

Ruentex Industries Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent
Accountants
2020 and 2021
(Stock Code: 2915)

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Ruentex Industries Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent Accountants of 2021 and
2020
Contents

<u>Item</u>	<u>Page</u>
I. Cover page	1
II. Table of Contents	2 ~ 3
III. Declaration	4
IV. Independent Auditors' Report	5 ~ 8
V. Consolidated Balance Sheet	9 ~ 10
VI. Consolidated Statements of Comprehensive Income	11 ~ 12
VII. Consolidated Statements of Changes in Equity	13
VIII. Consolidated Statements of Cash Flows	14 ~ 15
IX. Notes to the Consolidated Financial Statements	16 ~ 89
(I) Organization and business	16
(II) Financial statements authorization date and authorization process	16
(III) Application of new standards, amendments, and interpretations	16 ~ 17
(IV) Summary of Significant Accounting Policies	18 ~ 32
(V) Significant accounting judgments, estimations, assumptions, and sources of estimation uncertainty	32
(VI) Details of significant accounts	32 ~ 69

<u>Item</u>	<u>Page</u>
(VII) Related Party Transactions	70 ~ 74
(VIII) Pledged Assets	74
(IX) Significant contingent liabilities and unrecognized contract commitments	74
(X) Significant disaster loss	74
(XI) Significant events after the balance sheet date	74
(XII) Others	75 ~ 86
(XIII) Additional Disclosure	86 ~ 87
(XIV) Segment information	87 ~ 89

Ruentex Industries Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Hereby declare.

Company name: Ruentex Industries Ltd.

Responsible person: Sheng-yu Hsu

March 15, 2022

Accountants' Audit Report
(2022) Cai-Shen-Bao-Zi No.21004285

To Ruentex Industries Ltd.:

Audit Opinions

We have audited the consolidated balance sheets of Ruentex Industries Ltd. and its subsidiaries (hereinafter referred to as "the Group") for December 31, 2020 and 2021, the consolidated comprehensive income statements, equity statements and cash flow statements of the Group for the period from January 1 to December 31, 2020 and 2021, 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed 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 the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In view of the audit result concluded by our representatives and the audits concluded by other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended

2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Accuracy of Investment Balance Accounted for using equity method

Description of Key Audit Matters

As of December 31, 2021, the Group's investments accounted under equity method were NT\$116,085,784 thousand, representing 78.291% of the total consolidated assets. Please refer to Note 4(15) for accounting policies on investments accounted under equity method and Note VI(7) for details.

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.

Other Matters - Reference to Audits by Other Accountants

We did not audit the financial statements of multiple subsidiaries and investments accounted under the equity method that are included in the Group's consolidated financial statements. Those statements were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit reports issued by other independent accountants. The total assets of the aforementioned subsidiaries as of December 31, 2021 and 2020, were NT\$6,328,229 thousand and NT\$19,470,076 thousand, respectively, and constituted 4.268% and 12.670% of total consolidated assets. Their total operating income of NT\$321,149 thousand and NT\$285,807 thousand for the years ended December 31, 2021 and 2020, constituting 11.912% and 10.445% of total consolidated operating income. The aforementioned investments recognized under

equity method as of December 31, 2021 and 2020 were NT\$775 thousand and NT\$0, respectively, and constituted 0.000% and 0.000% of total consolidated assets. Share of other comprehensive income of associates and joint ventures accounted for under equity method and other comprehensive income were NT\$(7,225) thousand and NT\$(1,755) thousand for the years ended December 31, 2021 and 2020, respectively, constituting 1.000% and 0.005% 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 Industries Ltd. as at and for the year ended December 31, 2020 and 2021.

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

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

Responsibilities of the Accountants for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of

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

6. We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruentex Group to express an opinion on the consolidated financial statements. We are responsible for directing, overseeing and executing audit of Ruentex Group, and forming the audit opinion for Ruentex Group.

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

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

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

PwC Taiwan

Shu-chiung Chang

Certified Public Accountant

Pei-ling Tu

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

Former Securities and Futures Commission, Ministry of
Finance

Approval Certificate No.:(1995) Tai-Cai-Zheng (VI) No.
13377

March 15, 2022

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD in Thousands

			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Assets			Notes			
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 12,670,498	9\$	19,164,077	12
1120	Financial assets at fair value through other comprehensive income acquired -	6(5)				
	Current		1,303,338	1	-	
1150	Net bills receivable	6(2)	280	-	287	-
1170	Net Accounts Receivable	6(2) and				
		12(3)	186,438	-	171,936	-
1180	Accounts receivable - related parties - net	6(2), 7 and 12				
		(3)	816	-	2,490	-
1200	Other receivables		12,560	-	9,070	-
1210	Other receivables - related parties	7	9,147	-	9,413	-
1220	Current tax assets		-	-	27,989	-
130X	Inventories	6(3) and 8	749,931	-	2,424,726	2
1410	Prepayments		72,061	-	33,814	
1470	Other Current Assets		576	-	474	-
11XX	Total current assets		15,005,645	10	21,844,276	14
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(4)	2,695,926	2	2,334,021	2
1517	Financial assets at fair value through other comprehensive income - non-Current	6(5), 7 and 8	8,107,838	5	11,190,047	7
1535	Amortized cost financial Assets - non-Current	6(6) and 8	874,083	1	888,117	1
1550	Investment accounted for using the equity method	6(7), 7 and 8	116,085,784	78	113,881,370	74
1600	Property, plant, and equipment	6(8) and 8	1,667,279	1	1,703,830	1
1755	Right-of-use assets	6(9)	200,697	-	65,805	-
1760	Net value of investment properties	6(3)(11) and				
		8	2,319,524	2	633,434	-
1780	Intangible assets	6(12)	388,325	-	398,817	-
1840	Deferred tax Assets	6(32)	863,054	1	665,035	1
1900	Other non-Current Assets	6(13)	65,726	-	67,297	-
15XX	Total non-current assets		133,268,236	90	131,827,773	86
1XXX	Total assets		\$ 148,273,881	100\$	153,672,049	100

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD in Thousands

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 1,100,000	1	\$ 2,287,700	2
2110	Short-term notes and bills payable	6(15) and 8	2,277,271	1	1,069,319	1
2130	Contract liabilities - current	6(24)	24,348	-	22,597	-
2150	Notes payable		13,195	-	13,654	-
2160	Bills payable - related parties	7	88,380	-	50,131	-
2170	Accounts payable		189,613	-	201,279	-
2180	Accounts payable - related parties	7	18,485	-	14,278	-
2200	Other payables	6(16)	283,501	-	274,292	-
2220	Other Payable - Related Party	7	13,800	-	14,696	-
2230	Current tax liabilities		924,895	1	1,354,953	1
2280	Lease liabilities - current	6(9)	52,523	-	28,337	-
2320	Long-term liabilities due within one year or one operating cycle	6(17) and 8	1,435,000	1	3,237,500	2
2399	Other current liabilities - other		14,296	-	14,798	-
21XX	Total Current Liabilities		<u>6,435,307</u>	<u>4</u>	<u>8,583,534</u>	<u>6</u>
Non-Current Liabilities						
2540	Long-term borrowings	6(17) and 8	29,447,395	20	26,262,231	17
2570	Deferred income tax liabilities	6(32)	1,493,881	1	2,397,048	2
2580	Lease liabilities - non-current	6(9)	149,207	-	38,446	-
2600	Other non-Current liabilities	6(18)	761,514	1	784,296	-
25XX	Total Non-Current Liabilities		<u>31,851,997</u>	<u>22</u>	<u>29,482,021</u>	<u>19</u>
2XXX	Total liabilities		<u>38,287,304</u>	<u>26</u>	<u>38,065,555</u>	<u>25</u>
Equity attributed to owners of the parent						
3110	Share capital	6(20)	7,343,188	5	5,648,606	4
3200	Capital surplus	6(21)	12,891,155	8	12,853,500	8
	Retained earnings	6(22)				
3310	Legal reserve		3,019,067	2	2,245,751	1
3320	Special reserve		854,068	1	854,068	1
3350	Unappropriated earnings		56,072,695	38	43,847,965	28
3400	Other Equities	6(23)	27,333,752	18	40,706,367	27
3500	Treasury stock	6(20)	(552,479)	-(	552,479)	-
31XX	Total equity attributable to owners of parent		<u>106,961,446</u>	<u>72</u>	<u>105,603,778</u>	<u>69</u>
36XX	Non-controlling Interest	6(33)	<u>3,025,131</u>	<u>2</u>	<u>10,002,716</u>	<u>6</u>
3XXX	Total Equity		<u>109,986,577</u>	<u>74</u>	<u>115,606,494</u>	<u>75</u>
Significant Contingent Liabilities and Unrecognized Commitments ⁹						
Significant subsequent events		11				
3X2X	Total liabilities and equities		\$ 148,273,881	100	\$ 153,672,049	100

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

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

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

Item	Notes	2021		2020	
		Amount	%	Amount	%
4000 Operating income	6(24) and 7	\$ 2,695,981	100	\$ 2,736,394	100
5000 Operation Cost	6(25)				
	(30)(31) and 7	(1,750,759)	(65)	(1,760,674)	(64)
5900 Gross profit		<u>945,222</u>	<u>35</u>	<u>975,720</u>	<u>36</u>
Operating Expenses	6(30)				
	(31)				
6100 Distribution costs		(629,155)	(23)	(637,285)	(23)
6200 Administrative expenses		(279,563)	(11)	(285,420)	(11)
6450 Expected credit impairment gains (losses)	12(3)	1,659	-	(750)	-
6000 Total operating expenses		<u>(907,059)</u>	<u>(34)</u>	<u>(923,455)</u>	<u>(34)</u>
6900 Operating profit		<u>38,163</u>	<u>1</u>	<u>52,265</u>	<u>2</u>
Non-operating Income and Expenses					
7100 Interest revenue	6(26) and 7	38,036	1	188,071	7
7010 Other income	6(27) and 7	201,794	8	286,102	11
7020 Other gains and losses	6(28)	(48,620)	(2)	(181,890)	(7)
7050 Financial costs	6(29)	(326,658)	(12)	(335,907)	(12)
7060 Share of income of associates and joint ventures accounted for using the equity method	6(7)	16,009,279	594	9,441,558	345
7000 Total non-operating income and expenses		<u>15,873,831</u>	<u>589</u>	<u>9,397,934</u>	<u>344</u>
7900 Net profit before tax		<u>15,911,994</u>	<u>590</u>	<u>9,450,199</u>	<u>346</u>
7950 Income tax expense	6(32)	(271,363)	(10)	(1,358,850)	(50)
8200 Net profit for the period		<u>\$ 15,640,631</u>	<u>580</u>	<u>\$ 8,091,349</u>	<u>296</u>

(Continued)

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

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

Item		Notes	2021		2020	
			Amount	%	Amount	%
Other comprehensive income (net)						
Items that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit plans	6(19)	\$ 4,556	-	\$ 994	-
8316	Unrealized profit or loss on equity investments at fair value through other comprehensive income	6(5)	(1,355,989)	(50)	(894,919)	(33)
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	6(23)	458,914	17	(214,001)	(8)
8349	Income tax relating to non-reclassified items	6(32)	<u>199,103</u>	<u>7</u>	<u>137,860</u>	<u>5</u>
8310	Total of items that will not be reclassified to profit or loss		<u>(693,416)</u>	<u>(26)</u>	<u>(970,066)</u>	<u>(36)</u>
Items that may be reclassified subsequently to profit or loss						
8361	Exchange differences on translation of foreign operations		(491,816)	(18)	(1,044,469)	(38)
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	6(23)	(13,974,084)	(518)	28,260,870	1033
8399	Income tax related to items may be reclassified into profit or loss	6(32)	<u>241,319</u>	<u>9</u>	<u>(275,264)</u>	<u>(10)</u>
8360	Total of items may be reclassified subsequently to profit or loss		<u>(14,224,581)</u>	<u>(527)</u>	<u>26,941,137</u>	<u>985</u>
8300	Other Comprehensive Income (net)		<u>(\$14,917,997)</u>	<u>(553)</u>	<u>\$25,971,071</u>	<u>949</u>
8500	Total comprehensive income for the period		<u>\$ 722,634</u>	<u>27</u>	<u>\$34,062,420</u>	<u>1245</u>
Profit attributable to:						
8610	Owners of the parent		<u>\$15,567,663</u>	<u>577</u>	<u>\$ 7,908,311</u>	<u>289</u>
8620	Non-controlling interests		<u>\$ 72,968</u>	<u>3</u>	<u>\$ 183,038</u>	<u>7</u>
Comprehensive Income attributed to:						
8710	Owners of the parent		<u>\$ 2,445,939</u>	<u>91</u>	<u>\$34,863,818</u>	<u>1274</u>
8720	Non-controlling Interest		<u>(\$ 1,723,305)</u>	<u>(64)</u>	<u>(\$ 801,398)</u>	<u>(29)</u>
Earnings per share						
		6(34)				
9750	Basic earnings per share		<u>\$ 22.49</u>		<u>\$ 11.42</u>	
9850	Diluted earnings per share		<u>\$ 22.47</u>		<u>\$ 11.42</u>	

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated statement of changes in Equity
For the Years Ended December 31, 2021 and 2020
Unit: NTD in Thousands

	Notes	Equity attributed to owners of the parent										Non-controlling interests	Total Equity
		Ordinary share capital	Capital reserve	Retained earnings			Other equities	Treasury stock	Total				
				Legal reserve	Special reserve	Undistributed earnings							
<u>2020</u>													
Balance at January 1, 2020			\$ 5,648,606	\$ 12,754,472	\$ 1,626,973	\$ 34,224,178	\$ 6,187,778	\$ 13,579,683	(\$ 552,479)	\$ 73,469,211	\$ 10,856,405	\$ 84,325,616	
Net Income Current Period		6(22)(33)	-	-	-	-	7,908,311	-	-	7,908,311	183,038	8,091,349	
Other Comprehensive Income		6(22)(23)(33)	-	-	-	-	(93,315)	27,048,822	-	26,955,507	(984,436)	25,971,071	
Total Comprehensive Income Current Period			-	-	-	-	7,814,996	27,048,822	-	34,863,818	(801,398)	34,062,420	
Earning provision and appropriate for 2019:		6(22)											
Legal reserve			-	-	618,778	-	(618,778)	-	-	-	-	-	
Special reserve			-	-	-(33,370,110)	33,370,110	-	-	-	-	-	-	
Cash dividend			-	-	-	-	(2,824,303)	-	-	(2,824,303)	-	(2,824,303)	
Cash dividends received by subsidiaries from the parent company		6(21)	-	77,409	-	-	-	-	-	77,409	-	77,409	
Overdue dividends not collected by shareholders		6(21)	-	21,703	-	-	-	-	-	21,703	-	21,703	
Changes in associates & joint ventures accounted for using equity method		6(21)(22)(23)	-(84)	-	-	-	4,255	(4,255)	-	(84)	-	(84)	
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income		6(22)(23)	-	-	-	-	(86,093)	86,093	-	-	-	-	
Disposal of investments accounted for using equity method		6(23)	-	-	-	-	-	(3,976)	-	(3,976)	-	(3,976)	
Decrease in non-controlling interests		6(33)	-	-	-	-	-	-	-	-	(52,291)	(52,291)	
Balance on December 31, 2020			\$ 5,648,606	\$ 12,853,500	\$ 2,245,751	\$ 854,068	\$ 43,847,965	\$ 40,706,367	(\$ 552,479)	\$ 105,603,778	\$ 10,002,716	\$ 115,606,494	
<u>2021</u>													
Balance at January 1, 2021			\$ 5,648,606	\$ 12,853,500	\$ 2,245,751	\$ 854,068	\$ 43,847,965	\$ 40,706,367	(\$ 552,479)	\$ 105,603,778	\$ 10,002,716	\$ 115,606,494	
Net Income Current Period		6(22)(33)	-	-	-	-	15,567,663	-	-	15,567,663	72,968	15,640,631	
Other Comprehensive Income		6(22)(23)(33)	-	-	-	-	82,452	(13,204,176)	-	(13,121,724)	(1,796,273)	(14,917,997)	
Total comprehensive income for the period			-	-	-	-	15,650,115	(13,204,176)	-	2,445,939	(1,723,305)	722,634	
Earning provision and appropriate for 2020:		6(22)											
Legal reserve			-	-	773,316	-	(773,316)	-	-	-	-	-	
Cash dividend			-	-	-	-	(1,129,721)	-	-	(1,129,721)	-	(1,129,721)	
Share dividend			1,694,582	-	-	-	(1,694,582)	-	-	-	-	-	
Cash dividends received by subsidiaries from the parent company		6(21)	-	30,963	-	-	-	-	-	30,963	-	30,963	
Overdue dividends not collected by shareholders		6(21)	-	4,364	-	-	-	-	-	4,364	-	4,364	
Changes in associates & joint ventures accounted for using equity method		6(21)(22)(23)	-	2,328	-	-	18,843	(15,048)	-	6,123	-	6,123	
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income		6(22)(23)	-	-	-	-	153,391	(153,391)	-	-	-	-	
Decrease in non-controlling interests		6(33)	-	-	-	-	-	-	-	-	(5,254,280)	(5,254,280)	
Balance on December 31, 2021			\$ 7,343,188	\$ 12,891,155	\$ 3,019,067	\$ 854,068	\$ 56,072,695	\$ 27,333,752	(\$ 552,479)	\$ 106,961,446	\$ 3,025,131	\$ 109,986,577	

