000</u>	<u>17,072,000</u>
	35,044,000	37,842,000
Less: Arrangement fees for leading banks of syndicated loan	<u>( 4,529)</u>	<u>( 4,447)</u>
	35,039,471	37,837,553
Face value of long term commercial paper	1,715,000	1,670,000
Less: Unamortized discount	<u>( 2,488)</u>	<u>( 2,023)</u>
Deferred expenses - transaction costs	<u>( 3,381)</u>	<u>( 3,984)</u>
	36,748,602	39,501,546
Less: Due within one year (listed as other current liabilities)	<u>( 8,592,512)</u>	<u>( 2,598,000)</u>
Due within one operating cycle (listed as other current liabilities)	<u>( 50,000)</u>	<u>( 5,976,000)</u>
	<u>\$ 28,106,090</u>	<u>\$ 30,927,546</u>
Interest rate collars	0.25%~2.00%	0.55%~2.22%

1. The Company signed a syndicated loan agreement with a bank group including Land Bank of Taiwan in July 2010 to provide the financing for the construction of the Company. The term of loan was from July 2014 to July 2021, the total loan amount was NT\$ 4,600,000. Up to the date of December 31, 2020, the Company has drawn the credit amount of the contract performance guarantee letter at an amount of NT\$ 194,036. The main commitments of the Company are as follows:

- (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall

- prepare accounting books and records as well as certificates for recordation.
- (2) The Company shall provide the consolidated financial report audited by independent director as well as audited consolidated and unconsolidated financial reports within 60 days and 120 days after the first half and the end of each fiscal year respectively.
  - (3) Before obtaining the prior consents of all members of the syndicated loan banks, the Company shall not merger with others or demerger the Company according to the Company Act. However, where the Company is a survival company (after merger) and the merger result has no adverse impacts on its ability to perform obligations under this agreement, then such restriction shall not be applied.
2. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in November 2012 to provide the financing for the construction of the Company. The term of the loan was from November 2012 to March 2021, the total loan amount was NT\$ 7,576,000. The above loans were fully repaid in July 2020.
  3. The Company signed a long-term 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, 2020, the facility drawn was NT\$5,910,000.
  4. The Company signed a syndicated loan agreement with the financial institution group including Mega Bills in December 2018 to provide the operational financing necessary for the Company. The term of the loan was from December 2018 to December 2021, the total loan amount was NT\$ 2,450,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 1,715,000. The main commitments of the Company are as follows:
    - (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
    - (2) The Company shall provide consolidated and unconsolidated financial reports audited by independent auditor within 120 days after the end of each fiscal year.
    - (3) The Company 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, 2020, the Company has drawn down the credit amount of NT\$ 3,750,000.
  6. 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. As of December 31, 2020, the facility drawn was NT\$2,680,000. The major agreed matters made by Ruentex Development are provided below:
    - (1) The Company should provide the audited financial statements within 150 days after the end of each fiscal year.

- (2) Without the consent from majority of the lending financial institutions, Ruentex Development cannot merge with other entity or split up in accordance with the Company Act. The preceding restriction does not apply when Ruentex Develop is the surviving company (after the merger), and its ability for repayment is unaffected.
7. 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. As of December 31, 2020, the amount drawn on the credit facility was \$220,000.
8. Ruentex Xuzhan Co. Ltd. has entered a long-term loan agreement with Bank of Taiwan in December 2018, to repay the outstanding balance of the syndicated borrowing related to the construction of the Nangang Railway Station Building for total credit limit 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, 2020, the Class A facility drawn was NT\$2,680,000; Class B for NT\$100,000 performance bond certificate, and borrowing from Class C for NT\$300,000.
9. Ruentex Baiyi Co., Ltd. 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, 2020, Class E facility drawn was \$1,764,000, drawn from Class C for NT\$100,000, and Class D drawn for performance bond was \$50,000. The major agreed matters made by Ruentex Baiyi Co., Ltd. are provided below:
- (1) Within the duration of the facility contract, without the bank's advance written consent, the collateral for the contact cannot be pledged to a third party other than the creditor banks.
  - (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.
10. Ruentex Development (previous Citylink) 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, 2020, the facility drawn was NT\$930,000. The major agreed matters made by the Company are provided 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.
11. Ruentex Development (previous Citylink) 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, 2020, the loan has not been used.
12. Except items described above, the loan period for the remaining borrowings is from February 2016 to December 2027.
13. In addition to the pledged assets for long-term borrowings provided in Note VIII, the Group also issued guarantee notes as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 49,878,600</u>	<u>\$ 45,400,600</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Due within one year	\$ 3,439,627	\$ 2,185,334
Due longer than one year	<u>17,414,856</u>	<u>13,441,936</u>
	<u>\$ 20,854,483</u>	<u>\$ 15,627,270</u>

(XIX) Other non-current liabilities - other

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee deposits received	\$ 1,302,500	\$ 1,307,242
Accrued pension liabilities	217,463	207,343
Other non-Current liabilities	299,766	282,750
Warranty provision	<u>99,350</u>	<u>92,049</u>
	<u>\$ 1,919,079</u>	<u>\$ 1,889,384</u>

1. As of December 31, 2020 and 2019, the major part of the deposited bonds are the deposits paid by the tenants of the Company's subsidiary, Ruen Fu, for NT\$988,902 and NT\$993,312, respectively; others are the deposits for joint construction and proprietary booths deposits.
2. In 2018, the Company's subsidiary, Ruentex Development (previously Citylink), 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. As of December 31, 2020 and 2019, the pre-received rents due within a year were NT\$18,571 and NT\$18,546, respectively, and recognized under "Other current liabilities."

(XX) Pensions

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

(2) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	(\$ 442,525)	(\$ 431,306)
Fair value of plan assets	<u>225,062</u>	<u>223,963</u>
Defined benefit liability (listed as other non-current liabilities)	<u>(\$ 217,463)</u>	<u>(\$ 207,343)</u>

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Defined benefit liability</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>
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue 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>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Defined benefit liability</u>
2019			
Balance, January 1	(\$ 435,070)	\$ 194,820	(\$ 240,250)
Current service cost	( 3,603)	-	( 3,603)
Interest (expense) revenue	( 3,004)	1,362	( 1,642)
Repayment incomes (Listed other incomes)	2,241	-	2,241
	<u>( 439,436)</u>	<u>196,182</u>	<u>( 243,254)</u>
Re-measurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	7,735	7,735
Effects of changes in demographic assumptions	( 542)	-	( 542)
Effects of changes in economic assumptions	( 2,639)	-	( 2,639)
Experience adjustments	( 3,250)	-	( 3,250)
	<u>( 6,431)</u>	<u>7,735</u>	<u>1,304</u>
Contribution to pension fund	-	35,976	35,976
Payment of pension benefits	14,942	( 14,942)	-
Settled pension benefits	( 381)	( 988)	( 1,369)
Balance, December 31	<u>(\$ 431,306)</u>	<u>\$ 223,963</u>	<u>(\$ 207,343)</u>

- (4) As there has been no employee in Ruentex Development applicable to the retirement tenure of the Labor Standards Act, in October 2019, it was applied to claim the remaining pension reserve in Bank of Taiwan. The application was approved by Taipei City Government on November 27, 2019 with the letter numbered Bei-Shi-lao-Zhi No. 1086086001 for reference.
- (5) 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, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2020</u>	<u>2019</u>
Discount rate	0.20% ~ 0.38%	0.65% ~ 0.75%
Future salary increase in percent	2.00% ~ 3.00%	2.00% ~ 3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2020				
Effects on the present value of a defined benefit obligation	<u>(\$ 8,813)</u>	<u>\$ 9,105</u>	<u>\$ 8,870</u>	<u>(\$ 8,633)</u>
December 31, 2019				
Effects on the present value of a defined benefit obligation	<u>(\$ 9,002)</u>	<u>\$ 9,310</u>	<u>\$ 9,106</u>	<u>(\$ 8,854)</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.

(7) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amounts to NT\$6,355.

(8) As of December 31, 2020, the weighted average duration of that retirement plan is 5~10 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	\$	23,861
1-2 years		32,151
2-5 years		101,469
More than 5 years		<u>273,546</u>
	<u>\$</u>	<u>431,027</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, 2020 and 2019, pension expenses were NT\$72,841 and NT\$66,504, respectively.

(XXI) Capital

1. As of December 31, 2020, the Company's authorized capital was NT\$ 20,000,000, and the paid-in capital was NT\$ 15,048,810 (including share capital of convertible corporate bonds of NT\$ 384,539) with a par value of NT\$ 10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

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

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

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

The information on their respective amounts is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Ruentex Engineering & Construction Co., Ltd.	\$ 19,984	\$ 19,984
Amount accounted for using equity method	<u>64,655</u>	<u>64,655</u>
	<u>\$ 84,639</u>	<u>\$ 84,639</u>

(XXII) Capital surplus

- 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.
- 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.
- Change of capital surplus is as follows:

2020

	<u>Issued at premium</u>	<u>Treasury share transactions</u>	<u>Dividends unclaimed by shareholders with claim period elapsed</u>	<u>Changes in the associates' net value of equity</u>	<u>Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries</u>	<u>Changes in the ownership interests of subsidiaries as recognized</u>	<u>Total</u>
January 1	\$17,283,659	\$ 136,626	\$ 12,614	\$ 542,776	\$ 1,535	\$ 159,192	\$ 18,136,402
Others	-	-	( 351)	11,851	-	-	11,500
Income tax effect	-	-	-	( 711)	-	-	( 711)
December 31	<u>\$17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,263</u>	<u>\$ 553,916</u>	<u>\$ 1,535</u>	<u>\$ 159,192</u>	<u>\$ 18,147,191</u>

	<u>Issued at premium</u>	<u>Treasury share transactions</u>	<u>Dividends unclaimed by shareholders with claim period elapsed</u>	<u>Changes in the associates' net value of equity</u>	<u>Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries</u>	<u>Changes in the ownership interests of subsidiaries as recognized</u>	<u>Total</u>
January 1	\$17,296,568	\$ 136,626	\$ 9,205	\$ 420,294	\$ 1,535	\$ 149,282	\$18,013,510
Others	-	-	3,409	147,544	-	( 4,282)	146,671
Income tax effect-		-	-	( 25,062)	-	14,192	( 10,870)
Reorganization	( 12,909)	-	-	-	-	-	( 12,909)
December 31	<u>\$17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,614</u>	<u>\$ 542,776</u>	<u>\$ 1,535</u>	<u>\$ 159,192</u>	<u>\$18,136,402</u>

(XXIII) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
  - (2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
- 4.(1) The appropriation of 2019 earnings had been proposed on June 9, 2020 and the appropriation of 2018 earnings had been resolved at the shareholders' meeting on June 5, 2019. Details are summarized as follows:

	2019		2018	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Provision of statutory reserves	\$ 656,143		\$ 993,210	
Provision of special reserves	-		12,073,578	
Cash dividends	1,003,254	\$ 1.00	-	\$ -
Stock dividends	<u>5,016,270</u>	5.00		-
Total	<u>\$6,675,667</u>		<u>\$13,066,788</u>	

- (2) Approved by the shareholders' meeting on June 5, 2019, the Company would distributed \$2 per share in cash using its legal reserve, totaling \$2,006,508.
- (3) The Company's earning distribution plan for the year ended December 31, 2021 approved by the board of directors' meeting on March 26, 2020 is as follows:

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

5. Change of undistributed earnings is as follows:

	2020
January 1 to December 31,	\$ 6,561,429
Profit reversed as special reserve	29,015,899
Appropriation and distribution of retained earnings of 2019:	
- Legal reserve	( 656,143)
- Share dividend	( 5,016,270)
- Cash dividend	( 1,003,254)
Unrealized valuation losses on financial assets transferred to retained earnings due to disposal	( 9,678)
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	3,887
Net income of current period	8,557,651
Remeasurements of defined benefit 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	<u>679</u>
December 31, 2020	<u>\$ 37,360,519</u>

	<u>2019</u>
January 1 to December 31,	\$ 13,066,788
Appropriation and distribution of retained earnings of 2018:	
- Legal reserve	( 993,210)
- Special reserve	( 12,073,578)
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	( 73,590)
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	( 2,572,934)
Changes in associates & joint ventures accounted for using equity method	184,120
Net income of current period	9,067,952
Remeasurements of defined benefit obligation	5,083
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	( 48,983)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	( 592)
- Tax related to the associates	<u>373</u>
December 31, 2019	<u>\$ 6,561,429</u>

(XXIV) Other equity items

	2020				
	<u>Unrealized_</u> <u>valuation</u> <u>income and loss</u>	<u>Foreign</u> <u>currency</u> <u>translation</u>	<u>Hedging</u> <u>reserve</u>	<u>By the overlay</u> <u>approach</u> <u>Reclassification</u>	<u>Total</u>
January 1	\$ 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 losses on financial assets transferred to retained earnings due to disposal (Note 2)	9,678	-	-	-	9,678
- Changes in disposal of associates (Note 1)	( 3,887)	-	-	-	( 3,887)
Foreign currency translation differences:					
- 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>

2019

	<u>Unrealized valuation income and loss</u>	<u>Foreign currency translation</u>	<u>Hedging reserve</u>	<u>By the overlay approach Reclassification</u>	<u>Total</u>
January 1	(\$ 13,789,819)	(\$ 6,625)	\$ 404	(\$ 18,615,619)	(\$ 32,411,659)
Unrealized valuation profit or loss of financial assets:					
- Group	( 730,917)	-	-	-	( 730,917)
- Tax related to the group	75,335	-	-	-	75,335
- Associates (Note 1)	24,545,636	-	-	-	24,545,636
- Tax related to the associates	( 226,315)	-	-	-	( 226,315)
- Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition (Note 2)	73,590	-	-	-	73,590
- Changes in disposal of associates (Note 1)	2,572,934	-	-	-	2,572,934
- Associates not classified according to the shareholding percentage	( 10,045)	-	-	-	( 10,045)
Foreign currency translation differences:					
- Group	-	( 167,508)	-	-	( 167,508)
- Tax related to the group	-	33,608	-	-	33,608
- Associate	-	( 42,218)	-	-	( 42,218)
- Tax related cash flow hedges for associates	-	2,500	-	-	2,500
- Reclassification by the overlay approach for associates:	-	-	( 329)	-	( 329)
- Associates (Note 1)	-	-	-	19,314,977	19,314,977
- Tax related to the associates	-	-	-	( 122,577)	( 122,577)
December 31	<u>\$ 12,510,399</u>	<u>(\$ 180,243)</u>	<u>\$ 75</u>	<u>\$ 576,781</u>	<u>\$ 12,907,012</u>

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

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



(XXV) Operation income

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers:		
Revenue from construction contracts	\$ 9,776,876	\$ 7,297,775
Revenue from sales of real estate	3,618,328	4,218,562
Revenue from sales of goods	3,407,634	3,414,920
Revenue from contract for service	288,878	298,848
Other revenue from contracts	105,228	104,832
Lease income		
Lease income - real estate properties	1,228,405	1,257,801
Lease income - proprietary booths	35,102	45,110
Revenues from booths	454,616	447,585
Other operating revenue	169,522	172,497
	<u>\$ 19,084,589</u>	<u>\$ 17,257,930</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>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	\$2,459,576	\$ 1,054,565	\$615,458	\$ 18,499	\$20,222,553
Revenue from internal department transactions	( 2,679,986)	( 159,886)	-	( 185,737)	-	( 3,025,609)
Revenue from contracts with external customers	<u>13,394,469</u>	<u>2,299,690</u>	<u>1,054,565</u>	<u>429,721</u>	<u>18,499</u>	<u>17,196,944</u>
Timing of revenue recognition						
Revenue recognized at a point in time	3,620,107	2,272,726	1,054,565	183,792	-	7,131,190
Revenue recognized over time	<u>9,774,362</u>	<u>26,964</u>	<u>-</u>	<u>245,929</u>	<u>18,499</u>	<u>10,065,754</u>
	<u>\$13,394,469</u>	<u>\$2,299,690</u>	<u>\$ 1,054,565</u>	<u>\$429,721</u>	<u>\$ 18,499</u>	<u>\$17,196,944</u>

<u>2019</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	\$13,838,916	\$2,314,528	\$ 1,212,879	\$464,929	\$ 75,576	\$17,906,828
Revenue from internal department transactions	( 2,331,284)	( 78,473)	-	( 162,134)	-	( 2,571,891)
Revenue from contracts with external customers	<u>11,507,632</u>	<u>2,236,055</u>	<u>1,212,879</u>	<u>302,795</u>	<u>75,576</u>	<u>15,334,937</u>
Timing of revenue recognition						
Revenue recognized at a point in time	4,225,845	2,219,799	1,212,879	83,123	-	7,741,646
Revenue recognized over time	<u>7,281,787</u>	<u>16,256</u>	<u>-</u>	<u>219,672</u>	<u>75,576</u>	<u>7,593,291</u>
	<u>\$11,507,632</u>	<u>\$2,236,055</u>	<u>\$ 1,212,879</u>	<u>\$302,795</u>	<u>\$ 75,576</u>	<u>\$15,334,937</u>