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

Chairman: Hsu, Sheng-Yu

Manager: Hsu, Chih-Chang

Accounting Manager: CHANG, Hsiu-Yen

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2021 and 2020

Unit: NTD in Thousands

	Notes	2021	2020
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 15,911,994	\$ 9,450,199
Adjustments			
Income and expenses			
Depreciation expense	6(30)	110,022	105,235
Amortization expense	6(30)	3,264	4,003
Expected credit impairment losses (gains on reversal)	6(30) (	1,659)	750
Gains on Financial assets at fair value through profit or loss	6(28) (	143,521)	(141,187)
Gains on reversal of financial assets impairment loss	6(28)	-	(991)
Interest Cost	6(29)	326,658	335,907
Dividend income	6(24)(27) (	281,027)	(410,050)
Interest revenue	6(26) (	38,036)	(188,071)
Share of income of associates and joint ventures accounted for using the equity method	6(7)	(16,009,279)	(9,441,558)
Net gain on disposal of investment	6(28)	-	(3,976)
Gains on disposals of real estate, plant and equipment	6(28) (	18,023)	(16,258)
Write-off of loss on investment properties	6(28)	7	4
Gains on reversal of impairment of property, plant and equipment	6(28)	-	(44)
Write-off of loss on intangible assets	6(28)	-	1,923
Gains on lease modifications	6(28)	-	(81)
Gain from the price recovery of inventory declines	6(3) (	201,076)	(109,782)
Net foreign exchange losses		159,773	329,377
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(267,664)	(353,834)
Notes receivable		7	15
Bills receivable - related parties		-	129
Accounts receivable		(12,750)	32,703
Accounts receivable - related party		1,512	1,272
Other receivables		(6,936)	39,955
Other receivables - related Party		266	1,020
Inventories		178,973	179,645
Prepayments		(38,308)	25,721
Other Current Assets		(102)	294
Net change in operating liabilities			
2. Contract liabilities		1,751	8,607
Notes payable		38,249	(7,170)
Notes payable - related party		(459)	28,243
Accounts payable		(11,492)	(134,790)
Accounts payable - related party		4,222	7,459
Other payables		21,824	(29,131)
Other Payable - Related Party		(896)	(3,702)
Other Current liabilities		(502)	(1,002)
Defined benefit liability (listed as "non-current liabilities")		(6,152)	(5,589)
Other non-Current liabilities		-	(4,326)
Cash outflow from operations		(279,360)	(299,081)
Interest received		42,149	194,137
Interest paid		(329,966)	(330,315)
Income tax paid		(1,362,351)	(7,616)
Income tax refunded		28,083	2,229
Cash outflow from operating activities		(1,901,445)	(440,646)

(Continued)

Ruentex Industries Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
For the Years Ended December 31, 2021 and 2020

Unit: NTD in Thousands

	Notes	2021	2020
<u>Cash flows from investing activities</u>			
Costs returned for financial assets at fair value through profit or loss	6(4)	\$ -	\$ 991
Acquisition of financial assets at fair value through other comprehensive income	6(5)	(10,023)	(1,954)
Disposal of financial assets at fair value through other comprehensive income	6(5)	173,409	210,618
Distribution of dividends at investment cost through financial assets at fair value through other comprehensive income	6(5)	-	122,503
Share capital returned from capital reduction in financial assets at fair value through other comprehensive income	6(5)	127,438	-
Acquisition of financial assets at amortized cost		-	(578,247)
Investment under the equity method acquired	6(7)	(90,800)	(80,500)
Real estate, plant and equipment acquired	6(35)	(16,463)	(72,871)
Disposal of real estate properties, plants and equipment		18,099	16,258
Investment real estate acquired	6(35)	(759)	(553)
Acquisition of intangible assets	6(35)	(2,010)	-
Disposal of intangible assets		-	230
Decrease in refundable deposits (listed in “other non-current assets”)		227	3,984
Increase in prepayments for business facilities (recognized in “other non-current assets”)		(476)	(286)
Increase in other non-current assets		(233)	(689)
Dividends received		667,794	667,894
Net cash inflow from investing activities		<u>866,203</u>	<u>287,378</u>
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term borrowings	6(36)	(1,187,700)	884,500
Increase in short-term bills payable	6(36)	1,210,000	-
Proceeds from long-term borrowings	6(36)	33,220,000	28,270,000
Repayments of long-term borrowings	6(36)	(31,837,500)	(26,945,000)
Increase in guarantee deposits received (listed in “other non-current liabilities”)	6(36)	47,929	62,485
Decrease in guarantee deposits received (listed in “other non-current liabilities”)	6(36)	(60,003)	(65,160)
Principal elements of lease payments	6(9)(36)	(52,188)	(52,166)
Cash dividends paid	6(21)(22)	(1,098,758)	(2,746,894)
Net changes in non-controlling interest	6(33)	(5,254,280)	(52,291)
Cash used in financing activities		<u>(5,012,500)</u>	<u>(644,526)</u>
Net effect of changes in foreign currency exchange rates on cash and cash equivalent		(445,837)	(957,801)
Decrease of cash and cash equivalents current period		(6,493,579)	(1,755,595)
Cash and cash equivalents at beginning of period		19,164,077	20,919,672
Cash and cash equivalents at the end of the period		<u>\$ 12,670,498</u>	<u>\$ 19,164,077</u>

Ruentex Industries Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2020 and 2021

Unit: NTD in Thousands
(Unless Stated Otherwise)

I. Company History

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

II. Date and Procedure for Approval of Financial Statements

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

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

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>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying of IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 - “COVID-19-Related Rent Concessions After June 30, 2021”	April 1, 2021 (Note)
Note: The FSC allowed for the application of the amendment in advance from January 1, 2021 onward.	

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

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

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

	<u>Effective date published by the International Accounting Standards Board</u>
New and revised standards, amendments to standards and interpretations	
Amendment to IFRS 3 - "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
2018-2020 annual improvements cycle	January 1, 2022

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

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>Effective date published by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

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

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”).

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.

Basis of consolidation

1. Basis for preparation of consolidated financial statements
 - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

2. Subsidiaries included in the consolidated financial statements:

<u>Name of the investing company</u>	<u>Name of Subsidiary</u>	<u>Business nature</u>	<u>Percentage of shareholding (%)</u>		<u>Description</u>
			<u>2021</u>	<u>2020</u>	
			<u>December 31</u>	<u>December 31</u>	
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd. (Gin-Hong)	Investment	55.00	55.00	Note 1, 2, and 9
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd. (Shing Yen Construction & Development)	Construction Business	50.94	50.94	
Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd. (Kompass)	International Trade	100.00	100.00	Note 1 & 7
Ruentex Industries Ltd.	Full Shine International Holding Ltd. (Full Shine)	Investment	100.00	100.00	Note 1
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.(Gold Leaf)	International Trade	100.00	100.00	
Ruentex Industries Ltd.	East Capital International Limited.(East Capital)	Investment	100.00	100.00	Note 8
Ruentex Industries Ltd.	New Zone International Limited.(New Zone)	Investment	100.00	100.00	Note 8
Ruentex Industries Ltd.	Concord Greater China Limited. (Concord)	Investment	42.25	42.25	Note 1, 3, and 4

Name of the investing company	Name of Subsidiary	Business nature	Percentage of shareholding (%)		Description
			2021 December 31	2020 December 31	
Full Shine International Holding Ltd.	Sinopac Global Investment Ltd.(Sinopac)	Investment	49.06	49.06	Note 1 & 6
Sinopac Global Investment Ltd.	Concord Greater China Limited. (Concord)	Investment	15.51	15.51	Note 1, 3, and 4
East Capital International Limited.	Shanghai Newzone Fashion Ltd. (Shanghai Newzone)	Trade	23.08	23.08	Note 1, 5, and 8
New Zone International Limited.	Shanghai Newzone Fashion Ltd. (Shanghai Newzone)	Trade	76.92	76.92	Note 1, 5, and 8

Note 1: The financial statements of 2021 and 2020 were audited by other independent accountants.

Note 2: Gin-Hong Investment held 36,593,388 ordinary shares and 28,148,760 ordinary shares issued by the Company on December 31, 2021 and 2020, respectively, accounting for around 4.98% of the Company's outstanding ordinary shares.

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

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

Note 5: The comprehensive ownership is 100%.

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

Note 7: Kompas Global Sourcing Solutions Limited conducted a cash capital

increase of NT\$30,000 on June 9, 2020, and completed the change registration on June 19, 2020.

Note 8: In order to expand the market in China, the Group was approved by the Investment Commission, Ministry of Economic Affairs on December 24, 2019 (referenced Jing-Shen-er-zi No. 10800400490), to conduct the capital increase for East Capital and New Zone, totaling US\$1,208,000 and US\$3,792,000, respectively, and the Group invested in Shanghai Newzone Fashion Ltd. via said companies in January, March, and June 2020.

Note 9: To revitalize capital, Gin-Hong Investment's shareholders' meeting approved to reduce its capital on June 17, 2021, with the capital reduced by 36.67% at NT\$10 per share. The total amount of the payment for the capital reduction was NT\$330,000. After the capital reduction, the Company's shareholding remains at 55.00%.

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\$3,025,131 and NT\$10,002,716 as of December 31, 2021 and 2020 respectively, and the following are non-controlling interests that are material to the Group:

		<u>Non-controlling Interest</u>	
<u>Name of Subsidiary</u>	<u>Principal Place of Business</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
		<u>Percentage</u> <u>Amount shareholding</u>	<u>Percentage</u> <u>Amount shareholding</u>
Concord	British Virgin	42.25%	42.25%
Greater China	Islands (BVI)	\$1,416,7	\$7,214,9
Limited.		93	60

Summary of subsidiaries' financial information:

Balance Sheets

Concord Greater China Limited.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 784,538	\$ 11,137,336
Non-current assets	2,569,021	5,941,056
Current Liabilities	-	(537)
Total net assets	<u>\$ 3,353,559</u>	<u>\$ 17,077,855</u>

Statement of Comprehensive Income

Concord Greater China Limited.

	<u>2021</u>	<u>2020</u>
Income	\$ 108,187	\$ 131,971
Net profit before tax	97,738	229,844
Net Income Current Period	97,738	229,844
Other comprehensive income (loss) (net of tax)	(3,638,414)	(2,207,543)
Total Comprehensive Income (Loss), Current Period	<u>(\$ 3,540,676)</u>	<u>(\$ 1,977,699)</u>
Total comprehensive income (loss) attributed to non-controlling interest	(\$ 1,495,846)	(\$ 835,928)
Dividends paid to non-controlling interest	<u>\$ 4,302,321</u>	<u>\$ 51,931</u>

Statements of Cash Flows

Concord Greater China Limited.

	<u>2021</u>	<u>2020</u>
Cash inflow from operating activities	\$ 16,622	\$ 34,097
Net cash inflow from investing activities	119,388	231,341
Cash used in financing activities	(10,183,622)	(122,963)
Effect of exchange rate changes	(304,586)	(584,477)
Decrease of cash and cash equivalents current period	(10,352,198)	(442,002)
Cash and cash equivalents at beginning of period	11,136,622	11,578,624
Cash and cash equivalents at the end of the period	<u>\$ 784,424</u>	<u>\$ 11,136,622</u>

Foreign currency translation

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

1. Foreign currency translation and balances

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

2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are

translated at average exchange rates of that period; and

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

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

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.

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.

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.

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.

Financial Assets at amortized cost

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

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.

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.

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.

Lease transactions of lessor - operating lease

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

Inventories

1. Inventory of Construction Business Department

The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at the construction site) is capitalized. The inventory at the end of the period is determined based on the cost and net realizable value, whichever is lower. Comparing the cost

and the net realizable value to see which is lower, the item-by-item comparison approach is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost of completion and relevant variable sales expenses.

2. Inventory of textiles and wholesale

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

Investments-associates accounted for under equity method

1. An associate is an entity over which the Group has significant influence but not control. Generally, it is an entity in which the Group directly or indirectly holds more than 20% of its voting shares. The Group recognizes the investments in associates using the equity method at acquisition cost initially.
2. Subsequent profit or loss for the investments in associates are recognized in profit or loss after the acquisition; other comprehensive income after the acquisition is recognized in other comprehensive income.

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

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

Investees using the equity method may (but are not required to) apply the overlay approach to a designated financial asset. The overlay approach is accounting treatment of a reclassified amount between profit or loss and

other comprehensive income; such that the gain or loss on the designated financial asset at the end of the reporting period is the same as that on the designated financial asset with IAS 39 applied. Accordingly, the reclassified amount is the difference between:

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

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

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

Any difference between fair value and carrying amount is recognized in profit or loss.

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

Investment using the equity method—joint ventures

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

Property, plant, and equipment

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

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

3. Land is not depreciated. Other 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:

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

Lessees' lease transactions - right-of-use assets/lease liabilities

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

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 for and, investment real estate is depreciated on a straight-line basis over its estimated useful life of 5~60 years.

Intangible assets

1. Computer software

Computer software is stated at acquisition cost and amortized on a straight

line basis with useful lives of 2~10 years.

2. Goodwill

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

Impairment of non-financial Assets

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

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.

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.

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.

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.

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. 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.

Capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. When the Company buys back the shares issued, the consideration paid,

including any directly attributable increased costs, is recognized as a deduction, net of tax, from shareholders' equity. When the shares bought back are reissued subsequently, the difference between the consideration received less any directly attributable incremental costs and the effect of income tax. The carrying amount is recognized as an adjustment to shareholders' equity.

Dividends

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

Income

Sales of goods

1. The Group manufactures and sells textile-related products and engages in the hypermarket business. Revenue arising from sales of goods is recognized when the control of products has been transferred to the customer, that is when products are delivered to the customer and there is no unsatisfied performance obligation by the Group that may affect the customer acceptance of the product. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proving that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
2. Accounts receivable are recognized when products are delivered to customers. Since the Group has the absolute right for the contract consideration after the point of the time of delivery, and may collect such consideration from customers after such point of time.
3. Financial component

For the contracts that the Group signs with customers, the time between product or service delivery and customer payment does not exceed one year, so the price is not adjusted for the time value of money.

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

None.

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

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 6,157	\$ 5,608
Checking deposits	26,934	333,102
Demand deposits	2,791,348	1,196,827
Time deposits	9,653,881	17,021,505
Cash equivalents - Bonds under repurchase agreements	<u>192,178</u>	<u>607,035</u>
	<u>\$ 12,670,498</u>	<u>\$ 19,164,077</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.

Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	<u>\$ 280</u>	<u>\$ 287</u>
Accounts receivable	\$ 187,380	\$ 174,537
Less: Allowance for loss	<u>(942)</u>	<u>(2,601)</u>
	186,438	171,936
Accounts receivable - related party	<u>816</u>	<u>2,490</u>
	<u>\$ 187,254</u>	<u>\$ 174,426</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not overdue	\$ 280	\$ 180,395	\$ 287	\$ 173,666
Overdue				
1-90 days	-	6,765	-	4
91 days and more	<u>-</u>	<u>1,036</u>	<u>-</u>	<u>3,357</u>
	<u>\$ 280</u>	<u>\$ 188,196</u>	<u>\$ 287</u>	<u>\$ 177,027</u>

The aging analysis was based on past due date.

2. The balance of notes and accounts receivable as of December 31, 2021 and 2020 was all generated from customer contracts. In addition, the balance of receivables from customer contracts as of January 1, 2020 was NT\$208,548.
3. The Group's maximum exposure to credit risk, before consideration of associated collateral held and other credit enhancements, were NT\$280 and NT\$287 for notes receivable, as of December 31, 2021 and 2020, respectively; the accounts receivable were NT\$187,254 and NT\$174,426 as of December 31, 2021 and 2020, respectively.
4. The Group did not hold any collateral as security.
5. Please refer to Note XII (3) for information of credit risk for accounts receivable and notes receivable.

Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Textile Business Department:		
Raw materials	\$ 86,006	\$ 229,722
Supplies	19,419	21,718
Finished goods	66,388	88,952
Merchandise inventory	306,100	318,085
Less: Allowance for valuation losses	(280,619)	(481,240)
Subtotal	<u>197,294</u>	<u>177,237</u>
Wholesale Business Department:		
Work in Process	1,228	1,525
Merchandise inventory	103,118	101,239
Less: Allowance for valuation losses	(1,683)	(2,138)
Subtotal	<u>102,663</u>	<u>100,626</u>
Construction Business Department:		
Building and land held for sale	59,055	59,055
Construction land	464,454	2,161,343
Less: Allowance for valuation losses	(73,535)	(73,535)
Subtotal	<u>449,974</u>	<u>2,146,863</u>
Total	<u>\$ 749,931</u>	<u>\$ 2,424,726</u>

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

	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 1,928,951	\$ 1,847,764
loss on physical inventory	3,277	3,159
Gain on declining price recovery	(201,076)	(109,782)
Loss on inventory scrap	<u>8,382</u>	<u>7,237</u>
	<u>\$ 1,739,534</u>	<u>\$ 1,748,378</u>

2. The Group's inventories - construction land was reclassified from inventories to investment property on July 1, 2021 due to the change in use, in an amount of NT\$1,696,889.
3. In 2021 and 2020, the Group sold inventories that had been recognized in valuation loss in prior years, resulting in a recovery in the net realizable value of the inventories, which is recognized as a decrease in sales cost.
4. For the collateral status for the inventory of the aforementioned Construction

Business Department, please refer to Note 8.

Financial assets at fair value through profit or loss

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets at fair value through profit or loss (mandatory)		
Domestic investment		
Convertible bonds	\$ -	\$ 33,835
Adjustments for valuation	-	3,427
Subtotal	-	37,262
Foreign investments		
Privately offered fund	2,232,918	1,965,254
Adjustments for valuation	463,008	331,505
Subtotal	2,695,926	2,296,759
Total	<u>\$ 2,695,926</u>	<u>\$ 2,334,021</u>

1. The amount of financial assets at fair value through profit and loss recognized in profit or loss in 2021 and 2020 was NT\$143,521 and NT\$141,187, respectively.
2. For the years 2021 and 2020, the reversal of impairment profit due to return of share capital was NT\$0 and NT\$991.
3. The Group subscribed for the convertible bonds III issued by Brogent Technologies Inc. with its stock traded on Taipei Exchange in October 2020, in an amount of NT\$33,835 and converted the convertible bonds held to ordinary shares in the fourth quarter of 2021; thus, the original holding costs and relevant appraised value gains were offset in the amounts of NT\$33,835 and NT\$15,445, respectively.
4. The foreign privately offered fund IP CATHAY II, L.P., originally held by the Group, started the liquidation process in May 2019, and the liquidation was completed in December 2020. The Group's write-offs of the cost of the original holdings and relevant valuation losses were both NT\$42,699.
5. The amount of dividend income recognized in profit or loss for financial assets at fair value through profit and loss in 2021 and 2020 was NT\$33,392 and NT\$65,824, respectively.
6. The Group did not pledge financial assets at fair value through profit or loss as collateral.
7. For information on the credit risk of financial assets at fair value through profit and loss, please refer to Note 12 (3).