2. As of December 31, 2020, 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 of the estimated recognized revenues</u>	<u>Amounts of the signed contracts</u>
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, 2020</u>	<u>December 31, 2019</u>	<u>January 1 to December 31,</u>
Contract asset:			
Contract asset			
- reserves of constructions	\$ 631,656	\$ 437,750	\$ 370,455
- Construction contract	<u>1,808,890</u>	<u>837,974</u>	<u>344,336</u>
Total	<u>\$ 2,440,546</u>	<u>\$ 1,275,724</u>	<u>\$ 714,791</u>
Contract liability:			
- Construction contract	\$ 554,003	\$ 361,296	\$ 594,640
- Contract for service	390	22,396	49,944
- Contracts of building material sales	28,186	15,634	13,160
- Contracts of real estate sales	1,991,697	772,082	382,727
- Contracts of good sales	<u>2,193</u>	<u>1,529</u>	<u>1,553</u>
Total	<u>\$ 2,576,469</u>	<u>\$ 1,172,937</u>	<u>\$ 1,042,024</u>

4. Contract assets and contract liabilities related to aforementioned contracts recognized as of December 31, 2020 and 2019, and as of January 1, 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1 to December 31,</u>
Total costs incurred plus profits recognized (less losses recognized)	\$ 16,010,496	\$ 13,519,607	\$ 12,166,355
Less: Amount requested for progress of works	<u>( 14,755,609)</u>	<u>( 13,042,929)</u>	<u>( 12,416,659)</u>
Net liabilities for contract in progress	<u>\$ 1,254,887</u>	<u>\$ 476,678</u>	<u>(\$ 250,304)</u>
Listed as:			
Contract asset - Construction contract	\$ 1,808,890	\$ 837,974	\$ 344,336
Contract liability - Construction contract	<u>( 554,003)</u>	<u>( 361,296)</u>	<u>( 594,640)</u>
	<u>\$ 1,254,887</u>	<u>\$ 476,678</u>	<u>(\$ 250,304)</u>

(XXVI) Operation Cost

	<u>2020</u>	<u>2019</u>
Costs of clients' contracts		
Cost of construction contract	\$ 8,174,965	\$ 6,088,728
Cost of sales of real estate	2,766,817	3,279,548
Cost of sales of goods	3,025,459	3,083,064
Cost of contract for service	226,846	231,309
Other costs from contracts	8,589	11,956
Lease costs:		
Lease cost - real estate properties	701,143	700,015
Lease cost - proprietary booths	21,388	27,683
Costs of booths	<u>219,813</u>	<u>223,592</u>
	<u>\$ 15,145,020</u>	<u>\$ 13,645,895</u>

(XXVII) Interest revenue

	<u>2020</u>	<u>2019</u>
Interest on cash in banks	\$ 38,391	\$ 76,043
Imputed interest for deposit	1,474	1,364
Interest income from the financial assets measured at amortized costs	19,730	20,823
Other interest income	<u>3,450</u>	<u>3,582</u>
	<u>\$ 63,045</u>	<u>\$ 101,812</u>

(XXVIII) Other income

	<u>2020</u>	<u>2019</u>
Gain on variable lease payments (Note)	\$ 24,506	\$ -
Dividend income	128,297	127,440
Other income	<u>138,724</u>	<u>181,362</u>
	<u>\$ 291,527</u>	<u>\$ 308,802</u>

Note: Please refer to Note VI(X)XI for other income recognized in the year 2020 as a result of rent concessions.

(XXIX) Other gains and losses

	<u>2020</u>	<u>2019</u>
Gains on disposals of real estate, plant and equipment	\$ 19,303	\$ 426
Gain on disposal of non-current assets held for sale	27,584	-
Net foreign exchange loss	( 117,378)	( 59,418)
Gains on reversal of financial assets impairment loss	1,105	295
Gains on lease modifications	23	-
Gains on Financial assets at fair value through profit or loss	3,564	2,207
Impairment loss on use-of-right assets	( 1,543)	( 88,809)
Impairment loss on properties of investment	( 1,656)	( 94,871)
Others	( 52,741)	( 41,785)
	<u>(\$ 121,739)</u>	<u>(\$ 281,955)</u>

(XXX) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense:		
Bank loan and short-term notes and bills	\$ 536,108	\$ 611,418
Lease liabilities	258,185	250,014
Amount of assets eligible for capitalization		
Inventories	( 92,674)	( 249,448)
Real estate, plant and equipment	( 3,507)	( 927)
Finance costs	<u>\$ 698,112</u>	<u>\$ 611,057</u>

(XXXI) Additional information of expenses by nature

	<u>2020</u>	<u>2019</u>
Changes in merchandise inventory	\$ 5,687,973	\$ 6,307,798
Raw materials purchased and contract work for current period	6,264,372	4,402,632
Employee benefit expense	2,367,632	2,053,394
Depreciation expenses for real estate properties, plants, equipment	271,477	262,251
Depreciation expenses for investment properties	492,914	424,630
Depreciation expenses for right-of-use assets	221,050	242,945
Amortization	12,248	9,420
Tax expense	407,573	415,250
Advertisement expense	164,770	183,744
Rent expenses - short term lease	48,469	110,752
Rent expenses - variable lease	445	869
Expected credit impairment losses	1,574	1,974
Other expense	1,059,085	943,028
Operating costs and expenses	<u>\$ 16,999,582</u>	<u>\$ 15,358,687</u>

(XXXII) Employee benefit expense

	<u>2020</u>	<u>2019</u>
Wages and salaries	\$ 1,976,361	\$ 1,701,301
Labor and Health Insurance costs	153,298	135,415
Pension expense	77,057	71,749
Directors' Remuneration	49,613	50,687
Other employment fees	<u>111,303</u>	<u>94,242</u>
	<u>\$ 2,367,632</u>	<u>\$ 2,053,394</u>

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
2. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$29,201 and \$20,248, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 0.3% of distributable profit of Current year for the year ended December 31, 2020. The employees' compensation resolved by the board of directors was NT\$29,201, which will be distributed in the form of cash.

Employees' compensation of 2019 as resolved by the board of directors was in agreement with the amount of NT\$ 20,248 recognized in the 2019 financial statements. The aforementioned employees' compensation was distributed in the form of cash. The distribution of the previous year has not yet made.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXXIII) Income tax

1. Income tax expense:

(1) Components of Income tax expense:

	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax occurred in the current period	\$ 361,158	\$ 283,865
Land value increment tax	85,972	144,480
Extra imposed on undistributed earnings	1,083,486	69
Overestimation on income tax for prior years	( 24,916)	( 6,507)
Total income tax for current period	<u>1,505,700</u>	<u>421,907</u>
Deferred income tax:		
Origination and reversal of temporary differences	3,334	3,490
Investment tax credits and tax losses	( 5,964)	( 1,048)
Total deferred income tax	<u>( 2,630)</u>	<u>2,442</u>
Income tax expense	<u>\$ 1,503,070</u>	<u>\$ 424,349</u>

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

	<u>2020</u>	<u>2019</u>
Changes in unrealized valuation profit or loss - group	\$ 932	\$ 75,335
Changes in unrealized valuation profit or loss - non-controlling interest	37	30,807
Differences on translation of foreign operations - group	69,693	33,608
Differences on translation of foreign operations - non-controlling interest	( 338)	717
Portion of other comprehensive income from the associates	( 127,700)	( 346,019)
Remeasurements of defined benefit obligation - group	1,767	( 592)
Remeasurements of defined benefit obligation - non-controlling interest	<u>1,061</u>	<u>917</u>
	<u>(\$ 54,548)</u>	<u>(\$ 205,227)</u>

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

	<u>2020</u>	<u>2019</u>
Capital surplus	(\$ 711)	(\$ 10,870)

2. Reconciliation between income tax expense and accounting profit

	<u>2020</u>	<u>2019</u>
Imputed income taxes on pretax income at statutory tax rate	\$ 2,305,754	\$ 2,137,536
Expenses to be excluded as stipulated in the tax law	33,963	15,465
Income with exemption from tax as stipulated in the tax law	( 2,078,025)	( 1,998,532)
Tax loss on unrealized deferred income tax assets	115,681	103,266
Temporary differences on unrealized deferred income tax assets	872	41,811
Income tax effects of investment tax credits	( 3,288)	( 722)
Changes in realizability evaluation on deferred income tax assets	( 16,429)	( 12,517)
Income tax imposed on undistributed earnings	1,083,486	69
Land value increment tax	85,972	144,480
Overestimation on income tax for prior years	<u>( 24,916)</u>	<u>( 6,507)</u>
Income tax expense	<u>\$ 1,503,070</u>	<u>\$ 424,349</u>



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

	2020				
	<u>January 1</u>	<u>Recognition in Income (Loss)</u>	<u>Recognition in Others Comprehensive net income</u>	<u>Recognition in Equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 10,804	(\$ 8,640)	\$ -	\$ -	\$ 2,164
Pension exceeding the limits	10,670	287	-	-	10,957
Deferred promotion xpenses	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)	-	-	-
Changes in unrealized valuation profit or loss	1,066	-	969	-	2,035
Differences on translation of foreign operations	11,263	-	69,355	-	80,618
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 liabilities:					
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)
Differences on translation of foreign operations	-	-	-	-	-
Capital surplus	<u>( 52,813)</u>	<u>-</u>	<u>-</u>	<u>( 711)</u>	<u>( 53,524)</u>
Subtotal	<u>( 1,533,237)</u>	<u>( 12,645)</u>	<u>( 127,700)</u>	<u>( 711)</u>	<u>( 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>

	2019				
	<u>January 1</u>	<u>Recognition in Income (Loss)</u>	<u>Recognition in Others Comprehensive net income</u>	<u>Recognition in Equity</u>	<u>December 31</u>
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 11,916	(\$ 1,112)	\$ -	\$ -	\$ 10,804
Pension exceeding the limits	16,842	( 6,172)	-	-	10,670
Deferred promotion expenses	19,633	( 3,039)	-	-	16,594
Unrealized gross profit from sales	3,460	4,660	-	-	8,120
Warranty provision	20,700	( 2,289)	-	-	18,411
Power subsidies timing difference	78	( 78)	-	-	-
valuation income and loss	1,148	( 833)	-	-	315
Employee benefits	4	( 4)	-	-	-
Domestic investment loss	54,330	8,794	-	-	63,124
Unrealized sales discounts	-	1,646	-	-	1,646
IFRS 16 book-tax difference	-	22,510	-	-	22,510
Portion of other comprehensive income from the associates	98,291	-	( 98,291)	-	-
Changes in unrealized valuation profit or loss	-	-	1,066	-	1,066
Differences on translation of foreign operations	-	-	11,263	-	11,263
Remeasurements of defined benefit obligation	28,432	-	325	-	28,757
Tax loss	<u>13,391</u>	<u>1,048</u>	<u>-</u>	<u>-</u>	<u>14,439</u>
Subtotal	<u>268,225</u>	<u>25,131</u>	<u>( 85,637)</u>	<u>-</u>	<u>207,719</u>

(Continued)

- Deferred income tax liabilities:					
Foreign investment gain	( ,186,582)	( 42,833)	-	-	( 229,415)
Unrealized foreign exchange gains	( 14,851)	14,708	-	-	( 143)
Allowance for bad debt exceeding the limits	( 10)	-	-	-	( 10)
Commissions expense timing difference	( 3,678)	550	-	-	( 3,128)
Construction contracts	( 2)	2	-	-	-
Portion of other comprehensive income from the associates	-	-	( 247,728)	-	( 247,728)
Changes in unrealized valuation profit or loss	( 105,076)	-	105,076	-	-
Differences on translation of foreign operations	( 23,062)	-	23,062	-	-
Capital surplus	( 41,943)	-	-	( 10,870)	( 52,813)
Subtotal	<u>(1,375,204)</u>	<u>( 27,573)</u>	<u>( 119,590)</u>	<u>( 10,870)</u>	<u>( 533,237)</u>
Total	<u>(\$1,106,979)</u>	<u>(\$ 2,442)</u>	<u>(\$ 205,227)</u>	<u>(\$ 10,870)</u>	<u>(\$ 1,325,518)</u>

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

December 31, 2020				
<u>Year of occurrence</u>	<u>Reports/amount approved</u>	<u>Not yet Offset amount</u>	<u>Unrecognized deferred tax asset amounts</u>	<u>The final year in which the tax deduction is applied</u>
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>	

December 31, 2019				
<u>Year of occurrence</u>	<u>Reports/amount approved</u>	<u>Not yet Offset amount</u>	<u>Unrecognized deferred tax asset amounts</u>	<u>The final year in which the tax deduction is applied</u>
2010	\$ 12,060	\$ 12,060	\$ 12,060	2020
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	<u>67,660</u>	<u>67,660</u>	<u>42,005</u>	2029
	<u>\$ 371,235</u>	<u>\$ 366,905</u>	<u>\$ 294,712</u>	

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 383,135</u>	<u>\$ 486,841</u>
Deductible temporary differences	<u>\$ -</u>	<u>(\$ 800)</u>

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

(XXXIV) Non-controlling interest

	<u>2020</u>	<u>2019</u>
January 1	\$ 4,499,463	\$ 4,382,681
Increase of non-controlling Interest (Note 1)	-	1,228,979
Transfer-out of liquidation of subsidiary (Note 2)	-	( 1,330,454)
Decrease in the acquired cash dividends	( 455,929)	( 405,806)
Net income of current period	717,741	518,167
Cash Capitalization	-	219,000
Change in ownership interests in subsidiaries	-	4,281
Differences on translation of foreign operations	2,820	( 4,097)
Changes in unrealized valuation profit or loss	( 38,633)	( 141,950)
Re-measurements of defined benefit plan	( 5,201)	( 3,779)
Tax amount:		
- Differences on translation of foreign operations	( 338)	717
- Changes in unrealized valuation profit or loss	37	30,807
- Remeasurements of defined benefit obligation	1,061	917
December 31	<u>\$ 4,721,021</u>	<u>\$ 4,499,463</u>

Note 1: For the non-controlling interests, the Company acquired 21,048,641 common shares of Ruentex Engineering & Construction at the price of NT\$ 58.6 on October 28, 2019, for total amount of NT\$1,233,450, service charge of NT\$771 and transaction tax of NT\$3,700. Please refer Note IV(III)II and Note VI for details.

Note 2: Resource Integration completed the distribution of the residual properties and settlement on November 4, 2019. NT\$1,330,454 was distributed for the non-controlling interests; please refer Note IV(III)II and Note III for details.

(XXXV) Earnings per share

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

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

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

(XXXVI) Cash flow supplementary information

1. Investing activities paid partially by cash:

	<u>2020</u>	<u>2019</u>
Purchase of intangible assets	\$ 22,339	\$ 30,187
Add: Other payables at the beginning of the period	33	588
Less: Other payables at the end of the period	<u>-</u>	<u>( 33)</u>
Cash payments for current period	<u>\$ 22,372</u>	<u>\$ 30,742</u>

2. Investing activities not affecting cash flow:

	<u>2020</u>	<u>2019</u>
Investment properties reclassified to real estate, plant and equipment	<u>\$ -</u>	<u>\$ 247,665</u>
Real estate, plant and equipment transferred to investment properties	<u>\$ -</u>	<u>\$ 14,041</u>
Real estate, plant and equipment reclassified to investment properties	<u>\$ -</u>	<u>\$ 124,797</u>
Real estate, plant and equipment transferred to expenses	<u>\$ 76</u>	<u>\$ 11</u>
Right-of-use assets reclassified to investment properties	<u>\$ -</u>	<u>\$ 9,252,782</u>
Expenses of intangible asset transfer	<u>\$ 543</u>	<u>\$ 1,229</u>
Prepayments reclassified to intangible assets	<u>\$ -</u>	<u>\$ 793</u>
Prepayments for business facilities reclassified to real estate, plant and equipment	<u>\$ 103,957</u>	<u>\$ 2,294</u>
Prepayments for construction reclassified to property, plant and equipment	<u>\$ 97</u>	<u>\$ -</u>
Other non-current assets transferred to investment accounted for under the equity method	<u>\$ -</u>	<u>\$ 4,995,758</u>

(XXXVII) Liabilities from financing activities

	2020					
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (Including due within one year and due withing the operating cycles)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total amount of liabilities from financing activities</u>
January 1	\$ 3,323,000	\$ 3,038,126	\$ ,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)
Other non-cash changes	-	495	-	56	841,275	841,826
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>

	2019					
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (Including due within one year and due withing the operating cycles)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total amount of liabilities from financing activities</u>
January 1 (the effects applied for the first adoption included)	\$ 880,000	\$ 699,795	\$1,277,760		\$10,639,783	\$ 54,443,457
Changes of the financing cash flows	2,443,000	2,340,000	29,482	( 1,458,412)	( 132,622)	3,221,448
Other non-cash changes	-	( 1,669)	-	13,839	( 67,735)	( 55,565)
December 31	<u>\$ 3,323,000</u>	<u>\$ 3,038,126</u>	<u>\$ 1,307,242</u>	<u>\$ 39,501,546</u>	<u>\$10,439,426</u>	<u>\$ 57,609,340</u>



## VII. Transaction with Related Parties

### (I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Group</u>
Ruentex Industries Ltd.	Associate (the investment company which accounts for the Company using the equity method)
Shing Yen Construction & Development Co., Ltd.	Associate (the investee company accounted for under the equity method 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. (Nan Shan General Insurance)	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)
TaiMed Biologics, Inc.	Other related party (the Company is a juridical person director 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. (Ruentex Construction)	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)
RuenHuei Biopharmaceuticals Inc.	Other related parties (the subsidiaries of the Group's other related parties)
Huihong 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 (the chairperson is the spouse of the representative of the juridical person director of the Company)
Samuel Yen-Liang Yin	Other related party (spouse of the representative of the juridical person director of the Company)
Chen, Yung-Fang	Other related party (spouse of the Company's key management personnel)
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)
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, Hsiu-Yen	Other related party (the Company's associate's key management personnel)
Jean, Tsang-Jiunn	The Company's key management personnel
Lee, Chih-Hung	The Company's key management personnel
Chen, Po-Yu	The Company's key management personnel
Lai, Shih-Hsun	The Group's key management personnel
Hsu, Jin-Qian	The Group's key management personnel
Mo, Wei-Han	The Group's key management personnel
Chiu, Hui-Sheng	The Group's key management personnel