Financial assets at fair value through other comprehensive income

Item	December 31, 2021	December 31, 2020
Current items:		
Equity Instrument		
Domestic investment		
Unlisted stocks	\$ 152,740	\$ -
Adjustments for valuation	1,150,598	-
Total	<u>\$ 1,303,338</u>	<u>\$ -</u>
Non-current items:		
Equity Instrument		
Domestic investment		
Shares of TWSE/TPEX listed companies	\$ 2,963,422	\$ 2,914,470
Shares of the TPEX-listed companies	-	12,726
Unlisted stocks	62,378	339,497
Subtotal	3,025,800	3,266,693
Adjustments for valuation		
Shares of TWSE/TPEX listed companies	1,855,883	1,075,995
Shares of the TPEX-listed companies	-	70,552
Unlisted stocks	47,987	321,185
Subtotal	1,903,870	1,467,732
Total	4,929,670	4,734,425
Foreign investments		
Listed stocks	7,180,052	1,456,299
Unlisted stocks	-	5,723,753
Subtotal	7,180,052	7,180,052
Adjustments for valuation		
Shares of TWSE listed companies	(3,489,440)	(949,913)
Unlisted stocks	-	556,589
Subtotal	(3,489,440)	(393,324)
Effects of exchange rate changes	(512,444)	(331,106)
Total	3,178,168	6,455,622
Total	<u>\$ 8,107,838</u>	<u>\$ 11,190,047</u>

1. The Group elected to classify the strategic investments in equity instruments as financial assets at fair value through other comprehensive income, amounting to NT\$9,411,176 and NT\$11,190,047 as of December 31, 2021

and 2020, respectively.

2. Brogent Technologies Inc.'s (Brogent Technologies's) equity instruments held by the Group:
 - (1) Brogent Technologies later applied for a public offering for its privately offered shares 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.
 - (2) The Group subscribed for the convertible bonds III issued by Brogent Technologies in October 2020, in an amount of NT\$33,835 and converted the convertible bonds held to ordinary shares in the fourth quarter of 2021. The number of shares subscribed for was 320,000 shares in an amount of NT\$49,280.
3. The Group originally held the shares of Gloria Solar International Holding, Inc., a non-listed company. The company passed a dissolution resolution at the extraordinary shareholders' meeting on April 25, 2018 and was dissolved on July 25, 2019 after approval by the Cayman government, where it was registered for incorporation with a dissolution certificate obtained from the embassy in Cayman Islands in 2020. The Group wrote off the cost of the original holdings and relevant valuation losses both in the amount of NT\$73,590.
4. In January 2020, the Group bought 29,000 shares of OBI Pharma, Inc., a TPEx-listed company, in the open trading market in the amount of NT\$1,954.
5. The Group originally held the shares of Max Ascent Corporation Limited., a non-listed domestic company. The company passed a resolution of dissolution at the extraordinary shareholders' meeting on November 20, 2000, which was approved by the competent authority for the dissolution on December 21, 2000. It completed the dissolution in 2020. The Group wrote off the cost of the original holding and relevant valuation losses both in the amount of NT\$16,946.
6. Evergreen Steel Corporation's (Evergreen Steel's) equity instruments held by the Group:
 - (1) The Evergreen Steel's stock was listed on the emerging stock market on January 13, 2020, so its non-TWSE/TPEx listed shares held by the Group were transferred to those on the emerging stock market. The cost and the gains on the adjusted value of the shares are NT\$12,726 and NT\$33,495,

respectively. In addition, as Evergreen Steel's stock was listed on Taiwan Stock Exchange on April 12, 2021, its shares listed on the emerging stock market held by the Group were transferred to those on Taiwan Stock Exchange, and the cost and the gains on the adjusted value of the shares were NT\$12,726 and NT\$97,111, respectively.

- (2) The Group disposed of 1,801,000 shares of Evergreen Steel in the open trading market in June and July 2021. The cost and the gains on the adjusted value of the shares were NT\$12,726 and NT\$107,015, respectively.
7. The Group disposed of the shares of Orient Semiconductor Electronics Ltd., a listed company, held via private placement at NT\$11.59 per share on November 5, 2020, and the change registration was completed on December 30, 2020. The Group wrote off the cost of the original holding in the amount of NT\$71,275 and relevant valuation losses of NT\$9,745.
8. RT-MART International Co., Ltd.'s (RT-MART's) equity instruments held by the Group:
 - (1) RT-MART 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 Group's original cost of the holding.
 - (2) To adjust the capital structure and increase the return on shareholders' equity, RT-Mart's shareholders' meeting approved to reduce its capital on July 27, 2021 by 75.73% as per the par value of NT\$10 per share. The payment received by the Group for the capital reduction amounted to NT\$127,438, which was regarded as a reduction in the original cost of the holding. After the capital reduction, the Group's shareholding percentage remained at 10.80%.
 - (3) On October 22, 2021, the Group's board of directors passed a resolution to transfer its RT-Mart's shares disposed of to Chuan Lian Enterprise Co., Ltd. It is expected to complete the relevant transactions and procedures within one year. The original cost of the holding and relevant value gain of NT\$152,740 and NT\$1,150,598 were reclassified from non-current assets to current assets.
9. To improve the financial structure, the shareholders' meeting of Pacific Resources Corporation, an unlisted company, approved to reduce capital to compensate the deficit in August 2021 with a capital reduction percentage of 77.5%. Therefore, the original cost of the holding and relevant value losses written off by the Group were both NT\$6,954.

10. Ruentex Engineering & Construction Co., Ltd.'s (Ruentex Engineering & Construction's) equity instruments held by the Group:
- (1) The Group disposed of 349,000 shares of Ruentex Engineering & Construction in the open trading market in July and August 2021. The cost and the gains on the adjusted value of the shares were NT\$338 and NT\$53,330, respectively.
 - (2) In October 2021, the Group subscribed for 1,000 shares of Ruentex Engineering & Construction's fractional shares, subscribed for by the Company's specific parties through allotment during capitalization of earnings in 2020, in the amount of NT\$10.
11. The Group participated in the capital increase in cash by Ruentex Interior Design Inc., an unlisted company, in September 2021, and subscribed for 334,000 shares in the amount of NT\$10,013.
12. The Group disposed of the shares of TransEnterix, Inc.(TRXC) and Ladenburg Thalmann Financial Services Inc.(LTS), foreign listed companies, held in the number of 7,000 shares and 1,410,000 shares on February 6, 2020 and February 18, 2020 respectively. The Group wrote off the cost of the original holding in the amount of NT\$120,165 and valuation gains of NT\$28,923.
13. For the shares of A-RT Retail Holdings Limited (A-RT), a foreign unlisted company, held by the Group, its shareholders' meeting approved a share repurchase, and it exchanged 231,204,324 shares of Sun Art Retail Group Limited (Sun Art) held by A-RT for 8,892,474 shares of A-RT held by the Group in March 2021. The Group originally held 2.42% of the equity of Sun Art indirectly through A-RT. After the share exchange, it will hold 2.42% of the equity of Sun Art directly.
14. Detail of the financial assets at fair value through other comprehensive income recognized under profit or loss and comprehensive income is as follows:

	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized as other comprehensive income	(\$ 1,355,989)	(\$ 894,919)
Dividend income recognized in operating income	\$ 133,521	\$ 195,305
Dividend income recognized in other non-operation income	\$ 114,114	\$ 148,921

15. 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\$9,411,176 and NT\$11,190,047 as of December 31, 2021 and 2020, respectively.
16. For the details of the financial assets at fair value through other comprehensive income pledged as collateral, please refer to Note 8.
17. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12 (3).

Financial Assets at amortized cost

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Subordinated debts	\$ 250,000	\$ 250,000
Time deposits pledged	624,083	638,117
Total	<u>\$ 874,083</u>	<u>\$ 888,117</u>

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

	<u>2021</u>	<u>2020</u>
Interest revenue	<u>\$ 10,995</u>	<u>\$ 9,685</u>

2. The coupon rate and the effective interest rate of the Nan Shan Life Insurance Company, Ltd.'s subordinated bonds with no maturity date held the Group at a par value of NT\$250,000,000 are both 3.5%.
3. 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\$874,083 and NT\$888,117 as of December 31, 2021 and 2020, respectively.

4. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
5. For information on the credit risk of financial assets at amortized cost, please refer to Note 12 (3).

Investments accounted for using equity method

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

Name of the associate	Carrying amount	
	December 31, 2021	December 31, 2020
Ruentex Development Co., Ltd. (Ruentex Development)	\$ 27,102,883	\$ 26,492,921
Ruen Chen Investment Holdings Ltd. (Ruen Chen)	87,950,367	86,363,458
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	1,031,759	1,024,991
Ruen Fu Newlife Corp. (Ruen Fu)	775	-
	<u>\$ 116,085,784</u>	<u>\$ 113,881,370</u>

2. The investment shareholder percentage is as follows:

<u>Name of the associate</u>	<u>Shareholding percentage</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ruentex Development	25.70%	25.70%
Ruen Chen Investment Holdings	23.00%	23.00%
Nan Shan Life Insurance	0.21%	0.21%
Ruen Fu	40.00%	40.00%

3. Details of the Group's interests in associates accounted for under equity method are as follows:

<u>Name of the associate</u>	<u>2021</u>	<u>2020</u>
Ruentex Development	\$ 3,810,320	\$ 2,023,967
Ruen Chen Investment Holdings	12,081,165	7,343,392
Nan Shan Life Insurance	125,086	76,035
Ruen Fu	(7,292)	(1,836)
	<u>\$ 16,009,279</u>	<u>\$ 9,441,558</u>

4. The basic information of the associates that are material to the Group are 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, 2021</u>	<u>December 31, 2020</u>		
Ruentex Development	Taiwan	25.70%	25.70%	Diversification	Equity method
Ruen Chen Investment Holdings	Taiwan	23.00%	23.00%	Diversification	Equity method

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

Balance Sheets

	<u>Ruentex Development</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 47,464,148	\$ 39,202,599
Non-current assets	144,316,219	147,186,776
Current Liabilities	(23,692,868)	(24,848,429)
Non-Current Liabilities	(44,982,947)	(42,575,595)
Equity	123,104,552	118,965,351
Non-controlling Interest	(6,242,518)	(4,721,021)
	<u>\$ 116,862,034</u>	<u>\$ 114,244,330</u>
Portion of the net assets of associates	\$ 30,033,543	\$ 29,360,794
Unrealized gains or losses on upstream transactions	(2,191)	(2,191)
Mutual shareholdings	(2,928,469)	(2,865,682)
Carrying amount	<u>\$ 27,102,883</u>	<u>\$ 26,492,921</u>
	<u>Ruen Chen Investment Holdings</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 239,909,703	\$ 281,185,274
Non-current assets	5,039,698,374	4,879,285,009
Current Liabilities	(20,344,978)	(33,539,725)
Non-Current Liabilities	(4,826,311,038)	(4,701,209,668)
Equity	432,952,061	425,720,890
Non-controlling Interest	(50,559,148)	(50,227,590)
	<u>\$ 382,392,913</u>	<u>\$ 375,493,300</u>
Portion of the net assets of associates	<u>\$ 87,950,367</u>	<u>\$ 86,363,458</u>

Statement of Comprehensive Income

	<u>Ruentex Development</u>	
	<u>2021</u>	<u>2020</u>
Income	\$ 27,293,884	\$ 19,084,589
Current Net Profit (Note 1)	17,490,688	9,275,392
Other comprehensive income (Net of tax)	(11,403,700)	25,746,073
Total Comprehensive Income Current Period (Note 2)	<u>\$ 6,086,988</u>	<u>\$ 35,021,465</u>

Note 1: Included the net combined income attributable to non-controlling interests in Ruentex Development for 2021 and 2020, in the amount of NT\$1,248,142 and NT\$717,741, respectively.

Note 2: Included the net combined comprehensive Income attributable to non-controlling interests in Ruentex Development for 2021 and 2020, in the amount of NT\$1,981,588 and NT\$677,487, respectively.

	<u>Ruen Chen Investment Holdings</u>	
	<u>2021</u>	<u>2020</u>
Income	\$ 570,159,159	\$ 579,075,147
Current Net Profit (Note 3)	58,697,320	35,695,200
Other comprehensive income (Net of tax)	(51,367,996)	104,899,215
Total Comprehensive Income Current Period (Note 4)	<u>\$ 7,329,324</u>	<u>\$ 140,594,415</u>

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

Note 4: Included the net combined comprehensive Income attributable to non-controlling interests in Ruen Chen Investment Holdings for 2021 and 2020, in the amount of NT\$802,473 and NT\$13,807,892, respectively.

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

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to NT\$1,032,534 and NT\$1,024,991, respectively.

	<u>2021</u>	<u>2020</u>
Net Income Current Period	\$ 58,631,274	\$ 35,636,493
Other comprehensive income (Net of tax)	<u>(55,484,720)</u>	<u>101,812,051</u>
Total Comprehensive Income Current Period	<u>\$ 3,146,554</u>	<u>\$ 137,448,544</u>

7. Among the investments accounted for under the equity method as of December 31, 2021 and 2020, the amount for Ruen Fu was measured according to the assessment on the financial reports audited by other independent auditors.
8. The fair value of the Group's investments accounted under equity method with quoted market prices is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ruentex Development	<u>\$ 34,545,904</u>	<u>\$ 15,818,706</u>

9. The Group holds 25.70% of Ruentex Development as the single largest shareholder of the company. Taking into account the attendance of past shareholders' meetings, it shows that other shareholders are actively participating in Ruentex Development's business decision-making. There are nine seats on the board of directors of Ruentex Development, only two of which are occupied by the Group, showing that the Group has no actual ability to lead the activities of Ruentex Development. Therefore, it is judged that the Group has no control over it and only has significant influence.
10. Ruentex Development Co., Ltd., an investee measured under the equity method, adopts the equity method for measurement of the Group because of the mutual shareholdings with the Group. The investment gains and losses are calculated and adjusted based on the method adopted for the treasury stock.
11. (1) For the purposes of investments and diversifying operations, the Company invested in Nan Shan Life Insurance in 2010 through Ruen Chen Investment Holdings. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT\$ 11,250,000. In the Nan Shan Life Insurance investment project, as required by competent authority, the Company transferred portion of shares of Ruen Chen Investment Holdings for trust, the major terms and conditions of the

trust are as follows:

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

- (d) Once this contract is terminated, the trustor shall repay the trust management fee and all necessary fees as well as taxes to the trustee, and the trustee may deduct such fees from the trust property.

As stated above, at the request of the competent authority, the Company delivered part of the shares of Ruen Chen Investment Holdings to a trust. However, as the trust period ended in September 2021, the trust property was returned to the Company as per the trust deed.

- (2) As instructed by the FSC on June 13, 2016, the Company issued a letter of undertaking for the investment in Nan Shan General Insurance Co., Ltd. (Referred herein as “Nan Shan General Insurance”; originally named as Chartis Taiwan Insurance Co., Ltd.), and the undertaking is as follows:
 - A. The Company undertakes to request Nan Shan Life Insurance to ensure its long-term operation in handling the investment in Nan Shan General Insurance according to the laws and FSC's commitment.
 - B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 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\$ 4,600,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to

perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency. In addition, for the capital increase in cash to Nan Shan Life Insurance in June 2019 through Ruen Chen Investment Holdings, the payment was made by deposited cash in the amounts of NT\$4,596,097 and NT\$3,903.

12. To meet the demands of reinvestment plan and diversified operations, in June 2019 the Company subscribed 27,300,000 shares of Nan Shan Life Insurance for NT\$436,800, for holding 0.21% of the total shares. As Nan Shan Life Insurance is the investee company accounted for under the equity method of Ruen Chen Investment Holdings, the Company is considered has a material influence to Nan Shan Life Insurance, and thus Nan Shan Life Insurance was recognized as the investment accounted with the equity method.
13. Ruen Chen Investment Holding conducted cash capital increase in July, 2020 and July, 2021, and the Company subscribed the new issued shares in proportion to its shareholding amounting NT\$80,500 and NT\$82,800.
14. In order to improve financial structure and strengthen the operating capital, Ruen Fu conducted a capital reduction for making up losses of NT\$15,000 in June 2021, followed by a subsequent cash capital increase of NT\$20,000, and the Company paid NT\$8,000 for the new shares issued in proportion to its shareholding.

15. Joint Venture

- (1) The basic information on the Group's joint ventures is as follows:

<u>Company name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
RCH Holding Limited	-	-

- (2) The management of the Group has recognized all of the 60% of the equity of RCH Holdings Limited, a non-listed company, it held under impairment. The company completed the deregistration on September 25, 2020 as announced by the competent authority in Hong Kong.

16. Details of the Group's investments accounted under equity method pledged to others as collateral are provided in Note 8.

Property, plant, and equipment

	<u>2021</u>									
	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Leasehold Improvements</u>	<u>Other equipment</u>	<u>Total</u>	
January 1										
Cost	\$ 890,879	\$ 37,756	\$ 1,097,079	\$ 1,215,317	\$ 19,115	\$ 24,514	\$ 231,451	\$ 2,214,900	\$ 5,731,011	
Accumulated impairment and depreciation	-(34,467)	(558,126)	(1,170,234)	(17,389)	(24,514)	(217,757)	(2,004,694)	(4,027,181)		
	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 538,953</u>	<u>\$ 45,083</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ 13,694</u>	<u>\$ 210,206</u>	<u>\$ 1,703,830</u>	
January 1	\$ 890,879	\$ 3,289	\$ 538,953	\$ 45,083	\$ 1,726	\$ -	\$ 13,694	\$ 210,206	\$ 1,703,830	
Addition	-	-	-	900	-	-	4,947	3,500	9,347	
Disposal - costs	-	-	-	(695,536)	-	-	(14,844)	(425,373)	(1,135,753)	
Disposal - accumulated impairment and depreciation	-	-	-	695,460	-	-	14,844	425,373	1,135,677	
Depreciation expense	-	-	(22,259)	(8,498)	(652)	-	(8,104)	(7,041)	(46,554)	
Transfer - costs (Note 1)	-	-	-	-	-	-	-	762	762	
Net exchange differences	-	-	-	-	(1)	-	-	(29)	(30)	
December 31	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$ 1,667,279</u>	
December 31										
Cost	\$ 890,879	\$ 37,756	\$ 1,097,079	\$ 520,681	\$ 19,097	\$ 24,514	\$ 221,506	\$ 1,793,731	\$ 4,605,243	
Accumulated impairment and depreciation	-(34,467)	(580,385)	(483,272)	(18,024)	(24,514)	(210,969)	(1,586,333)	(2,937,964)		
	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 516,694</u>	<u>\$ 37,409</u>	<u>\$ 1,073</u>	<u>\$ -</u>	<u>\$ 10,537</u>	<u>\$ 207,398</u>	<u>\$ 1,667,279</u>	

Note: NT\$762 is reclassified from prepayments for business facilities.