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2020</u>	<u>2019</u>
Sales revenue:		
- Other related parties	\$ 3,460	\$ 103,917
Contract of construction:		
- Other related parties	254,948	81,444
Sales of Services:		
- Other related parties	9,223	7,656
- Associates	3,615	4,869
Rental income:		
- Other related parties	12,480	12,481
- Associates	-	1,205
Other operating revenue:		
- Associates	<u>1,068</u>	<u>1,774</u>
	<u>\$ 284,794</u>	<u>\$ 213,346</u>

- (1) The Company sold houses and lands to related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties. The transaction terms had no major difference from general non-related parties. The aforementioned transactions had been completed and the ownership of houses had been transferred. In addition, payments were collected according to the contract schedule signed by both parties.
- (2) The 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, 2020</u>	<u>December 31, 2019</u>
Less than one years	\$ 12,866	\$ 12,821
More than one year but less than five years	58,081	58,840
More than five years	<u>-</u>	<u>12,108</u>
	<u>\$ 70,947</u>	<u>\$ 83,769</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, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount</u>	<u>Advance real estate receipts</u>	<u>Total contract amount</u>	<u>Advance real estate receipts</u>
Other related parties	\$ 61,980	\$ 8,470	\$ -	\$ -
Key management personnel	48,090	8,670	48,090	6,270
	<u>\$ 110,070</u>	<u>\$ 17,140</u>	<u>\$ 48,090</u>	<u>\$ 6,270</u>

## 2. Purchases

	<u>2020</u>	<u>2019</u>
Procurement of goods:		
—Other related parties (Note)	<u>\$ 313,321</u>	<u>\$ 219,180</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, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount (Tax excluded)</u>	<u>Amount paid</u>	<u>Total contract amount (Tax excluded)</u>	<u>Amount paid</u>
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, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount (Tax excluded)</u>	<u>Based on the progress of works Amount of claim</u>	<u>Total contract amount (Tax excluded)</u>	<u>Based on the progress of works Amount of claim</u>
Other related parties	<u>\$ 486,749</u>	<u>\$ 276,250</u>	<u>\$ 219,375</u>	<u>\$ 33,756</u>

4. Interest revenue

	<u>2020</u>	<u>2019</u>
Interest income from the financial assets measured at amortized costs:		
Associates	<u>\$ 19,600</u>	<u>\$ 19,600</u>

5. Receivables from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable:		
Other related parties	<u>\$ 40,931</u>	<u>\$ 9,020</u>
Accounts receivable:		
Other related parties	\$ 3,741	\$ 681
Associates	<u>395</u>	<u>1,147</u>
	<u>\$ 4,136</u>	<u>\$ 1,828</u>
Other receivables (Note 1):		
RT-Mart	2,243	2,396
Nan Shan Life Insurance	10,131	10,131
Associates	66	102
Other related parties	<u>54</u>	<u>54</u>
	<u>\$ 12,494</u>	<u>\$ 12,683</u>
Contract assets (Note 2):		
Other related parties	<u>\$ 8,591</u>	<u>\$ 832</u>

Note 1: mainly the vouchers receivable and interests receivable.

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

## 6. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable:		
RT-Mart	\$ 29,248	\$ 15,961
Associates (Note)	1,951	510
Other related parties	-	105
	<u>\$ 31,199</u>	<u>\$ 16,576</u>
Accounts payable:		
RT-Mart	\$ 15,648	\$ 16,132
Associates (Note)	1,611	1,518
	<u>\$ 17,259</u>	<u>\$ 17,650</u>

Note: mainly computer maintenance fees 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 year ended December 31, 2020 and 201 were NT\$10,331 and NT\$500, respectively. As of December 31, 2020 and 2019; the royalties payable (including the earning compensation) (recognized under the notes payable and other account payables) were \$783 and \$42 for the years ended December 31, 2020 and 2019, respectively.

#### 8. Property transactions

##### (1) Acquisition of financial Assets

Please refer to Note VI (VI) 7, VI (VIII) 9, and VI (VIII) 13.

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

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

##### (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 on September 10, 2020, and the full amount was received on October 10, 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>

On October 12, 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 on October 23, 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) As IFRS 16 is applicable, Ruentex Engineering & Construction adjusted upward the right-of-use assets for NT\$108,173 on January 1, 2019.
- (3) 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, so the lease term is 20 years from the actual handover date. As of December 31, 2020, 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.
- (4) Rent expenses of short-term lease contracts

	<u>2020</u>	<u>2019</u>
Other related parties	<u>\$ 5,652</u>	<u>\$ 3,964</u>

(5) Lease liabilities

A. Balance at the end of the period

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total amount of lease liabilities	\$ 48,410	\$ 77,651
Less: parts due within one year (listed as "Lease liabilities - Current")	<u>( 29,587)</u>	<u>( 29,241)</u>
	<u>\$ 18,823</u>	<u>\$ 48,410</u>

B. Interest Costs:

	<u>2020</u>	<u>2019</u>
Other related parties	<u>\$ 708</u>	<u>\$ 1,057</u>

10. Endorsements or Guarantees made by related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Key management personnel	<u>\$ 65,231,706</u>	<u>\$ 61,489,942</u>



## 11. Others

Portion of the land of the Company's sub-subsidiary, Ruentex Material is the agricultural 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. As of December 31, 2020, the carrying amount of the agricultural land of NT\$108,314 was recognized under the "Property, plant and equipment."

### (III) Key management compensation information

	<u>2020</u>	<u>2019</u>
Wages and salaries and other short-term employee benefits	\$ 332,363	\$ 291,863
Post-employment benefits	5,467	4,994
Termination benefits	<u>1,466</u>	<u>-</u>
Total	<u>\$ 339,296</u>	<u>\$ 296,857</u>

### VIII. Pledged Assets

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

Asset items	Carrying amount		For guarantee purpose
	December 31, 2020	December 31, 2019	
Inventories	\$ 23,839,815	\$ 21,152,520	Long-term/short-term borrowings and Issuance of Commercial Paper
Current other financial assets (listed as other current assets)	1,257,734	726,099	Joint construction guarantee deposits and real estate trust receipts in advance
Financial Assets at fair value through other comprehensive income acquired - non-Current	525,008	446,576	Short-term borrowings and Issuance of Commercial Paper
Investments accounted for using equity method	22,373,137	7,755,023	Long-term/short-term borrowings and Issuance of Commercial Paper
Right-of-use assets	656,465	668,821	Long-term/short-term borrowings
Non-current other financial assets (listed as other non-current assets)	84,217	118,386	Money Lodged at Courts and Performance Bonds
Property, plant, and equipment	1,959,803	1,997,754	Long-term/short-term borrowings
Investment Real Estate			Guarantee for long-term borrowings and Advance rent receipts
	<u>10,969,568</u>	<u>11,692,573</u>	
	<u>\$ 61,665,747</u>	<u>\$ 44,557,752</u>	

### IX. Significant Contingent Liabilities and Unrecognized Commitments

#### (I) Contingencies

Other than specified in Note VI (X) 7, 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 of Muja Section, Wenshan District, Taipei City. Under the agreement, when certain conditions were met, the Company should pay the transfer premium one by one, for total NT\$31,000. In addition, on the same day, the Company signed a real estate sales contract with Jing-Guan and its legal representative, to buy several properties under the legal representative, and under the agreement, when certain conditions were met, the Company should pay the considerations one by one. Jing-Guan Construction believed that the Company had the actions to make the agreed payment conditions of the agreement for transferring rights of joint-construction and the real estate sales contract fail to be met, and thus sued the Company to claim the unpaid transfer premiums and the interests from the delay. The legal representative of Jing-Guan also sued the Company to claim the

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

## (II) Commitments

Except those described in Note VI(VIII), (X), (XI), (XVIII) and VII, other material commitments are as follows:

1. As of December 31, 2020 and 2019 the total amount of the construction contracts entered into by the subsidiaries for the construction contracts were \$31,678,533 and \$18,778,572, respectively. Amounts of \$16,507,881 and \$11,854,357 have been paid, respectively, and the remainder will be paid based on the stage of completion.
2. As of December 31, 2020 and 2019, the guarantee bond for the joint development contracts, including the Banqiao Jiangcui project, Ruentex Awesom, Sanchong Wuwaggu Section project and Xindian Yanbei Section project, signed by the Group with landlords, amounted NT\$581,036 and NT\$518,939.
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 amounting \$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, 2020 and 2019, subsidiaries’ letter of credit facilities that are issued but unused for procurement amounted USD 447 thousand, and EUR 592 thousand (equivalent to NT\$33,462 thousand in total), and USD 3,808 thousand and EUR 1,075 thousand (equivalent to NT\$150,273 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\$1,383,000 with the domestic bank that is registered with the Ministry of Finance, and as of December 31, 2020, the facility drawn was NT\$483,000 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.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Note VI (III)2, VI(XXIII) and (XXXII), other subsequent events are as follows:

- 1.(1) Earning distribution plan for Year 2020 of Ruentex Engineer & Construction, a subsidiary of the Company, approved by the board of Ruentex Engineering & Construction board meeting on March 26, 2021 is as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 100,318	
Cash dividends	405,000	\$ 3.00
Stock dividends	<u>499,500</u>	\$ 3.70
Total	<u>\$ 1,004,818</u>	

- (2) On March 26, 2020, the board of directors of the subsidiary, Ruentex Material, proposed and approved the cash distribution of \$3.5 per share from the legal reserve, for the amount of NT\$472,500.

2. Earning distribution plan for Year 2020 of Ruentex Material, a third-tier subsidiary of the Company, approved by the board of directors' meeting on March 26, 2021 is as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 13,033	
Special reserve	1,841	
Cash dividends	<u>115,500</u>	\$ 0.77
Total	<u>\$ 130,374</u>	

3. Earning distribution plan for the year ended December 31, 2020 of Citylink Nangang, a subsidiary of the Company, approved by the board of directors' meeting on March 22, 2021 is as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 29,747	
Cash dividends	<u>268,000</u>	\$ 1.34
Total	<u>\$ 297,747</u>	

4. Earning distribution plan for the year ended December 31, 2020 of Citylink Songshan, a subsidiary of the Company, approved by the board of directors' meeting on March 25, 2021 is as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 16,524	
Cash dividends	<u>150,150</u>	\$ 0.77
Total	<u>\$ 166,674</u>	

## XII. Others

### (I) Presentation of Financial Statements

Some items of the 2019 financial statements were reclassified in order be comparative to the notes of the 2020 financial statements.

### (II) 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 2020 is consistent with that of year 2019. The Group's liabilities to capital ratios as of December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings	\$ 44,377,223	\$ 45,862,672
Less: Cash and cash equivalents	<u>( 4,709,372)</u>	<u>( 7,147,701)</u>
Net debt	39,667,851	38,714,971
Total equity	<u>118,965,351</u>	<u>85,392,280</u>
Total capital	<u>\$ 158,633,202</u>	<u>\$ 124,107,251</u>
Debt-to-total-capital ratio	25.01%	31.19%

(III) Financial instruments

1. Type of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ -	\$ 39,210
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	3,578,218	3,825,675
Cash and cash equivalents	4,709,372	7,147,701
Notes receivable (including related parties)	177,848	266,893
Accounts receivable (including related parties)	1,037,985	1,073,618
Other receivables (including related parties)	36,304	34,121
Current and non-current financial assets at amortized cost/loans and receivables	560,000	585,760
Long-term notes and accounts receivable	426,038	460,954
Other financial assets (listed as other current assets and other non-current assets)	<u>1,435,442</u>	<u>921,970</u>
	<u>\$ 11,998,469</u>	<u>\$ 14,355,902</u>

<u>Financial liability</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,750,000	\$ 3,323,000
Short-term notes and bills payable	4,878,621	3,038,126
Notes payable (including related parties)	890,265	697,611
Accounts payable (including related parties)	2,323,981	1,960,271
Other Payables (including expenses payable)	1,039,009	985,610
Long-term borrowings (including due within one year or one operating cycle)	36,748,602	39,501,546
Guarantee deposits received (listed as other non-current liabilities)	1,302,500	1,307,242
	<u>\$ 49,932,978</u>	<u>\$ 50,813,406</u>
Lease liabilities - current and non-current	<u>\$ 11,080,440</u>	<u>\$ 10,439,426</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, 2020

	<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>		
				<u>Changes scope</u>	<u>Effects Income (Loss)</u>	<u>Effects other comprehensive Income</u>
<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 liability</u>						
<u>Monetary item</u>						
USD:NTD	\$ 353	28.48	\$ 10,053	1%	\$ 101	\$ -

December 31, 2019

	<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>		
				<u>Changes scope</u>	<u>Effects Income (Loss)</u>	<u>Effects other comprehensive Income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 79,054	29.98	\$2,370,039	1%	\$ 23,700	\$ -
USD:RMB	211	6.9830	6,326	1%	63	-
<u>Non-monetary Items</u>						
USD:NTD	231,305	29.98	6,934,534	1%	\$ -	\$ 69,345
<u>Financial liability</u>						
<u>Monetary item</u>						
USD:NTD	\$ 2,296	29.98	\$ 68,834	1%	\$ 688	\$ -
JPY:NTD	1,420	0.2760	392	1%	4	-

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\$117,378 and NT\$59,418, for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 would have increased/decreased by NT\$35,782 and NT\$38,257.



#### 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, 2020 and 2019, 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, 2020 and 2019 would have increased/decreased NT\$44,377 and NT\$45,863, 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, 2020 and 2019, the loss rate methodology is as follows:

	<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
	<u>Each</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2019</u>				
Expected loss	50%~100%	0.00%~0.03%	0.45%~100%	
Total carrying amount (including related parties)	\$ 4,646	\$2,348,518	\$ 4,745	\$2,357,909
Allowance for losses	4,577	64	3,926	8,567

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>2020</u>	<u>2019</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 8,567	\$ 17,788
Provision of impairment loss	1,626	4,093
Reversal of impairment loss	( 52)	( 2,119)
Write-offs of the period	( 1,629)	( 10,824)
Effects of exchange rate changes	<u>-</u>	<u>( 371)</u>
December 31	<u>\$ 8,512</u>	<u>\$ 8,567</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 VI (XVIII) 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, 2020 and 2019, the Group's position held in money market were NT\$4,399,737 and NT\$7,042,179.
- 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, 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 due within one year or one operating cycle) (Note 1)	8,903,177	26,089,380	2,984,249
Other financial liabilities (Note 2)	-	1,106,674	195,826

Non-derivative financial liabilities:

December 31, 2019	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 3,359,885	\$ -	\$ -
Short-term notes and bills payable (Note 1)	3,040,000	-	-
Notes payable (including related parties)	697,611	-	-
Accounts payable (including related parties)	1,662,352	256,243	41,676
Other payables	983,316	2,154	140
Lease liabilities (Note 1)	399,906	1,415,626	16,257,920
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	2,781,285	36,112,029	4,984,146
Other financial liabilities (Note 2)	-	1,031,966	275,276

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.

(IV)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 over-the-counter and TPEX listed stocks and domestic convertible bonds.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in private placement of listed stocks, TPEX 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 VI (12).
3. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets recognized in other current assets and other non-current assets, long-term notes and accounts receivable, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings, long-term notes accounts payable and other financial liabilities recognized in other non-current liabilities, are approximate to their fair values.
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, 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>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Current financial assets at fair value through profit or loss				
Structured wealth management products				
	\$ -	\$ -	\$ 39,210	\$ 39,210
Financial Assets at fair value through other comprehensive income acquired - non-Current				
Equity securities	<u>2,780,857</u>	<u>-</u>	<u>1,044,818</u>	<u>3,825,675</u>
Total	<u>\$ 2,780,857</u>	<u>\$ -</u>	<u>\$ 1,084,028</u>	<u>\$ 3,864,885</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 the TPEX listed companies</u>	<u>Shares of the TPEX-listed companies</u>	<u>Convertible bonds</u>
Quoted market price	Closing market prices	The last sales price	Closing market price

- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the 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, 2020 and 2019, there was no transfer between Level 1 and Level 2.
7. The following table shows the change of Level 3 for the years ended December 31, 2020 and 2019.