	<u>2020</u>								
	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Leasehold Improvements</u>	<u>Other equipment</u>	<u>Total</u>
January 1									
Cost	\$ 890,879	\$ 37,756	\$ 1,055,902	\$ 1,562,293	\$ 20,606	\$ 24,514	\$ 236,608	\$ 2,251,458	\$ 6,080,016
Accumulated impairment and depreciation	-	(34,467)	(539,928)	(1,537,977)	(18,233)	(24,514)	(223,935)	(2,048,933)	(4,427,987)
	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 515,974</u>	<u>\$ 24,316</u>	<u>\$ 2,373</u>	<u>\$ -</u>	<u>\$ 12,673</u>	<u>\$ 202,525</u>	<u>\$ 1,652,029</u>
January 1	\$ 890,879	\$ 3,289	\$ 515,974	\$ 24,316	\$ 2,373	\$ -	\$ 12,673	\$ 202,525	\$ 1,652,029
Addition	-	-	41,177	23,111	-	-	8,643	9,401	82,332
Disposal - costs	-	-	-	(371,385)	(1,543)	-	(19,008)	(51,799)	(443,735)
Disposal - accumulated impairment and depreciation	-	-	-	371,385	1,543	-	19,008	51,799	443,735
Depreciation expense	-	-	(18,198)	(5,961)	(650)	-	(11,518)	(5,554)	(41,881)
Transfer - costs (Note 1)	-	-	-	3,617	-	-	3,895	3,715	11,227
Reclassification - costs (Note 2)	-	-	-	(2,320)	-	-	1,178	1,955	813
Reclassification - accumulated depreciation (Note 2)	-	-	-	2,320	-	-	(1,178)	(1,955)	(813)
Gains on reversal of impairment loss	-	-	-	-	-	-	-	44	44
Net exchange differences	-	-	-	-	3	-	1	75	79
December 31	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 538,953</u>	<u>\$ 45,083</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ 13,694</u>	<u>\$ 210,206</u>	<u>\$ 1,703,830</u>
December 31									
Cost	\$ 890,879	\$ 37,756	\$ 1,097,079	\$ 1,215,317	\$ 19,115	\$ 24,514	\$ 231,451	\$ 2,214,900	\$ 5,731,011
Accumulated impairment and depreciation	-	(34,467)	(558,126)	(1,170,234)	(17,389)	(24,514)	(217,757)	(2,004,694)	(4,027,181)
	<u>\$ 890,879</u>	<u>\$ 3,289</u>	<u>\$ 538,953</u>	<u>\$ 45,083</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ 13,694</u>	<u>\$ 210,206</u>	<u>\$ 1,703,830</u>

Note 1: NT\$11,227 is reclassified from prepayments for business facilities.

Note 2: Reclassification of property, plant and equipment.

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

Lease transactions - lessees

1. The assets leased by the Group include Zhonglun Building office and other offices, and the lease terms in 2021 and 2020 are from 2020 to 2026 and from 2016 to 2024, respectively. The lease contracts are negotiated individually and contain different terms and conditions.
2. The information of the right-of-use assets are as the following:

	<u>Buildings and structures</u>	
	<u>2021</u>	<u>2020</u>
January 1		
Cost	\$ 149,612	\$ 113,540
Accumulated depreciation	(83,807)	(47,729)
	<u>\$ 65,805</u>	<u>\$ 65,811</u>
January 1	\$ 65,805	\$ 65,811
Addition-Newly added lease contracts	187,135	62,983
Depreciation expense	(52,243)	(51,058)
Lease modifications - costs	-	(24,140)
Lease modifications - accumulated depreciation	-	13,794
Derecognition - costs	(86,853)	-
Derecognition - accumulated depreciation	86,853	-
Transfer - costs (Note)	-	(2,771)
Transfer - accumulated depreciation (Note)	-	1,186
December 31	<u>\$ 200,697</u>	<u>\$ 65,805</u>
December 31		
Cost	\$ 249,894	\$ 149,612
Accumulated depreciation	(49,197)	(83,807)
	<u>\$ 200,697</u>	<u>\$ 65,805</u>

Note: The cost of NT\$2,771 and accumulated depreciation of NT\$1,186 were reclassified to investment property.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total amount of lease liabilities	\$ 201,730	\$ 66,783
Less: Due within one year (listed as lease liabilities - current)	(52,523)	(28,337)
	<u>\$ 149,207</u>	<u>\$ 38,446</u>

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

	<u>2021</u>	<u>2020</u>
<u>Items affects the income of the current period</u>		
Interest expenses of lease liabilities	\$ 1,721	\$ 1,248
Expenses of short-term lease contracts	15,610	25,508
Expenses related to leases of low-value assets	<u>1,407</u>	<u>1,607</u>
	<u>\$ 18,738</u>	<u>\$ 28,363</u>

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

	<u>2021</u>	<u>2020</u>
Interest expenses of lease liabilities	\$ 1,721	\$
Expenses of short-term lease contracts	15,610	
Expenses related to leases of low-value assets	1,407	
Expenses of the lease contracts with unidentified subject matter	340	
Principal elements of lease payments	<u>52,188</u>	
	<u>\$ 71,266</u>	<u>\$</u>

Lease transactions - lessor

1. The Group leases investment property based on operating lease contracts, and recognized rent income of NT\$42,280 and NT\$36,988 for 2021 and 2020, respectively.
2. The Group has leased part of the right-of-use assets and property, plant and equipment based on operating lease contracts and recognized rent income of NT\$24,532 and NT\$29,836 for 2021 and 2020, respectively, and no variable lease payments were included.
3. Analysis to the due dates of lease payments leased as operating leases by the Group is as the following:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Within 1 year	\$ 29,052	\$ 34,452
1-2 years	6,005	18,470
2-3 years	5,985	7,190
3-4 years	5,955	7,188
4-5 years	5,974	7,158
More than 5 years	<u>48,778</u>	<u>54,817</u>
Total	<u>\$ 101,749</u>	<u>\$ 129,275</u>

Investment real estate

	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 425,756	\$ 597,744	\$ 1,023,500
Accumulated depreciation and impairment	(59,116)	(330,950)	(390,066)
	<u>\$ 366,640</u>	<u>\$ 266,794</u>	<u>\$ 633,434</u>
January 1	\$ 366,640	\$ 266,794	\$ 633,434
Addition	-	433	433
Scrapping - costs	-	(3,415)	(3,415)
Scrapping - accumulated depreciation	-	3,408	3,408
Depreciation expense	-	(11,225)	(11,225)
Transfer - costs (Note 1)	<u>1,696,889</u>	<u>-</u>	<u>1,696,889</u>
December 31	<u>\$ 2,063,529</u>	<u>\$ 255,995</u>	<u>\$ 2,319,524</u>
December 31			
Cost	\$ 2,122,645	\$ 594,762	\$ 2,717,407
Accumulated depreciation and impairment	(59,116)	(338,767)	(397,883)
	<u>\$ 2,063,529</u>	<u>\$ 255,995</u>	<u>\$ 2,319,524</u>

	<u>2020</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 425,756	\$ 594,537	\$ 1,020,293
Accumulated depreciation and impairment	(59,116)	(317,907)	(377,023)
	<u>\$ 366,640</u>	<u>\$ 276,630</u>	<u>\$ 643,270</u>
January 1	\$ 366,640	\$ 276,630	\$ 643,270
Addition	-	879	879
Scrapping - costs	-	(443)	(443)
Scrapping - accumulated depreciation	-	439	439
Depreciation expense	-	(12,296)	(12,296)
Transfer - costs (Note 2)	-	2,771	2,771
Transfer - accumulated depreciation (Note 2)	-	(1,186)	(1,186)
December 31	<u>\$ 366,640</u>	<u>\$ 266,794</u>	<u>\$ 633,434</u>
December 31			
Cost	\$ 425,756	\$ 597,744	\$ 1,023,500
Accumulated depreciation and impairment	(59,116)	(330,950)	(390,066)
	<u>\$ 366,640</u>	<u>\$ 266,794</u>	<u>\$ 633,434</u>

Note 1: Cost of NT\$1,696,889 was transferred in from inventories.

Note 2: The cost of NT\$2,771 and accumulated depreciation of NT\$1,186

were reclassified from right-of-use assets.

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

	<u>2021</u>	<u>2020</u>
Rental income from investment real estate	\$ 42,280	\$ 36,988
Direct operating expenses incurred by investment real estate with the rental income for current period.	\$ 11,225	\$ 12,296

2. Information on the fair value of investment property held by the Group:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>		<u>Valuation</u>
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>	<u>method</u>
Land and structures	\$ 2,255,010	\$ 4,018,165	\$562,700	\$ 1,081,870	(1)
Land and structures	64,514		70,734		(2)
	<u>\$ 2,319,524</u>		<u>\$633,434</u>		

(1) The aforementioned fair value was evaluated by the management according to the market transaction prices of relevant similar properties in the neighboring areas.

(2) The transaction is not frequent, and a reliable alternative fair value estimate has not been obtained, so the fair value cannot be determined reliably.

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

Intangible Assets

	<u>2021</u>			
	<u>Good will</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 397,162	\$ 37,059	\$ 1,400	\$ 435,621
Accumulated amortization	-	(35,404)	(1,400)	(36,804)
	<u>\$ 397,162</u>	<u>\$ 1,655</u>	<u>\$ -</u>	<u>\$ 398,817</u>
January 1	\$ 397,162	\$ 1,655	\$ -	\$ 398,817
Addition	-	2,650	-	2,650
Scrapping - costs	-	(14,886)	-	(14,886)
Scrapping -	-	14,886	-	14,886

accumulated amortization Amortization expense	-	(	1,985)	-	(	1,985)		
Net exchange differences	(	11,157)	-	-	(	11,157)		
December 31	\$	386,005	\$	2,320	\$	-	\$	388,325
December 31								
Cost	\$	386,005	\$	24,823	\$	1,400	\$	412,228
Accumulated amortization	-	(	22,503)	(	1,400)	(	23,903)	
	\$	386,005	\$	2,320	\$	-	\$	388,325

1. Details of amortization of intangible assets are as follows:

	<u>2021</u>	<u>2020</u>
Selling and marketing expenses	\$ 945	\$ 1,626
Administrative expense	1,040	1,000
	<u>\$ 1,985</u>	<u>\$ 2,626</u>

2. The goodwill is allocated to the Group's cash-generating units identified by operating segments:

<u>December 31, 2021</u>	<u>December 31, 2020</u>
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Investment segment - Concord	\$	386,005	\$	397,162
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Other non-Current Assets

	December 31, 2021	December 31, 2020
Guarantee deposits paid	\$ 45,250	\$ 45,479
Land	19,678	19,678
Prepayments for business facilities	-	286
Others	798	1,854
	<u>\$ 65,726</u>	<u>\$ 67,297</u>

Part of the Group's land is the land in the Sihui Section in Yangmei, which belongs to agricultural land and was acquired in the name of a juridical corporate director's relative within the first degree of kinship. Both parties have signed a trust contract.

Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2021</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ 500,000	0.34%	Note
Credit Loan	600,000	0.92%~0.95%	No
	<u>\$ 1,100,000</u>		
<u>Nature of loan</u>	<u>December 31, 2020</u>	<u>Interest rate collars</u>	<u>Guarantee</u>
Bank loan			
Secured loan	\$ 500,000	0.35%	Note
Credit Loan	1,787,700	0.64%~1.01%	No
	<u>\$ 2,287,700</u>		

Note: Please refer to Note 8 for details of the collateral provided by the Group for short-term borrowings.

Short-term bills payable

	December 31, 2021	December 31, 2020
Commercial papers payable	\$ 2,280,000	\$ 1,070,000
Less: Unamortized discount	(2,729)	(681)
	<u>\$ 2,277,271</u>	<u>\$ 1,069,319</u>
Interest rate collars	0.92%~0.94%	0.94%~0.96%

Note: Please refer to Note 8 for details of the collateral provided by the Group for commercial paper issued.

Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 83,489	\$ 92,725
Employee compensation payable	74,511	46,868
Dividends payables	44,540	39,779
Interest payable	12,811	14,071
Payables for equipment	2,799	9,915
Others	65,351	70,934
	<u>\$ 283,501</u>	<u>\$ 274,292</u>

Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loan	\$ 12,275,000	\$ 10,375,000
Credit bank loan	18,307,500	18,825,000
	30,582,500	29,200,000
Face value of long term commercial paper	300,000	300,000
Less: Unamortized discount	(105)	(269)
	30,882,395	29,499,731
Less: Long-term borrowings due within one year or one operating cycle	(1,435,000)	(3,237,500)
	<u>\$ 29,447,395</u>	<u>\$ 26,262,231</u>
Maturity date range	April 23, 2023 ~June 28, 2024	October 29, 2021 ~August 6, 2023
Interest rate collars	0.75%~1.08%	0.87%~1.15%

1. The Group signed a credit agreement with CTBC Bank in April 2021 to provide financing to the Group. The credit period is from April 2021 to June 2023. The total credit limit is NT\$1,800,000, and as of December 31, 2021, the Group had drawn down a credit amount of NT\$800,000. The main commitments of the Group are as follows:

The Group shall maintain a current ratio of not less than 100%, a debt ratio of not greater than 100%, an interest coverage ratio of not less than 3 times, and the net value of tangible assets of NT\$35,000,000. The calculation of

the aforementioned net value of tangible assets shall exclude the effect of the profit and loss on Ruen Chen Investment Holdings.

2. The Group signed a credit agreement with EnTie Commercial Bank in August 2021 to provide financing to the Group. The credit period is from August 2021 to August 2023. The total credit limit is NT\$500,000, and as of December 31, 2021, the Group had drawn down a credit amount of NT\$500,000. The main commitments of the Group are as follows:

The Group shall maintain a current ratio of not lower than 70% and a debt ratio of not greater than 120%.

3. The Group signed a credit agreement with Bank SinoPac in August 2020 to issue 2019 cash dividends by the Group. The credit period is from August 2020 to August 2023. The total credit limit is NT\$800,000, and as of December 31, 2021, the Group had drawn down a credit amount of NT\$400,000. The main commitments of the Group are as follows:

The Group shall maintain the interest coverage ratio of not less than 3 times and the net value of tangible assets at NT\$25,000,000.

4. The Group signed a credit agreement with Shin Kong Commercial Bank in August 2021 to provide financing to the Group. The credit period is from August 2021 to August 2023. The total credit limit is NT\$700,000, and as of December 31, 2021, the Group had drawn down a credit amount of NT\$700,000. The main commitments of the Group are as follows:

The Group shall maintain a current ratio of not less than 100%, a debt ratio of not greater than 100%, an interest coverage ratio of not less than 3 times, and the net value of tangible assets of NT\$35,000,000. The calculation of the aforementioned net value of tangible assets shall exclude the effect of the profit and loss on Ruen Chen Investment Holdings.

5. In addition to the endorsement/guarantees and collateral provided by the Group for short-term borrowings, short-term notes payable, and long-term borrowings as in Notes 7 (2)-8 and 8, the amounts of guarantee notes issued are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee notes	<u>\$ 50,414,540</u>	<u>\$ 44,620,809</u>

Other non-Current liabilities

<u>December 31, 2021</u>	<u>December 31, 2020</u>
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Guarantee deposits received	\$	726,494	\$	738,568
Defined benefit liability		33,719		44,427
Others		<u>1,301</u>		<u>1,301</u>
	\$	<u>761,514</u>	\$	<u>784,296</u>

Pensions

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 220,446	\$ 223,728
Fair value of plan assets	<u>(186,727)</u>	<u>(179,301)</u>
Defined benefit liability (listed as other non-current liabilities)	<u>\$ 33,719</u>	<u>\$ 44,427</u>

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

	<u>2021</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Defined benefit liability</u>
January 1	\$ 223,728	(\$ 179,301)	\$ 44,427
Current service cost	1,299	-	1,299
Interest revenue (expense)	846	(683)	163
	<u>225,873</u>	<u>(179,984)</u>	<u>45,889</u>
Re-measurements:			
Return on plan assets (other than the amount included in interest revenue or expense)	-	(2,640)	(2,640)
Effects of changes in demographic assumptions	3,666	-	3,666
Effects of changes in economic assumptions	(2,550)	-	(2,550)
Experience adjustments	(3,032)	-	(3,032)
	<u>(1,916)</u>	<u>(2,640)</u>	<u>(4,556)</u>
Contribution to pension fund	-	(7,614)	(7,614)
Payment of pension benefits	(3,511)	3,511	-
December 31	<u>\$ 220,446</u>	<u>(\$ 186,727)</u>	<u>\$ 33,719</u>

	<u>2020</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Defined benefit liability</u>
January 1	\$ 228,843	(\$ 177,832)	\$ 51,011
Current service cost	1,354	-	1,354
Interest revenue (expense)	1,464	(1,145)	319
Past service cost	691	-	691
	<u>232,352</u>	<u>(178,977)</u>	<u>53,375</u>
Re-measurements:			
Return on plan assets (other than the amount included in interest revenue or expense)	-	(5,988)	(5,988)
Effects of changes in demographic assumptions	373	-	373
Effects of changes in economic assumptions	4,615	-	4,615
Experience adjustments	6	-	6
	<u>4,994</u>	<u>(5,988)</u>	<u>(994)</u>
Contribution to pension fund	-	(7,954)	(7,954)
Payment of pension benefits	(13,618)	13,618	-
December 31	<u>\$ 223,728</u>	<u>(\$ 179,301)</u>	<u>\$ 44,427</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Group's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.50%~0.70%</u>	<u>0.38%~0.40%</u>
Future salary increase in percent	<u>1.00%~2.00%</u>	<u>1.00%~2.00%</u>

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

	<u>Discount rate</u>		<u>Future salary increase in percent</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021				
Effects on the present value of a defined benefit obligation	<u>(\$ 3,862)</u>	<u>\$ 3,990</u>	<u>\$ 3,909</u>	<u>(\$ 3,803)</u>
December 31, 2020				
Effects on the present value of a defined benefit obligation	<u>(\$ 4,264)</u>	<u>\$ 4,412</u>	<u>\$ 4,314</u>	<u>(\$ 4,191)</u>

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

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

- (6) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amounts to NT\$7,926.
- (7) As of December 31, 2021, the weighted average duration of that retirement plan is 6.4~11 years. The analysis of timing of the future pension payment was as follows:

	<u>2021</u>
Less than 1 year	\$ 15,006
1-2 years	10,506
2-5 years	98,084
More than 5 years	<u>55,837</u>
	<u>\$ 179,433</u>

- 2. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined pension plan under the Labor Pension Act covering all regular employees with R.O.C. nationality. Under the defined contribution pension plan in compliance with the Labor Pension Act , the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) The Group's sub-subsidiary Shanghai Newzone Fashion Ltd. contributes a monthly amount equal to a fixed percentage of the local employees' monthly salaries and wages as a pension fund in accordance with the pension regulations in the People's Republic of China. The government administrates the pension fund, and other than the monthly contributions, the Group has no further obligations.
- (3) For the years ended December 31, 2021 and 2020, pension expenses were NT\$15,744 and NT\$15,760, respectively.