	2020	2019
	<u>Equity securities and wealth management products</u>	<u>Equity securities and wealth management products</u>
January 1	\$ 1,084,028	\$ 1,158,936
Transfer to the level 1	( 428,713)	-
Income recognized in income and loss		
Account for non-operating income and expenses	137	2,207
Gains recognized as other comprehensive income (Loss) recognized as unrealized profit or loss on equity investments at fair value through other comprehensive income	219,655	( 49,239)
Purchase for current period	-	85,866
Sales for current period	( 99,903)	( 111,026)
Effects of exchange rate changes	( 974)	( 2,716)
Others (Note)	<u>( 122,503)</u>	<u>-</u>
December 31	<u>\$ 651,727</u>	<u>\$ 1,084,028</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 VI (VI)11 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:

	<u>December 31, 2020</u>		<u>Significant unobservable Inputs</u>	<u>Discount rate</u>	<u>Inputs and Fair value relationship</u>
	<u>Fair value</u>	<u>Valuation techniques</u>			
Non-derivative Equity Instrument: Shares of non-TWSE/TPEX listed companies	581,272	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.68%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	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	Not applicable

	<u>December 31, 2019</u>		<u>Significant unobservable Inputs</u>	<u>Discount rate</u>	<u>Inputs and Fair value relationship</u>
	<u>Fair value</u>	<u>Valuation techniques</u>			
Non-derivative Equity Instrument: Privately offered shares (TWSE listed companies)	\$ 68,113	Binomial options pricing model	Discount for lack of marketability	13.60%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEX listed companies)	377,093	Binomial options pricing model	Discount for lack of marketability	13.18%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	494,434	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.67%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	55,900	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	20.22%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	48,378	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	18.65%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	N/A	N/A	Not applicable
Structured wealth management products	39,210	Calculated based on the contract	Rate of return on product	3.55%- 3.70%	The higher the rate of return on product, the higher the fair value.



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:

		<u>December 31, 2020</u>	
		<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	
		<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets			
Equity Instrument	Lack of marketability		
	Marketability discount $\pm 1\%$	<u>\$ 6,517</u>	<u>(\$ 6,517)</u>
		<u>December 31, 2019</u>	
		<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	
		<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets			
Equity Instrument	Lack of marketability		
	Marketability discount $\pm 1\%$	<u>\$ 10,448</u>	<u>(\$ 10,448)</u>

### XIII. Separately Disclosed Items

#### (I) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 3.
6. Disposal of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 4.
7. Purchases or sales of goods from or to related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table 5.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
9. Engagement in derivatives trading: Please refer to Note VI(II).
10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 6.

(II)Information on Investees

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

(III)Information on Investments in Mainland China

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

(IV)Information on main investors

Information on main investors: Please refer to Table 9.

XIV. Information on Departments

(I) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The 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”.

(II) Measurement of segment information

1. The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note IV.
2. The Group evaluates the performance based on segment revenue and segment net operating profit (loss), instead of the segment assets.

(III) Information on Departments

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

	2020					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	\$ 13,454,345	\$ 1,803,388	\$ 2,299,690	\$ 1,054,565	\$ 472,601	\$ 19,084,589
Internal revenue	<u>2,698,303</u>	<u>4,113</u>	<u>159,886</u>	<u>-</u>	<u>181,624</u>	<u>3,043,926</u>
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>
	2019					
	<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	\$ 11,622,753	\$ 1,842,183	\$ 2,236,055	\$ 1,212,879	\$ 344,060	\$ 17,257,930
Internal revenue	<u>2,349,600</u>	<u>3,673</u>	<u>78,473</u>	<u>-</u>	<u>170,089</u>	<u>2,601,835</u>
Departmental revenue	<u>\$ 13,972,353</u>	<u>\$ 1,845,856</u>	<u>\$ 2,314,528</u>	<u>\$ 1,212,879</u>	<u>\$ 514,149</u>	<u>\$ 19,859,765</u>
Operating net income (loss) from the department to be reported	<u>\$ 894,544</u>	<u>\$ 949,186</u>	<u>\$ 28,662</u>	<u>(\$ 18,463)</u>	<u>(\$ 1,613)</u>	<u>\$ 1,852,316</u>

(IV) 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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Income/loss from the department to be reported	\$ 2,130,556	\$ 1,852,316
Adjustments and written-off	( 45,549)	46,927
Total	2,085,007	1,899,243
Interest income	63,045	101,812
Foreign exchange net (loss) gain	( 117,378)	( 59,418)
Finance costs	( 698,112)	( 611,057)
Share of profit of associates accounted for using equity method	9,158,734	8,593,623
Gains on disposals of real estate, plant and equipment	19,303	426
Gains on reversal of financial assets impairment loss	1,105	295
Dividend income	128,297	127,440
Impairment loss on use-of-right assets	( 1,543)	( 88,809)
Impairment loss on investment properties	( 1,656)	( 94,871)
Gains on lease modifications	23	-
Gain on variable lease payments	24,506	-
Others	117,131	141,784
Income before tax from continuing operations	<u>\$ 10,778,462</u>	<u>\$ 10,010,468</u>

(V) 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 VI(XXV) for detail.

(VI) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Income</u>	<u>Non-Current Assets</u>	<u>Income</u>	<u>Non-Current Assets</u>
Taiwan	\$ 19,066,090	\$ 28,647,493	\$ 17,182,354	\$ 28,031,366
China	18,499	-	75,576	80,520
Others	-	13,000	-	28,000
Total	<u>\$ 19,084,589</u>	<u>\$ 28,660,493</u>	<u>\$ 17,257,930</u>	<u>\$ 28,139,886</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.

(VII) Major customer information

External customers representing at least 10% of revenue for the year ended December 31, 2020 and 2019: None.

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

Unit: New Taiwan Dollars in  
Thousands

Attached Table I

Entity for which the  
endorsement/guarantee is made

(Unless Stated Otherwise)

No. (Note 1)	Name of the company making an endorsement/ guarantee	Company name	Relationship (Note 2)	Maximum amount of endorsements/guarantees permitted to any single entity	Maximum balance of endorsements/ guarantees for the current period	Balance of endorsements/guarantees at the end of the period	Actual amount drawn	Amount of endorsements /guarantees secured by property	Cumulative amount of endorsements/guarantees as a percentage of the net worth as stated in the latest financial statement	Maximum amount of endorsements /guarantees	Endorsements/ guarantees made by the parent for its subsidiaries	Endorsements/ guarantees made by the subsidiary company for its parent	Endorsements	Remark
													made for the entities in mainland China	
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	2	\$ 102,819,897	\$ 4,080,000	\$4,080,000	\$ 2,900,000	\$ -	3.58	\$102,819,897	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	675,000	31,254	31,254	31,254	-	0.74	1,350,000	Y	N	N	Note 4

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

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

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

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

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

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

Ruentex Development Co., Ltd.

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

December 31, 2020

Attached Table II

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

<u>Company holding the securities</u>	<u>Type and name of the securities</u> (Note 1)	<u>Relationship with the issuer of securities</u> (Note 2)	<u>Account recognized</u>	<u>End of the period</u>		<u>Shareholding percentage</u>	<u>Fair value</u> (Note 4)	<u>Remark</u>
				<u>Number of shares</u>	<u>Carrying amount (Note 3)</u>			
Ruentex Development Co., Ltd.	Convertible bonds of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	Financial assets designated at fair value through profit or loss - non-current	-	\$ 37,262	-	\$ 37,262	
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	Financial assets at fair value through other comprehensive income - non-current	10,357,408	871,058	4.11	871,058	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	1,343,630	186,765	0.67	186,765	
	Shares of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	2,489,060	281,263	4.46	281,263	
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	"	16,828,936	581,272	10.80	581,272	Note5
	Shares of Pacific Resources Corporation	-	"	1,078,437	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900	
	Shares of Evergreen Steel Corp.	-	"	1,884,613	87,164	0.47	87,164	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	60,000	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The company	Financial Assets at fair value through other comprehensive income - non-Current	5,139,396	210,201	0.34	210,201	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	20,151,803	1,404,582	3.57	1,404,582	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	234,295	32,567	0.13	32,567	
	Shares of Save & Safe Corporation	-	"	4,267,233	69,555	2.51	69,555	
	Shares of Powertec Electrical Chemicals Corp. (Shares of previous Powertec Energy Corp.	-	"	19,737,629	-	1.39	-	

	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	500,000	-	-
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial Assets at fair value through other comprehensive income - non-Current	37,874	2,640	-	2,640
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	105,433	14,655	0.06	14,655
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	657,045	45,797	0.12	45,797

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.

Note 2: Not required to be filled in for the issuers of securities that are not related parties.

Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.

Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".

Note 5: The provision of 15,200 thousand shares, a total of NTD 525,008 thousand was pledged to financial institutions for financing loans.



Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table III

Unit: New Taiwan Dollars in Thousands

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

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

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

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

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Unit: New Taiwan Dollars in  
Thousands

Attached Table IV

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

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

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

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

Ruentex Development Co., Ltd.

Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital  
January 1, 2020 to December 31, 2020

Attached Table V

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

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

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

Note 1: If the terms and conditions of transaction with the related parties are different from the general terms and conditions of transaction, the difference and the reason for any such difference shall be specified in the column of unit price and the credit period.

Note 2: In the case of prepayments in advance (or advance receipts), the reasons, the terms and conditions of the contract, the amount and the difference between the general type of transactions shall be specified in the column of Remarks.

Note 3: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 4: Calculate from the perspective of the entity of the company making the purchase (sale) of goods

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table VI

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

No.(Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			
				Account	Amount	Terms and conditions of transaction	As a percentage of the consolidated total operating revenue or total assets (Note 3)
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	1	Construction income	22,048	Note 5	0.12
		Ruentex Construction International Co., Ltd.	1	Rental income	18,316	Note 5	0.10
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	121,415	Note 4	0.64
		"	2	Receivable	39,279	Note 4	0.02
		"	2	Contract asset	21,554	Note 4	0.01
		Ruentex Construction International Co., Ltd.	3	Construction income	42,666	Note 4	0.22
		Ruentex Development Co., Ltd.	3	Construction income	71,764	Note 4	0.38
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	1,532,467	Note 4	8.03
		"	2	Receivable	84,823	Note 4	0.05
		"	2	Contract asset	156,855	Note 4	0.08
		Ruentex Development Co., Ltd.	3	Construction income	557,929	Note 4	2.92
		"	3	Receivable	42,134	Note 4	0.02
		"	3	Contract asset	51,438	Note 4	0.03
		Ruentex Material Co., Ltd.	1	Construction income	248,516	Note 4	1.30
		"	1	Service revenue	10,800	Note 5	0.06
		"	1	Contract asset	48,493	Note 4	0.03
3	Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	128,708	Note 5	0.67
		"	2	Receivable	22,912	Note 5	0.01
		"	2	Construction income	23,196	Note 4	0.12
4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	61,191	Note 5	0.32
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	39,236	Note 5	0.21
		Ruentex Development Co., Ltd.	2	Service revenue	15,504	Note 5	0.08
		Ruentex Construction International Co., Ltd.	3	Service revenue	11,449	Note 5	0.06
5	Ruentex Security Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	15,648	Note 5	0.08
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	13,167	Note 5	0.07
		Ruentex Development Co., Ltd.	2	Service revenue	14,000	Note 5	0.07
6	Ruentex Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	47,874	Note 4	0.25
7	Ruentex Construction International Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Receivable	12,799	Note 5	0.01

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1). Please fill in "0" for the parent.

(2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure.):

(1). parent and its subsidiary

(2). Subsidiary and its parent

(3). Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to negotiations between the two parties, and the amount shall be collected according to the prescribed period of the construction contract.

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

Note 6: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table VII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 2,056,276	\$ 20,302	\$ 20,302	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	40,585	8,455	8,455	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Retirement Home and General Property Management and Maintenance Services	9,000	9,000	900,000	60.00	( 3,676)	( 10,716)	( 6,430)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Ruentex Security Co., Ltd.	49,000	49,000	6,900,000	100.00	73,325	7,662	7,662	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	Taiwan	Mall Operations, Proprietary Booths, Commercial Property Leasing, Housing and Building Development, Leasing and Sales, and Business Management Consulting	1,097,665	1,097,665	109,874,391	100.00	648,331	( 56,931)	( 56,931)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Xuzhan Co. Ltd..	Taiwan	Mall Operations and Commercial Property Leasing	1,600,000	1,600,000	160,000,000	80.00	1,983,506	297,470	237,976	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,950,000	1,950,000	195,000,000	100.00	2,256,298	165,241	165,241	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale development and investment management consultant	1,988,000	1,988,000	198,800,000	70.00	1,876,871	( 28,493)	( 19,945)	Subsidiary of the Company

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Gains and losses on		Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount	Current profit and loss of investment recognized for the the investee company	current period	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	52,844,859	39.14	984,538	1,009,976	\$ 347,193	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	189,737	130,619	12,866	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Jing Hong Investment Co., Ltd.	Taiwan	General Investment	270,000	270,000	27,000,000	30.00	690,904	140,986	42,296	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Taiwan	General Investment	19,125,000	19,037,500	4,875,750,000	25.00	93,873,325	31,927,790	7,981,947	The investee company accounted for under the equity method (Note 3)
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	409,489	409,489	10,593,334	25.46	4,348,924	229,844	58,518	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Shing Yen Construction Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	284,147	284,147	28,414,684	45.45	295,475	391	7,972	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment manufacturing	331,147	331,147	29,677,148	26.62	865,560	993,948	264,589	The investee company accounted for under the equity method (Note 1)
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and Communication Engineering Industry	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	2,537,808	2,537,808	65,720,683	11.63	9,886,552	5,865,832	682,025	The investment company which accounts for the Company using the equity method (Note 2)
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	474,720	474,720	32,047,620	0.23	1,114,185	35,647,210	82,652	The investee company accounted for under the equity method
Ruentex Construction International BVI Co., Ltd.	Ruentex Construction International Ltd.	Hong Kong	General Investment	32,860	32,860	7,800,000	100.00	21,655	790	790	Sub-subsidiary of the Company
Ruentex Construction International BVI Co., Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	640,770	640,770	19,500,000	49.06	2,031,294	40,394	19,817	The investee company accounted for under the equity method



Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	876,995	130,619	51,137	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Construction Co., Ltd.	Taiwan	Civil Engineering Projects	5,408	5,408	600,000	100.00	9,871	561	561	Sub-sub-subsidiary of the Company
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	140,571	140,571	3,000,000	100.00	196,682	85,884	85,884	Sub-sub-subsidiary of the Company
Ruentex Construction International Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	131,158	131,158	1,822,888	0.32	352,917	5,865,832	18,918	The investment company which accounts for the Company using the equity method
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	976,000	0.72	57,233	1,009,976	7,302	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	264,000	0.20	15,482	1,009,976	2,020	Subsidiary of the Company

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

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

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

Ruentex Development Co., Ltd.

Information of investments in mainland China-Basic information

January 1, 2020 to December 31, 2020

Attached Table VIII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

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

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

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

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

(II) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.

1. The financial reports audited and certified by an international accounting firm having a business cooperation relationship with an ROC accounting firm.

2. The financial reports audited and certified by a certified public accountant of the parent in Taiwan.

3. Others.

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

Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

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

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

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

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

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

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

Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Ruentex Development Co., Ltd.

Information on main investors

December 31, 2020

Attached Table IX

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

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

Company Address: 11F.-1, No. 308, Sec. 2, Bade Rd., Taipei City  
Telephone: (02)8161-9888

RUENTEX DEVELOPMENT CO., LTD.

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

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## Accountants' Audit Report

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

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

### **Audit Opinions**

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2020 and 2019 and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis of Audit Opinions**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2020. These matters were addressed in the context of our audit opinion of the unconsolidated financial statements as a whole, and in forming our opinion

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

Key audit matters for the Company's unconsolidated financial statements for the year ended December 31, 2020 are stated as follows:

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

#### Description of Key Audit Matters

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

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

#### Corresponding Audit Procedures

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

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

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

For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note IV(14). For the explanation on the accounts,



please refer to Financial Statements Note VI(VIII).

On December 31, 2020, the Company adopted the equity method to assess its subsidiary, Ruentex Engineering & Construction Co., Ltd. (hereinafter referred to as “Ruentex Engineering & Construction”). Under the consideration of comprehensive shareholding, since the investment balance under equity for Ruentex Engineering & Construction and the investment gain Ruentex Engineering & Construction in 2020 have significant impacts on the financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of REC are respectively described in the following:

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

### Description of Key Audit Matters

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

### Corresponding Audit Procedures

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

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

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

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

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

### Description of Key Audit Matters

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

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

### Corresponding Audit Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chao-Ming Wang

CPA

Ming-chuan Hsu

Former Securities and Futures Commission, Ministry of  
Finance

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

Financial Supervisory Commission

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

March 26, 2021

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

Unit: New Taiwan Dollars in Thousands

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

(Continued)

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

Unit: New Taiwan Dollars in Thousands

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

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu



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

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

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

(Continued)

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

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

Item	Notes	2020		2019		
		Amount	%	Amount	%	
<b>Other Comprehensive Income (Loss)</b>						
<b>Items may not be reclassified subsequently to profit or loss:</b>						
8311	Remeasurements of defined benefit plans	VI(XVI)	( \$ 2,652)	-	\$ 6,244	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	VI(VI)	( 241)	-	( 637,971)	( 12)
8330	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items not to be reclassified into profit or loss	VI(XIX)	( 138,061)	( 3)	( 49,542)	( 1)
8349	Income tax relating to non-reclassified items	VI(XXIX)	3,028	-	37,457	1
8310	Total of items not to be reclassified into profit or loss		( 137,926)	( 3)	( 643,812)	( 12)
<b>Items may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translating foreign operations		( 349,826)	( 7)	( 165,159)	( 3)
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items that may be reclassified to profit or loss	VI(XX)	26,332,679	555	43,756,726	795
8399	Income tax related to items may be reclassified into profit or loss	VI(XX)(XXIX)	( 58,600)	( 1)	( 309,682)	( 6)
8360	Total of items may be reclassified subsequently to profit or loss		25,924,253	547	43,281,885	786
8300	<b>Other comprehensive income (net)</b>		\$ 25,786,327	544	\$ 42,638,073	774
8500	<b>Total comprehensive income for the period</b>		\$ 34,343,978	724	\$ 51,706,025	939
Earnings per share						
9750	Basic earnings per share	VI(XXX)	\$ 5.88		\$ 6.23	
9850	Diluted earnings per share		\$ 5.88		\$ 6.23	

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Manager: Lin, Chin-Szu

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

Unit: New Taiwan Dollars in Thousands

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

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

Chairman: Jean, Tsang-Jiunn

Manager: Lee, Chih-Hung

Accounting Supervisor: Lin, Chin-Szu

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

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

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

(Continued)



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

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

I. Company History

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

II. Date and Procedure for Approval of Financial Statements

The unconsolidated financial statements were authorized for issuance by the Company’s board of directors on March 26, 2021.