Capital

1. As of December 31, 2021, the Company's authorized capital was NT\$15,000,000, and the paid-in capital was NT\$7,343,188 with a par value of NT\$10 per share; all shares are issued as ordinary shares. All proceeds from shares issued have been collected.
2. The number of the Company's outstanding shares on December 31, 2021 and 2020 was 734,319,000 and 564,861,000 respectively. The number of the Company's outstanding shares (in thousands) at the beginning and end of the period was adjusted as follows:

	<u>2021</u>	<u>2020</u>
January 1	564,861	564,861
Capitalization From Earnings	<u>169,458</u>	<u>-</u>
December 31	<u>734,319</u>	<u>564,861</u>

3. The Company's shareholders' meeting passed a resolution through electronic voting on June 25, 2021, to conduct capitalization of the undistributed earnings of NT\$1,694,582 by issuing new shares. The record date for capital increase approved by the competent authority was October 10, 2021, and the change registration was completed on November 1, 2021.
4. As for the treasury shares listed by the Company, they are 36,593,000 and 28,149,000 shares held by the subsidiary Gin-Hong Investment as of December 31, 2021 and 2020 to protect its shareholders' equity. The information on the amount is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Gin-Hong Investment	<u>\$ 552,479</u>	<u>\$ 552,479</u>

Capital surplus

1. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2. Change of capital surplus is as follows:

	<u>2021</u>		<u>Changes in the associates' net value of</u>	<u>Others</u>	<u>Total</u>
	<u>Issued at premium</u>	<u>Treasury share transaction equity</u>			
January 1	\$ 11,114,322	\$961,871	\$ 692,451	\$ 84,856	\$ 12,853,500
Cash dividends received by subsidiaries from the parent company	-	30,963	-	-	30,963
Changes in the equity of associates recognized based on shareholding percentage	-	-	2,476	-	2,476
Overdue dividends not collected by shareholders	-	-	-	4,364	4,364
Income tax effect	-	-	(148)	-(148)	
December 31	<u>\$ 11,114,322</u>	<u>\$992,834</u>	<u>\$ 694,779</u>	<u>\$ 89,220</u>	<u>\$ 12,891,155</u>

	<u>2020</u>		<u>Changes in the associates' net value of equity</u>	<u>Others</u>	<u>Total</u>
	<u>Issued at premium</u>	<u>Treasury share transactions</u>			
January 1	\$ 11,114,322	\$884,462	\$ 692,535	\$ 63,153	\$ 12,754,472
Cash dividends received by subsidiaries from the parent company	-	77,409	-	-	77,409
Changes in the equity of associates recognized based on shareholding percentage	-	-	(90)	-	(90)
Overdue dividends not collected by shareholders	-	-	-	21,703	21,703
Income tax effect	-	-	6	-	6
December 31	<u>\$ 11,114,322</u>	<u>\$961,871</u>	<u>\$ 692,451</u>	<u>\$ 84,856</u>	<u>\$ 12,853,500</u>

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. The Company's shareholders' meeting passed a resolution through electronic voting on June 25, 2021, and passed a resolution on July 30, 2021 to distribute 2020 earnings. The shareholders' meeting passed the 2019 earnings distribution proposal on June 16, 2020, the relevant details are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividend per share</u> <u>(NTD)</u>	<u>Amount</u>	<u>Dividend per share</u> <u>(NTD)</u>
Legal reserve	\$ 773,316		\$ 618,778	
Special reserve	-		(33,370,110)	
Cash				
Dividends	1,129,721	\$ 2.00	2,824,303	\$ 5.00
Share dividend	<u>1,694,582</u>	3.00	<u>-</u>	-
Total	<u>\$ 3,597,619</u>		<u>(\$ 29,927,029)</u>	

5. Change of undistributed earnings is as follows:

	<u>2021</u>	<u>2020</u>
January 1	\$ 43,847,965	\$ 6,187,778
Appropriation and distribution of earnings:		
- Legal reserve	(773,316)	(618,778)
- Special reserve	-	33,370,110
- Cash dividend	(1,129,721)	(2,824,303)
- Share dividend	(1,694,582)	-
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	153,391	(86,093)
Changes in associates & joint ventures accounted for using equity method	18,843	4,255
Net Income Current Period	15,567,663	7,908,311
Remeasurements of defined benefit obligation		
- The Group	4,022	1,166
- Associates	80,323	(95,572)
Effect of income tax on Remeasurements of defined benefit obligation		
- The Group	(727)	(258)
- Associates	(1,166)	1,349
December 31	<u>\$ 56,072,695</u>	<u>\$ 43,847,965</u>

Other equity items

	<u>2021</u>				
	<u>Unrealized</u>	<u>Foreign</u>	<u>Hedging</u>	<u>Reclassification</u>	<u>Total</u>
	<u>valuation</u>	<u>currency</u>	<u>reserve</u>	<u>by the overlay</u>	
	<u>profit or loss</u>	<u>translation</u>		<u>approach</u>	
January 1	\$ 28,853,184	(\$ 655,245)	\$ 215	\$ 12,508,213	\$ 40,706,367
Unrealized valuation profit or loss of financial assets:					
- Group	195,730	-	-	-	195,730
-Changes in the Group's disposal	(153,391)	-	-	-	(153,391)
- Tax related to the group	214,268	-	-	-	214,268
- Associate	(19,430,698)	-	-	-	(19,430,698)
- Changes in disposal of associates	(15,048)	-	-	-	(15,048)
- Tax related to the associates	256,302	-	-	-	256,302
Foreign currency translation differences:					

- Group	-	(246,728)	-	-	(246,728)
- Tax related to the group	-	49,345	-	-	49,345
- Associate	-	(35,085)	-	-	(35,085)
- Tax related to the associates	-	2,058	-	-	2,058
Reclassification by the overlay approach:					
- Associate	-	-	-	5,870,290	5,870,290
- Tax related to the associates	-	-	-	(79,658)	(79,658)
December 31	\$ 9,920,347	(\$ 885,655)	\$ 215	\$ 18,298,845	\$ 27,333,752

	2020			Reclassification by the overlay approach		Total
	Unrealized valuation profit or loss	Foreign currency translation	Hedging reserve			
January 1	\$ 13,146,210	(\$ 168,972)	\$ 287	\$ 602,158		\$ 13,579,683
Unrealized valuation profit or loss of financial assets:						
- Group	(435,760)	-	-	-		(435,760)
-Changes in the Group's disposal	86,093	-	-	-		86,093
- Tax related to the group	131,729	-	-	-		131,729
- Associate	16,144,490	-	-	-		16,144,490
- Changes in disposal of associates	(4,255)	-	-	-		(4,255)
- Tax related to the associates	(215,323)	-	-	-		(215,323)
Foreign currency translation differences:						
- Group	-	(519,364)	-	-		(519,364)
-Changes in the Group's disposal	-	(3,976)	-	-		(3,976)
- Tax related to the group	-	104,668	-	-		104,668
- Associate	-	(71,814)	-	-		(71,814)
- Tax related to the associates	-	4,213	-	-		4,213
Cash flow hedge:						
- Associates	-	-	(73)	-		(73)
- Tax related to the associates	-	-	1	-		1
Reclassification by the overlay approach:						
- Associate	-	-	-	12,069,838		12,069,838
- Tax related to the associates	-	-	-	(163,783)		(163,783)
December 31	\$ 28,853,184	(\$ 655,245)	\$ 215	\$ 12,508,213		\$ 40,706,367

Operation income

	2021	2020
Revenue from contracts with customers:		
Revenue from sales of real estate	-	-

Revenue from sales of goods	\$ 2,495,274	\$ 2,473,420
Dividend income	133,521	195,305
Rental income	66,812	66,824
Other operating revenue	<u>374</u>	<u>845</u>
	<u>\$ 2,695,981</u>	<u>\$ 2,736,394</u>

1. Detail of customer contract income

The Group's revenue is mainly from the transfer of products and services over time or at a point in time, and it can be broken down into the main segments below:

2021	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	\$ 1,209,413	\$ 537,558	\$ 1,289,984	\$ 3,036,955
Revenue from internal department transactions	(527,875)	(13,806)	-	(541,681)
Revenue from contracts with external customers	<u>\$ 681,538</u>	<u>\$ 523,752</u>	<u>\$ 1,289,984</u>	<u>\$ 2,495,274</u>

2020	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Total</u>
Departmental revenue	\$ 499,763	\$ 986,486	\$ 1,339,642	\$ 2,825,891
Revenue from internal department transactions	(570)	(351,901)	-	(352,471)
Revenue from contracts with external customers	<u>\$ 499,193</u>	<u>\$ 634,585</u>	<u>\$ 1,339,642</u>	<u>\$ 2,473,420</u>

2. Contract assets and liabilities (related parties included)

The Group did not recognize contract assets related to revenue from customer contracts as of December 31, 2021 and 2020. In addition, the contract liabilities recognized by the Group are as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>Six months ended</u>
2. Contract liabilities	<u>\$ 24,348</u>	<u>\$ 22,597</u>	<u>\$ 13,990</u>

Operation Cost

	<u>2021</u>	<u>2020</u>
Costs of clients' contracts		
Cost of sales of goods	\$ 1,739,534	\$ 1,748,378
Lease costs:		
Rental cost	<u>11,225</u>	<u>12,296</u>
	<u>\$ 1,750,759</u>	<u>\$ 1,760,674</u>

Interest revenue

	<u>2021</u>	<u>2020</u>
Interest on cash in banks	\$ 26,964	\$ 178,275

Interest income from the financial assets
measured at amortized costs

	10,995	9,685
Imputed interest for deposit	<u>77</u>	<u>111</u>
	<u>\$ 38,036</u>	<u>\$ 188,071</u>

Other income

	<u>2021</u>	<u>2020</u>
Rent income	\$ 3,592	\$ 3,798
Dividend income	147,506	214,745
Other income	<u>50,696</u>	<u>67,559</u>
	<u>\$ 201,794</u>	<u>\$ 286,102</u>

Other gains and losses

	<u>2021</u>	<u>2020</u>
Gains on disposals of real estate, plant and equipment	\$ 18,023	\$ 16,258
Write-off of loss on investment properties	(7)	(4)
Write-off of loss on intangible assets	-	(1,923)
Net gain on disposal of investment	-	3,976
Gains on lease modifications	-	81
Net foreign exchange loss	(202,629)	(341,811)
Gains on Financial assets at fair value through profit or loss	143,521	141,187
Gains on reversal of financial assets impairment loss	-	991
Gains on reversal of impairment of property, plant and equipment	-	44
Others	<u>(7,528)</u>	<u>(689)</u>
	<u>(\$ 48,620)</u>	<u>(\$ 181,890)</u>

Financial costs

	<u>2021</u>	<u>2020</u>
Interest Cost		
Bank loan and short-term notes and bills	\$ 310,676	\$ 321,519
Lease liabilities	1,721	1,248
Others	5,156	6,965
Other financial expenses	<u>9,105</u>	<u>6,175</u>
	<u>\$ 326,658</u>	<u>\$ 335,907</u>

Additional information of expenses by nature

	<u>2021</u>	<u>2020</u>
Raw materials and supplies consumed	\$ 69,142	\$ 32,127
Changes in inventories of finished goods and work-in-process	558,766	426,394
Changes in merchandise inventory	1,237,610	1,284,983
Contract processing expense	75,092	106,395
Gain from the price recovery of inventory declines	(201,076)	(109,782)
Employee benefit expense	457,422	471,674
Depreciation expenses for property, plant and equipment	46,554	41,881
Depreciation expenses for investment properties	11,225	12,296
Depreciation expenses for right-of-use assets	52,243	51,058
Amortization expense	3,264	4,003
Expected credit impairment losses (gains (on reversal))	1,659	750
Other operating costs and expenses	<u>349,235</u>	<u>362,350</u>
	<u>\$ 2,657,818</u>	<u>\$ 2,684,129</u>

Employee benefit expense

	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 365,618	\$ 378,351
Labor and Health Insurance costs	32,894	32,744
Pension expense	17,206	18,124
Remuneration for Directors	27,300	27,450
Other employment fees	<u>14,404</u>	<u>15,005</u>
	<u>\$ 457,422</u>	<u>\$ 471,674</u>

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 5% of such profit shall be distributed as the employees' compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The remuneration to employees as stated in the preceding paragraph can be paid in cash or with stock dividends, and the object of distribution must include employees of the subordinate company that meet certain conditions.

2. For the years ended December 31, 2021 and 2020, employees' compensation was estimated at NT\$47,660 and NT\$27,884, respectively. The aforementioned amounts were estimated at 0.3% of the year's profitability and accounted for in salary expenses.

As for the employees' compensation for 2021, the actual amount allocated by the board of directors is consistent with the estimated amount and will be paid in cash.

Employees' compensation for 2020 as resolved by the board of directors was in agreement with the amount of NT\$27,884 recognized in the 2020 financial statements and would be paid in cash; and was paid out in January 2022.

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.

Income tax

1. Income tax expense:

- (1) Components of Income tax expense:

	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax occurred in the current period	\$ 720,599	\$ 109
Extra imposed on undistributed earnings	206,621	1,362,549
Underestimate (Overestimate) of income tax for prior years	<u>5,055</u>	<u>(2,015)</u>
Total income tax for current period	<u>932,275</u>	<u>1,360,643</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>(660,912)</u>	<u>(1,793)</u>
Income tax expense	<u>\$ 271,363</u>	<u>\$ 1,358,850</u>

(2) Income tax expense relating to components of other comprehensive income:

	<u>2021</u>	<u>2020</u>
Changes in unrealized valuation profit or loss - group	(\$ 214,268)	(\$ 131,729)
Differences on translation of foreign operations - group	(49,345)	(104,668)
Portion of other comprehensive income from the associates	(177,536)	373,543
Remeasurements of defined benefit obligation - group	<u>727</u>	<u>258</u>
	<u>(\$ 440,422)</u>	<u>\$ 137,404</u>

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

	<u>2021</u>	<u>2020</u>
Capital surplus	<u>(\$ 148)</u>	<u>\$ 6</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Imputed income taxes on pre-tax income at a statutory tax rate	\$ 3,178,328	\$ 1,881,575
Expenses to be excluded as stipulated in the tax law	1,148	645
Income with exemption from tax as stipulated in the tax law	(3,237,398)	(1,946,612)
Tax loss on unrecognized deferred income tax assets	1,683	82,352
Temporary differences on unrecognized deferred income tax liabilities	(6,893)	(19,584)
Changes in realizability evaluation on deferred income tax assets	122,819	(60)
Income tax imposed on undistributed earnings	206,621	1,362,549
Underestimate (Overestimate) of income tax for prior years	<u>5,055</u>	<u>(2,015)</u>
Income tax expense	<u>\$ 271,363</u>	<u>\$ 1,358,850</u>

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

	<u>2021</u>		<u>Recognized as other</u>		<u>Recognized in</u>	
	<u>January 1</u>	<u>Recognized in</u>	<u>comprehensive</u>	<u>equity</u>	<u>December 31</u>	
		<u>profit and loss</u>	<u>income</u>			
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	\$ 102,953	(\$ 40,215)	\$ -	\$ -	\$ 62,738	
Impairment loss on fixed assets	8,659	(2,839)	-	-	5,820	
Impairment loss on deferred expenses	426	(230)	-	-	196	
Impairment loss on investment properties	2,606	(85)	-	-	2,521	
Impairment loss on other assets	55,145	(4,728)	-	-	50,417	
Allowance for bad debt exceeding the limits	949	(348)	-	-	601	
Unrealized foreign exchange losses	10,794	10,945	-	-	21,739	
Impairment loss using equity method	90,406	-	-	-	90,406	
Domestic investment loss	86,685	(9,881)	-	-	76,804	
Unrealized gains or losses among companies	828	(211)	-	-	617	
Loss carryforwards	112,779	(112,779)	-	-	-	
Portion of other comprehensive income from the associates	182,618	-	359,083	-	541,701	
Remeasurements of defined benefit obligation	10,187	-	(693)	-	9,494	
Subtotal	665,035	(160,371)	358,390	-	863,054	
- Deferred income tax liabilities:						
Foreign investment gain	1,671,554	(847,173)	-	-	824,381	
Gains on Financial assets at fair value through profit or loss	66,712	25,890	-	-	92,602	
Changes in unrealized valuation profit or loss	47,451	-	94,612	-	142,063	
Portion of other comprehensive income from the associates	611,331	-	(176,644)	148	434,835	
Subtotal	2,397,048	(821,283)	(82,032)	148	1,493,881	
Total	(\$ 1,732,013)	\$ 660,912	\$ 440,422	(\$ 148)	(\$ 630,827)	

	<u>2020</u>		<u>Recognized as other</u>	<u>Recognized in</u>	
	<u>January 1</u>	<u>Recognized in</u>	<u>comprehensive</u>	<u>equity</u>	<u>December 31</u>
		<u>profit and loss</u>	<u>income</u>		
Temporary differences:					
- Deferred income tax assets:					
Loss for market price decline and obsolete and slow-moving inventories	\$ 124,141	(\$ 21,188)	\$ -	\$ -	\$ 102,953
Impairment loss on fixed assets	12,180	(3,521)	-	-	8,659
Impairment loss on deferred expenses	656	(230)	-	-	426
Impairment loss on investment properties	2,691	(85)	-	-	2,606
Impairment loss on other assets	60,247	(5,102)	-	-	55,145
Allowance for bad debt exceeding the limits	847	102	-	-	949
Unrealized foreign exchange losses	13,512	(2,718)	-	-	10,794
Impairment loss using equity method	90,406	-	-	-	90,406
Domestic investment loss	86,750	(65)	-	-	86,685
Unrealized gains or losses among companies	-	828	-	-	828
Loss carryforwards	-	112,779	-	-	112,779
Portion of other comprehensive income from the associates	36,192	-	146,426	-	182,618
Remeasurements of defined benefit obligation	10,455	-	(268)	-	10,187

Subtotal	<u>438,077</u>	<u>80,800</u>	<u>146,158</u>	<u>-</u>	<u>665,035</u>
- Deferred income tax liabilities:					
Foreign investment gain	1,629,050	42,504	-	-	1,671,554
Gains on Financial assets at fair value through profit or loss	30,209	36,503	-	-	66,712
Changes in unrealized valuation profit or loss	84,019	-	(36,568)	-	47,451
Portion of other comprehensive income from the associates	<u>291,207</u>	<u>-</u>	<u>320,130</u>	<u>(6)</u>	<u>611,331</u>
Subtotal	<u>2,034,485</u>	<u>79,007</u>	<u>283,562</u>	<u>(6)</u>	<u>2,397,048</u>
Total	<u>(\$ 1,596,408)</u>	<u>\$ 1,793</u>	<u>(\$ 137,404)</u>	<u>\$ 6</u>	<u>(\$ 1,732,013)</u>