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

<u>New and revised standards, amendments to standards and interpretations</u>	<u>To be determined by the International Accounting Standards Board (IASB)</u> <u>Effective date of IASB announcement</u>
Amendments to IAS 1 and IAS 8 “Disclosure Initiative - Definition of Material”	January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 on “Interest Rate Benchmark Reform”	January 1, 2020
Amendment to IFRS 16 “COVID-19-Related Rent Concessions”	June 1, 2020 (Note)

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

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

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

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

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

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

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

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

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

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

#### 1. IFRS 17 “Insurance Contracts”

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

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

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

### IV. Summary of Significant Accounting Policies

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

#### (I) Compliance statement

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

#### (II) Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets (including derivative instruments) at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
  - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”)



requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note V.

(III) Foreign currency translation

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

1. Foreign currency translation and balances

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

2. Translation of foreign operations

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

exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) Classification of Current and non-Current items

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

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

Assets that do not meet the above criteria are classified as non-Current Assets.

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

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

Liabilities that do not meet the above criteria are classified as non-Current liabilities.

3. Since the operating cycle of building and housing sale is longer than one year, the Assets and liabilities related to construction and long-term construction contracts are classified into current and non-current according to the standard of the operating cycle.

(V) Cash equivalents

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

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

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

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

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

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

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

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

(VIII) Financial Assets at amortized cost

1. Refer to financial Assets satisfying the following criteria at the same time:
  - (1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.
  - (2) Where contract terms of such financial Assets generated cash flow of specific date, and it is completely for the payment of the interest of principle and external circulating principle amount.
2. On a regular way purchase or sale basis, the Company recognizes or derecognizes financial Assets at amortized cost by using settlement date accounting.
3. During the initial recognition the Company calculated the transaction cost measurement at fair value, and subsequently adopted the effective interest rate method to recognize the interest income according to the amortization procedure during the circulation period, and to recognize the impairment loss. In addition, during the derecognition, the gain or loss was recognized in the income or loss.

(IX) Notes and accounts receivable

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

(X) Impairment of financial Assets

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

(XI) Derecognition of financial Assets

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

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

(XII) Lease transactions of lessor - rent payments receivable /operating lease

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

(XIII) Inventories

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

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

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

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

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

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

(XV) Real estate, plant and equipment

1. Real estate, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other real estate, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of real estate, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The Assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the Assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the Assets’ future economic benefits embodied in the Assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	2 years ~ 11 years
Warehouse equipment	2 years ~ 8 years

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

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

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

(XVII) Investment Real Estate

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

(XVIII) Impairment of non-financial Assets

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

(XIX) Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans. During the initial recognition, the Company measures according to the fair value with deduction of transaction cost. Subsequently, for any difference between the amount after the deduction of transaction cost and the redemption value, the effective interest method is adopted to recognize the interest expense in the profit or loss according to amortized procedure during the circulation period.

(XX) Notes and accounts payable

1. Notes and accounts payable refer to debts occurred due to goods or services that have been acquired in the course of business and occurred due to non-operating activities.
2. For short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(XXI) Derecognition of financial liabilities

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

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

3. Employees' compensation, directors' and supervisors' remuneration

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



(XXIII) Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expectation under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of Assets and liabilities and their carrying amounts in the parent only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination (excluding corporate individual entity) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax Assets against Current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Since the part without the income tax credit carried forward generated due to the equity investment may be very likely to be within the scope without the use of income tax credit when it is taxed in the future, consequently, it is recognized as the deferred income tax asset.

(XXIV) Capital

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

the proceeds.

(XXV) Dividends

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

(XXVI) Income

1. Land development and sale

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

2. Sale of goods

- (1) The Company operates the business related to department store purchase and sale, as well as the business of super market. The income from sale of goods is recognized when the control of goods is transferred to customers, i.e. when the goods are delivered to customer. In addition, the Company has no unfulfilled obligations that may affect customer from accepting the goods. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
- (2) The Company operates the customer premium plan for retail customers, and provides the customer reward points during the transactions. When customers exchange for the reward points, they have the right to obtain additional goods at discounted price or exchange for free of payment. The reward point is an important right that cannot be obtained if a customer has not made any initial transaction; therefore, the reward point provided to customers is a single contract performance obligation. The transaction price is appropriated to the goods and reward point based on the relative independent sales price. The independent sales price of reward point is estimated according to the discount obtained by the customer and the possibility of exchange of points based on the past experience.
- (3) Accounts receivable is recognized when goods are delivered to customers since starting from such time of delivery, the Company has the unconditional right on the contract price, and the Company can receive the consideration from the

customer after time has passed.

(4) Financial component

Since the period from the time when contracts are signed between the Company and customers, the goods or services are promised to be transferred to customers to the time when the payments are made by customers have not exceeded one year, consequently, the Company has not adjusted the transaction price to reflect the currency time value.

3. Income from lease

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

4. Costs to obtain clients' contracts

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

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

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

(I) Critical judgments in applying the Company accounting policies

Investment Real Estate

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

(II) Critical accounting estimates and assumptions

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

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

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

## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 4,883	\$ 4,982
Checking deposits	83,838	23,124
Demand deposits	176,569	37,109
Time deposits	2,301,156	2,369,098
Cash equivalents - Bonds under repurchase agreements	<u>901,169</u>	<u>2,343,935</u>
	<u>\$ 3,467,615</u>	<u>\$ 4,778,248</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

### (II) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ -</u>	<u>\$ 3,589</u>
Accounts receivable	\$ 9,505	\$ 5,680
Less: Allowance for loss	<u>( 70)</u>	<u>( 170)</u>
	<u>\$ 9,435</u>	<u>\$ 5,510</u>

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

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not overdue	\$ 9,367	\$ -	\$ 5,441	\$ 3,589
Overdue				
91 days and more	<u>138</u>	<u>-</u>	<u>239</u>	<u>-</u>
	<u>\$ 9,505</u>	<u>\$ -</u>	<u>\$ 5,680</u>	<u>\$ 3,589</u>

The aging analysis was based on past due date.

2. The balances of the receivables and notes receivable as of December 31, 2019 and 2020 were incurred by the clients' contracts; also as of January 1, 2019, the balances of the notes receivable and receivables were NT\$2,053 and NT\$20,331, respectively.
3. The Company's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$0 and NT\$3,589 for notes

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

4. The Company does not hold any collateral as security.
5. For credit risk information related to accounts receivable and notes receivable, please refer to Note XII(II).

(III) Inventories

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

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

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

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

2. Inventory capitalization amount and interest range:

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

3. The aforementioned construction lands include the payment amount of the Company for the purchase of the agricultural lands. Since they are still agricultural lands, and the land category has not been changed completely, the ownership of the lands is still registered under the name of third party, and pledge has been set on such agricultural lands.

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

(IV) Other Current Assets

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

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

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

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

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

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

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

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

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

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

7. TPEX-listed company, OBI Pharma, Inc. had increased its capital in cash in June 2019, and the Group subscribed for NT\$11,068.
8. An unlisted company, Gloria solar International Holding Inc., was approved by the government of Cayman Islands to be dissolved, and the certificate issued by the oversea embassy status-quo was obtained on September 3, 2019. The Company wrote off the recognized investment costs, and cumulatively recognized unrealized adjustment for valuation; both losses were NT\$73,590.
9. TPEX-listed company, Brogent Technologies Inc applied for a public offering on July 13, 2018, and the application took effect on July 24 of the same year. Therefore, the Company reclassified the holding of the shares from stocks of listed companies via private placement to stocks of listed companies, and the adjustments to the cost and valuation losses are NT\$432,000 and NT\$54,907, respectively.
10. Evergreen Steel Corporation was listed on TPEX on January 13, 2020. Therefore, the Company reclassified the stock from non-listed stock to the TWSE and TPEX stock. The adjustments to the cost and valuation gains are NT\$12,388 and NT\$35,990, respectively.
11. The Company's board of directors approved the disposal of 5,308,868 shares of private placement shares of ORIENT SEMICONDUCTOR ELECTRONICS LTD., a public listed company, at \$11.59 per share on November 5, 2020 for \$61,530, which offset the original investment cost of \$71,208 and the cumulative unrealized valuation adjustment-loss of \$9,678. The transaction was completed in December 2020.
12. The Company holds the stock of RT-MART International Co., Ltd. This non-listed company issued cash dividends of NT\$122,503 from the original capital surplus contributed to by shareholders in November 2020. This was regarded as a reduction of the Company's original cost of the holding.
13. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

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

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



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

<u>Item</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subordinated corporate bonds	<u>\$ 60,000</u>	<u>\$ 60,000</u>

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

	<u>2020</u>	<u>2019</u>
Interest revenue	<u>\$ 2,100</u>	<u>\$ 2,100</u>

2. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing financial Assets at amortized cost held by the Company, the maximum exposure amount of credit risk on December 31, 2020 and 2019 was both NT\$ 60,000.
3. For the financial Assets at amortized cost held by the Company, there was no collateral provided as security.
4. For relevant credit risk information, please refer to Note XII(II).

(VIII) Investment accounted for under the equity method

1. Details are as follows:

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

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

2. The investment shareholder percentage is as follows:

<u>The investee company</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Subsidiaries</u>		
Ruentex	100.00%	100.00%
Ruentex Construction (Previous named City-Link Development Co., Ltd.)	100.00%	100.00%
Ruentex Baiyi	100.00%	100.00%
Ruentex Xuzhan	80.00%	80.00%
Ruentex Material	10.49%	10.49%
Ruentex Security	100.00%	100.00%
Ruentex Property	100.00%	100.00%
Ruen Fu	60.00%	60.00%
Ruentex Engineering & Construction Co., Ltd.	39.14%	39.14%
Ruentex Development	70.00%	70.00%
<u>Associates</u>		
Shing Yen	45.45%	45.45%
Ruentex Industries	11.63%	11.63%
Gin-Hong	30.00%	30.00%
Concord	25.46%	25.46%
Sunny Friend	26.62%	26.62%
Ruen Chen	25.00%	25.00%
Nan Shan Life Insurance	0.23%	0.23%
Global Mobile	9.46%	9.46%

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

<u>Company name</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ruentex Engineering & Construction Co., Ltd.	<u>\$ 3,190</u>	<u>\$ 3,190</u>

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

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

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

6. Subsidiaries

- (1) Please refer to Note IV(III) in the consolidated financial statements for the year ended December 31, 2020 for more information on the Company's subsidiaries.
- (2) In the reorganization to simplify the Group's organization, a proposal for dissolution of the subsidiary Resource Integration was submitted by the board of directors on January 14, 2019, and approved by the extraordinary shareholders' meeting on January 30, 2019. Also on February 13, 2019, the competent authority was filed to and approved the dissolution. Resource Integration completed the distribution of the residual

properties and settlement on November 4, 2019. NT\$3,276,244 was distributed to the Company in cash, including the cash and cash equivalents in Resource Integration's book for NT\$249,879, and 51,832,359 shares of Ruentex Engineering & Construction sold by Resource Integration to the Company on October 28, 2019 at the price per share of NT\$58.6, for total NT\$3,037,376; also the taxes and fees paid by Resource Integration were recognized for NT\$11,011 (accounted for issuance premium of capital reserves).

- (3) Pursuant to resolution of the interim shareholder meeting on October 23, 2019, Resource Integration sold all the shares of Ruentex Engineering & Construction Co., Ltd. proportionally with the stake held by its shareholders. The Company acquired 51,832,359 shares of Ruentex Engineering & Construction at the price per share of NT\$58.6, for total NT\$3,037,376; also the additional taxes and fees paid for NT\$1,898 (accounted for issuance premium of capital reserves). Therefore, the Company's shareholding in Ruentex Engineering & Construction increased to 39.14%.
- (4) In order to improve the financial structure and to increase the operating capital, Ruentex Development conducted a capital increase in June 2019 by issuing 73,000,000 new shares. The Company subscribed for NT\$511,000 based on the ownership percentage.
- (5) Ruentex Construction was previously named City-Link Development Co., Ltd., and was approved by Department of Commerce, MOEA on August 16, 2019.

#### 7. Associates

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

<u>Company name</u>	<u>Principal Place of Business</u>	<u>Shareholding percentage</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>December 31, 2020</u>	<u>December 31, 2019</u>		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Ruentex Industries	Taiwan	11.63%	11.63%	Diversification	Equity method

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

#### Balance Sheet

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

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

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

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

#### Statement of Comprehensive Income

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

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

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

	<u>Ruentex Industries</u>	
	<u>2020</u>	<u>2019</u>
Income	<u>\$ 2,736,394</u>	<u>\$ 3,486,392</u>
Net income of current period	\$ 8,091,349	\$ 9,186,640
Other comprehensive income (Net after tax)	<u>25,971,071</u>	<u>45,887,322</u>
Total Comprehensive Income of current period	<u>\$ 34,062,420</u>	<u>\$ 55,073,962</u>

- (3) The summary on the share of individual insignificant associate's carrying amount and operating result of the Company is as follows:

As of December 31, 2020 and 2019, the total of the carrying amount of individual insignificant associate of the Company were NT\$ 7,315,048 and NT\$ 7,478,972 respectively.

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

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

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

- (5) Ruen Chen Investment Holding conducted cash capital increase in July, 2020, and June and July, 2019; the Company subscribed the new issued shares in proportion to its shareholding amounting to NT\$87,500, NT\$100,000, and NT\$5,000,000, respectively.
- (6) In order to adjust its capital structure and improve return on equity ratio, Shing Yen conducted a capital reduction in July, 2019 and returned cash capital to its shareholders with a capital reduction ratio of 40.75%. The total cash refund received by the Company was NT\$195,429.
- (7) Global Mobile was an investee of the Company with valuation under equity method - Ruentex Industries' investment under equity method. After the assessment of the Company, the Company had significant influence on Global Mobile; therefore, the investment under equity method was adopted to recognize such company. Global Mobile received a letter in March 2015 stating that its application for the extension of wireless broadband reception business was rejected by the competent authority. Global Mobile had filed appeal for its application according to the law, and subsequently, in November 2015, it received a letter informing that its appeal had been rejected by the competent authority such that its service was terminated in December of the same year. Global Mobile had filed appeal and subsequent litigation according to laws. However, based on the conservative and stable business principle of the Company, it had recognized an impairment loss in 2015 as NT\$ 5,247.
- (8) To cope with the reinvestment planning and diverse operational needs, the Company invested in Nan Shan Life Insurance Co., Ltd. (referred to as "Nan Shan Life Insurance") in 2010 through Ruen Chen Investment Holdings. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$ 11,250,000. Regarding the aforementioned reinvestment of Ruen Chen Investment Holdings in Nan Shan Life Insurance, in accordance with the request of the competent authority, the Company delivered the Ruen Chen Investment Holdings stocks held to trust. The main provisions of such trust are as follows:
- A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation

and the promise for the vision of stable operation, the total of 612,500 thousand shares held by Ruen Chen Investment Holdings were transferred to the Trust Department of First Commercial Bank Co., Ltd. on September 5 and September 9, 2011 respectively, and trust registration was performed.

B. Term of trust: The term of trust was ten years starting from the signing date of the trust contracts on September 5 and September 9, 2011 respectively.

C. Management, use method and limitation to trust property:

(a) The management and use method for the trust property under this contract is for specific independent management and use. The trustee has no right to determine the use of the trust property. Unless otherwise specified in this contract, the trust property shall be managed properly according to the operating scope or method instructed by the trustor.

(b) The change of this contract shall be performed only after the joint negotiation of the trustor and trustee, followed by reporting to FSC for written approval.

(c) This contract shall become effective upon the signing of both parties. Unless otherwise specified in the laws or both parties agree otherwise, this contract is terminated due to the following matters along with the written consent of the competent authority:

(i) In case of the occurrence of breach of contract by any one party, the breaching party shall correct within 15 days from the date of notice by the other party. Any failure to correct beyond such period, the other party may terminate this contract and may claim damage indemnification.

(ii) Where there is an actual difficulty in the continuous management of the trust matter, it may be terminated based on the written consents of both parties.

(iii) Where the trustee is subject to dissolution, restructure, bankruptcy, revocation of establishment registration or being informed by the exchange office to be a rejected account, it shall inform the other party. Any one party may terminate this contract by informing the other party in writing.

(iv) When a creditor of the trustor files petition to the court to revoke the trust under this contract due to harms to its rights and such petition is confirmed.

(d) Once this contract is terminated, the trustor shall repay the trust management fee and all necessary fees as well as taxes to the trustee, and the trustee may deduct such fees from the trust property.

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

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

B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 ordinary shares of Nan Shan General Insurance, i.e. 100% issued shares with voting rights, when Nan Shan General Insurance has the needs for capital increase at any time, the Company will request Nan Shan Life Insurance to handle the capital increase for Nan Shan General Insurance according to the laws and the request of the competent authority.

C. To fulfill the commitment of the Company and Ruen Chen Investment Holdings



other shareholders on the long-term operation of Nan Shan General Insurance, in case where there is a need for capital increase for the Nan Shan General Insurance according to the laws or the request of competent authority such that new shares are to be issued for the capital increase, the Company and Ruen Chen Investment Holdings other shareholders undertake to request Nan Shan Life Insurance to hold at least a percentage of 51% on the number of outstanding ordinary shares.

- (10) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT\$ 5,000,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency. In addition, for the capital increase in cash to Nan Shan Life Insurance in June 2019 through Ruen Chen Investment Holdings, the payment was made by deposited cash in the amounts of NT\$4,995,758 and NT\$4,242.
- (11) To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 29,670,000 shares of Nan Shan Life Insurance for NT\$474,720, for holding 0.23% of the total shares. As Nan Shan Life Insurance is the investee company accounted for the subsidiary of Ruen Chen Investment Holding, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.
8. The Company holds 11.63% of Ruentex Industries as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Industries' business decision-making. There are nine seats on the board of directors of Ruentex Development, the Company does not hold any seat, showing that the Company has no actual ability to lead Ruentex Industries activities. Therefore, it is judged that the Company has no control over it and only has significant influence.
9. The Company holds 26.62% of Sunny Friend as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Sunny Friend's business decision-making. There are seven seats on the board of directors of Ruentex Development, only two of which are occupied by the Company, showing that the Company has no actual ability to lead Sunny Friend activities. Therefore, it is judged that the Company has no control over it and only has significant influence.
10. For the status of collaterals provided for investments under equity method of the Company, please refer to Note VIII.

(IX) Property, plant, and equipment

2020

	<u>Machinery and equipment</u>	<u>Warehouse equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1							
Cost	\$ 91,956	\$ 32,317	\$ 28,112	\$ 30,302	\$ 183,878	\$ -	\$ 366,565
Accumulated depreciation	( 68,409)	( 30,609)	( 21,830)	( 28,988)	( 170,805)	-	( 320,641)
	<u>\$ 23,547</u>	<u>\$ 1,708</u>	<u>\$ 6,282</u>	<u>\$ 1,314</u>	<u>\$ 13,073</u>	<u>\$ -</u>	<u>\$ 45,924</u>
January 1	\$ 23,547	\$ 1,708	\$ 6,282	\$ 1,314	\$ 13,073	\$ -	\$ 45,924
Addition	4,419	2,940	-	2,555	1,779	94,792	106,485
Costs of disposal of assets	( 6,623)	( 945)	-	( 883)	( 8,425)	-	( 16,876)
Accumulated depreciation on disposal date	6,623	730	-	883	8,063	-	16,299
Depreciation expense	( 5,839)	( 626)	( 3,923)	( 945)	( 3,896)	-	( 15,229)
December 31	<u>\$ 22,127</u>	<u>\$ 3,807</u>	<u>\$ 2,359</u>	<u>\$ 2,924</u>	<u>\$ 10,594</u>	<u>\$ 94,792</u>	<u>\$ 136,603</u>
December 31							
Cost	\$ 89,752	\$ 34,312	\$ 28,112	\$ 31,974	\$ 177,232	\$ 94,792	\$ 456,174
Accumulated depreciation	( 67,625)	( 30,505)	( 25,753)	( 29,050)	( 166,638)	-	( 319,571)
	<u>\$ 22,127</u>	<u>\$ 3,807</u>	<u>\$ 2,359</u>	<u>\$ 2,924</u>	<u>\$ 10,594</u>	<u>\$ 94,792</u>	<u>\$ 136,603</u>

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

(X) Lease transactions - lessees

1. The underlying asset leased by the Company are the land for hypermarket business and the Zhonglun office building and the term of lease is between 2016 and 2030. The lease contracts are negotiated individually, with different terms and conditions. The leased assets are neither to be used as collaterals for loans, nor the rights to be transferred to others in the form of business transfer or merge, among other forms.
2. The information of the right-of-use assets are as the following:

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

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

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

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

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

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

(XI) Investment Real Estate

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

	2019		
	Land	Buildings	Total
January 1			
Cost	\$ 1,008,724	\$ 1,315,773	\$ 2,324,497
Accumulated depreciation	<u>-</u>	<u>( 363,636)</u>	<u>( 363,636)</u>
	<u>\$ 1,008,724</u>	<u>\$ 952,137</u>	<u>\$ 1,960,861</u>
January 1	\$ 1,008,724	\$ 952,137	\$ 1,960,861
Addition	-	49,905	49,905
Depreciation expense	<u>-</u>	<u>( 29,539)</u>	<u>( 29,539)</u>
December 31	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>
December 31			
Cost	\$ 1,008,724	\$ 1,365,678	\$ 2,374,402
Accumulated depreciation	<u>-</u>	<u>( 393,175)</u>	<u>( 393,175)</u>
	<u>\$ 1,008,724</u>	<u>\$ 972,503</u>	<u>\$ 1,981,227</u>

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

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

2. The fair value of the investment real estate held by the Company as at December 31, 2020 and 2019 was NT\$ 2,935,084 and NT\$ 2,803,391 respectively, which was categorized within Level 3 in the fair value hierarchy. The aforementioned fair value was obtained according to the assessment on market transaction price of relevant similar real estate in the neighboring areas.
3. For the status of the collaterals provided for investment real estate held by the Company, please refer to Note VIII.

(XII) Other non-Current Assets

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

(XIII) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit bank loan	\$ 1,800,000	\$ 1,990,000
Secured bank loan	<u>300,000</u>	<u>800,000</u>
	<u>\$ 2,100,000</u>	<u>\$ 2,790,000</u>
Interest rate collars	0.87% ~ 1.03%	1.00% ~ 1.22%

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee notes	<u>\$ 7,485,000</u>	<u>\$ 7,135,000</u>

(XIV) Short-term bills payable

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

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

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

(XV) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loan	\$ 9,354,000	\$ 10,576,000
Credit bank loan	<u>15,146,000</u>	<u>16,262,000</u>
	24,500,000	26,838,000
Less: Arrangement fees for leading banks of syndicated loan	<u>( 3,089)</u>	<u>( 2,647)</u>
	24,496,911	26,835,353
Face value of long term commercial paper	1,715,000	1,670,000
Less: Unamortized discount	<u>( 2,488)</u>	<u>( 2,023)</u>
	26,209,423	28,503,330
Less: Due within one year		
(listed as other current liabilities)	<u>( 5,912,512)</u>	<u>( 1,838,000)</u>
Due within one operating cycle		
(listed as other current liabilities)	<u>( 50,000)</u>	<u>( 5,976,000)</u>
	<u>\$ 20,246,911</u>	<u>\$ 20,689,330</u>
Interest rate collars	0.25% ~ 1.50%	0.55% ~ 2.22%

1. The Company signed a syndicated loan agreement with a bank group including Land Bank of Taiwan in July 2010 to provide the financing for the construction of the Company. The term of loan was from July 2014 to July 2021, the total loan amount was NT\$ 4,600,000. Up to the date of December 31, 2020, the Company has drawn the credit amount of the contract performance guarantee letter at an amount of NT\$ 194,036. The main commitments of the Company are as follows:

- (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
- (2) The Company shall provide the consolidated financial report audited by independent director as well as audited consolidated and unconsolidated financial reports within 60 days and 120 days after the first half and the end of each fiscal year respectively.
- (3) Before obtaining the prior consents of all members of the syndicated loan banks, the Company shall not merger with others or demerger the Company according to the Company Act. However, where the Company is a survival company (after merger) and the merger result has no adverse impacts on its ability to perform obligations under this agreement, then such restriction shall not be applied.

2. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in



November 2012 to provide the financing for the construction of the Company. The term of the loan was from November 2012 to March 2021, the total loan amount was NT\$ 7,576,000. The above loans were fully repaid in July 2020.

3. The Company signed a long-term loan agreement with Mega Holdings in April 2018 to provide the operational financing necessary for the Company. The term of the loan was from April 2018 to May 2022, the total loan amount was NT\$ 7,500,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 5,910,000.
4. The Company signed a syndicated loan agreement with the financial institution group including Mega Bills in December 2018 to provide the operational financing necessary for the Company. The term of the loan was from December 2018 to December 2021, the total loan amount was NT\$ 2,450,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 1,715,000. The main commitments of the Company are as follows:
  - (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
  - (2) The Company shall provide consolidated and unconsolidated financial reports audited by independent auditor within 120 days after the end of each fiscal year.
  - (3) The Company shall maintain the interest protection multiples above 3 times and the tangible net worth above NT\$ 18,000,000. The aforementioned ratio and standard shall be based on the annual consolidated financial report audited by independent auditor. If the Company fails to comply with the aforementioned financial ratio or restrictive terms, starting from the date of violation, the Company shall pay compensation fee calculated at 0.1% of the outstanding balance for each loan bank until the date when the Company has been examined to completely improve the financial commitments such that the compensation fee is then stopped without further calculation.
5. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in July 2020 to provide the financing for the construction of the Company. The term of the loan was from July 2020 to July 2023, the total loan amount was NT\$ 4,900,000. Up to the date of December 31, 2020, the Company has drawn down the credit amount of NT\$ 3,750,000.
6. Except for the loans mentioned above, the term of the remaining loan of the Company was from February 2016 to December 2027.

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

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

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

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

(XVI) Pensions

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

- (2) The amounts recognized in the balance sheet are determined as follows:

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

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

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

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

- (4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2020</u>	<u>2019</u>
Discount rate	0.30%	0.70%
Future salary increase in percent	2.00%	2.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

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

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

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

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

(7) As of December 31, 2020, the weighted average duration of that retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	\$	3,369
1-2 years		5,425
2-5 years		31,142
More than 5 years		<u>87,403</u>
	<u>\$</u>	<u>127,339</u>

- 2.(1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019 were NT\$8,839 and NT\$8,795 respectively.

(XVII) Capital

1. As of December 31, 2020, the Company’s authorized capital was NT\$ 20,000,000, and the paid-in capital was NT\$ 15,048,810 (including share capital of convertible corporate bonds of NT\$ 384,539) with a par value of NT\$ 10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

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

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Ruentex Engineering & Construction Co., Ltd.	\$ 19,984	\$ 19,984
Amount accounted for using equity method	<u>64,655</u>	<u>64,655</u>
	<u>\$ 84,639</u>	<u>\$ 84,639</u>

(XVIII) Capital surplus

1. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. According to the regulation specified in Jing-Shang-Zi No.10202420460 Letter of MOEA dated July 15, 2013, under the financial statements prepared by corporates according to IFRSs, when the change of ownership equity of the parent on the subsidiary causes it to lose the control power, for the capital surplus generated due to the difference between the equity price and carrying value, the regulation of Paragraph 1 of Article 241 of the Company Act specifying the income derived from the issuance of new shares at a premium may be applicable. In addition, according to Jing-Shang-Zi No. 10300532520 of MOEA dated March 31, 2014, for the capital surplus actually acquired as recorded or the difference between the disposal of subsidiary's equity and carrying value, Article 241 of the Company Act may be applicable in order to use it for issuance of new shares or cash.

### 3. Change of capital surplus is as follows:

2020							
	<u>Issued at premium</u>	<u>Treasury Stock Transaction</u>	<u>Overdue shareholder Unclaimed Dividends</u>	<u>Associates net worth of equity Changes</u>	<u>Actually acquisition or Disposal of subsidiaries Price of equity and Difference of carrying amounts</u>	<u>Recognition of ownership of subsidiaries Changes of equity</u>	<u>Total</u>
January 1	\$ 17,283,659	\$ 136,626	\$ 12,614	\$ 542,776	\$ 1,535	\$ 159,192	\$ 18,136,402
Others	-	-	( 351)	11,851	-	-	11,500
Income tax effect	-	-	-	( 711)	-	-	( 711)
December 31	<u>\$ 17,283,659</u>	<u>\$ 136,626</u>	<u>\$ 12,263</u>	<u>\$ 553,916</u>	<u>\$ 1,535</u>	<u>\$ 159,192</u>	<u>\$ 18,147,191</u>

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

#### (XIX) Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve



exceeds 25% of the Company's paid-in capital.

- 3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.
- 4.(1) The appropriation of 2019 earnings had been proposed on June 9, 2020 and the appropriation of 2018 earnings had been resolved at the shareholders' meeting on June 5, 2019. Details are summarized as follows:

	2019		2018	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Provision of statutory reserves	\$ 656,143		\$ 993,210	
Provision of special reserves	-		12,073,578	
Cash dividends	1,003,254	\$ 1.00	-	\$ -
Stock dividends	<u>5,016,270</u>	5.00	<u>-</u>	-
Total	<u>\$ 6,675,667</u>		<u>\$13,066,788</u>	

- (2) Approved by the shareholders' meeting on June 5, 2019, the Company would distributed \$2 per share in cash using its legal reserve, totaling \$2,006,508.
- (3) The appropriation of earnings for 2020 had been proposed by Company's board of directors on March 26, 2021 as follows:

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

5. Change of undistributed earnings is as follows:

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

	<u>2019</u>
January 1 to December 31,	\$ 13,066,788
Appropriation and distribution of retained earnings of 2018:	
- Legal reserve	( 993,210)
- Special reserve	( 12,073,578)
Unrealized valuation losses on financial assets transferred to retained earnings due to derecognition.	( 73,590)
Disposal of equity instruments at fair value through other comprehensive income or loss by the associates	( 2,572,934)
Changes in associates & joint ventures accounted for using equity method	184,120
Net income of current period	9,067,952
Remeasurements of defined benefit plans with actuarial valuation	6,244
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	( 49,542)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	( 1,194)
- Tax related to the associates	373
December 31, 2019	<u>\$ 6,561,429</u>

(XX) Other equity items

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

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

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

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

(XXI) Operation income

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers:		
Revenue from sales of real estate	\$ 3,653,384	\$ 4,257,772
Revenue from sales of goods	1,054,565	1,212,879
Rent income	<u>38,020</u>	<u>36,781</u>
	<u>\$ 4,745,969</u>	<u>\$ 5,507,432</u>

1. Detail of customer contract income

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

	<u>Taiwan</u>		
<u>2020</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	<u>\$ 3,653,384</u>	<u>\$ 1,054,565</u>	<u>\$ 4,707,949</u>
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 3,653,384</u>	<u>\$ 1,054,565</u>	<u>\$ 4,707,949</u>
	<u>Taiwan</u>		
<u>2019</u>	<u>Construction business</u>	<u>Hypermarket business</u>	<u>Total</u>
Departmental revenue	<u>\$ 4,257,772</u>	<u>\$ 1,212,879</u>	<u>\$ 5,470,651</u>
Timing of revenue recognition			
Revenue recognized at a point in time	<u>\$ 4,257,772</u>	<u>\$ 1,212,879</u>	<u>\$ 5,470,651</u>

2. Contract liabilities

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

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

(XXII) Operation Cost

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

(XXIII) Interest revenue

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

(XXIV) Other income

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

(XXV) Other gains and losses

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

(XXVI) Finance costs

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

(XXVII) Additional information of expenses by nature

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

(XXVIII) Employee benefit expense

	<u>2020</u>	<u>2019</u>
Wages and salaries	\$ 287,367	\$ 271,181
Labor and Health Insurance costs	19,481	19,913
Pension expense	9,803	9,954
Directors' Remuneration	43,457	44,943
Other employment fees	<u>10,100</u>	<u>9,035</u>
	<u>\$ 370,208</u>	<u>\$ 355,026</u>



1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.
2. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$29,201 and \$20,248, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 0.3% of distributable profit of Current year for the year ended December 31, 2020. The employees' compensation resolved by the board of directors was NT\$29,201, which will be distributed in the form of cash.