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

December 31, 2021

<u>Year of occurrence</u>	<u>Declared/ Verified</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred income tax assets</u>	<u>The final year in which the tax deduction is applied</u>
2012	\$ 19,479	\$ 19,479	\$ 19,479	2022
2013	32,850	32,850	32,850	2023
2014	14,796	14,796	14,796	2024
2015	5,997	5,997	5,997	2025
2016	5,332	5,332	5,332	2026
2017	1,384	1,384	1,384	2027
2018	73,900	73,900	73,900	2028
2019	583,867	2,803	2,803	2029
2020	960,481	4,518	4,518	2030
2021	8,415	8,415	8,415	2031
	<u>\$ 1,706,501</u>	<u>\$ 169,474</u>	<u>\$ 169,474</u>	

December 31, 2020

<u>Year of occurrence</u>	<u>Declared/ Verified</u>	<u>Amount not deducted</u>	<u>Non-recognized amount of deferred income tax assets</u>	<u>The final year in which the tax deduction is applied</u>
2011	\$ 64,149	\$ 64,149	\$ 64,149	2021
2012	19,479	19,479	19,479	2022
2013	32,850	32,850	32,850	2023
2014	14,796	14,796	14,796	2024
2015	5,997	5,997	5,997	2025
2016	5,332	5,332	5,332	2026
2017	1,384	1,384	1,384	2027
2018	73,900	73,900	73,900	2028
2019	593,676	2,803	2,803	2029
2020	975,647	4,624	4,624	2030
	<u>\$ 1,787,210</u>	<u>\$ 225,314</u>	<u>\$ 225,314</u>	

5. Deductible temporary differences that are not recognized as deferred income tax liabilities by the Group

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	<u>(\$ 37,243)</u>	<u>(\$ 95,937)</u>

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

Non-controlling Interest

	<u>2021</u>	<u>2020</u>
January 1	\$ 10,002,716	\$ 10,856,405
Decrease in the acquired cash dividends	(5,105,780)	-
Net Income Current Period	72,968	183,038
Differences on translation of foreign operations	(245,088)	(525,105)
Changes in unrealized valuation profit or loss	(1,551,719)	(459,159)
Remeasurements of defined benefit plans	534	(172)
Net changes in non-controlling interest	<u>(148,500)</u>	<u>(52,291)</u>
December 31	<u>\$ 3,025,131</u>	<u>\$ 10,002,716</u>

Earnings per share

	<u>2021</u>	<u>Retroactively adjusted number of shares outstanding (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	<u>\$15,567,663</u>	<u>692,235</u>	<u>\$ 22.49</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$15,567,663	692,235	
Dilutive potential ordinary shares effecting employee compensation	-	601	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$15,567,663</u>	<u>692,836</u>	<u>\$ 22.47</u>

	<u>2020</u>	<u>Retroactively adjusted number of shares outstanding (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	<u>\$ 7,908,311</u>	<u>692,235</u>	<u>\$ 11.42</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 7,908,311	692,235	
Dilutive potential ordinary shares effecting employee compensation	<u>-</u>	<u>502</u>	
Effects of the net income attributable to ordinary shareholders of the parent plus potential ordinary shares	<u>\$ 7,908,311</u>	<u>692,737</u>	<u>\$ 11.42</u>

The above retroactive adjustments to the number of shares outstanding have been retroactively adjusted in proportion to the capitalization of retained earnings in 2021.

Cash flow supplementary information

1. Investing activities paid partially by cash:

	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ 9,347	\$ 82,332
Add: Payables for equipment at the beginning of the period	9,915	454
Less: Payables for equipment at the end of the period	<u>(2,799)</u>	<u>(9,915)</u>
Cash payments for current period	<u>\$ 16,463</u>	<u>\$ 72,871</u>
	<u>2021</u>	<u>2020</u>
Purchase of Investment real estate	\$ 433	\$ 879
Add: Other payables at the beginning of the period	326	-
Less: Other payables at the end of the period	<u>-</u>	<u>(326)</u>
Cash payments for current period	<u>\$ 759</u>	<u>\$ 553</u>

	<u>2021</u>	<u>2020</u>
Purchase of intangible assets	\$ 2,650	\$ -
Less: Other payables at the end of the period	(640)	-
Cash payments for current period	<u>\$ 2,010</u>	<u>\$ -</u>

2. Operating and investing activities with no cash flow effects:

	<u>2021</u>	<u>2020</u>
Right-of-use assets reclassified to investment property	<u>\$ -</u>	<u>\$ 1,585</u>
Prepayments for business facilities reclassified to real estate, plant and equipment	<u>\$ 762</u>	<u>\$ 11,227</u>
Inventories reclassified to Investment real estate	<u>\$ 1,696,889</u>	<u>\$ -</u>

Liabilities from financing activities

	<u>2021</u>			<u>2020</u>		
	<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 one operating cycle)</u>	<u>Lease liabilities (including due within one year)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 2,287,700	\$ 1,069,319	\$ 738,568	\$ 29,499,731	\$ 66,783	\$ 33,662,101
Changes of the financing cash flows	(1,187,700)	1,210,000	(12,074)	1,382,500	(52,188)	1,340,538
Other non-cash changes	-	(2,048)	-	164	187,135	185,251
December 31	<u>\$ 1,100,000</u>	<u>\$ 2,277,271</u>	<u>\$ 726,494</u>	<u>\$ 30,882,395</u>	<u>\$ 201,730</u>	<u>\$ 35,187,890</u>
	<u>2020</u>			<u>2020</u>		
	<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 one operating cycle)</u>	<u>Lease liabilities (including due within one year)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 1,403,200	\$ 1,069,371	\$ 741,243	\$ 28,175,000	\$ 66,340	\$ 31,455,154
Changes of the financing cash flows	884,500	-	(2,675)	1,325,000	(52,166)	2,154,659
Other non-cash changes	-	(52)	-	(269)	52,609	52,288
December 31	<u>\$ 2,287,700</u>	<u>\$ 1,069,319</u>	<u>\$ 738,568</u>	<u>\$ 29,499,731</u>	<u>\$ 66,783</u>	<u>\$ 33,662,101</u>

VII. Transaction with Related Parties

(I) Names of related parties and relationship

<u>Name of the related party</u>	<u>Relationship with the Group</u>
Ruentex Development Co., Ltd. (Ruentex Development)	Associate (the investee company accounted for under the equity method by the Company)

Ruen Chen Investment Holdings Ltd.	Associate (the investee company accounted for under the equity method by the Company)
Ruen Fu Newlife Corp.	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Associate (the investee company accounted for under the equity method by the Company)
Nan Shan General Insurance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
RT-MART International Co., Ltd. (RT-Mart)	Other related party (the Company is a juridical person director of the company)
Ruentex Xuzhan Co. Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Interior Design Inc.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Huei Hong Investment Co., Ltd.	Other related party (a representative of a juridical corporate director of the subordinate company of an investee accounted for under the equity method by the Company is the representative of the juridical corporate director of the company)
Yi Tai Investment Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Property Management and Maintenance Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruen Hua Dyeing & Weaving Co., Ltd.	Other related party (the Company's representative of juridical person director is the representative of the juridical person director of the company)
Ruentex Xing Co. Ltd.	Other related party (the Company's juridical person director)
Ruentex Material Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Security Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction International Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Pai Yi Co., Ltd.	Other related party (subordinate company of an investee accounted for under the equity method by the Company)
Ruentex Construction Co., Ltd.	Other related party (a member of the management of the subordinate company of an investee accounted for under the equity method by the Company is the representative of juridical person director of the company)
Shu-Tien Urology and Ophthalmology Clinic	Other related party (the Company's juridical person director)
Samuel Yen-Liang Yin	Other related party (the relative within the first degree of kinship of the representative of the

juridical corporate director of the Company)

Significant related party transactions and balances

1. Operating revenue

	<u>2021</u>	<u>2020</u>
Sale of goods:		
Associates	\$ 1,272	\$ 1,055
Other related parties	14,326	23,088
Rental income:		
Associates	126	1,583
Other related parties	31,565	25,590
	<u>\$ 47,289</u>	<u>\$ 51,316</u>

- (1) The Group leased the land in the Sihui Section in Yangmei and four parcels of land in the Zhennan Section in Wuqi District to other related parties under an operating lease. The negotiation between both parties determined the transaction price and the payment was collected according to the contract timeline signed by both parties. The lease term is from July 2017 to June 2022. The future minimum lease receivable for the irrevocable contract above is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one years	\$ 18,723	\$ 22,173
More than one year and less than five years	-	11,087
	<u>\$ 18,723</u>	<u>\$ 33,260</u>

- (2) The Group signed a lease contract with other related parties in June 2020 to lease the land and buildings in Yangmei under an operating lease at a monthly rent of NT\$2,815. It will review and adjust the rent based on the price index every five years according to the contract. However, the aforementioned lease subject matter is still being sorted out, and its lease term is 20 years from the actual handover date. As of December 31, 2021, the lease subject matter has not yet been handed over.
- (3) There is no significant difference in the Group's transactions prices and payment terms for goods sold between related parties and non-related parties.

2. Purchases of goods

<u>2021</u>	<u>2020</u>
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Purchase of goods:
 Other related parties
 - RT-Mart

\$	483,456	\$	380,224
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There is no significant difference in the Group's transaction prices and payment terms for purchases of goods between related parties and non-related parties.

3. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Associates	\$ 9	\$ 344
Other related parties	<u>807</u>	<u>2,146</u>
	<u>\$ 816</u>	<u>\$ 2,490</u>
Other receivables:		
Associates		
-Nan Shan Life Insurance	\$ 4,545	\$ 4,545
-Ruentex Development	482	345
-Others	90	90
Other related parties		
- RT-Mart	2,860	2,785
-Others	<u>1,170</u>	<u>1,648</u>
	<u>\$ 9,147</u>	<u>\$ 9,413</u>

(1) Please refer to Note 6 (2) for the aging analysis of notes and accounts receivable.

(2) Other accounts receivable are mainly receivables from related parties for services, computer services, interest, and capital reduction.

4. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes payable:		
Associates	\$ 39	\$ 35
Other related parties		
- RT-Mart	87,725	49,811
-Others	<u>616</u>	<u>285</u>
	<u>\$ 88,380</u>	<u>\$ 50,131</u>
Accounts payable:		
Associates	\$ 171	\$ -
Other related parties		

- RT-Mart	<u>18,314</u>	<u>14,278</u>
	<u>\$ 18,485</u>	<u>\$ 14,278</u>
Other payables:		
Associates	\$ 97	\$ 97
Other related parties		
- RT-Mart	13,586	14,155
-Others	<u>117</u>	<u>444</u>
	<u>\$ 13,800</u>	<u>\$ 14,696</u>

Other payables are mainly payables to related parties for services, insurance services, royalties, and equipment purchases.

5. Non-operating Income and Expenses

	<u>2021</u>	<u>2020</u>
Interest revenue:		
Associates		
-Nan Shan Life Insurance	\$ 8,750	\$ 8,750
Dividend income:		
Other related parties		
-Ruentex Engineering & Construction	\$ 81,306	\$ 56,820
-Others	5,497	3,498
	<u>\$ 86,803</u>	<u>\$ 60,318</u>
Other income:		
Associates	\$ 6,438	\$ 4,923
Other related parties		
-Ruentex Engineering & Construction	9,183	10,674
-Others	8,031	7,003
	<u>\$ 23,652</u>	<u>\$ 22,600</u>

(1) Interest income is mainly generated from the financial assets measured at amortized costs.

(2) Dividend income is mainly generated from financial assets measured at fair value through other comprehensive income.

(3) Other income mainly refers to income from leasing and management services provided to related parties.

6. Entrusted management and procurement agreement of the Wholesale Business Department

(1) In November 1998, the Company and other related parties signed the entrusted management and procurement agreement for the Zhonghe Hypermarket to authorize other related parties to provide the hypermarket management and joint procurement services. The agreement period is from November 1998 to December 2023 after multiple additions of supplementary agreements and extensions based on mutual agreement.

(2) The royalties (including return on earnings) in 2021 and 2020 were NT\$21,166 and NT\$28,486, respectively.

7. Property transactions

Acquisition and disposal of financial assets

Please refer to the description of Note 6(5) and 7.

8. Endorsements or Guarantees made by related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Key management personnel	<u>\$ 46,258,540</u>	<u>\$ 40,729,915</u>

9. Others

Please refer to Note 6(13).

Key management compensation information

	<u>2021</u>	<u>2020</u>
Wages and salaries and other short-term employee benefits	\$ 55,960	\$ 61,096
Post-employment benefits	<u>1,479</u>	<u>1,244</u>
Total	<u>\$ 57,439</u>	<u>\$ 62,340</u>

VIII. Pledged Assets

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

<u>Asset items</u>	<u>Carrying amount</u>		<u>For guarantee purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Investments accounted for using equity method	\$ 17,969,046	\$ 14,446,254	For mid- and long-term loans, short-term borrowings, and issue of commercial paper
Inventories	261,483	1,958,372	Mid- and long-term loans
Property, plant, and equipment	1,181,397	1,195,882	Mid- and long-term loans
Financial assets at fair value through other comprehensive income acquired - non-Current	1,389,865	1,119,503	Mid- and long-term loans
Investment real estate	1,802,628	102,450	Mid- and long-term loans
Financial Assets at amortized cost- non-Current	624,083	638,117	For legal litigation, tariffs, and short-term borrowings

IX. Significant Contingent Liabilities and Unrecognized Commitments

Except for those mentioned below, please refer to Notes 6 (7), (9), (10), (17), and 7 for information on other material contingent liabilities and unrecognized contractual commitments:

In order to help solve the problem of insufficient school buildings in elementary schools in Hsinchu County, the Group signed a land exchange agreement with the Hsinchu County Government in February 2021, to exchange the land held in Taifeng Section, Xinfeng Township, Hsinchu County (accounted for under property, plant, and equipment) for the land in Pingding Section, Xinfeng Township, Hsinchu County, held by the Hsinchu County Government; however, the valuation process for the aforementioned transaction has not been completed as of March 15, 2022.

X. Significant Disaster Loss

None.

XI. Significant subsequent events

Except described in Note 6(31), there is no other subsequent event.

XII. Others

(I) Assessment of the impact of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic in early 2020 impacted the global economy and significantly weakened the consumption power at home and abroad. Since 2021, the overseas pandemic has slowed down. Although the pandemic escalated in Taiwan, each segment's operating income has maintained at the same level or fluctuated slightly compared with the same period last year. The Group will continue to implement the principle of risk diversification to reduce the degree of impact of the pandemic on the overall operations.

The Group continues to pay attention to the development of the pandemic and to strengthen supply chain management. It implements epidemic management and prevention measures in the office area to stabilize production and shipments.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total borrowings	\$ 34,259,666	\$ 32,856,750
Less: Cash and cash equivalents	(12,670,498)	(19,164,077)
Net debt	21,589,168	13,692,673
Total equity	<u>109,986,577</u>	<u>115,606,494</u>
Total capital	<u>\$ 131,575,745</u>	<u>\$ 129,299,167</u>
Debt-to-total-capital ratio	16.41%	10.59%

(III) Financial instruments

1. Type of financial instruments

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - non-current	\$ 2,695,926	\$ 2,334,021
Financial assets at fair value through other comprehensive income acquired - Current and non-Current	9,411,176	11,190,047
Financial Assets at amortized cost		
Cash and cash equivalents	12,670,498	19,164,077
Notes receivable	280	287
Accounts receivable	186,438	171,936
Accounts receivable - related party	816	2,490
Other receivables	12,560	9,070
Other receivables - related Party	9,147	9,413
Financial Assets at amortized cost	874,083	888,117
Refundable deposits (listed as other non-current assets)	45,250	45,479
	<u>\$ 25,906,174</u>	<u>\$ 33,814,937</u>
<u>Financial liabilities</u>		
Financial liabilities are carried at amortized cost		
Short-term borrowings	\$ 1,100,000	\$ 2,287,700
Short-term bills payable	2,277,271	1,069,319
Notes payable	13,195	13,654
Bills payable - related parties	88,380	50,131
Accounts payable	189,613	201,279
Accounts payable - related party	18,485	14,278
Other payables	283,501	274,292
Other Payable - Related Party	13,800	14,696
Long-term borrowings (including due within one year or one operating cycle)	30,882,395	29,499,731
Guarantee deposits received (listed as other non-current liabilities)	726,494	738,568
	<u>\$ 35,593,134</u>	<u>\$ 34,163,648</u>
Lease liabilities - current and non-current	<u>\$ 201,730</u>	<u>\$ 66,783</u>

2. Risk management policies

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

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

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

<u>December 31, 2021</u>		<u>Sensitivity analysis</u>				
	<u>Foreign currency (in thousands of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NT\$)</u>	<u>Range of variation</u>	<u>Effects on profit and loss</u>	<u>Effects on other comprehensive income</u>
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	\$ 377,195	27.680	\$10,440,758	5%	\$ 522,038	\$ -
HKD:NTD	334	3.550	1,186	5%	59	-
CNY:NTD	7,103	4.344	30,855	5%	1,543	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						

USD:NTD	\$	126	27.680	\$ 3,488	5%	\$ 174	\$	-
HKD:NTD		151	3.550	536	5%	27		-
<u>December 31, 2020</u>								
<u>Sensitivity analysis</u>								
		<u>Foreign currency (in</u>	<u>Exchan</u>	<u>Carrying</u>	<u>Range of</u>	<u>Effects on</u>	<u>Effects on other</u>	
		<u>thousands of NTD)</u>	<u>ge rate</u>	<u>amount</u>	<u>variation</u>	<u>profit and loss</u>	<u>comprehensive income</u>	
<u>Financial</u>								
<u>assets</u>								
<u>Monetary</u>								
<u>item</u>								
USD:NTD	\$	230,341	28.480	\$ 6,560,112	5%	\$ 328,006	\$	-
HKD:NTD		1,291	3.670	4,738	5%	237		-
CNY:NTD		836	4.377	3,659	5%	183		-
<u>Financial</u>								
<u>liabilities</u>								
<u>Monetary</u>								
<u>item</u>								
USD:NTD	\$	136	28.480	\$ 3,873	5%	\$ 194	\$	-
HKD:NTD		182	3.670	668	5%	33		-

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\$202,629 and NT\$341,811, for the years ended December 31, 2021 and 2020, respectively.