Employees' compensation of 2019 as resolved by the board of directors was in agreement with the amount of NT\$ 20,248 recognized in the 2019 financial statements. The aforementioned employees' compensation was distributed in the form of cash.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXIX) Income tax

1. Income tax expense

(1) Components of income tax expense:

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

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

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

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

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

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

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

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

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

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

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

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

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

(XXX) Earnings per share

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

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

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

(XXXI) Cash flow supplementary information

Investing activities not affecting cash flow:

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

(XXXII) Changes of liabilities from financing activities

	2020					
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (including due within one year and one operating cycle)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total liabilities from financing activities</u>
January 1 (the effects applied for the first adoption included)	\$ 2,790,000	\$ 2,228,457	\$ 1,000,374	\$ 28,503,330	\$ 21,480	\$ 34,543,641
Changes of the financing cash flows (	690,000)	2,130,000	( 5,490)	( 2,293,000)	( 74,216)	( 932,706)
Other non-cash changes	-	455	-	( 907)	760,520	760,068
December 31	<u>\$ 2,100,000</u>	<u>\$ 4,358,912</u>	<u>\$ 994,884</u>	<u>\$ 26,209,423</u>	<u>\$ 707,784</u>	<u>\$ 34,371,003</u>
	2019					
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Guarantee deposits received</u>	<u>Long-term borrowings (Including due within one year and due withing the operating cycles)</u>	<u>Lease liabilities (Including due within one year)</u>	<u>Total amount of liabilities from financing activities</u>
January 1 (the effects applied for the first adoption included)	\$ 710,000	\$ 179,958	\$ 978,837	\$ 29,474,565	\$ 37,297	\$ 31,380,657
Changes of the financing cash flows	2,080,000	2,050,000	21,537	( 977,588)	( 15,872)	3,158,077
Other non-cash changes	-	( 1,501)	-	6,353	55	4,907
December 31	<u>\$ 2,790,000</u>	<u>\$ 2,228,457</u>	<u>\$ 1,000,374</u>	<u>\$ 28,503,330</u>	<u>\$ 21,480</u>	<u>\$ 34,543,641</u>

## VII. Transaction with Related Parties

### (I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Company</u>
Ruentex Baiyi Co., Ltd.	Subsidiary of the Company
Ruentex Xuzhan Co. Ltd.	Subsidiary of the Company
Ruentex Construction International Co., Ltd. (Previous named City-Link Development Co., Ltd.)	Subsidiary of the Company
Ruen Fu Newlife Corp.	Subsidiary of the Company
Ruentex Development Company (Ruentex Development)	Subsidiary of the Company
Ruentex Property Management and Maintenance Co., Ltd.	Subsidiary of the Company
Ruentex Security Co., Ltd.	Subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Subsidiary of the Company
Ruentex Construction Co., Ltd.	Sub-subsidiary of the Company
Ruentex Interior Design Inc. (Ruentex Design)	Sub-sub-subsidiary of the Company
Ruentex Industries Ltd.	Associate (the investment company which accounts for the Company using the equity method)
Shing Yen Construction & Development Co., Ltd.	Associate (the investee company accounted for under the equity method method)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method method)
Nan Shan General Insurance Co., Ltd. (Nan Shan General Insurance)	Associate (the investee company accounted for under the equity method subsidiary of the Company)
OBI Pharma, Inc.	Other related party (supervisor of the Company's subsidiary is a juridical person director of the company)
RT-Mart International Co., Ltd. (RT-Mart)	Other related party (the Company is a juridical person supervisor of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (juridical person director of the Company's associates)
Ruentex Construction Co., Ltd.	Other related party (the Company's key management personnel is the director of that concerned company)
Huihong Investment Co., Ltd.	Other related party (the Company's key management personnel is the juridical person director of the concerned company)
Samuel Yen-Liang Yin	Other related party (spouse of the



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

(II) Significant related party transactions and balances

1. Operating revenue

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 51,176	\$ 54,194
Other related parties	<u>324</u>	<u>102,522</u>
	<u>\$ 51,500</u>	<u>\$ 156,716</u>

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

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount</u>	<u>Advance real estate receipts</u>	<u>Total contract amount</u>	<u>Advance real estate receipts</u>
Other related parties	<u>\$ 61,980</u>	<u>\$ 8,470</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2.Purchases</u>	<u>2020</u>	<u>2019</u>
Ruentex Engineering & Construction	\$ 1,533,727	\$ 1,159,465
Subsidiary	150,526	350,824
Other related party	<u>313,321</u>	<u>219,180</u>
	<u>\$ 1,997,574</u>	<u>\$ 1,729,469</u>

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

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Total contract amount</u>	<u>Amount paid</u>	<u>Total contract amount</u>	<u>Amount paid</u>
	<u>(Tax excluded)</u>		<u>(Tax excluded)</u>	
Ruentex Engineering & Construction Co., Ltd.	\$ 16,563,057	\$ 3,708,354	\$ 3,410,330	\$ 2,157,349
Subsidiary	578,191	503,472	498,274	359,799
Other related parties	<u>18,114</u>	<u>3,351</u>	<u>18,114</u>	<u>3,351</u>
	<u>\$ 17,159,362</u>	<u>\$ 4,215,177</u>	<u>\$ 3,926,718</u>	<u>\$ 2,520,499</u>

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

3. Non-operating income and expenses - other income

	<u>2020</u>	<u>2019</u>
Associates (Note)	<u>\$ 2,100</u>	<u>\$ 2,100</u>

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

4. Receivables from related parties

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

Note: mainly refer to certificates receivable and interest receivable.

5. Payables to related parties

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

Accounts payable:

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

Note: mainly refer to computer maintenance fee payable.

6. Property transactions

(1) Acquisition of financial Assets

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

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

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

7. Authorized operation contracts of Hypermarket Business Department

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

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

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

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

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

C. Restrictive clauses:

During the term of the contract, where the Company plans to sell, lease or dispose the asset or operation of the hypermarket in other method, it shall be sold, leased or

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

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

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

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

9. Endorsements or Guarantees made by related parties

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

(III) Key management compensation information

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

### VIII. Pledged Assets

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

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

### IX. Significant Contingent Liabilities and Unrecognized Commitments

#### (I) Contingencies

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

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

(II) Commitments

As of December 31, 2020 and 2019, in addition to the content described in Note VI(VIII), (X), (XV) and VII, other significant commitments are as follows:

1. As of December 31, 2020 and 2019, the joint construction contracts signed by the Company and land owners included the construction projects of Banqiao Jiangcui etc., and the joint construction guarantee bonds provided were NT\$ \$479,237 and NT\$ \$393,983 respectively.
2. The Company signed the MRT Wenhua Line Neihu station “Jiao 11” joint development contract with Taipei City Government to build the building complex with shopping mall and residential, that will consist of 15 stories above and 3 stories below, totaling 274 households in September, 2008; the Company also entered into the MRT Xinzhuang Line Sanchong Station Jia 6 office building joint development contract with Taipei City Government in December 2008. Total performance bond amounted \$220,179 was paid with the guarantee bond certificate issued by the domestic bank that is registered with the Ministry of Finance. For the Neihu Station Jiao 11 Joint Development Project, the Company has signed the equity distribution agreement with the Taipei City Government in September 2017, Presently, parts of the public facilities have not been inspected and delivered.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Please refer to the description of Note VI(XIX) and (XXVIII).

## XII. Others

### (I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell Assets in order to adjust to reach the most suitable capital structure. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the net debt by the total capital. The calculation of the net debt refers to total borrowings (including the "Current and non-Current borrowings" listed in the unconsolidated balance sheet) with the deduction of cash and cash equivalents. The calculation of the total capital refers to the addition of the "equity" listed on the unconsolidated balance sheet with the net debt.

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

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



(II) Financial instruments

1. Type of financial instruments

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liability</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 2,100,000	\$ 2,790,000
Short-term notes and bills payable	4,358,912	2,228,457
Notes payable (including related parties)	190,138	265,249
Accounts payable (including related parties)	469,741	412,157
Other payables	338,615	316,320
Long-term borrowings (including due within one year or one operating cycle)	26,209,423	28,503,330
Guarantee deposits received (listed as other non-current liabilities)	994,884	1,000,374
	<u>\$ 34,661,713</u>	<u>\$ 35,515,887</u>
Lease liabilities - current and non-current	<u>\$ 707,784</u>	<u>\$ 21,480</u>

## 2. Risk management policies

- (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) The risk management of the Company is executed by the financial department according to the policies approved by the board of directors, and cooperation with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## 3. Significant financial risks and degrees of financial risks

### (1) Market risk

#### Foreign exchange risk

- A. The Company holds several foreign operating institution investments, and its net asset bears the foreign exchange risk. In addition, the Company's businesses involve some non-functional currency operations. The information on Assets and liabilities denominated in foreign currencies whose values would be affected by

the exchange rate fluctuations is as follow:

December 31, 2020						
<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Sensitivity analysis</u>			
			<u>Range of variation</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensive income</u>	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 80,854	28.48	\$ 2,302,722	1%	\$ 23,027	\$ -
<u>Non-monetary Items</u>						
USD:NTD	224,902	28.48	\$ 6,405,200	1%	-	64,052

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

B. Foreign exchange risk has significant impact on the Group, and the foreign exchange gains or losses (including realized and unrealized) on monetary items recognized were NT\$120,488 and NT\$58,889, for the years ended December 31, 2020 and 2019, respectively.

#### Price risk

- A. The Company's equity instruments exposed to price risk were the financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for the years ended December 31, 2020 and

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

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises from total borrowings with floating interest rates that expose the Company to cash flow interest rate risk. For 2020 and 2019, the borrowing of the Company at floating interest rate was mainly calculated in NTD.
- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.
- C. If interest rates on borrowings had been 0.125% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2020 and 2019 would have increased/decreased NT\$32,668 and NT\$33,522, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and contractual cash flows from investments in debt instruments classified as measured at amortized cost and at fair value through profit or loss.
- B. The Company established management of credit risk from the company's perspective. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit rating of at least Class "A". According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.

- D. The Company uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.
- (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
  - (B) Investments in bonds traded in the Over-the-Counter (OTC) with an external rating agency rated as investment grade at the balance sheet date, the asset will be regarded as having low credit risk.
- E. The indicators for determining the impairment of the debt instrument investment used by the Company is as the following:
- (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;
  - (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
  - (C) An issuer delay or fail to repay the interests or principals;
  - (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

G. The Company incorporates the future prospective consideration described in the economic forecast of Taiwan Institute of Economics Research for adjusting the loss rate established according to the specific period history and Current information, in order to estimate the allowance loss for accounts receivable. The loss rate method as of December 31, 2020 and 2019 was as follows:

	<u>Each</u>	<u>Group A</u>	<u>Total</u>
<u>December 31, 2020</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 138	\$ 9,367	\$ 9,505
Allowance for losses	70	-	70
<u>December 31, 2019</u>			
Expected loss	50%~100%	0%~0.03%	
Total carrying amount	\$ 239	\$ 5,441	\$ 5,680
Allowance for losses	170	-	170

Group A: Customers who do not have overdue payments

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

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

### (3) Liquidity risk

A. The cash flow forecast of the Company is executed by the operating entity and summarized by the financial department. The financial department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, as described in Note VI(XV), in order to prevent the Company from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

- B. For the remaining cash held by the operating entity of the Company, when it exceeds the management needs of operating capital, the financial department invests the remaining capital in the saving deposit with interest, time deposit and repurchase agreements etc. The instruments selected have appropriate maturity date or sufficient liquidity in order to cope with the aforementioned forecasts and to provide sufficient movement level. As of December 31, 2020 and 2019, the Company's position held in money market were NT\$3,378,894 and NT\$4,750,142.
- C. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2020	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 2,119,950	\$ -	\$ -
Short-term notes and bills payable (Note 1)	4,360,000	-	-
Notes payable (including related parties)	190,138	-	-
Accounts payable (including related parties)	469,741	-	-
Other payables	338,615	-	-
Lease liabilities (Note 1)	85,931	322,751	338,855
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	5,964,246	21,007,303	-
Other financial liabilities (Note 2)	-	994,884	-

Non-derivative financial liabilities:

December 31, 2019	<u>Within 1 year</u>	<u>Within 2-5 years</u>	<u>More than 5 years</u>
Short-term borrowings (Note 1)	\$ 2,820,969	\$ -	\$ -
Short-term notes and bills payable (Note 1)	2,230,000	-	-
Notes payable (including related parties)	265,249	-	-
Accounts payable (including related parties)	412,157	-	-
Other payables	316,320	-	-
Lease liabilities (Note 1)	16,233	5,411	-
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	1,862,997	28,115,923	-
Other financial liabilities (Note 2)	-	1,000,374	-

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

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

- D. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(III) Fair value information

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

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

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

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

2. For the fair value information of investment real estate at cost of the Company, please refer to Note VI(XI) for details.



3. The carrying amount of financial instruments not at fair value of the Company (including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial Assets (listed as other Current Assets and other non-Current Assets), short-term borrowing, short-term bills payable, notes payable, accounts payable, other accounts payable, long-term borrowing and other financial liabilities (listed as other non-Current liabilities)) refers to the reasonably close value of fair value.
4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the Assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss - non-current				
Domestic convertible bonds	\$ 37,262	\$ -	\$ -	\$ 37,262
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,426,250</u>	<u>-</u>	<u>582,172</u>	<u>2,008,422</u>
Total	<u>\$ 1,463,512</u>	<u>\$ -</u>	<u>\$ 582,172</u>	<u>\$ 2,045,684</u>

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 1,203,778</u>	<u>\$ -</u>	<u>\$ 988,918</u>	<u>\$ 2,192,696</u>

5. The methods and assumptions the Company used to measure fair value are as follows:
- (1) For the investments on OTC stocks by the Company used market quoted prices as their fair values (i.e. Level 1), which are listed below according to the characteristics of the instruments:

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

- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to Current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).
  - (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Note XII(III)10 for details.
  - (5) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.
6. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

7. The following table shows the change of Level 3 for the years ended December 31, 2020 and 2019.

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

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

Note 1: Unrealized valuation profit or loss accrued.

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

8. Please refer to Notes VI(VI)VIII and VI(VI)IX for details of the transfers from Level 3 in 2020.
9. For the valuation process of classifying fair values under Level 3 of the Company, the accounting department is responsible for performing the independent fair value verification of the financial asset. Through independent source information to allow the result to be close to the market status, confirming information source being independent, reliable, and consistent with other sources as well as representing the executable price. In addition, the valuation model is calibrated periodically, retroactive test is performed, the input values and data required for the valuation model is spaded and other necessary fair value adjustments are made, in order to ensure that the valuation result is reasonable.
10. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>December 31, 2020</u> <u>Fair value</u>	<u>Valuation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable Inputs</u>	<u>Discount</u> <u>rate</u>	<u>Inputs and Fair value</u> <u>relationship</u>
Non-derivative Equity Instrument:					
Shares of non-TWSE/TPEX listed companies	\$ 581,272	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.68%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	N/A	N/A	N/A

	<u>December 31, 2020</u> <u>Fair value</u>	<u>Valuation</u> <u>techniques</u>	<u>Significant</u> <u>unobservable Inputs</u>	<u>Discount</u> <u>rate</u>	<u>Inputs and Fair value</u> <u>relationship</u>
Non-derivative Equity Instrument:					
Privately offered shares (TWSE listed companies)	\$ 68,113	Binomial options pricing model	Discount for lack of marketability	13.60%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEX listed companies)	377,093	Binomial options pricing model	Discount for lack of marketability	13.18%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	494,434	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	25.67%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	48,378	Comparable TWSE/TPEX listed companies	Discount for lack of marketability	18.65%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEX listed companies	900	Net assets value method	N/A	N/A	N/A

11. The Company carefully assesses and selects the valuation model and valuation parameters used; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. For financial Assets classified as Level 3, if there is change in the valuation parameters, then the impact on other comprehensive income is as follows:

		<u>December 31, 2020</u>		
		<u>Recognized as other comprehensive income</u>		
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets				
Equity Instrument	Lack of marketability Marketability discount	±1%	\$ <u>5,822</u>	(\$ <u>5,822</u> )

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

### XIII. Separately Disclosed Items

#### (I) Significant transaction information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 3.
6. Disposal of real estate reaching NT\$ 300 million or 20% of paid-in capital or more: Please refer to Table 4.
7. Purchases or sales of goods from or to related parties reaching NT\$ 100 million or 20% of paid-in capital or more: Please refer to Table 5.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.

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

10. Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Table 6.

(II) Information on Investees

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

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8.

2. Significant transactions, either directly or indirectly through a third area, with investees in the Mainland Area: None.

(IV) Information on main investors

Information on main investors: Please refer to Table 9.

XIV. Segment information

Not applicable.

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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RUENTEX DEVELOPMENT CO., LTD.  
Statement of changes in financial assets measured at fair value through profit or loss - non-current  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

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

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

RUENTEX DEVELOPMENT CO., LTD.