Price risk

- A. The Group's debt and equity instruments exposed to price risk were the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage its equity instruments investment against price risk, the Group diversified its investment portfolio based on the limits set by the Group.
- B. The Group has mostly invested in equity instruments issued by domestic or foreign companies, and the prices of such equity instruments would change due to the change of the future value of investee companies. If the prices of these equity instruments had increased/decreased by 5% with all other variables held constant, gains or losses on equity instruments at fair value through other comprehensive income and available-for-sale financial assets for the years ended December 31, 2021 and 2020 would have

increased/decreased by NT\$470,559 and NT\$559,502.

- C. The Group has mostly invested in domestic convertible bonds and foreign debt instruments issued via privately offered fund, and the prices of such debt instruments would change due to the change of the future value of said instruments. If the prices of such debt instruments had increased/decreased by 5% with all other variables held constant, the net income after tax for 2021 and 2020 arising from gains or losses on debt instruments at fair value through profit or loss would increase or decrease by NT\$107,837 and NT\$93,361.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from total borrowings with floating interest rates that expose the Group to cash flow interest rate risk. For the years ended December 31, 2021 and 2020, the Group's borrowings issued at variable rates were mostly denominated in New Taiwan Dollars.
- B. The Group's borrowings were measured at amortized cost, and the interest rate is reset every year as specified in the contracts. Therefore, the Group is expose to interest rate risk from any future market interest rate change.
- C. If interest rates on borrowings had been 0.5% higher or lower with all other variables held constant, profit after income tax for the years ended December 31, 2021 and 2020 would have increased/decreased NT\$137,039 and NT\$131,427, respectively, due to change of interest expenses of borrowings at variable interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Credit risk arises from outstanding accounts receivable that counterparties fail to deliver in accordance with the payment terms in the categories of financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive income, and contractual cash flow measured at amortized cost.
- B. The Group manages its credit risk based on a Group-oriented system. For corresponding banks and financial institutions, it is set that only those with an independent credit rating equal to or higher than the investment grade can be accepted as trading counterparties. Following the internal credit policies, before setting the terms and conditions for payments and delivery with a new customer, each entity of the Group should assess new customer's credit risk and conduct credit risk management. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Group uses the presumptions provided by IFRS 9 that a loan that is 90 days past due is credit-impaired.
- D. The Group uses IFRS to provide the following assumptions, to determine if the credit risks of the financial instrument significantly increased since the initial recognition.
 - (A) When the contractual payments overdue from the payment terms for more than 30 days, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition.
 - (B) With an external rating agency rated as investment grade at the balance sheet date, the financial asset will be regarded as having low credit risk.
- E. The indicators for determine the impairment of the debt instrument investment used by the Group is as the following:
 - (A) The possibilities that an issuer has a significant financial difficulty, or will become bankrupt or financial reorganized;

- (B) Due to the financial difficulty of the issuer, such that the active market of the financial asset vanishes;
 - (C) An issuer delay or fail to repay the interests or principals;
 - (D) The unfavorable changes to the national or regional economic conditions leading to the default of an issuer.
- F. Receivables are grouped based on customer's types, and the Group applies the simplified approach using loss rate methodology to estimate the expected credit loss.
- G. After the collection procedures, the financial assets amount that cannot be reasonably estimated will be written-off. However, the Group will continue to continue to pursue the legal right of recourse to protect the claims.

H. The Group considers customers' past default records and actual financial position to adjust historical and real-time information to assess the default possibility and estimate loss allowance for accounts receivable (including related parties). As of December 31, 2021 and 2020, the loss rate methodology is as follows:

<u>December 31, 2021</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Total</u>
Expected loss	0.00%~0.04%	0.57%	50%-100%	
Total carrying amount (including related parties)	\$ 180,395	\$ 6,765	\$ 1,036	\$ 188,196
Allowance for losses	\$ 64	\$ 39	\$ 839	\$ 942

<u>December 31, 2020</u>	<u>Not overdue</u>	<u>Past due 1-90 days</u>	<u>Past due 91 days and more</u>	<u>Total</u>
Expected loss	-%	-%	50%-100%	
Total carrying amount (including related parties)	\$ 173,666	\$ 4	\$ 3,357	\$ 177,027
Allowance for losses	\$ -	\$ -	\$ 2,601	\$ 2,601

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

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 2,601	\$ 2,785
Provision of impairment loss	-	750
Gains on reversal of impairment loss(	1,659)	-
Amounts written off due to unable to recover	-	(934)
December 31	\$ 942	\$ 2,601

J. The financial assets measured by the amortized cost accounted for by the Group are time deposits as a pledge and subordinated bonds. Because the cooperating financial institutions' credit ratings are good, and the Group has conducted transactions with many financial institutions to diversify the credit risk, the probability of default is expected to be very low.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the

Group and aggregated by Finance Department. The financial department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, in order to prevent the Group from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

- B. The Group invests surplus cash from all operating units in interest bearing current accounts, time deposits, and repurchasable bonds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Group's position held in money market were NT\$12,637,407 and NT\$18,825,367.
- C. Detail of the loan credit not yet drawn down by the Group is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Due within one year	\$ 3,940,000	\$ 2,828,300
Due longer than one year	<u>8,995,000</u>	<u>4,945,000</u>
	<u>\$ 12,935,000</u>	<u>\$ 7,773,300</u>

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

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Within 1 year</u>	<u>Within 1-5 years</u>
Short-term borrowings (Note)	\$ 1,102,075	\$ -
Short-term notes and bills payable	2,280,000	-
(Note)		
Notes payable	13,195	-
Bills payable - related parties	88,380	-
Accounts payable	189,613	-
Accounts payable - related party	18,485	-

Other payables	283,501	-
Other Payable - Related Party	13,800	-
Lease liabilities (Note)	54,226	151,370
Long-term borrowings (including due within one year or one operating cycle) (Note)	1,444,634	29,601,472
<u>Non-derivative financial liabilities:</u>		
December 31, 2020	<u>Within 1 year</u>	<u>Within 1-5 years</u>
Short-term borrowings (Note)	\$ 2,293,157	\$ -
Short-term notes and bills payable (Note)	1,070,000	-
Notes payable	13,654	-
Bills payable - related parties	50,131	-
Accounts payable	201,279	-
Accounts payable - related party	14,278	-
Other payables	274,292	-
Other Payable - Related Party	14,696	-
Lease liabilities (Note)	28,678	39,089
Long-term borrowings (including due within one year or one operating cycle) (Note)	3,256,568	26,977,753

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

- E. 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

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

Level 1: Quoted prices (unadjusted) in active markets for identical Assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. It includes the fair value of the investment in stocks listed in TWSE and TPEx, part of the investment in stocks listed in the emerging stock market, and the group's investment in domestic convertible bonds.

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

Level 3: Unobservable inputs for the asset or liability. It includes the investment in stocks listed in TWSE and TPEx via private placement, part of the investment in stocks listed in the emerging stock market, and investment in equity instruments without the group's active market.

2. Information on the fair value of the Group's investment property measured at cost is provided in Note 6 (11).
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, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income acquired - current				
Equity instrument investment				
- Domestic unlisted stocks	\$ -	\$ -	\$ 1,303,338	\$ 1,303,338
Financial assets at fair value through profit or loss - non-current				
- Domestic convertible bonds	\$ -	\$ -	\$ -	\$ -
- Foreign privately offered fund	\$ -	\$ -	\$ 2,695,926	\$ 2,695,926
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEx-listed stocks	\$ 4,819,305	\$ -	\$ -	\$ 4,819,305
- Domestic unlisted stocks	-	-	110,365	110,365
- Foreign listed stocks	3,178,168	-	-	3,178,168
Subtotal	\$ 7,997,473	\$ -	\$ 110,365	\$ 8,107,838
Total	\$ 7,997,473	\$ -	\$ 4,109,629	\$ 12,107,102

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
- Foreign privately offered fund	<u>-</u>	<u>-</u>	<u>2,296,759</u>	<u>2,296,759</u>
Subtotal	<u>\$ 37,262</u>	<u>\$ -</u>	<u>\$ 2,296,759</u>	<u>\$ 2,334,021</u>
Financial assets at fair value through other comprehensive income acquired - non-Current				
Equity instrument investment				
- Domestic TWSE- and TPEX-listed stocks	\$ 3,990,465	\$ -	\$ -	\$ 3,990,465
- Domestic stocks listed in TPEX	83,278	-	-	83,278
- Domestic unlisted stocks	-	-	660,682	660,682
- Foreign listed stocks	514,566	-	-	514,566
- Foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>5,941,056</u>	<u>5,941,056</u>
Subtotal	<u>\$ 4,588,309</u>	<u>\$ -</u>	<u>\$ 6,601,738</u>	<u>\$ 11,190,047</u>
Total	<u>\$ 4,625,571</u>	<u>\$ -</u>	<u>\$ 8,898,497</u>	<u>\$ 13,524,068</u>

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

- (1) The Group used market quoted prices as fair values (that is, Level 1) of investment in stocks listed in TWSE and TPEX, partial investment in stocks listed in the emerging stock market, and investment in domestic convertible bonds, and the quoted prices are the closing prices.
- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

- (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(4)11.
 - (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) The Group includes credit risk valuation adjustment in the fair value calculation for financial instruments and non-financial instruments to reflect the counterparty credit risk and the credit quality of the Group.
6. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
 7. The following table shows the change of Level 3 for the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>Equity instruments</u>	
	<u>Debt instruments at</u>	<u>at fair value through</u>	<u>Total</u>
	<u>fair value through</u>	<u>other comprehensive</u>	
	<u>profit or loss</u>	<u>income</u>	
January 1	\$ 2,296,759	\$ 6,601,738	\$ 8,898,497
Purchase for current period	267,664	10,013	277,677
Cash Reduction	-	(127,438)	(127,438)
Sale			
- Cost	-	(5,723,753)	(5,723,753)
-Adjustments for valuation	-	420	420
Transfer out			
- Cost	-	(6,954)	(6,954)
-Adjustments for valuation	-	6,954	6,954
Adjustments for valuation	131,503	313,437	444,940
Net exchange differences recognized as other comprehensive income	-	339,286	339,286
December 31	<u>\$ 2,695,926</u>	<u>\$ 1,413,703</u>	<u>\$ 4,109,629</u>

2020

	<u>Debt instruments at fair value through profit or loss</u>	<u>Equity instruments at fair value through other comprehensive income</u>	<u>Total</u>
January 1	\$ 1,839,000	\$ 8,616,144	\$ 10,455,144
Purchase for current period	319,999	-	319,999
Distribution of dividends at cost of investment	-	(122,503)	(122,503)
Sale			
- Cost	-	(71,275)	(71,275)
-Adjustments for valuation	-	9,745	9,745
Transfer out			
- Cost	(42,699)	(535,262)	(577,961)
-Adjustments for valuation	42,699	111,948	154,647
Adjustments for valuation	137,760	(1,028,629)	(890,869)
Net exchange differences recognized as other comprehensive income	-	(378,430)	(378,430)
December 31	<u>\$ 2,296,759</u>	<u>\$ 6,601,738</u>	<u>\$ 8,898,497</u>

8. Please refer to Note 6(5) for the transfer situation of Level 3 fair value in 2021 and Note 6(4) and (5) for that in 2020.
9. Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
10. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

December 31, 2021		<u>Valuation</u>	<u>Significant</u>	<u>Interval</u>	<u>Relationship between</u> <u>inputs and fair value</u>
	<u>Fair value</u>	<u>techniques</u>	<u>unobservable inputs</u>		
Non-derivative Equity Instrument:					
Domestic unlisted stocks	\$ 700	Asset-Based Approach	Not applicable	N/A	Not applicable
"	1,413,003	market approach	Discount for lack of marketability	16.11%~38.26%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign privately offered fund	2,695,926	Asset-Based Approach	Not applicable	N/A	Not applicable

December 31, 2020					
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Interval</u>	<u>Relationship between inputs and fair value</u>
Non-derivative Equity Instrument:					
Domestic unlisted stocks	\$ 700	Asset-Based Approach	Not applicable	N/A	Not applicable
"	659,982	market approach	Discount for lack of marketability	20.27%~28.24%	The higher the degree of lack of liquidity, the lower the fair value estimate
Foreign unlisted stocks	5,941,056	Asset-Based Approach	Not applicable	N/A	Not applicable
Foreign privately offered fund	2,296,759	Asset-Based Approach	Not applicable	N/A	Not applicable

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

		<u>December 31, 2021</u>			<u>December 31, 2021</u>	
		<u>Recognized in profit and loss</u>			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability					
	Marketability discount	±10%	\$ -	\$ -	\$ 141,370	(\$ 141,370)
Debt instrument	Lack of marketability					
	Marketability discount	±10%	\$ 269,593	(\$ 269,593)	\$ -	\$ -
		<u>December 31, 2020</u>			<u>December 31, 2020</u>	
		<u>Recognized in profit and loss</u>			<u>Recognized as other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity Instrument	Lack of marketability					
	Marketability discount	±10%	\$ -	\$ -	\$ 660,174	(\$ 660,174)
Debt instrument	Lack of marketability					
	Marketability discount	±10%	\$ 229,676	(\$ 229,676)	\$ -	\$ -

XIII. Separately Disclosed Items

(I) Significant transaction information

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

(II) Information on Investees

Names, locations and other information of investees (not including investees in China): Please refer to Table 6.

(III) Information on Investments in China

1. Basic information: Please refer to Table 7.
2. Significant transactions that occur directly or indirectly through a business in a third region and investees in China: Please refer to Table 5.

(IV) Information on main investors

Information on main investors: Please refer to Table 8.

XIV. Information on Departments

(I) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's Chief Operating Decision-Maker operate businesses and evaluate departmental performance from an industry perspective; the Group currently focuses on the textile, retail, hypermarket, construction, and investment businesses.

(V) Measurement of segment information

1. The accounting policies of the reportable operating segments is in a manner consistent with the significant accounting policies provided in Note 4.
2. The Group evaluates the performance based on segment revenue and segment net operating profit (loss), instead of the segment assets.

(II) Information on Departments

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

	<u>2021</u>						
	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Construction segment</u>	<u>Investment segment</u>	<u>Internal write-off</u>	<u>Total</u>
Revenue from external customers	\$ 681,538	\$ 523,752	\$1,314,020	\$ 42,776	\$ 133,895	\$ -	\$ 2,695,981
Internal revenue	<u>527,875</u>	<u>13,806</u>	<u>-</u>	<u>14,468</u>	<u>46,118</u>	<u>(602,267)</u>	<u>-</u>
Departmental revenue	<u>\$ 1,209,413</u>	<u>\$ 537,558</u>	<u>\$1,314,020</u>	<u>\$ 57,244</u>	<u>\$ 180,013</u>	<u>(\$ 602,267)</u>	<u>\$ 2,695,981</u>
Operating net income (loss) from the department to be reported	<u>(\$ 81,344)</u>	<u>(\$ 12,556)</u>	<u>\$ 22,665</u>	<u>(\$ 1,634)</u>	<u>\$ 111,032</u>	<u>\$ -</u>	<u>\$ 38,163</u>
Pre-tax net income (loss) from the department to be reported	<u>(\$ 390,766)</u>	<u>(\$ 1,713)</u>	<u>\$ 31,201</u>	<u>(\$ 6,533)</u>	<u>\$ 16,279,805</u>	<u>\$ -</u>	<u>\$ 15,911,994</u>
Share of profit or loss on associates accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,074,330</u>	<u>(\$ 65,051)</u>	<u>\$ 16,009,279</u>
Dividend income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,506</u>	<u>\$ -</u>	<u>\$ 147,506</u>
Financial costs	<u>(\$ 320,944)</u>	<u>(\$ 55)</u>	<u>(\$ 2,772)</u>	<u>(\$ 5,162)</u>	<u>(\$ 1)</u>	<u>\$ 2,276</u>	<u>(\$ 326,658)</u>
Interest revenue	<u>\$ 25,817</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 177</u>	<u>\$ 11,988</u>	<u>\$ -</u>	<u>\$ 38,036</u>
	<u>2020</u>						
	<u>Textile segment</u>	<u>Retail segment</u>	<u>Hypermarket segment</u>	<u>Construction segment</u>	<u>Investment segment</u>	<u>Internal write-off</u>	<u>Total</u>
Revenue from external customers	\$ 499,193	\$ 634,585	\$1,366,440	\$ 40,026	\$ 196,150	\$ -	\$ 2,736,394
Internal revenue	<u>570</u>	<u>351,901</u>	<u>-</u>	<u>14,262</u>	<u>113,047</u>	<u>(479,780)</u>	<u>-</u>
Departmental revenue	<u>\$ 499,763</u>	<u>\$ 986,486</u>	<u>\$1,366,440</u>	<u>\$ 54,288</u>	<u>\$ 309,197</u>	<u>(\$ 479,780)</u>	<u>\$ 2,736,394</u>
Operating net income (loss) from the department to be reported	<u>(\$ 167,668)</u>	<u>\$ 3,091</u>	<u>\$ 30,231</u>	<u>(\$ 6,272)</u>	<u>\$ 192,883</u>	<u>\$ -</u>	<u>\$ 52,265</u>
Pre-tax net income (loss) from the department to be reported	<u>(\$ 528,249)</u>	<u>\$ 782</u>	<u>\$ 35,793</u>	<u>(\$ 12,695)</u>	<u>\$ 9,954,568</u>	<u>\$ -</u>	<u>\$ 9,450,199</u>
Share of profit or loss on associates accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,568,243</u>	<u>(\$ 126,685)</u>	<u>\$ 9,441,558</u>
Dividend income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,745</u>	<u>\$ -</u>	<u>\$ 214,745</u>
Financial costs	<u>(\$ 328,250)</u>	<u>(\$ 50)</u>	<u>(\$ 3,056)</u>	<u>(\$ 6,971)</u>	<u>\$ -</u>	<u>\$ 2,420</u>	<u>(\$ 335,907)</u>
Interest revenue	<u>\$ 82,055</u>	<u>\$ 341</u>	<u>\$ 69</u>	<u>\$ 224</u>	<u>\$ 105,382</u>	<u>\$ -</u>	<u>\$ 188,071</u>

(VI) Reconciliation for segment income (loss)

1. The Group's business in the textile department, retail department, and construction department are determined as negotiated by the participating parties; sales made by the Wholesale Business Department are handled as regular sales. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with the revenue in comprehensive income statements.
2. Reconciliation for segment income (loss) and profit before income tax from continuing operations for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Income/loss from the department to be reported \$	38,163	\$ 52,265
Adjustments and written-off	<u>-</u>	<u>-</u>
Total	38,163	52,265
Share of profit or loss on associates accounted for using the equity method	16,009,279	9,441,558
Financial costs	(326,658)	(335,907)
Interest revenue	38,036	188,071
Other income	201,794	286,102
Other gains and losses	<u>(48,620)</u>	<u>(181,890)</u>
Income before tax from continuing operations	<u>\$ 15,911,994</u>	<u>\$ 9,450,199</u>

(VII) Information on products and services

The Group's main business items are the textile business, including manufacturing, processing, dyeing and finishing, printing, and marketing of woven fabrics, garments, knitted fabrics, and woven fabric items, and the construction business, including commissioning of construction companies to build public housing projects and office buildings, and leasing and sales of property, as well as the operation and management of shopping malls and markets, and import for its hypermarket business. Please refer to Note 6 (24).

(VIII) Geographical information

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

	<u>2021</u>		<u>2020</u>	
	<u>Income</u>	<u>Non-Current Assets</u>	<u>Income</u>	<u>Non-Current Assets</u>
Taiwan	\$ 2,598,302	\$ 4,593,511	\$ 2,726,084	\$ 2,820,810
Asia	<u>97,679</u>	<u>2,790</u>	<u>10,310</u>	<u>2,894</u>
Total	<u>\$ 2,695,981</u>	<u>\$ 4,596,301</u>	<u>\$ 2,736,394</u>	<u>\$ 2,823,704</u>

(IX) Major customer information

For 2021 and 2020, the Group did not have any single external customer accounting for 10% or more of the Group's revenue.

Ruentex Industries Ltd. and Subsidiaries

Endorsements and Guarantees for Others

January 1 to December 31, 2021

Attached Table I

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

No.	Endorsement guarantor	Entity for which the endorsement/guarantee is made	Relationship	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/guarantees made for the entities in China	Remark
<u>1</u>	<u>Company name</u>	<u>Company name</u>	<u>(Note 2)</u>	<u>entity</u>	<u>period</u>	<u>period</u>	<u>drawn</u>	<u>es secured by property</u>	<u>statement</u>					
Zero	Ruentex Industries Ltd.	Ruentex Industries Ltd. (Shanghai)	2	\$ 96,265,301	\$ 80,850	\$ -	\$ -	\$ -	-	\$ 106,961,446	Y	N	Y	Note 8

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 7 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 or 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 set by the Company in accordance with the Operational Procedures for Endorsements and Guarantees shall be entered, and the calculation methods for the individual endorsement/ guarantee and the total maximum amount shall be indicated in the remarks column.

Note 4: The highest balance of the endorsement/ guarantee for others in the current year.

Note 5: The amount approved by the board of directors shall be entered. However, where the board of directors authorizes the Chairman to decide according to subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount determined by the Chairman.

Note 6: The actual amount drawn down by the endorsed company within the scope of the balance of the endorsement/guarantee provided.

Note 7: “Y” shall be entered only for the endorsements/guarantees provided by the listed parent company to a subsidiary, a subsidiary to a listed parent company, or the entities in China.

Note 8: 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.

Ruentex Industries Ltd. and Subsidiaries

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

December 31, 2021

Attached Table II

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>Company holding the securities</u>	Type and name of the securities	Relationship with the issuer of securities			<u>End of the period</u>				Remark
	1	(Note 2)	<u>Account recognized</u>	<u>Shares</u>	Carrying amount	<u>Shareholding percentage</u>	<u>Fair value</u>	(Note 3)	(Note 4)
Ruentex Industries Ltd.	Magi Capital Fund II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	\$ 417,308	5.23	\$ 417,308		
	HOPU USD MASTER FUND III, L.P.	-	”	-	2,278,618	3.80	2,278,618		
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person director of the company.	Financial assets at fair value through other comprehensive income acquired - Current	4,085,140	1,303,338	11.33	1,303,338		Note 10
	Shares of Ruentex Engineering & Construction Co., Ltd.	A subordinate company of the investee accounted for under the equity method	Financial assets at fair value through other comprehensive income - non-Current	16,821,685	2,060,656	9.10	2,060,656		Notes 11, 12, and 13
	Shares of Save & Safe Corporation	-	”	4,267,233	84,278	2.51	84,278		
	Shares of Ruentex Interior Design Inc.	-	”	333,773	13,647	2.47	13,647		Note 14
	Shares of Huiyang Venture Capital Co., Ltd.	-	”	70,000	700	2.56	700		
	Shares of Uni Airways Corporation	-	”	695,077	11,740	0.18	11,740		
	Shares of Pacific Resources Corporation	-	”	242,648	-	1.05	-		
	Shares of Brogent Technologies Inc.	-	”	3,230,310	397,328	5.63	397,328		Note 16
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	”	10,261,408	724,456	4.07	724,456		Note 7
	Shares of OBI Pharma, Inc.	-	”	8,408,957	958,622	4.22	958,622		Note 5
	Shares of Sunny Friend Environmental Technology Co., Ltd.	-	”	2,309,999	460,845	2.07	460,845		Note 6
	Shares of Ruentex Material Co., Ltd.	The Company is a juridical person director of the company.	”	7,139,530	217,398	4.76	217,398		
	Subordinated debts of Nan Shan Life Insurance	One of the Company’s affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	250,000	-	250,000		
Gin-Hong Investment Co., Ltd.	Shares of Ruentex Industries Ltd.	The Company	Financial assets at fair value through other comprehensive income - non-Current	36,593,388	3,567,855	4.98	3,567,855		Note 15
Concord Greater China Limited.	Shares of Sun Art Retail Group Ltd.	-	”	231,204,324	2,569,021	2.42	2,569,021		Note 8
Sinopac Global Investment Ltd.	Shares of Asensus Surgical (ASXC)	-	”	15,333	472	0.01	472		Note 9
	Shares of OPKO Health Inc.(OPK)	-	”	4,571,665	608,675	0.66	608,675		

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 4,000 thousand shares, a total of NT\$456,000 thousand was pledged to financial institutions for financing loans.

Note 6: The provision of 2,310 thousand shares, a total of NT\$460,845 thousand was pledged to financial institutions for financing loans.

Note 7: The provision of 6,700 thousand shares, a total of NT\$473,020 thousand was pledged to financial institutions for financing loans.

Note 8: Please refer to Note 6(5) to the consolidated financial statements for information on the conversion of shares of A-RT Retail Holdings Limited and Sun Art Retail Group Limited.

Note 9: Asensus Surgical (ASXC) was originally TransEnterix (TRXC), and it was renamed on February 23, 2021.

Note 10: Please refer to Note 6(5) to the consolidated financial statements for information on capital reduction by RT-MART International Co., Ltd. and the reclassification to financial assets at fair value through other comprehensive income - current.

Note 11: Please refer to Note 6(5) to the consolidated financial statements for information on the disposal of Ruentex Engineering & Construction’s shares.

Note 12: The record date of capitalization of earnings by Ruentex Engineering & Construction was September 6, 2021.

Note 13: Please refer to Note 6(5) to the consolidated financial statements for information on the acquisition of Ruentex Engineering & Construction’s shares.

Note 14: Please refer to Note 6(5) to the consolidated financial statements for information on the acquisition of Ruentex Interior Design Inc.’s shares.

Note 15: Please refer to Note 6(31) to the consolidated financial statements for information on Gin-Hong Investment's increase in shareholding due to the capitalization of earnings by Ruentex Industries Ltd.

Note 16: Please refer to Notes 6(4) and 6(5) to the consolidated financial statements for information on the conversion of Brogent Technologies’s convertible bonds.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Attached Table III

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

<u>Buying/selling company</u>	<u>Type and name of the securities (Note 1)</u>	<u>Account recognized</u>	<u>Counterparty (Note 2)</u>	<u>Relationship (Note 2)</u>	<u>Beginning of the period</u>		<u>Buying (Note 3)</u>		<u>Shares</u>	<u>Selling (Note 3)</u>		<u>Gain(loss) on disposal</u>	<u>End of the period</u>		<u>Remark</u>
					<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		<u>Price</u>	<u>Book cost</u>		<u>Shares</u>	<u>Amount</u>	
Concord Greater China Limited.	A-RT Retail Holdings Ltd.	Financial assets at fair value through other comprehensive income - non-Current	A-RT Retail Holdings Ltd.	-	8,892,474	\$ 5,941,056	-	-	8,892,474	-	\$ 5,396,563	-	-	-	Note 5
”	Sun Art Retail Group Ltd.	”	”	-	-	-	231,204,324	\$ 5,396,563	-	-	-	-	231,204,324	\$ 2,979,773	Note 5

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

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

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

Note 4: 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 5: Please refer to Note 6(5) to the consolidated financial statements for information on the conversion of shares of A-RT Retail Holdings Limited and Sun Art Retail Group Limited.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Attached Table IV

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

<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>		Remarks (Note 2)
<u>Transaction conditions</u>										<u>As a percentage of notes receivable/payable and accounts receivable/payable (Note 4)</u>		
<u>The company making the purchase (sale) of goods</u>	<u>Name of counterparty</u>	<u>Relationship</u>	<u>Purchase (sale) of goods</u>	<u>Amount</u>	<u>As a percentage of total purchases (sales) of goods</u>	<u>Credit period</u>	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>			
Ruentex Industries Ltd.	RT-Mart International Co., Ltd.	The Company is a juridical person director of the company.	Purchase of goods	\$ 483,456	25.36	Purchase of goods in line with general conditions	Same as general transactions	Same as general transactions	(\$ 106,039)	34.23		

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

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

January 1 to December 31, 2021

Attached Table V

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

			<u>Transaction information</u>			As a percentage of the consolidated total operating revenue or total assets	
No.		Relationship with the transaction party					
<u>(Note 1)</u>	<u>Name of the transaction party</u>	<u>Transaction counterparty</u>	<u>(Note 2)</u>	<u>Account</u>	<u>Amount</u>	<u>Terms and conditions of transaction</u>	<u>(Note 3)</u>
Zero	Ruentex Industries Ltd.	Ruentex Industries Ltd. (Shanghai)	1	Sales revenue	\$ 81,499	Note 4	3.02
”	”	KOMPASS GLOBAL SOURCING SOLUTIONS LTD.	1	Sales revenue	13,806	”	0.51
1	Ruentex Industries Ltd. (Shanghai)	Ruentex Industries Ltd.	2	Sales revenue	445,341	”	16.52
”	”	”	2	Accounts receivable	53,167	”	0.04

Note 1: The information about business transactions between the parent and the subsidiary shall be indicated in the column of No. respectively. Details on how to filled in No. are as follows:

(1) Please fill in “0” for the parent.

(2) Please fill in the Arabic numeral sequentially numbered starting from 1 for the subsidiaries according to the company type.

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent or subsidiaries, or between its subsidiaries, duplicate disclosure is not required. For example, in the case of the transaction between the parent or its subsidiary, if the parent has disclosed the information, the subsidiary does not require making a duplicate disclosure;

In the case of the transaction between the subsidiaries, if one of the subsidiaries has disclosed the information, the other subsidiary does not require making a duplicate disclosure.):

(1) Parent and its subsidiary

(2) Subsidiary and its parent

(3) Subsidiary and the other subsidiary

Note 3: The transaction amount as a percentage of the consolidated total operating revenue or total assets shall be calculated at the balance at the end of period as a percentage of the consolidated total assets for assets or liabilities items, and the interim cumulative amount as a percentage of the consolidated total operating revenue for profits or losses items.

Note 4: The price shall be set according to negotiations between the two parties.

Note 5: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

Ruentex Industries Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Attached Table VI

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

<u>Name of the investing company</u>	<u>Name of the investee company</u>	<u>Location</u>	<u>Main business items</u>	<u>Original investment amount</u>		<u>Holding at the end of period</u>			<u>Current profit and loss of the investee company</u>	<u>Gains and losses on investment recognized for the current period</u>	<u>Remark</u>
				<u>End of the current period</u>	<u>End of last year</u>	<u>Shares</u>	<u>Ratio</u>	<u>Carrying amount</u>			
Ruentex Industries Ltd.	Ruentex Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and sale and operation of department store business	\$ 5,779,517	\$ 5,779,517	541,471,850	25.70	\$ 27,102,883	\$ 14,853,071	\$ 3,810,320	The investee company accounted for under the equity method (Note 1 and 5)
Ruentex Industries Ltd.	Nan Shan Life Insurance Co., Ltd.	Taiwan	Personal insurances, including life insurance, health insurance, damage insurance or annuity.	436,800	436,800	29,487,699	0.21	1,031,759	58,643,377	125,086	The investee company accounted for under the equity method
Ruentex Industries Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general affairs administration	54,785	46,785	800,000	40.00	775(	12,103)	(7,292)	The investee company accounted for under the equity method (Note 3)
Ruentex Industries Ltd.	Shing Yen Construction & Development Co., Ltd.	Taiwan	Construction Business	1,054,871	1,054,871	31,850,114	50.94	334,241 (	2,573)	(392)	Subsidiary of the Company
Ruentex Industries Ltd.	Kompass Global Sourcing Solutions Ltd.	Taiwan	International Trade	173,800	173,800	4,008,970	100.00	33,932 (	885)	(885)	Subsidiary of the Company
Ruentex Industries Ltd.	Gin-Hong Investment Co., Ltd.	Taiwan	General Investment	313,500	495,000	31,350,000	55.00	38,357	56,082	(119)	Subsidiary of the Company (Note 4)
Ruentex Industries Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	General Investment	17,677,800	17,595,000	5,148,550,000	23.00	87,950,367	52,526,803	12,081,165	The investee company accounted for under the equity method (Note 2 & 6)
Ruentex Industries Ltd.	Full Shine International Holdings Ltd.	British Virgin Islands (BVI)	General Investment	536,074	536,074	19,500,000	100.00	1,983,975	7,377	7,377	Subsidiary of the Company
Ruentex Industries Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	672,764	672,764	17,580,000	42.25	1,416,791	97,738	41,292	Subsidiary of the Company
Ruentex Industries Ltd.	Gold Leaf International Group Co., Ltd.	British Virgin Islands (BVI)	International Trade	17,223	17,223	500,000	100.00	8,135 (	109)	(109)	Subsidiary of the Company
Ruentex Industries Ltd.	East Capital International Limited.	British Virgin Islands (BVI)	General Investment	137,423	137,423	4,208,000	100.00	30,502	4,045	4,045	Subsidiary of the Company
Ruentex Industries Ltd.	New Zone International Limited.	Samoan Islands	General Investment	438,416	438,416	13,792,000	100.00	95,830	13,843	13,843	Subsidiary of the Company
Full Shine International Holdings Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	General Investment	627,608	627,608	19,500,000	49.06	1,211,678	15,115	7,415	Sub-subsidiary of the Company
Sinopac Global Investment Ltd.	Concord Greater China Limited.	British Virgin Islands (BVI)	General Investment	807,135	807,135	6,452,000	15.51	905,980	97,738	15,154	Subsidiary of the Company

Note 1: The provision of 95,600 thousand shares, a total of NT\$4,785,171 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 771,774 thousand shares, a total of NT\$13,183,875 thousand was pledged to financial institutions for financing loans.

Note 3: Please refer to Note 6(7) to the consolidated financial statements for information on the capital reduction and capital increase by Ruen Fu Newlife Corp.

Note 4: Please refer to Note 4 (3) to the consolidated financial statements for information on the capital reduction by Gin-Hong Investment.

Note 5: The record date of capitalization of earnings of Ruentex Development was September 29, 2021.

Note 6: The record date of cash capital increase of Ruen Chen Investment Holding Co., Ltd. was July 30, 2021, and the record date for capitalization of earnings was September 3, 2021.

Ruentex Industries Ltd. and Subsidiaries

Information of investments in mainland China-Basic information

January 1 to December 31, 2021

Attached Table VII

Unit: New Taiwan Dollars in Thousands

(Unless Stated Otherwise)

					<u>The accumulated amount remitted from Taiwan to invest in China at the beginning of the current period</u>	<u>The investment amount remitted out or back for the current period</u>		<u>The accumulated amount remitted from Taiwan at the end of the current period</u>	<u>Current profit and loss of the investee company</u>	<u>Shareholding percentage of direct or indirect investment by the Company</u>	<u>Gains and losses on investment recognized for the current period</u>	<u>Carrying amount of investments at the end for the period</u>	<u>Investment income remitted back by the end of the current period</u>							
<u>Name of the invested companies in China</u>	<u>Major Operating Items</u>		<u>Paid-in capital</u>	<u>Investment method</u>		<u>Remit out</u>	<u>Remit back</u>							<u>Remark</u>						
Ruentex Industries Ltd. (Shanghai)	Production and sales of garment products	\$	492,704	Note 1	\$	492,704	\$	-	\$	492,704	\$	18,058	100.00	\$	18,058	\$	121,468	\$	-	Note 2(2)1
			(USD 17,800)			(USD 17,800)				(USD 17,800)										, Note 4

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

Note 2: In the column of gains and losses on investment recognized for the current period:

(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 by a certified public accountant of the parent in Taiwan.

3. Other financial statements that have not been audited by a certified public accountant during the same period

Note 3: The relevant figures in this table shall be presented in New Taiwan Dollars. If any relevant figures involve foreign currencies, they shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Note 4: The consolidated shareholding percentage of the Company and its subsidiaries.

Note 5: The profit or loss on the investee for the current period and the carrying amounts of the investments at the end of the period shall be added up first and then converted into US dollars before converted into New Taiwan dollars at the exchange rate.

<u>The accumulated amount remitted from Taiwan to invest in China at the end of the current period</u>	<u>The investment amount approved by the Investment Board, Ministry of Economic Affairs</u>	<u>The investment limit approved by the Investment Board, Ministry of Economic Affairs</u>
\$ 1,683,638	\$ 1,740,242	\$ 65,991,946
(USD 57,770 thousand)	(USD 62,870,000)	
(EUR 2,700,000)		

Note 1: According to the limit set out in the "Principles for the review of investment or technical cooperation in China" of the Investment Commission, Ministry of Economic Affairs, the current limit is 60% of a company's net worth.

Note 2: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Ruentex Industries Ltd. and Subsidiaries

Information on main investors

December 31, 2021

Attached Table VIII

	<u>Name of Major Shareholders</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Shareholding percentage</u>	
Ruentex Development Co., Ltd.		85,436,887			11.63
Changchun Investment Co., Ltd.		45,564,693			6.20
Huei Hong Investment Co., Ltd.		44,434,910			6.05