Statement of changes in financial Assets measured at fair value through profit or loss - non-Current  
January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

<u>Name</u>	<u>Beginning balance</u>		<u>Increased in the current period (Note 1)</u>		<u>Decreased in the current period (Note 2)</u>		<u>Ending balance</u>			<u>Provided as a guarantee or hedge</u>	<u>Remarks</u>
	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (1,000 Shares)</u>	<u>Shareholding percentage</u>	<u>Amount</u>		
Brogent Technologies Inc.	2,489	\$ 377,093	-	\$ -	-	(\$ 95,830)	2,489	4.46%	\$ 281,263	No	
Orient Semiconductor Electronics	5,309	68,113	-	-	( 5,309)	( 68,113)	-	-	-	-	
OBI Pharma, Inc.	1,344	177,359	-	9,406	-	-	1,344	0.67%	186,765	No	
TaiMed Biologics, Inc.	10,357	1,026,419	-	-	-	( 155,361)	10,357	4.11%	871,058	Please refer to the "Notes VIII	
RT-Mart International Co., Ltd.	16,829	494,434	-	209,341	-	( 122,503)	16,829	10.80%	581,272	"	
Pacific Resources Corporation	1,078	-	-	-	-	-	1,078	1.05%	-	"	
Asia Pacific Federation of Industry and Commerce	21	900	-	-	-	-	21	0.03%	900	"	
Evergreen Steel Corp.	1,885	48,378	-	38,786	-	-	1,885	0.47%	87,164	"	
		<u>\$2,192,696</u>		<u>\$ 257,533</u>		<u>(\$ 441,807)</u>			<u>\$2,008,422</u>		

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

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

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

Unit: New Taiwan Dollars in Thousands

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

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

<u>Name</u>	<u>Balance at the beginning of the period</u>		<u>Increase in the current period</u>		<u>Decrease in the current period</u>		<u>Balance at the end of the period</u>			<u>Market price or net value of equity</u>		<u>Provided as a guarantee or hedge</u>	<u>Remark</u>
	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Unit price (NTD)</u>	<u>Total amount</u>		
Shing Yen Construction & Development Co., Ltd.	28,415	\$ 287,995	-	\$ 7,972	-	(\$ 492)	28,415	45.45%	\$ 295,475	\$ 10.44	\$ 296,717	No	
Ruentex Industries Ltd.	65,720	7,043,385	-	3,247,345	-	( 404,178)	65,720	11.63%	9,886,552	69.70	4,580,732	Please refer to the "Notes VIII, Pledged Asset" for more details	
Ruentex Construction International (B.V.I.) Ltd.	25,000	2,076,616	-	84,270	-	( 104,610)	25,000	100.00%	2,056,276	82.23	2,055,765	No	
Jing Hong Investment Co., Ltd.	27,000	680,697	-	42,296	-	( 32,089)	27,000	30.00%	690,904	25.61	691,508	"	
Concord Greater China Ltd.	10,593	4,883,696	-	58,518	-	( 593,290)	10,593	25.46%	4,348,924	410.46	4,348,022	"	
Ruentex Construction International Co., Ltd.	109,874	636,204	-	70,925	-	( 58,798)	109,874	100.00%	648,331	5.89	646,805	"	
Ruentex Baiyi Co., Ltd.	195,000	2,223,657	-	165,241	-	( 132,600)	195,000	100.00%	2,256,298	11.57	2,256,298	"	

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

Unit: New Taiwan Dollars in Thousands

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

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

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

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

Unit: New Taiwan Dollars in Thousands

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

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

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

Unit: New Taiwan Dollars in Thousands

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

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

<u>Creditor</u>	<u>Summary</u>	<u>Amount borrowed</u>	<u>Time-limit for contract</u>	<u>Interest Rate</u>	<u>Mortgage or guarantee</u>	<u>Remarks</u>
Bank of Taiwan	Secured loan	\$ 100,000	July 27, 2020 to July 27, 2022	0.25%~1.50%	Shares and guarantee notes NTD 300,000	One-off payment upon maturity
Mega Financial Holding	"	2,364,000	March 12, 2020 to May 31, 2022	"	Shares and guarantee notes NTD 3,000,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	50,000	September 30, 2020 to September 30, 2025	"	Property under construction	One-off payment upon maturity
KGI Commercial Bank	"	1,410,000	October 12, 2020 to December 10, 2027	"	Prepaid land and securities for sale and guarantee notes NTD 1,410,000	One-off payment upon maturity
DBS Bank	"	200,000	September 23, 2020 to September 30, 2023	"	Properties for sale and guarantee notes NTD 1,250,000	One-off payment upon maturity
Taishin International Bank	"	1,480,000	June 30, 2020 to June 30, 2022	"	Shares and guarantee notes NTD 1,500,000	One-off payment upon maturity
Chang Hwa Commercial Bank	"	<u>3,750,000</u>	July 3, 2020 to July 3, 2023	"	Building and land held for sale	One-off payment upon maturity
		<u>9,354,000</u>				
Mizuho Bank	Credit Loan	850,000	February 3, 2020 to February 3, 2022	0.25%~1.50%	Issuing guarantee notes NTD 9,000,000	One-off payment upon maturity
Bank of China	"	1,000,000	March 20, 2020 to March 19, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Taishin International Bank	"	1,000,000	August 13, 2020 to August 13, 2023	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Taiwan SME Bank	"	2,000,000	October 9, 2018 to October 8, 2021	"	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Bank of Taiwan	"	2,000,000	September 10, 2019 to September 9, 2022	"	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Mega Financial Holding	"	3,546,000	March 12, 2020 to May 31, 2022	"	Issuing guarantee notes NTD 4,500,000	One-off payment upon maturity
Bank of East Asia	"	600,000	March 11, 2020 to March 11, 2022	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
DBS Bank	"	1,000,000	September 30, 2020 to September 30, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Kaohsiung Bank	"	300,000	June 4, 2020 to June 4, 2022	"	Issuing guarantee notes NTD 3,000,000	One-off payment upon maturity
First Bank	"	500,000	June 8, 2020 to June 8, 2022	"	Issuing guarantee notes NTD 6,600,000	One-off payment upon maturity
KGI Commercial Bank	"	200,000	December 22, 2020 to December 22, 2022	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
Hua Nan Commercial Bank	"	1,000,000	October 9, 2018 to October 8, 2021	"	No	Evenly amortized on a quarterly basis from the third year
Hwatai Bank	"	100,000	July 31, 2020 to July 31, 2022	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
National Agricultural Treasury	"	200,000	February 22, 2016 to February 22, 2022	"	No	One-off payment upon maturity
Chang Hwa Commercial Bank	"	<u>850,000</u>	May 31, 2018 to May 31, 2022	"	No	Evenly amortized on a semi-annual basis from the second year
		<u>15,146,000</u>				

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

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

Unit: New Taiwan Dollars in Thousands

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

RUENTEX DEVELOPMENT CO., LTD.

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

January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

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

Notes:

1. The employees of the current year and the previous year are 329 and 344, respectively, and the directors not concurring employees are six.
2. Shall the shares of the company listed and traded in TWSE or TPEX, the following information shall be disclosed:
  - (1) The averaged employees' benefit expenses of the year was NT\$ 1,012 (Total of employees' benefit expenses - total remunerations of directors of the year/ number of the employees - numbers of directors no concurring employees of the year).  
The averaged employees' benefit expenses of the previous year was NT\$ 917 (Total of employees' benefit expenses - total remunerations of directors of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).
  - (2) The averaged employees' salary expenses of the year was NT\$ 890 (Total of salary expenses of the year/ number of the employees - numbers of directors no concurring employees of the year).  
The averaged employees' salary expenses of the previous year was NT\$ 802 (Total of salary expenses of the previous year/ number of the employees - numbers of directors no concurring employees of the previous year).

RUENTEX DEVELOPMENT CO., LTD.

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

January 1 to December 31, 2020

Unit: New Taiwan Dollars in Thousands

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

A. Remuneration for Employees

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

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

B. Remuneration for managerial officers

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

C. Remuneration for directors

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

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

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

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

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

Unit: New Taiwan Dollars in  
Thousands

Attached Table I

Entity for which the  
endorsement/guarantee is made

(Unless Stated Otherwise)

No. (Note 1)	Name of the company making an endorsement/ guarantee	Company name	Relationship (Note 2)	Maximum amount of endorsements/guarantees permitted to any single entity	Maximum balance of endorsements/ guarantees for the current period	Balance of endorsements/guarantees at the end of the period	Actual amount drawn	Amount of endorsements /guarantees secured by property	Cumulative amount of endorsements/guarantees as a percentage of the net worth as stated in the latest financial statement	Maximum amount of endorsements /guarantees	Endorsements/ guarantees made by the parent for its subsidiaries	Endorsements/ guarantees made by the subsidiary company for its parent	Endorsements	Remark
													made for the entities in mainland China	
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	2	\$ 102,819,897	\$ 4,080,000	\$4,080,000	\$ 2,900,000	\$ -	3.58	\$102,819,897	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	1	675,000	31,254	31,254	31,254	-	0.74	1,350,000	Y	N	N	Note 4

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

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

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

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

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

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

Ruentex Development Co., Ltd.

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

December 31, 2020

Attached Table II

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

<u>Company holding the securities</u>	<u>Type and name of the securities</u> (Note 1)	<u>Relationship with the issuer of securities</u> (Note 2)	<u>Account recognized</u>	<u>End of the period</u>		<u>Shareholding percentage</u>	<u>Fair value</u> (Note 4)	<u>Remark</u>
				<u>Number of shares</u>	<u>Carrying amount (Note 3)</u>			
Ruentex Development Co., Ltd.	Convertible bonds of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	Financial assets designated at fair value through profit or loss - non-current	-	\$ 37,262	-	\$ 37,262	
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	Financial assets at fair value through other comprehensive income - non-current	10,357,408	871,058	4.11	871,058	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	1,343,630	186,765	0.67	186,765	
	Shares of Brogent Technologies Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	2,489,060	281,263	4.46	281,263	
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	"	16,828,936	581,272	10.80	581,272	Note5
	Shares of Pacific Resources Corporation	-	"	1,078,437	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	-	"	21,090	900	0.03	900	
	Shares of Evergreen Steel Corp.	-	"	1,884,613	87,164	0.47	87,164	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	60,000	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The company	Financial Assets at fair value through other comprehensive income - non-Current	5,139,396	210,201	0.34	210,201	
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	20,151,803	1,404,582	3.57	1,404,582	
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	234,295	32,567	0.13	32,567	
	Shares of Save & Safe Corporation	-	"	4,267,233	69,555	2.51	69,555	
	Shares of Powertec Electrical Chemicals Corp. (Shares of previous Powertec Energy Corp.	-	"	19,737,629	-	1.39	-	

	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	500,000	-	-
Ruentex Materials Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial Assets at fair value through other comprehensive income - non-Current	37,874	2,640	-	2,640
	Shares of OBI Pharma, Inc.	The Company's subsidiary's representative of juridical person director is the representative of the juridical person director of the subsidiary	"	105,433	14,655	0.06	14,655
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	"	657,045	45,797	0.12	45,797

Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.

Note 2: Not required to be filled in for the issuers of securities that are not related parties.

Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.

Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".

Note 5: The provision of 15,200 thousand shares, a total of NTD 525,008 thousand was pledged to financial institutions for financing loans.



Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table III

Unit: New Taiwan Dollars in Thousands

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

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

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

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

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Unit: New Taiwan Dollars in  
Thousands

Attached Table IV

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

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

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

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

Ruentex Development Co., Ltd.

Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital  
January 1, 2020 to December 31, 2020

Attached Table V

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

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

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

Note 1: If the terms and conditions of transaction with the related parties are different from the general terms and conditions of transaction, the difference and the reason for any such difference shall be specified in the column of unit price and the credit period.

Note 2: In the case of prepayments in advance (or advance receipts), the reasons, the terms and conditions of the contract, the amount and the difference between the general type of transactions shall be specified in the column of Remarks.

Note 3: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT\$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to the owners of the parent as stated in the Balance Sheet.

Note 4: Calculate from the perspective of the entity of the company making the purchase (sale) of goods

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table VI

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

No.(Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information			
				Account	Amount	Terms and conditions of transaction	As a percentage of the consolidated total operating revenue or total assets (Note 3)
Zero	Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	1	Construction income	22,048	Note 5	0.12
		Ruentex Construction International Co., Ltd.	1	Rental income	18,316	Note 5	0.10
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	121,415	Note 4	0.64
		"	2	Receivable	39,279	Note 4	0.02
		"	2	Contract asset	21,554	Note 4	0.01
		Ruentex Construction International Co., Ltd.	3	Construction income	42,666	Note 4	0.22
		Ruentex Development Co., Ltd.	3	Construction income	71,764	Note 4	0.38
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	1,532,467	Note 4	8.03
		"	2	Receivable	84,823	Note 4	0.05
		"	2	Contract asset	156,855	Note 4	0.08
		Ruentex Development Co., Ltd.	3	Construction income	557,929	Note 4	2.92
		"	3	Receivable	42,134	Note 4	0.02
		"	3	Contract asset	51,438	Note 4	0.03
		Ruentex Material Co., Ltd.	1	Construction income	248,516	Note 4	1.30
		"	1	Service revenue	10,800	Note 5	0.06
		"	1	Contract asset	48,493	Note 4	0.03
3	Ruentex Materials Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	2	Sales revenue	128,708	Note 5	0.67
		"	2	Receivable	22,912	Note 5	0.01
		"	2	Construction income	23,196	Note 4	0.12
4	Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	61,191	Note 5	0.32
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	39,236	Note 5	0.21
		Ruentex Development Co., Ltd.	2	Service revenue	15,504	Note 5	0.08
		Ruentex Construction International Co., Ltd.	3	Service revenue	11,449	Note 5	0.06
5	Ruentex Security Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Service revenue	15,648	Note 5	0.08
		Ruentex Pai Yi Co., Ltd.	3	Service revenue	13,167	Note 5	0.07
		Ruentex Development Co., Ltd.	2	Service revenue	14,000	Note 5	0.07
6	Ruentex Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	47,874	Note 4	0.25
7	Ruentex Construction International Co., Ltd.	Ruentex Hsu Chan Co. Ltd.	3	Receivable	12,799	Note 5	0.01

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1). Please fill in "0" for the parent.

(2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure.):

(1). parent and its subsidiary

(2). Subsidiary and its parent

(3). Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to negotiations between the two parties, and the amount shall be collected according to the prescribed period of the construction contract.

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

Note 6: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Ruentex Development Co., Ltd.

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

January 1, 2020 to December 31, 2020

Attached Table VII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	General Investment	\$ 635,403	\$ 635,403	25,000,000	100.00	\$ 2,056,276	\$ 20,302	\$ 20,302	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	40,585	8,455	8,455	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Retirement Home and General Property Management and Maintenance Services	9,000	9,000	900,000	60.00	( 3,676)	( 10,716)	( 6,430)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Ruentex Security Co., Ltd.	49,000	49,000	6,900,000	100.00	73,325	7,662	7,662	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Construction International Co., Ltd.	Taiwan	Mall Operations, Proprietary Booths, Commercial Property Leasing, Housing and Building Development, Leasing and Sales, and Business Management Consulting	1,097,665	1,097,665	109,874,391	100.00	648,331	( 56,931)	( 56,931)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Xuzhan Co. Ltd..	Taiwan	Mall Operations and Commercial Property Leasing	1,600,000	1,600,000	160,000,000	80.00	1,983,506	297,470	237,976	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Baiyi Co., Ltd.	Taiwan	Mall Operations and Commercial Property Leasing	1,950,000	1,950,000	195,000,000	100.00	2,256,298	165,241	165,241	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale development and investment management consultant	1,988,000	1,988,000	198,800,000	70.00	1,876,871	( 28,493)	( 19,945)	Subsidiary of the Company

Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Gains and losses on		Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount	Current profit and loss of investment recognized for the the investee company	current period	
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	3,052,215	3,052,215	52,844,859	39.14	984,538	1,009,976	\$ 347,193	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	189,737	130,619	12,866	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Jing Hong Investment Co., Ltd.	Taiwan	General Investment	270,000	270,000	27,000,000	30.00	690,904	140,986	42,296	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruen Chen Investment Holding Co., Ltd.	Taiwan	General Investment	19,125,000	19,037,500	4,875,750,000	25.00	93,873,325	31,927,790	7,981,947	The investee company accounted for under the equity method (Note 3)
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	General Investment	409,489	409,489	10,593,334	25.46	4,348,924	229,844	58,518	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Shing Yen Construction Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	284,147	284,147	28,414,684	45.45	295,475	391	7,972	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment manufacturing	331,147	331,147	29,677,148	26.62	865,560	993,948	264,589	The investee company accounted for under the equity method (Note 1)
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and Communication Engineering Industry	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for under the equity method
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	2,537,808	2,537,808	65,720,683	11.63	9,886,552	5,865,832	682,025	The investment company which accounts for the Company using the equity method (Note 2)
Ruentex Development Co., Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	474,720	474,720	32,047,620	0.23	1,114,185	35,647,210	82,652	The investee company accounted for under the equity method
Ruentex Construction International BVI Co., Ltd.	Ruentex Construction International Ltd.	Hong Kong	General Investment	32,860	32,860	7,800,000	100.00	21,655	790	790	Sub-subsidiary of the Company
Ruentex Construction International BVI Co., Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	640,770	640,770	19,500,000	49.06	2,031,294	40,394	19,817	The investee company accounted for under the equity method



Name of the investing company	Name of the investee company	Location	Major Operating Items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	Gains and losses on investment recognized for the current period	Remark
				End of the current period	End of last year	Shares	Ratio	Carrying amount			
Ruentex Engineering & Construction Co., Ltd.	Ruentex Materials Co., Ltd.	Taiwan	Building materials production and distribution	695,548	695,548	58,726,917	39.15	876,995	130,619	51,137	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Ruentex Construction Co., Ltd.	Taiwan	Civil Engineering Projects	5,408	5,408	600,000	100.00	9,871	561	561	Sub-sub-subsidiary of the Company
Ruentex Materials Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Design and Construction of Interior Decoration, Gardens, and Greenery	140,571	140,571	3,000,000	100.00	196,682	85,884	85,884	Sub-sub-subsidiary of the Company
Ruentex Construction International Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Spinning, Textiles, and Manufacturing, Processing and Sales of Garments	131,158	131,158	1,822,888	0.32	352,917	5,865,832	18,918	The investment company which accounts for the Company using the equity method
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	976,000	0.72	57,233	1,009,976	7,302	Subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	264,000	0.20	15,482	1,009,976	2,020	Subsidiary of the Company

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

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

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

Ruentex Development Co., Ltd.

Information of investments in mainland China-Basic information

January 1, 2020 to December 31, 2020

Attached Table VIII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

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

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

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

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

(II) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.

1. The financial reports audited and certified by an international accounting firm having a business cooperation relationship with an ROC accounting firm.

2. The financial reports audited and certified by a certified public accountant of the parent in Taiwan.

3. Others.

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

Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Company name	The accumulated amount remitted from Taiwan to invest in mainland China at the end of the current period	The investment amount approved by the Investment Board, Ministry of Economic Affairs	The investment limit approved by the Investment Board, Ministry of Economic Affairs
Ruentex Engineering & Construction Co., Ltd.	\$ 148,096	\$ 148,096	\$ 3,423,056

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

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

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

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

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

Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Ruentex Development Co., Ltd.

Information on main investors

December 31, 2020

Attached Table IX

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